The Ontario Securities Commission

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

The Ontario Securities Commission
Cadillac Fairview Tower
22nd Floor, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

Contact Centre – Inquiries, Complaints:

Fax: 416-593-8122
TTY: 1-866-827-1295

Office of the Secretary:

Fax: 416-593-2318

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One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
Fax 1-416-298-5082
www.carswell.com
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Notices / News Releases

1.1 Notices

1.1.1 Notice of Ministerial Approval of Amendments to Take-Over Bid Regime and Early Warning System

NOTICE OF MINISTERIAL APPROVAL OF AMENDMENTS
TO TAKE-OVER BID REGIME AND EARLY WARNING SYSTEM

On March 31, 2016, the Minister of Finance approved:

(a) the adoption of National Instrument 62-104 *Take-Over Bids and Issuer Bid*s;

(b) the repeal of Ontario Securities Commission (**OSC** or the **Commission**) Rule 62-504 *Take-Over Bids and Issuer Bids*;

(c) amendments to National Instrument 62-103 *Early Warning System and Related Take-Over Bid and Insider Reporting Issues*;

(d) consequential amendments to sections 43, 248 and 252 of Regulation 1015 of the *Securities Act* (Ontario); and

(e) consequential amendments to the following instruments:

- Multilateral Instrument 13-102 *System Fees for SEDAR and NRD*;
- OSC Rule 13-502 *Fees*;
- OSC Rule 14-501 *Definitions*;
- National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;
- OSC Rule 48-501 *Trading During Distributions, Formal Bids and Share Exchange Transactions*;
- Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**MI 61-101**);
- OSC Rule 71-801 *Implementing the Multijurisdictional Disclosure System*;
- OSC Rule 71-802 *Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*; and
- OSC Rule 91-502 *Trades in Recognized Options*

(the adoption, repeal, amendments, and consequential amendments collectively, the **Amendments**).

The Amendments, together with related policy changes to National Policy 62-203 *Take-Over Bids and Issuer Bids*, and consequential changes to Companion Policy 55-104CP *Insider Reporting Requirements and Exemptions* and Companion Policy 61-101CP to MI 61-101 (the related and consequential policy changes together, the **Policy Changes**), were made by the Commission on January 26, 2016. They were published on the OSC website at http://www.osc.gov.on.ca and in the OSC Bulletin in (2016), 39 OSCB (Supp-1) and (2016), 39 OSCB 1745 on February 25, 2016.

In Ontario, the Amendments and Policy Changes come into force on the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force. The Lieutenant Governor named, by proclamation, May 9, 2016 as the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) come into force.

The text of the Amendments approved by the Minister of Finance, as well as the Policy Changes, is set out in Chapter 5 of this Bulletin.

1.5 Notices from the Office of the Secretary

1.5.1 Pro-Financial Asset Management Inc. et al.

FOR IMMEDIATE RELEASE
May 2, 2016

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

AND

IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.,
STUART MCKINNON and JOHN FARRELL

TORONTO – The Commission issued an Order which provides that:

1. The hearing date of May 2, 2016 is vacated; and

2. The Merits Hearing will continue on June 13, 15, 16 and 17, 2016, each day commencing at 10:00 a.m.

A copy of the Order dated May 2nd, 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)

1.6 Notices from the Office of the Secretary with Related Statements of Allegations

1.6.1 MM Café Franchise Inc. et al.

FOR IMMEDIATE RELEASE
May 3, 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 LIMITED,
MARIANNE GODWIN, DAVE GARNET CRAIG, FRANK DELUCA,
ELAINE CONCEPCION and HAIYAN (HELEN) GAO JORDAN

TORONTO – Staff of the Ontario Securities Commission filed an Amended Statement of Allegations of Staff of the Ontario Securities Commission dated April 29, 2016 with the Office of the Secretary in the above noted matter.

A copy of the Amended Statement of Allegations of Staff of the Ontario Securities Commission dated April 29, 2016 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
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AMENDED 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 Limited ("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.

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. Jordan, Techocan and 1727350 harmed investors and impugned the integrity of the Ontario capital markets by receiving compensation from MMCF, DCL, Culturalite and CET for soliciting investors and raising funds in breach of the Act.

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

Dated at Toronto this 29th day of April, 2016.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 CI Investments Inc. and the Mutual Funds Listed in Appendix A

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from sections 2.3(f), 2.3(h), 2.5(2)(a) and 2.5(2)(c) of National Instrument 81-102 – Investment Funds to permit mutual funds to invest in gold and silver products subject to a maximum of 10% of the Fund's net asset value exposed to gold and silver.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.3(f), 2.3(h), 2.5(2)(a), 2.5(2)(c), 19.1.

April 15, 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
CI INVESTMENTS INC.
(the Filer)

AND

EACH OF THE MUTUAL FUNDS LISTED IN APPENDIX A HERETO
(the Existing Funds)

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**) for an exemption, pursuant to Section 19.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**), from:

(a) subsection 2.3(f) of NI 81-102 (**Silver Exemption**) to permit each Fund to:

(i) purchase and hold silver; and

(ii) purchase and hold a certificate representing silver that is:

(A) available for delivery in Canada, free of charge, or to the order of the holder of such silver certificate;

(B) of a minimum fineness of 999 parts per 1,000;

(C) held in Canada;

(D) in the form of either bars or wafers; and

(E) if not purchased from a bank listed in Schedule I, II or III of the *Bank Act* (Canada), fully insured against loss and bankruptcy by an insurance company licensed under the laws of Canada or a province or territory of Canada,

(Permitted Silver Certificates).

(b) subsection 2.3(h) of NI 81-102 (**Silver Derivatives Exemption**) to permit each Fund to purchase, sell or use a specified derivative the underlying interest of which is:

(i) silver; or

(ii) a specified derivative of which the underlying interest is silver on an unlevered basis

(**Silver Derivatives** and, together with silver and Permitted Silver Certificates, **Silver**); and

(c) subsections 2.3(h), 2.5(2)(a), and 2.5(2)(c) of NI 81-102 (**ETF Exemption**) to permit each Fund to purchase and hold securities of exchange-traded funds that seek to replicate the performance of:

(i) gold or silver; or

(ii) the value of a specified derivative the underlying interest of which is gold or silver on an unlevered basis

(**Gold ETFs** and **Silver ETFs**, as the case may be, and collectively, **Commodity ETFs**);

(the Silver Exemption, the Silver Derivatives Exemption and the ETF Exemption are collectively referred to as **Requested Relief**).

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

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

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

Interpretation

1. 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 shall have the following meanings:

Funds means the existing mutual funds (the **Existing Funds**) or any future mutual funds (the **Future Funds**) managed by the Filer that are subject to NI 81-102, other than a Fund that is a "money market fund" as defined in NI 81-102, and any one of them may be referred to as a Fund.

Gold and Silver Products means gold, permitted gold certificates, Silver, Commodity ETFs, and investments in specified derivatives the underlying interest of which is gold.

Representations

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

The Filer

2. The Filer is a corporation subsisting under the laws of the Province of Ontario with its head office located in Toronto, Ontario. The Filer is registered as follows:

(a) under the securities legislation of all provinces as a portfolio manager;

(b) under the securities legislation of Ontario, Québec, and Newfoundland and Labrador as an investment fund manager;

(c) under the securities legislation of Ontario as an exempt market dealer; and

(d) under the Commodity Futures Act (Ontario) as a commodity trading counsel and a commodity trading manager.

3. The Filer is not in default of securities legislation in any Jurisdiction.

4. The Filer is the manager of each Fund.

The Funds

5. Each Fund is a "mutual fund", as such term is defined under the *Securities Act* (Ontario) (the **Act**), and to which NI 81-102 applies, and offers, or offered, securities in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**). Each Fund is a reporting issuer under the securities legislation of each Jurisdiction.

6. None of the Existing Funds are in default of securities legislation in any Jurisdiction.

Investments in Silver

7. In addition to investing in gold, the Filer proposes that each Fund have the ability to invest in Silver as investing in Silver will provide the Funds with an opportunity to further diversify its investments.

8. To obtain exposure to gold or silver directly, the Filer intends to use Gold and Silver Products.

9. The Filer considers silver, like gold, to be a viable alternative to holding cash or cash equivalents. Permitting the Funds to invest in Gold and Silver Products will provide the Filer with the opportunity to increase gains for the Funds in certain market conditions which could otherwise cause the Funds to have significant cash positions and therefore could prohibit the Funds from achieving their investment objectives.

10. The Filer understands that NI 81-102 permits mutual funds to purchase gold or permitted gold certificates or enter into a specified derivative the underlying interest of which is gold on the basis that gold is a very liquid commodity. The Filer is requesting similar investment flexibility that would permit a Fund to make investments in Silver on the rationale that silver is, like gold, a very liquid commodity.

11. The Filer believes there are no liquidity concerns with permitting each Fund to invest directly, or indirectly through Silver Derivatives or Commodity ETFs, up to 10% of its net asset value in gold and Silver, in the aggregate.

12. The Filer believes that the potential volatility or speculative nature of Silver is no greater than that of gold, or of equity securities.

13. Any investment by a Fund in Silver will be made in compliance with the custodian requirements in Part 6 of NI 81-102.

14. If commencing to invest in Gold and Silver Products represents a material change for an Existing Fund, the Existing Fund will comply with the material change reporting obligations in respect of such change.

15. An investment by a Fund in Silver will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund.

16. In the absence of the Silver Exemption, subsection 2.3(f) of NI 81-102 would prohibit an investment by a Fund in Silver because each Fund is prohibited from purchasing a physical commodity other than gold or permitted gold certificates.

17. In the absence of the Silver Exemption, subsection 2.3(h) of NI 81-102 would prohibit an investment by a Fund in Silver because each Fund is prohibited from purchasing, selling or using a specified derivative the underlying interest of which is a physical commodity other than gold or a specified derivative of which the underlying interest is a physical commodity other than gold.

Investments in Commodity ETFs

18. The Filer believes that it would be in the best interests of each Fund to have the flexibility to obtain exposure to, from time to time, to gold and silver by investing a portion of its assets in Commodity ETFs.

19. Each Commodity ETF will be a "mutual fund" (as such term is defined under the Act) and will be listed and traded on a stock exchange in Canada or the United States.

20. The amount of loss that can result from an investment by a Fund in a Commodity ETF will be limited to the amount invested by the Fund in securities of the Commodity ETF.

21. The Filer believes that there are no liquidity concerns with permitting each Fund to invest in Commodity ETFs since the securities of Commodity ETFs trade on exchanges and are highly liquid.

22. The Filer will ensure that any investment in Commodity ETFs is in accordance with the investment objectives and investment strategies of such Fund.

23. In the absence of the ETF Exemption, subsection 2.5(2)(a) of NI 81-102 would prohibit a Fund from purchasing or holding a security of a Commodity ETF, because the Commodity ETFs are not subject to both NI 81-102 and NI 81-101.

24. In the absence of the ETF Exemption, subsection 2.5(2)(c) of NI 81-102 would prohibit a Fund from purchasing or holding securities of some Commodity ETFs, because some Commodity ETFs may not be qualified for distribution in at least one of the Jurisdictions.

25. The Filer is not currently, and does not currently expect to become, in the near future, the manager of, or affiliated with the manager of any Commodity ETF.

26. An investment by a Fund in securities of a Commodity ETF will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund.

Decision

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

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

(a) the investment by a Fund in securities of a Commodity ETF and/or Silver is permitted by the fundamental investment objective of the Fund;

(b) a Fund does not short sell securities of a Commodity ETF;

(c) the securities of the Commodity ETFs are traded on a stock exchange in Canada or the United States;

(d) a Fund does not purchase Gold and Silver Products if, immediately after the transaction, more than 10% of the Fund's net asset value would consist of Gold and Silver Products; and

(e) the prospectus of the Fund discloses, or will disclose next time it is renewed:

(i) in the Investment Strategy section of the prospectus, the fact that the Fund has obtained relief to invest in Commodity ETFs and Silver, as appropriate; and

(ii) to the extent applicable, the risks associated with such an investment.

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

APPENDIX "A"
EXISTING FUNDS

CI Funds

1. CI American Managers Corporate Class
2. CI American Small Companies Fund
3. CI American Small Companies Corporate Class
4. CI American Value Fund
5. CI American Value Corporate Class
6. CI Canadian Investment Fund
7. CI Canadian Investment Corporate Class
8. CI Canadian Small/Mid Cap Fund
9. CI Global Fund
10. CI Global Corporate Class
11. CI Global Health Sciences Corporate Class
12. CI Global Managers Corporate Class
13. CI Global Small Companies Fund
14. CI Global Small Companies Corporate Class
15. CI Global Value Fund
16. CI Global Value Corporate Class
17. CI International Value Fund
18. CI International Value Corporate Class
19. CI Pacific Fund
20. CI Pacific Corporate Class
21. CI Short-Term Corporate Class
22. CI Short-Term US$ Corporate Class
23. CI Can-Am Small Cap Corporate Class
24. CI Global High Dividend Advantage Fund
25. CI Global High Dividend Advantage Corporate Class
26. CI Short-Term Advantage Corporate Class
27. CI Income Fund
28. CI Canadian Dividend Fund
29. CI U.S. Equity Plus Fund
30. CI Investment Grade Bond Fund
31. CI U.S. Income US$ Pool

Black Creek Funds

1. Black Creek Global Balanced Corporate Class
2. Black Creek Global Leaders Corporate Class
3. Black Creek International Equity Corporate Class
4. Black Creek Global Leaders Fund
5. Black Creek International Equity Fund
6. Black Creek Global Balanced Fund

Harbour Funds

1. Harbour Fund
2. Harbour Corporate Class
3. Harbour Global Equity Corporate Class
4. Harbour Global Growth & Income Corporate Class
5. Harbour Growth & Income Fund
6. Harbour Growth & Income Corporate Class
7. Harbour Voyageur Corporate Class

Signature Funds

1. Signature Global Resource Fund
2. Signature Global Resource Corporate Class
3. Signature Select Canadian Fund
4. Signature Select Canadian Corporate Class
5. Signature Canadian Balanced Fund

6. Signature Dividend Fund
7. Signature Dividend Corporate Class
8. Signature High Income Fund
9. Signature High Income Corporate Class
10. Signature Corporate Bond Fund
11. Signature Corporate Bond Corporate Class
12. Signature Income & Growth Fund
13. Signature Income & Growth Corporate Class
14. Signature Global Income & Growth Fund
15. Signature Global Income & Growth Corporate Class
16. Signature Global Energy Corporate Class
17. Signature Canadian Bond Fund
18. Signature Canadian Bond Corporate Class
19. Signature Short-Term Bond Fund
20. Signature Diversified Yield Fund
21. Signature Diversified Yield Corporate Class
22. Signature Select Global Fund
23. Signature Select Global Corporate Class
24. Signature Gold Corporate Class
25. Signature High Yield Bond Fund
26. Signature High Yield Bond Corporate Class
27. Signature High Yield Bond II Fund
28. Signature Emerging Markets Fund
29. Signature Emerging Markets Corporate Class
30. Signature Global Science & Technology Corporate Class
31. Signature International Fund
32. Signature International Corporate Class
33. Signature Global Bond Fund
34. Signature Global Bond Corporate Class
35. Signature Global Dividend Fund
36. Signature Global Dividend Corporate Class
37. Signature Diversified Yield II Fund
38. Signature Real Estate Pool
39. Signature Preferred Share Pool
40. Signature Tactical Bond Pool

Portfolio Series

1. Portfolio Series Conservative Balanced Fund
2. Portfolio Series Balanced Growth Fund
3. Portfolio Series Growth Fund
4. Portfolio Series Maximum Growth Fund
5. Portfolio Series Income Fund
6. Portfolio Series Conservative Fund
7. Portfolio Series Balanced Fund

Synergy Funds

1. Synergy Canadian Corporate Class
2. Synergy Global Corporate Class
3. Synergy American Fund
4. Synergy American Corporate Class
5. Synergy Tactical Asset Allocation Fund

Portfolio Select Series

1. Select Canadian Equity Managed Corporate Class
2. Select U.S. Equity Managed Corporate Class
3. Select International Equity Managed Corporate Class
4. Select Income Managed Corporate Class
5. Select 80i20e Managed Portfolio Corporate Class
6. Select 70i30e Managed Portfolio Corporate Class
7. Select 60i40e Managed Portfolio Corporate Class

8. Select 50i50e Managed Portfolio Corporate Class
9. Select 40i60e Managed Portfolio Corporate Class
10. Select 30i70e Managed Portfolio Corporate Class
11. Select 20i80e Managed Portfolio Corporate Class
12. Select 100e Managed Portfolio Corporate Class
13. Select Staging Fund
14. Select Canadian Equity Managed Fund
15. Select U.S. Equity Managed Fund
16. Select International Equity Managed Fund

Cambridge Funds

1. Cambridge American Equity Fund
2. Cambridge American Equity Corporate Class
3. Cambridge Canadian Equity Corporate Class
4. Cambridge Global Equity Corporate Class
5. Cambridge Asset Allocation Corporate Class
6. Cambridge Income Fund
7. Cambridge Income Corporate Class
8. Cambridge Income Trust
9. Cambridge Global Dividend Fund
10. Cambridge Global Dividend Corporate Class
11. Cambridge Canadian Growth Companies Fund
12. Cambridge Pure Canadian Equity Fund
13. Cambridge High Income Fund
14. Cambridge Growth Companies Corporate Class
15. Cambridge U.S. Dividend Registered Fund
16. Cambridge U.S. Dividend US$ Fund
17. Cambridge Bond Fund
18. Cambridge Canadian Dividend Fund
19. Cambridge U.S. Dividend Fund
20. Cambridge Canadian Dividend Corporate Class
21. Cambridge Pure Canadian Equity Corporate Class
22. Cambridge Stock Selection Fund

Lawrence Park

Lawrence Park Strategic Income Fund

Marret Funds

1. Marret High Yield Bond Fund
2. Marret Short Duration High Yield Fund
3. Marret Strategic Yield Fund

CI Guaranteed Retirement Cash Flow Series

1. CI G5|20i 2034 Q2 Fund
2. CI G5|20i 2034 Q3 Fund
3. CI G5|20i 2034 Q4 Fund
4. CI G5|20i 2035 Q1 Fund
5. CI G5|20i 2035 Q2 Fund
6. CI G5|20i 2035 Q3 Fund
7. CI G5|20i 2035 Q4 Fund
8. CI G5|20i 2036 Q1 Fund
9. CI G5|20 2038 Q3 Fund
10. CI G5|20 2038 Q4 Fund
11. CI G5|20 2039 Q1 Fund
12. CI G5|20 2039 Q2 Fund
13. CI G5|20 2039 Q3 Fund
14. CI G5|20 2039 Q4 Fund
15. CI G5|20 2040 Q1 Fund
16. CI G5|20 2040 Q2 Fund

17. CI G5|20 2040 Q3 Fund
18. CI G5|20 2040 Q4 Fund
19. CI G5|20 2041 Q1 Fund

United Pools

1. Cash Management Pool
2. Short Term Income Pool
3. Canadian Fixed Income Pool
4. Global Fixed Income Pool
5. Real Estate Investment Pool
6. Canadian Equity Small Cap Pool
7. Canadian Equity Value Pool
8. Canadian Equity Growth Pool
9. US Equity Value Pool
10. US Equity Growth Pool
11. International Equity Value Pool
12. International Equity Growth Pool
13. Emerging Markets Equity Pool
14. Enhanced Income Pool
15. US Equity Small Cap Pool

United Corporate Classes

1. Short Term Income Corporate Class
2. Canadian Fixed Income Corporate Class
3. Global Fixed Income Corporate Class
4. Real Estate Investment Corporate Class
5. Canadian Equity Small Cap Corporate Class
6. Canadian Equity Value Corporate Class
7. Canadian Equity Growth Corporate Class
8. US Equity Value Corporate Class
9. US Equity Growth Corporate Class
10. International Equity Value Corporate Class
11. International Equity Growth Corporate Class
12. Emerging Markets Equity Corporate Class
13. Enhanced Income Corporate Class
14. US Equity Small Cap Corporate Class
15. Canadian Equity Alpha Corporate Class
16. US Equity Value Currency Hedged Corporate Class
17. US Equity Alpha Corporate Class
18. International Equity Value Currency Hedged Corporate Class
19. International Equity Alpha Corporate Class

2.1.2 Excel Funds Management Inc. et al.

Headnote

Mutual fund granted exemption from NI 81-102 to permit investment in securities of another mutual fund which has the same investment objectives and investment strategies. Relief also granted from NI 81-101 to permit the bottom funds to use a long form prospectus rather than a simplified prospectus for the purposes of becoming a reporting issuer under a non-offering prospectus.

Rules Cited

National Instrument 81-102 Mutual Funds, s. 2.5(2)(a).
National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 2.1(1)(a), 2.1(1)(c)

April 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
EXCEL FUNDS MANAGEMENT INC.
(the Filer, or we)

AND

IN THE MATTER OF
EXCEL INDIA BALANCED FUND AND
EXCEL NEW INDIA LEADERS FUND
(the Funds)

AND

IN THE MATTER OF
NEW LEADERS CLASS AND
GROWTH & INCOME CLASS
(the Underlying Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds and the Underlying Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Funds from paragraph 2.5(2)(a) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) to permit each of the Excel New India Leaders Fund and the Excel India Balanced Fund to invest in securities of the New Leaders Class and the Growth & Income Class of shares of Excel Funds Mauritius Company Ltd. (each, an **Underlying Fund** and collectively, the **Underlying Funds**) respectively, which are managed by the Filer and have adopted the investment restrictions contained in NI 81-102 and will continue to be managed in accordance with these restrictions, subject to any exemptions therefrom obtained by the Funds, and exempting the Underlying Funds from paragraphs 2.1(1)(a) and 2.1(1)(c) of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* to permit each Underlying Fund to file a preliminary prospectus in the form of preliminary long-form prospectus prepared in accordance with National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) and to file a prospectus in the form of a long-form non-offering final prospectus prepared in accordance with NI 41-101 rather than by simplified prospectus, annual

information form and fund facts as prescribed under National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**),

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

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

(a) the Ontario Securities Commission (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

Unless expressly defined herein, terms in this Application have the respective meanings given to them in MI 11-102, National Instrument 15-101 *Definitions*, NI 81-102 and National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**).

Aditya Birla means Aditya Birla Sun Life Asset Management Company Pte. Ltd.

Company means Excel Funds Mauritius Company Ltd. (formerly Excel India Growth & Income Company Ltd.), the multi-class investment fund corporation which relates to the Underlying Funds.

EBF means Excel India Balanced Fund, one of the Funds.

EGI means Excel India Growth & Income Fund, a closed-end fund managed by the Filer.

ENL means Excel New India Leaders Fund, one of the Funds.

Filer means Excel Funds Management Inc.

FPI means foreign portfolio investor.

FSC means the Financial Services Commission of Mauritius.

Funds means EBF and ENL.

Underlying Assets means publicly-listed equity securities and investment grade fixed income securities, in each case, issued by entities located in India and equity securities of companies located in India that are considered to be emerging industry leaders.

Underlying Funds means the underlying funds in which the Funds will invest, namely the New Leaders Class and the Growth & Income Class of shares of the Company.

Representations

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

The Filer

1. Excel Funds Management Inc. is a corporation incorporated under the *Business Corporations Act* (Ontario) with its head office located in Mississauga, Ontario.

2. Excel Funds Management Inc. is registered as an Investment Fund Manager in Ontario, Quebec, and Newfoundland and Labrador.

The Funds

3. The Funds will be mutual funds subject to NI 81-102.

4. EBF and ENL have filed a preliminary simplified prospectus, annual information form and fund facts dated January 22, 2016 on SEDAR with respect to the proposed offering of Series A, Series F, and PM Series units of each of EBF and

ENL (the **Preliminary Prospectus**), that has been prepared and filed in accordance with securities legislation of the Jurisdictions. Upon receiving a receipt therefor, EBF and ENL will be reporting issuers in each of the Jurisdictions.

5. EBF's investment objective is to seek current income and long-term capital appreciation by obtaining exposure to an actively-managed, diversified portfolio comprised primarily of publicly-listed equity securities and investment grade fixed income securities, in each case, issued by entities located in India. EBF is essentially an open-end mutual fund version of EGI and will invest in the same Underlying Fund as EGI to achieve its investment objective.

6. ENL's investment objective is to seek long-term growth of capital through active management of equity securities of companies located in India that are considered to be emerging industry leaders. It will invest in an Underlying Fund, which is a newly created class of shares of the Company to achieve its investment objective.

7. EGI is a closed-end investment fund established as a trust under the laws of the Province of Ontario that was created to invest in an actively managed, diversified portfolio comprised primarily of publicly-listed equity securities and investment grade fixed income securities, in each case, issued by entities located in India. All or substantially all of EGI's investments are made through its Underlying Fund, namely the Growth & Income Class of shares of the Company.

8. As stated in EGI's prospectus dated April 23, 2015, the Filer intends that on or about May 31, 2017, EGI will, subject to applicable law and unitholder or regulatory approval, be merged on a tax-deferred basis or converted into an open-end mutual fund managed by the Filer or an affiliate of the Filer.

The Company and the Underlying Funds

9. The Company is a private company established under the laws of the Republic of Mauritius pursuant to the *Companies Act 2001* and its capital consists of multiple classes of redeemable ordinary shares and one class of non-redeemable management shares. The New Leaders Class and the Growth & Income Class of shares of the Company are, or will be, reporting issuers under the securities legislation of all of the provinces and territories of Canada.

10. The Company does not take in money from outside parties and was established by the Filer as an underlying investment vehicle of EGI to address tax and licensing issues arising from investing in India. The Company was formerly named Excel India Growth & Income Company Ltd. and initially had one class of redeemable ordinary shares (which has since been redesignated as the Growth & Income Class). The Company acts as an underlying fund for EGI. The Company has since been renamed Excel Funds Mauritius Company Ltd. and has been restructured to comprise multiple classes of redeemable ordinary shares, including the New Leaders Class which will be the Underlying Fund of ENL.

11. At the time EGI was launched, the Company was a "non-redeemable investment fund". Accordingly, the Filer filed a long form non-offering prospectus (the **Underlying Fund Ontario Prospectus**) dated April 23, 2015 with the OSC, a receipt for which was issued on April 24, 2015, in order to qualify the Company as a reporting issuer in Ontario and be subject to the continuous disclosure requirements of NI 81-106. Financial statements and other reports required to be filed by the Company are available through SEDAR.

12. EGI invests in the Growth & Income Class of the Company in accordance with section 2.5(2)(a.1)(ii) of NI 81-102 and section 2.5(2)(c.1) of NI 81-102 and all other provisions of section 2.5(2) of NI 81-102 applicable to a non-redeemable investment fund.

13. The Company holds a Category 1 Global Business Licence issued by the FSC and is authorized by the FSC to operate as a collective investment scheme qualifying as an "Expert Fund", which is defined under the securities laws of Mauritius as a collective investment scheme which is available only to expert investors. Under the securities laws of Mauritius, an "expert investor" means an investor who makes an initial investment, for his own account, of no less than US$100,000 (or its equivalence in any other currency) or a sophisticated investor as defined under *The Securities Act 2005* of Mauritius or any similarly defined investor in any other securities legislation.

14. The Company makes investments in India as a registered foreign portfolio investor (**FPI**) under the portfolio investment scheme that enables foreign investors to purchase and sell shares or non-convertible debentures of Indian companies listed (or to-be-listed) on a recognized stock exchange in India, subject to equity investments being restricted to holding less than 10% beneficial ownership position in a company.

15. An FPI is only permitted to purchase or sell shares on the facilities of a recognized stock exchange in India, is not permitted to acquire shares of unlisted companies and is generally prohibited from participating in off-market transactions.

16. The Funds would like to pursue their investment objectives through investments in the Underlying Funds.

17. The Growth & Income Class of shares of the Company invests in publicly-listed equity securities and investment grade fixed income securities, in each case, issued by entities located in India.

18. The New Leader Class of shares of the Company will invest primarily in equity securities of companies located in India that are considered to be emerging industry leaders.

19. The Filer, and current manager of the Company, will be the manager of the Funds and the Underlying Funds. Aditya Birla will be the investment sub-adviser to the Funds and the investment adviser to the Underlying Funds and will actively manage the Underlying Assets.

20. Each of the Underlying Funds have filed a long-form non-offering prospectus (collectively, the **Non-Offering Prospectuses** and each, a **Non-Offering Prospectus**) in each of the Jurisdictions, with the exception of Ontario for the Growth & Income Class of shares of the Company, for which the Underlying Fund Ontario Prospectus was already filed. Accordingly, each of the Underlying Funds is, or will become, a reporting issuer in the same Jurisdictions as EGI and ENL and will become subject to the continuous disclosure requirements of NI 81-106. Accordingly, the financial statements and other reports required to be filed by the Underlying Funds will be, or are, available through SEDAR.

21. The Underlying Funds will be mutual funds because holders of their securities will be entitled to receive on demand, an amount computed by reference to the net asset value of the applicable Underlying Fund. However, the Underlying Funds will not distribute any securities under their respective Non-Offering Prospectus.

22. Though NI 81-102 does not apply to the Underlying Funds, as neither of the Underlying Funds offers or has offered securities under a prospectus, each of the Underlying Funds will voluntarily adopt the investment restrictions contained in NI 81-102 except in accordance with any exemptions therefrom obtained by the relevant Fund.

23. None of Filer, the Funds, EGI or the Underlying Funds is in default of any securities legislation in any of the Jurisdictions.

Rationale

24. The Funds will only invest in securities of the Underlying Funds to gain exposure to the Underlying Assets, in accordance with their respective investment objectives and investment restrictions. Allowing the Funds to invest in the Underlying Funds and obtain exposure to the Underlying Assets by virtue of the proposed two-tier structure will give the Funds a more efficient and cost effective means of achieving their fundamental investment objectives and strategy than would otherwise be possible.

25. The Underlying Funds will adopt the applicable investment restrictions set out in NI 81-102, subject to any exemptions obtained by the Funds.

26. As stated in EGI's prospectus dated April 23, 2015, on or about May 31, 2017 EGI will be converting to or merging into an open-end mutual fund managed by the Filer or an affiliate of the Filer. As such, it is proposed that EGI, subject to unitholder and regulatory approval, will be merged into EBF.

27. EGI, as a closed-end fund, was able to do fund of fund investments and invest in the Growth & Income Class without the need for regulatory relief. The investment strategies utilized by EBF in respect of the Underlying Assets are similar, if not identical, to EGI's investment strategies as set forth in the Preliminary Prospectus. In this respect, we submit that EBF, as the mutual fund version of EGI, should be able to do fund of fund investments, just as EGI is permitted to do.

28. In accordance with the agreement between the Filer, the Funds and the Underlying Funds, the Filer will have access as is necessary to monitor the Underlying Funds' compliance with investment restrictions applicable to managing the Underlying Assets, and the Filer will be provided with all information necessary to ensure that the Filer and the Funds are able to fully comply with all applicable continuous disclosure obligations.

29. The Funds will not invest in the Underlying Funds if the Funds are exposed to any management fees or incentive fees in respect of the investment that duplicate a fee payable by unitholders of the Funds for the same service. Management fees payable by the Underlying Funds have been disclosed in the Preliminary Prospectus. In addition, the Funds will not invest in the Underlying Funds if any sales fees or redemption fees are payable in respect of the investment that duplicate a fee that the Funds would be exposed to. We submit that this, among other things, ensures that the Funds' decision to obtain exposure to the Underlying Funds is influenced only by the best interests of the Funds.

30. The Funds will comply with the requirements under NI 81-106 relating to the top 25 positions portfolio holdings disclosure in its management reports of fund performance as if the Funds were investing directly in the Underlying Assets.

31. The Underlying Funds are filing the Non-Offering Prospectuses to make themselves reporting issuers in order that they comply with the requirement of subsection 2.5(2)(c) of NI 81-102. We submit that the policy reason for this requirement is to ensure that the underlying funds of a fund-of-fund structure will be subject to the continuous disclosure requirements of NI 81-106. This policy objective will be achieved regardless of whether the Underlying Funds file a long form prospectus or a simplified prospectus, annual information form and fund facts.

32. The Underlying Funds will not issue any units under the Non-Offering Prospectuses. The Underlying Funds will only be issuing units to the Funds and this will be done under an exemption from the prospectus requirements. As no investors will be investing under the Non-Offering Prospectuses, the form of the prospectus is not important and the policy reasons for the mutual fund disclosure documents, namely to have simplified disclosure for use by retail investors, are not applicable.

33. As mentioned above, in connection with the launch of EGI, the Filer filed the Underlying Fund Ontario Prospectus with the OSC, a receipt for which was issued on April 24, 2015, in order to qualify one of the Underlying Funds as a reporting issuer in Ontario. It is most economical and efficient to use this existing form of non-offering prospectus when expanding the reporting issuer status of the Growth & Income Class outside of Ontario and to qualify the New Leaders Class as a reporting issuer in all provinces and territories of Canada. To take the existing form of long-form prospectus disclosure and convert it to a simplified prospectus, annual information form and fund facts would be time consuming and expensive for the Filer. We submit that these expenses are not warranted given the policy considerations noted above. Further, if it is sufficient to file a non-offering prospectus prepared in accordance with NI 41-101 for a closed-end fund, then we see no different policy reason to apply for a mutual fund.

34. The Filer may consider creating a closed-end fund in the future to invest in the New Leaders Class, as an Underlying Fund. Absent obtaining the Exemption Sought, the Underlying Fund would have to incur additional costs in preparing a long form non-offering prospectus at that time as the use of the simplified prospectus form to sell units of the Underlying Fund may create confusion and may negatively impact the marketing of the Underlying Fund. The Filer would like to use the long form non-offering prospectus form for consistency across all of its investment fund platforms.

35. Except for subsection 2.5(2)(a) of NI 81-102, the investment of the Funds in securities of the Underlying Funds will comply with provisions of NI 81-102. In addition, except as described in this Application, the Funds will comply with the applicable investment restrictions contained in NI 81-102 regarding investments in other mutual funds.

Decision

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

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

(a) units of the Funds may not be sold to any mutual fund which is subject to NI 81-102;

(b) the investment objectives and investment strategies of each Underlying Fund will be substantially the same as its corresponding Fund;

(c) the Funds are subject to NI 81-102 and the Underlying Funds will adopt and comply with the investment restrictions and practices of NI 81-102;

(d) any changes in the provisions of the material contracts of the Underlying Funds which would delete or amend the requirements of conditions (b) and (c) above, will require the prior approval of the Filer and the Jurisdictions;

(e) a Fund will redeem its investment in an Underlying Fund in the event that the contractual provisions in (d) are breached, in respect of that Fund or its Underlying Fund;

(f) the simplified prospectus of the Funds disclose conditions (b) to (e) and the annual and interim management report of fund performance of the Funds and the quarterly portfolio disclosure of the Funds will disclose the top 25 holdings of the Underlying Funds;

(g) the process for calculating the net asset value ("**NAV**") of the securities of the Funds and the Underlying Funds will be identical and have compatible dates for the calculation of NAV for purposes of the issue and redemption of securities of these funds;

(h) the annual and semi-annual financial statements of the Funds and the financial statements of the Underlying Funds, including their respective portfolio holdings, shall be provided and made available upon request by a unitholder of the Funds, and this fact will be disclosed in the simplified prospectus of the Fund;

(i) the books and records of the Underlying Funds will be examined by the Filer and the financial statements of the Underlying Funds will be audited by the auditor of the Funds at least once per year;

(j) no sales charges will be payable by a Fund in relation to a purchase of securities of an Underlying Fund;

(k) no redemption fees or other charges will be charged by an Underlying Fund in respect of a redemption by a Fund of shares of the Underlying Fund;

(l) no trailer or other fees or other charges will be paid by the Filer, the Funds, and the Underlying Funds or by any affiliate or associate of any of the foregoing entities to anyone in respect of the investment by the Funds in an Underlying Fund;

(m) there are arrangements between or in respect of the Funds and the Underlying Funds to avoid the duplication of management fees;

(n) no securities of the Underlying Funds are distributed in Canada other than to the Funds and any other investment funds managed by the Filer;

(o) the Funds' prospectus discloses that the Funds will obtain exposure to securities of the Underlying Funds and the risks associated with such an investment; and

(p) the Underlying Funds' custodian meets the requirements of a sub-custodian for assets held outside Canada under section 6.3 of NI 81-102.

"Raymond Chan"
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.3 Arkema S.A.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Dual application for Exemptive Relief Applications – Application for relief from the prospectus and registration requirements for certain trades made in connection with an employee share offering by a French issuer – The issuer cannot rely on the employee exemption in section 2.24 of National Instrument 45-106 Prospectus Exemptions as the securities are not being offered to Canadian employees directly by the issuer but rather through special purpose entities – Canadian participants will receive disclosure documents – The special purpose entities are subject to the supervision of the local securities regulator – Canadian employees will not be induced to participate in the offering by expectation of employment or continued employment – There is no market for the securities of the issuer in Canada – The number of Canadian participants and their share ownership are *de minimis* – Relief granted, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 74.
National Instrument 45-106 Prospectus Exemptions, s. 2.24.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.16.
National Instrument 45-102 Resale of Securities, s. 2.14.

April 22, 2016

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUÉBEC AND ONTARIO
(THE "FILING JURISDICTIONS")

AND

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

AND

IN THE MATTER OF
ARKEMA S.A.
(THE "FILER")

DECISION

Background

The securities regulatory authority or regulator in each of the Filing Jurisdictions (the "**Decision Makers**") has received an application from the Filer for a decision under the securities legislation of the Filing Jurisdictions (the "**Legislation**") for:

1. an exemption from the prospectus requirements of the Legislation (the "**Prospectus Relief**") so that such requirements do not apply to

   (a) trades in:

      (i) units (the "**Principal Classic Units**") of an FCPE named Arkema Actionnariat International (the "**Principal Classic FCPE**"), which is a *fonds commun de placement d'entreprise* or "**FCPE**," a form of collective shareholding vehicle commonly used in France for the conservation of shares held by employee-investors; and

      (ii) units (together with the Principal Classic Units and Matching Units (as defined below), the "**Units**") of a temporary FCPE named Arkema Actionnariat International Relais 2016 (the "**Temporary Classic FCPE**"), which will merge with the Principal Classic FCPE following completion of the Employee Share Offering (as defined below), as further described in paragraph 16 of the Representations;

made pursuant to the Employee Share Offering to or with Qualifying Employees (as defined below) resident in the Filing Jurisdictions (collectively, the "**Canadian Employees**", and Canadian Employees who subscribe for Units, the "**Canadian Participants**"); and

(b) trades of ordinary shares of the Filer (the "Shares") by the Principal Classic FCPE and/or the Temporary Classic FCPE to or with Canadian Participants (as defined below) upon the redemption of their Units as requested by Canadian Participants;

2. an exemption from the dealer registration requirements of the legislation (the "**Registration Relief**") so that such requirements do not apply to the Filer and the Canadian Affiliates (as defined below), the Temporary Classic FCPE, the Principal Classic FCPE and Amundi Asset Management (the "**Management Company**") in respect of:

(a) trades in Units made pursuant to the Employee Share Offering to or with Canadian Employees; and

(b) trades in Shares by the Temporary Classic FCPE and/or the Principal Classic FCPE to or with Canadian Participants upon the redemption of their Units;

(the Prospectus Relief and the Registration Relief, collectively, "**Offering Relief**").

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

(a) the Autorité des marchés financiers is the principal regulator for this application, and

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, *Regulation 45-102 respecting resale of securities*, *Regulation 45-106 respecting Prospectus Exemptions* and Regulation 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 formed under the laws of France. It is not, and has no current intention of becoming, a reporting issuer under the Legislation or under the securities legislation of any other jurisdiction of Canada. The head office of the Filer is located in France and the Shares are listed on Euronext. The Filer is not in default under the Legislation or under the securities legislation of any other jurisdiction of Canada.

2. The Filer carries on business in Canada through Arkema Canada Inc. and Bostik Canada Ltd. (the "**Canadian Affiliates**" and, with the Filer and other affiliates of the Filer, the "**Arkema Group**"). The Canadian Affiliates are not in default under the Legislation or under the securities legislation of any other jurisdiction of Canada.

3. Each of the Canadian Affiliates is a direct or indirect subsidiary of the Filer and is not, and has no current intention of becoming, a reporting issuer under the Legislation or under the securities legislation of any other jurisdiction of Canada. The majority of the senior management of the Canadian Affiliates resides in Québec and the greatest number of Qualifying Employees of the Arkema Group in Canada resides in Québec.

4. As of the date hereof and after giving effect to the Employee Share Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Principal Classic FCPE and the Temporary Classic FCPE on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

5. The Filer has established a global employee share offering for employees of the Arkema Group (the "**Employee Share Offering**"). The Employee Share Offering involves an offering of Shares to be subscribed through the Principal Classic FCPE via the Temporary Classic FCPE (the "**Classic Plan**").

6. Only persons who are employees of a member of the Arkema Group during the subscription period for the Employee Share Offering and who meet other employment criteria (the "**Qualifying Employees**") will be allowed to participate in the Employee Share Offering.

7. The Principal Classic FCPE and the Temporary Classic FCPE have been established for the purpose of implementing the Employee Share Offering. There is no current intention for either the Principal Classic FCPE or the Temporary Classic FCPE to become a reporting issuer under the Legislation or the securities legislation of any other jurisdiction of Canada.

8. As set forth above, each of the Temporary Classic FCPE and the Principal Classic FCPE is an FCPE (a *fonds commun de placement d'entreprise*), a shareholding vehicle commonly used in France for the conservation or custodianship of shares held by employee investors. A FCPE is a limited liability entity under French law. The Principal Classic FCPE and the Temporary Classic FCPE have been registered with the French Autorité des marchés financiers (the "**French AMF**") and approved by it.

9. Units (other than Matching Units as defined below) acquired in the Employee Share Offering by Canadian Participants will be subject to a hold period of approximately five years (the "**Lock-Up Period**"), subject to certain exceptions prescribed by French law and adopted under the Classic Plan in Canada (such as death, long-term disability, involuntary termination of employment or retirement).

10. The subscription price for Units under the Classic Plan will be the Canadian dollar equivalent equal to the average of the opening price of the Shares on Euronext (expressed in Euros) on the 20 trading days preceding the date of fixing of the subscription price by the board of directors of the Filer, less a 20% discount.

11. Subject to the approval of the board of directors of the Filer, for every four Shares purchased by a Canadian Participant under the Classic Plan (an "**Employee-Purchased Share**"), the Filer will issue, at no cost to a Canadian Participant, but subject to the vesting requirements described below, one additional Share ("**Matching Share**") up to a maximum of 25 Matching Shares per Canadian Participant.

12. The Temporary Classic FCPE will apply the cash received in respect of the Units to subscribe for Shares and Canadian Participants will receive Units in the Temporary Classic FCPE representing the subscription of such Shares. Any corresponding Matching Shares will be issued and delivered by the Filer to the Classic FCPE on behalf of the Canadian Participant once such Matching Shares vest as described below. In order to reflect this, new Units ("**Matching Units**") of the Classic FCPE (defined below) will be issued to the Canadian Participants.

13. The term "**Classic FCPE**" used herein means, prior to the Merger, the Temporary Classic FCPE and, following the Merger, the Principal Classic FCPE.

14. Matching Shares will vest once a Canadian Participant remains employed (subject to certain exceptions, such as death, permanent disability, retirement, termination without cause or if a Canadian Affiliate or its business is no longer part of the Arkema Group) within the Arkema Group for a continuous period of four years from the date that the Shares and Units pursuant to the Employee Share Offering are issued to the Temporary Classic FCPE and the Canadian Participants, respectively.

15. In the event of an early unwind resulting from the Canadian Participant exercising one of the exceptions to the Lock-Up Period and meeting the applicable criteria, a Canadian Participant may request the redemption of Units in the Classic FCPE in consideration for a cash payment equal to the then market value of the underlying Shares.

16. Initially, the Shares will be held in the Temporary Classic FCPE and the Canadian Participant will receive Units in the Temporary Classic FCPE. Following the completion of the Employee Share Offering, the Temporary Classic FCPE will be merged with the Principal Classic FCPE (subject to the approval of the supervisory board of the FCPEs and the French AMF). Units of the Temporary Classic FCPE held by Canadian Participants will be replaced with Units of the Principal Classic FCPE on a pro rata basis and the Shares subscribed for under the Employee Share Offering will be held in the Principal Classic FCPE (the "**Merger**").

17. Under the Classic Plan, at the end of the Lock-Up Period a Canadian Participant may

    (a) request the redemption of Units in the Classic FCPE in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares, or

    (b) continue to hold Units in the Classic FCPE and request the redemption of those Units at a later date in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares.

18. Matching Units are not subject to the Lock-Up Period. Following the issuance of Matching Units, a Canadian Participant may (i) request the redemption of Matching Units in consideration for the underlying shares or a cash payment equal to the then market value of the Matching Shares, or (ii) hold the Matching Units in the Classic FCPE and request the

redemption of the Matching Units at a later date in consideration for the underlying Matching Shares or a cash payment equal to the then market value of the Matching Shares.

19. Dividends paid on the Shares held in the Classic FCPE will be contributed to the Classic FCPE and used to purchase additional Shares. To reflect this reinvestment, new Units (or fractions thereof) will be issued.

20. The portfolio of each of the Principal Classic FCPE and the Temporary Classic FCPE will consist almost entirely of Shares, but may, from time to time, include cash in respect of dividends paid on the Shares. From time to time, each portfolio may also include cash or cash equivalents that the Principal Classic FCPE and the Temporary Classic FCPE may hold pending investments in Shares or for the purpose of funding redemptions.

21. The Management Company is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF as an investment manager and complies with the rules of the French AMF. To the best of the Filer's knowledge, the Management Company is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of any other jurisdiction of Canada. The Management Company is not in default of the Legislation or the securities legislation of any other jurisdiction of Canada.

22. The Management Company's portfolio management activities in connection with the Employee Share Offering, the Principal Classic FCPE and the Temporary Classic FCPE are limited to subscribing for Shares and selling such Shares as necessary in order to fund redemption requests and investing available cash in cash equivalents.

23. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each of the Principal Classic FCPE and the Temporary Classic FCPE. The Management Company's activities do not affect the underlying value of the Shares.

24. Shares issued in the Employee Share Offering will be deposited in the Classic FCPE through CACEIS Bank (the "**Depositary**"), a large French commercial bank subject to French banking legislation.

25. All management charges relating to the Classic FCPE will be paid from the assets of the Classic FCPE or by the Filer, as provided in the regulations of the Classic FCPE. The Management Company is obliged to act in the best interests of the Canadian Participants and is liable to them, jointly and severally with the Depositary, for any violation of the rules and regulations governing the Classic FCPE, any violation of the rules of the Classic FCPE, or for any self-dealing or negligence.

26. Participation in the Employee Share Offering is voluntary, and the Canadian Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

27. The total amount invested by a Canadian Employee in the Employee Share Offering cannot exceed the lesser of (i) 25% of his or her gross annual compensation for the 2015 calendar year or 25% of his or her estimated gross annual compensation for 2016 and (ii) the subscription price for 1,000 Shares. Amounts contributed by the Filer in respect of Matching Shares will not be factored into the maximum amount that a Canadian Employee may contribute.

28. None of the Filer, the Management Company, the Canadian Affiliates or any of their directors, officers, employees, agents or representatives will provide investment advice to the Canadian Employees with respect to an investment in the Shares or the Units.

29. The Canadian Employees will receive an information package in the French or English language, according to their preference, which will include a summary of the terms of the Employee Share Offering and a description of Canadian income tax consequences of subscribing to and holding Units of the Classic FCPE and requesting the redemption of such Units for cash or Shares at the end of the Lock-Up Period.

30. Canadian Employees may access the Filer's French *Document de référence* filed with the French AMF in respect of the Shares by visiting the website www.ake.com. Canadian Employees will also have access, through this website, to the continuous disclosure materials relating to the Filer that are furnished to holders of the Shares. Furthermore, Canadian Employees may also obtain a copy of the rules of the Temporary Classic FCPE and the Principal Classic FCPE (which are analogous to company by-laws) by visiting the website www.ake2016.com.

31. Canadian Participants will receive an initial statement of their holdings under the Classic Plan, together with an updated statement at least once per year.

32. There are approximately 67 Canadian Employees resident in the provinces of Ontario and Québec, who represent, in the aggregate, less than 1% of the total number of employees in the Arkema Group worldwide.

33. The Shares and Units are not currently listed for trading on any stock exchange in Canada and there is no intention to have the Shares or the Units so listed.

Decision

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

The decision of the Decision Makers under the Legislation is that the Offering Relief is granted provided that

1. the prospectus requirements of the Legislation will apply to the first trade in any Units or Shares acquired by Canadian Participants pursuant to this Decision, unless the following conditions are met:

    (a) the issuer of the security

        (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

        (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;

    (b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

        (i) did not own directly or indirectly more than 10% of the outstanding securities of the class or series, and

        (ii) did not represent in number more than 10% of the total number of owners directly or indirectly of securities of the class or series; and

    (c) the first trade is made

        (i) through an exchange, or a market, outside of Canada, or

        (ii) to a person or company outside of Canada;

“Lucie J. Roy”
Senior Director, Corporate Finance

2.1.4 Symax Lift (Holding) Inc. – s. 1(10)(a)(ii)

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)(a)(ii).

Citation: Re Symax Lift (Holding) Inc., 2016 ABASC 98

April 28, 2016

Clark Wilson LLP
900 – 885 West Georgia Street
Vancouver, BC V6C 3H1

Attention: Larry L.K. Yen

Dear Sir:

Re: Symax Lift (Holding) Inc. (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (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 deemed to have ceased to be a reporting issuer and that the Applicant's status as a reporting issuer is revoked.

"Denise Weeres"
Manager, Legal
Corporate Finance

2.1.5 Industrial Alliance Securities Inc. and Burgeonvest Bick Securities Limited

Headnote

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

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System.
National Instrument 33-109 Registration Information and Companion Policy 33-109CP.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.
Derivatives Act (Québec) and Derivatives Regulation (Québec).

April 22, 2016

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

AND

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

AND

IN THE MATTER OF
INDUSTRIAL ALLIANCE SECURITIES INC.
(IAS)

AND

BURGEONVEST BICK SECURITIES LIMITED (BBSL)
(the Filers)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Makers**) has received an application from the Filers, on behalf of BBSL and the continuing corporation (the **Amalgamated Corporation**) resulting from the proposed amalgamation (the **Amalgamation**) of IAS and BBSL, for a decision under the securities legislation of each of the Jurisdictions (the **Legislation**) providing exemptions from the requirements contained in sections 2.2, 2.3, 3.2 and 4.2 of National Instrument 33-109 *Registration Information* (**NI 33-109**) pursuant to section 7.1 of NI 33-109 to allow the bulk transfer (the **Bulk Transfer**) of registered individuals (the **BBSL Individuals**) and all business locations (branches and sub-branches) (the **Locations**) of BBSL to the Amalgamated Corporation, on the Amalgamation Date (as defined below), in accordance with section 3.4 of the Companion Policy to NI 33-109 (the **Exemption Sought**).

The principal regulator in Quebec has also received an application from the Filers for a decision under the derivatives legislation of Quebec for relief from section 11.1 of the *Derivatives Regulation* (Quebec) pursuant to section 86 of the *Derivatives Act* (Quebec) to allow the Bulk Transfer of BBSL Individuals registered under Quebec derivatives legislation and all of the Locations to the Amalgamated Corporation, on the Amalgamation Date, in accordance with section 3.4 of Companion Policy to NI 33-109 (the **Derivatives Exemption Sought**).

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

(a) the Autorité des marchés financiers (the **AMF**) is the principal regulator for this application,

(b) for the decision of the principal regulator in respect of the Exemption Sought, the Filers have provided notice that subsection 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, New Brunswick and Nova Scotia,

(c) the decision with respect to the Exemption Sought is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario, and

(d) the decision with respect of the Derivatives Exemption Sought is the decision of the principal regulator.

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:

IAS

1. IAS is a corporation existing under the *Canada Business Corporations Act* (**CBCA**). Its head office is located at 2200 McGill College Avenue, Suite 350, Montreal, Quebec.

2. IAS is registered as an investment dealer under the securities legislation of each of the Canadian provinces. IAS is also registered as a derivatives dealer in Quebec. IAS is a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

3. IAS has two wholly-owned subsidiaries: IA Securities (USA) Inc. (**IA USA**) and MGI Insurance Agency Inc. (**MGI INS**). IA USA is a registered broker dealer with the Financial Industry Regulatory Authority (USA) dealing with institutional clients in the United States. MGI INS is an insurance broker firm.

4. Industrial Alliance Insurance and Financial Services Inc. (**iA Financial Group**) holds all of the common shares of IAS. iA Financial Group also holds all of the Class "A" and Class "C" Preferred shares of IAS. 8689784 Canada Inc. (**8689784**) holds all of the Class "B" Preferred shares of IAS and iA Financial Group holds all of the issued and outstanding shares of 8689784. FIN-XO Securities Inc. (**FIN-XO**) holds all of the Class "D" Preferred shares of IAS and IAS holds all of the issued and outstanding shares of FIN-XO.

5. IAS is not in default of any requirements of securities legislation in any of the Jurisdictions.

BBSL

6. BBSL is a corporation incorporated under the Ontario *Business Corporations Act*. Its head office is located at 21 King Street, Suite 1100, Hamilton, ON.

7. BBSL is registered as an investment dealer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia. BBSL is also registered as a derivatives dealer in Quebec. BBSL is a dealer member of IIROC.

8. BBSL has no subsidiaries.

9. Burgeonvest Bick Corporation (**BBC**) holds all of the issued and outstanding shares of BBSL and iA Financial Group holds all of the issued and outstanding shares of BBC. On the Amalgamation Date, iA Financial Group will hold all of the issued and outstanding shares of BBSL.

10. BBSL is not in default of any requirements of securities legislation in any of the Jurisdictions.

The Proposed Amalgamation

11. On or about May 1, 2016 (the **Amalgamation Date**), IAS and BBSL will amalgamate.

12. The Amalgamation will be effected through the CBCA regular process. As such, after the Amalgamation, IAS and BBSL will continue as one legal entity. The name of the Amalgamated Corporation will be "Industrial Alliance Securities Inc." (with the French version being "Industrielle Alliance Valeurs mobilières inc.")

13. The shareholders of the Amalgamated Corporation will be iA Financial Group, 8689784 and FIN-XO.

14. The head office location of the Amalgamated Corporation will be the same as the current head office location of IAS. The National Registration Database (**NRD**) number for the Amalgamated Corporation will be the same as the current NRD number of IAS.

15. The shareholders, directors and officers of the Amalgamated Corporation will be the same as those of IAS, including the chief compliance officers which will remain IAS' current chief compliance officers. Therefore, BBSL's chief compliance officer and ultimate designated person will no longer act in such capacity as IAS already has its own chief compliance officers and ultimate designated person

16. On November 27, 2015, IIROC issued a non-objection letter in connection with the Amalgamation.

17. A proposed letter to be sent to all of BBSL's clients was approved by IIROC. The client letter informs them of the Amalgamation, the name of the Amalgamated Corporation, the change in trustee for some of the registered products, and other related matters. Finally the letter advises the clients that they have the right, before the Amalgamation Date, to request that their accounts be transferred elsewhere. In such a case the client will not be charged any fees for the transfer. The letter was sent to BBSL's clients on or about February 1st, 2016.

Submissions in support of exemptions

18. Starting from the Amalgamation date, all activities currently conducted by the Filers will be under the responsibility of IAS. IAS will conduct the same operations, essentially in the same manner as before the Amalgamation.

19. Subject to obtaining the Exemption Sought and the Derivatives Exemption Sought, no disruption in the services provided by the BBSL Individuals to clients of the Filers is anticipated as a result of the Amalgamation.

20. Neither the Exemption Sought nor the Derivatives Exemption Sought will have any negative consequences on the ability of BBSL, IAS or the Amalgamated Corporation to comply with any applicable regulatory requirements or their ability

to satisfy any of their obligations in respect of their clients.

21. Given the number of BBSL Individuals and Locations to be transferred from BBSL to the Amalgamated Corporation on the Amalgamation Date, it would be unduly time consuming and difficult to transfer each of the BBSL Individuals and Locations through NRD in accordance with the requirements of NI 33-109 if the Exemption Sought and the Derivatives Exemption Sought are not granted.

22. Both Filers are registered in the same categories of registration in each of the Jurisdictions, thereby affording the opportunity to seamlessly transfer the BBSL Individuals and Locations to the Amalgamated Corporation on the Amalgamation Date by way of Bulk Transfer.

23. At the time of the Bulk Transfer, all of the BBSL Individuals will be the only registered individuals of BBSL and the Locations will be the only branches and sub-branches of BBSL. Accordingly, the transfer of the BBSL Individuals and Locations on the Amalgamation Date by means of the Bulk Transfer can be implemented without any significant disruption to the activities of the BBSL Individuals, the Locations, BBSL, IAS or the Amalgamated Corporation.

24. Allowing the Bulk Transfer of the BBSL Individuals to occur on the Amalgamation Date will benefit (and have no detrimental impact on) the clients of the Filers by facilitating seamless service on the part of the BBSL Individuals, the Filers and the Amalgamated Corporation.

25. The Exemption Sought and the Derivatives Exemption Sought comply with the requirements of, and the reasons for, a bulk transfer as set out in Section 3.4 of the Companion Policy to NI 33-109 and Appendix C thereto.

26. It would not be prejudicial to the public interest to grant the Exemption Sought and the Derivatives Exemption Sought.

Decision

Each of the Decision Makers is satisfied that the decision meets the tests set out in the Legislation and the *Derivatives Act* (Quebec) 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 the Filers make acceptable arrangements with CGI Information Systems and Management Consultants Inc. in respect of the Bulk Transfer and make such arrangements in advance of the Bulk Transfer.

The decision of the principal regulator under the *Derivatives Act* (Quebec) is that the Derivatives Exemption Sought is granted provided that the Filers make acceptable arrangements with CGI Information Systems and Management Consultants Inc. in respect of the Bulk Transfer and make such arrangements in advance of the Bulk Transfer.

"Eric Stevenson"
Superintendent, Client Services and Distribution Oversight
Autorité des marchés financiers

2.2 Orders

2.2.1 Pro-Financial Asset Management Inc. et al. – s. 127

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

AND

IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.,
STUART MCKINNON and JOHN FARRELL

ORDER
(Section 127)

WHEREAS:

1. On December 9, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") returnable January 14, 2015 accompanied by a Statement of Allegations dated December 8, 2014 with respect to Pro-Financial Asset Management Inc. ("PFAM"), Stuart McKinnon ("McKinnon") and John Farrell ("Farrell") (collectively, the "Respondents");

2. On January 14, 2015, Staff of the Commission ("Staff"), counsel for PFAM and McKinnon and counsel for Farrell attended before the Commission;

3. On January 14, 2015, the Commission ordered that the hearing be adjourned to February 25, 2015 at 10:00 a.m. for the purpose of scheduling a date for a confidential pre-hearing conference as may be appropriate;

4. On February 25, 2015, Staff advised that the initial electronic disclosure of approximately 11,000 pages was sent to counsel for the Respondents on January 12, 2015 and the remaining electronic disclosure of approximately 7,400 pages was sent to counsel for the Respondents on February 24, 2015;

5. On February 25, 2015, Staff advised that the Commission order dated January 14, 2015 should have referred to 11,000 pages of disclosure and not 11,000 documents;

6. On February 25, 2015, a confidential pre-hearing conference was held immediately following the public hearing as requested by the parties;

7. On April 9, 2015, the confidential pre-hearing conference continued and Staff, counsel for PFAM and McKinnon, and counsel for Farrell attended before the Commission;

8. On June 15, 2015, the confidential pre-hearing conference continued and Staff and counsel for PFAM and McKinnon attended before the Commission;

9. On June 17, 2015, the Commission ordered that the Second Appearance be held on September 15, 2015 at 10:00 a.m. and that:

   a. Staff shall make disclosure, no later than five days before the date of the Second Appearance, of their witness list and summaries and indicate any intention to call an expert witness, in which event they shall provide the name of the expert and state the issue or issues on which the expert will be giving evidence; and

   b. Any requests by any of the Respondents for disclosure of additional documents shall be set out in a Notice of Motion which shall be filed no later than 10 days before the date of the Second Appearance;

10. On June 19, 2015, counsel for PFAM and McKinnon filed a notice of motion pursuant to Rule 1.7.4. of the Commission's *Rules of Procedure* (2014), 37 O.S.C.B. 4168 seeking leave to withdraw as counsel for PFAM and the Commission granted such motion on September 15, 2015;

11. On June 30, 2015, the Commission heard a motion brought by McKinnon, in which he sought registration as a dealing representative at a mutual fund dealer (the "Registration Motion");

12. On September 14, 2015, the Commission released its reasons and order dismissing the Registration Motion;

13. On September 15, 2015, the Second Appearance was held and Staff advised that: (i) on August 31, 2015, Staff provided a third tranche of disclosure (2,960 pages) to the Respondents; (ii) on September 11, 2015, Staff provided a fourth tranche of disclosure (251 pages) to the Respondents; and (iii) on September 10, 2015, Staff provided its preliminary witness list and a chart setting out the location in Staff's disclosure of the transcripts and affidavits relevant to Staff's witnesses;

14. On September 15, 2015, counsel for McKinnon advised that McKinnon intended to bring a motion for a preliminary determination of certain issues in Staff's Statement of Allegations (the "Preliminary Determination Motion");

15. On September 17, 2015, the Commission ordered that the Third Appearance be held on November 16, 2015 at 9:00 a.m. and that:

a. The Preliminary Determination Motion shall be heard on November 6, 2015 at 10:00 a.m.;

b. PFAM and McKinnon shall make disclosure to Staff, by no later than 30 days before the date of the Third Appearance, of their witness lists and summaries and indicate any intention to call an expert witness, in which event they shall provide Staff with the name of the expert and state the issue or issues on which the expert will be giving evidence; and

c. The dates for the hearing on the merits and for the provision of expert affidavits or reports, if any, will be set at the Third Appearance;

16. On November 6, 2015, Staff and counsel for McKinnon filed written memoranda of fact and law and made oral submissions on the Preliminary Determination Motion and the panel reserved its decision;

17. On November 6, 2015, Staff and counsel for McKinnon agreed to reschedule the Third Appearance from November 16, 2015 at 9:00 a.m. to December 2, 2015 at 10:00 a.m. and that the dates for the hearing on the merits and for the provision of expert affidavits or reports, if any, will be set at the Third Appearance;

18. On November 26, 2015, the Commission released its Order dismissing the Preliminary Determination Motion with reasons to follow;

19. On November 30, 2015, the Commission released its reasons relating to its order dismissing the Preliminary Determination Motion;

20. On December 2, 2015, the Third Appearance was held and Staff and counsel for McKinnon appeared and made submissions;

21. On December 9, 2015, the Commission ordered, among other things, that the hearing on the merits ("Merits Hearing") will commence on Monday, April 11, 2016 and continue on April 12, 13, 14, 15, 18, 20, 21, 22, 25, 26, 27, 28 and 29 and May 2, 2016, each day commencing at 10:00 a.m.;

22. On April 1, 2016, Staff and counsel for McKinnon appeared for a Final Interlocutory Appearance and made submissions;

23. On April 11, 2016, the Merits Hearing commenced and continued on April 12, 13, 14, 15, 18, 20, 21, 22, 25, 26, 27, 28 and 29, 2016 and was scheduled to continue on May 2, 2016;

24. McKinnon consents to the terms of this Order; and

25. The Commission is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED that:

1. The hearing date of May 2, 2016 is vacated; and

2. The Merits Hearing will continue on June 13, 15, 16 and 17, 2016, each day commencing at 10:00 a.m.

DATED at Toronto this 2nd day of May, 2016

"Christopher Portner"

"Judith Robertson"

"AnneMarie Ryan"

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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

THERE IS NOTHING TO REPORT THIS WEEK.

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Mainstream Minerals Corporation	25 April 2016	
MBAC Fertilizer Corp	05 April 2016	02 May 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
Axios Mobile Assets Corp.	15 April 2016	27 April 2016	27 April 2016		
Blueocean Nutrasciences Inc.	03 May 2016	16 May 2016			
Golden Leaf Holdings Ltd.	03 May 2016	16 May 2016			
Valeant Pharmaceuticals International, Inc.	31 March 2016	13 April 2016	13 April 2016	29 April 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
Axios Mobile Assets Corp.	15 April 2016	27 April 2016	27 April 2016		
Blueocean Nutrasciences Inc.	03 May 2016	16 May 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		
Enerdynamic Hybrid Technologies Corp.	15 October 2015	28 October 2015	28 October 2015		
GeneNews Limited	31 March 2016	13 April 2016	13 April 2016		

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Golden Leaf Holdings Ltd.	03 May 2016	16 May 2016			
Northern Power Systems Corp.	31 March 2016	13 April 2016	13 April 2016		
Starrex International Ltd.	30 December 2015	11 January 2016	11 January 2016		
Valeant Pharmaceuticals International, Inc.	31 March 2016	13 April 2016	13 April 2016	29 April 2016	

Chapter 5

Rules and Policies

5.1.1 Adoption of NI 62-104 Take-Over Bids and Issuer Bids

NATIONAL INSTRUMENT 62-104
TAKE-OVER BIDS AND ISSUER BIDS

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FORMS

Form 62-104F1 – Take-Over Bid Circular
Form 62-104F2 – Issuer Bid Circular
Form 62-104F3 – Directors' Circular
Form 62-104F4 – Director's or Officer's Circular
Form 62-104F5 – Notice of Change or Notice of Variation

NATIONAL INSTRUMENT 62-104
TAKE-OVER BIDS AND ISSUER BIDS

PART 1: DEFINITIONS AND INTERPRETATION

Definitions

1.1 In this Instrument,

"Act" means, in the jurisdiction, the statute referred to in Appendix B to National Instrument 14-101 *Definitions*;

"alternative transaction" means, for an issuer:

(a) an amalgamation, merger, arrangement, consolidation, or any other transaction of the issuer, or an amendment to the terms of a class of equity securities of the issuer, as a consequence of which the interest of a holder of an equity security of the issuer may be terminated without the holder's consent, regardless of whether the equity security is replaced with another security, but does not include

(i) a consolidation of securities that does not have the effect of terminating the interests of holders of equity securities of the issuer in those securities without their consent, except to an extent that is nominal in the circumstances,

(ii) a circumstance in which the issuer may terminate a holder's interest in a security, under the terms attached to the security, for the purpose of enforcing an ownership or voting constraint that is necessary to enable the issuer to comply with legislation, lawfully engage in a particular activity or have a specified level of Canadian ownership, or

(iii) a transaction solely between or among the issuer and one or more subsidiaries of the issuer,

(b) a sale, lease or exchange of all or substantially all the property of the issuer if the sale, lease or exchange is not in the ordinary course of business of the issuer, but does not include a sale, lease or exchange solely between or among the issuer and one or more subsidiaries of the issuer;

"associate", when used to indicate a relationship with a person, means

(a) an issuer of which the person beneficially owns or controls, directly or indirectly, voting securities entitling the person to more than 10% of the voting rights attached to outstanding securities of the issuer,

(b) any partner of the person,

(c) any trust or estate in which the person has a substantial beneficial interest or in respect of which a person serves as trustee or in a similar capacity, or

(d) a relative of that person, if the relative has the same home as that person, including

(i) the spouse or, in Alberta, adult interdependent partner of that person, or

(ii) a relative of the person's spouse or, in Alberta, adult interdependent partner;

"bid circular" means a bid circular prepared in accordance with section 2.10;

"business day" means a day other than a Saturday, a Sunday or a day that is a statutory holiday in the jurisdiction;

"class of securities" includes a series of a class of securities;

"consultant" has the same meaning as in National Instrument 45-106 *Prospectus Exemptions*;

"**deposit period news release**" means a news release issued by an offeree issuer in respect of a proposed or commenced take-over bid for the securities of the offeree issuer and stating an initial deposit period for the bid of not more than 105 days and not less than 35 days, expressed as a number of days from the date of the bid;

"equity security" means a security of an issuer that carries a residual right to participate in the earnings of the issuer and, on liquidation or winding up of the issuer, in its assets;

"initial deposit period" means the period, including any extension, during which securities may be deposited under a take-over bid but does not include

(a) a mandatory 10-day extension period, or

(b) any extension to the period during which securities may be deposited if the extension is made after a mandatory 10-day extension period;

"issuer bid" means an offer to acquire or redeem securities of an issuer made by the issuer to one or more persons, any of whom is in the local jurisdiction or whose last address as shown on the books of the offeree issuer is in the local jurisdiction, and also includes an acquisition or redemption of securities of the issuer by the issuer from those persons, but does not include an offer to acquire or redeem, or an acquisition or redemption if

(a) no valuable consideration is offered or paid by the issuer for the securities,

(b) the offer to acquire or redeem, or the acquisition or redemption is a step in an amalgamation, merger, reorganization or arrangement that requires approval in a vote of security holders, or

(c) the securities are debt securities that are not convertible into securities other than debt securities;

"mandatory 10-day extension period" means the period referred to in paragraph 2.31.1(a);

"offer to acquire" means

(a) an offer to purchase, or a solicitation of an offer to sell, securities,

(b) an acceptance of an offer to sell securities, whether or not the offer has been solicited, or

(c) any combination of the above;

"offeree issuer" means an issuer whose securities are the subject of a take-over bid, an issuer bid or an offer to acquire;

"offeror" means, except in Division 1 of Part 2 of this Instrument, a person that makes a take-over bid, an issuer bid or an offer to acquire;

"offeror's securities" means securities of an offeree issuer beneficially owned, or over which control or direction is exercised, on the date of an offer to acquire, by an offeror or any person acting jointly or in concert with the offeror;

"partial take-over bid" means a take-over bid for less than all of the outstanding securities of the class of securities subject to the bid;

"person" includes

(a) an individual,

(b) a corporation,

(c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and

(d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

"published market" means, with respect to any class of securities, a market in Canada or outside of Canada on which the securities are traded, if the prices at which they have been traded on that market are regularly

(a) disseminated electronically, or

(b) published in a newspaper or business or financial publication of general and regular paid circulation;

"standard trading unit" means

(a) 1,000 units of a security with a market price of less than $0.10 per unit,

(b) 500 units of a security with a market price of $0.10 or more per unit and less than $1.00 per unit, and

(c) 100 units of a security with a market price of $1.00 or more per unit;

"subsidiary" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary;

"take-over bid" means an offer to acquire outstanding voting securities or equity securities of a class made to one or more persons, any of whom is in the local jurisdiction or whose last address as shown on the books of the offeree issuer is in the local jurisdiction, where the securities subject to the offer to acquire, together with the offeror's securities, constitute in the aggregate 20% or more of the outstanding securities of that class of securities at the date of the offer to acquire but does not include an offer to acquire if the offer to acquire is a step in an amalgamation, merger, reorganization or arrangement that requires approval in a vote of security holders.

Definitions for purposes of the Act

1.2 (1) Except in Saskatchewan, in the Act,

(a) **"offer to acquire"** has the same meaning as in this Instrument, and

(b) **"offeror"** has the same meaning as in section 1.1 of this Instrument.

(2) In the definition of **"issuer bid"** in the Act, the prescribed class of issuer bids is that set out in the definition of **"issuer bid"** in this Instrument.

(3) In the definition of **"take-over bid"** in the Act, the prescribed class of take-over bids is that set out in the definition of **"take-over bid"** in this Instrument.

Affiliate

1.3 In this Instrument, an issuer is an affiliate of another issuer if

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

(b) each of them is controlled by the same person.

Control

1.4 In this Instrument, a person controls a second person if

(a) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless the first person holds the voting securities only to secure an obligation,

(b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or

(c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

Computation of time

1.5 In this Instrument, a period of days is to be computed as beginning on the day following the event that began the period and ending at 11:59 p.m. on the last day of the period if that day is a business day or at 11:59 p.m. on the next business day if the last day of the period does not fall on a business day.

Expiry of bid

1.6 A take-over bid or an issuer bid expires at the later of

(a) the end of the period, including any extension, during which securities may be deposited under the bid, and

(b) the time at which the offeror becomes obligated by the terms of the bid to take up or reject securities deposited under the bid.

Convertible securities

1.7 In this Instrument,

(a) a security is deemed to be convertible into a security of another class if, whether or not on conditions, it is or may be convertible into or exchangeable for, or if it carries the right or obligation to acquire, a security of the other class, whether of the same or another issuer, and

(b) a security that is convertible into a security of another class is deemed to be convertible into a security or securities of each class into which the second-mentioned security may be converted, either directly or through securities of one or more other classes of securities that are themselves convertible.

Deemed beneficial ownership

1.8 (1) In this Instrument, in determining the beneficial ownership of securities of an offeror, of an acquiror or of any person acting jointly or in concert with the offeror or the acquiror, at any given date, the offeror, the acquiror or the person is deemed to have acquired and to be the beneficial owner of a security, including an unissued security, if the offeror, the acquiror or the person

(a) is the beneficial owner of a security convertible into the security within 60 days following that date, or

(b) has a right or obligation permitting or requiring the offeror, the acquiror or the person, whether or not on conditions, to acquire beneficial ownership of the security within 60 days by a single transaction or a series of linked transactions.

(2) The number of outstanding securities of a class in respect of an offer to acquire includes securities that are beneficially owned as determined in accordance with subsection (1).

(3) If 2 or more offerors acting jointly or in concert make one or more offers to acquire securities of a class, the securities subject to the offer or offers to acquire are deemed to be securities subject to the offer to acquire of each offeror for the purpose of determining whether an offeror is making a take-over bid.

(4) In this section, an offeror is not a beneficial owner of securities solely because there is an agreement, commitment or understanding that a security holder will tender the securities under a take-over bid or an issuer bid, made by the offeror, that is not exempt from Part 2.

(5) In Québec, for the purposes of this Instrument, a person that beneficially owns securities means a person that owns the securities or that holds securities registered under the name of an intermediary acting as nominee, including a trustee or agent.

Acting jointly or in concert

1.9 (1) In this Instrument, it is a question of fact as to whether a person is acting jointly or in concert with an offeror or an acquiror and, without limiting the generality of the foregoing,

(a) the following are deemed to be acting jointly or in concert with an offeror or an acquiror:

(i) a person that, as a result of any agreement, commitment or understanding with the offeror, the acquiror or with any other person acting jointly or in concert with the offeror or the acquiror, acquires or offers to acquire securities of the same class as those subject to the offer to acquire;

(ii) an affiliate of the offeror or the acquiror;

(b) the following are presumed to be acting jointly or in concert with an offeror or an acquiror:

(i) a person that, as a result of any agreement, commitment or understanding with the offeror, the acquiror or with any other person acting jointly or in concert with the offeror or the acquiror, intends to exercise jointly or in concert with the offeror, the acquiror or with any person acting jointly or in concert with the offeror or the acquiror any voting rights attaching to any securities of the offeree issuer;

(ii) an associate of the offeror or the acquiror.

(2) Subsection (1) does not apply to a registered dealer acting solely in an agency capacity for the offeror in connection with a bid and not executing principal transactions in the class of securities subject to the offer to acquire or performing services beyond the customary functions of a registered dealer.

(3) For the purposes of this section, a person is not acting jointly or in concert with an offeror solely because there is an agreement, commitment or understanding that the person will tender securities under a take-over bid or an issuer bid, made by the offeror, that is not exempt from Part 2.

Application to direct and indirect offers

1.10 In this Instrument, a reference to an offer to acquire or to the acquisition or ownership of securities or to control or direction over securities includes a direct or indirect offer to acquire or the direct or indirect acquisition or ownership of securities, or the direct or indirect control or direction over securities, as the case may be.

Determination of market price

1.11 (1) In this Instrument,

(a) the market price of a class of securities for which there is a published market, at any date, is an amount equal to the simple average of the closing price of securities of that class for each of the business days on which there was a closing price in the 20 business days preceding that date,

(b) if a published market does not provide a closing price, but provides only the highest and lowest prices of securities traded on a particular day, the market price of the securities, at any date, is an amount equal to the average of the simple averages of the highest and lowest prices for each of the business days on which there were highest and lowest prices in the 20 business days preceding that date, and

(c) if there has been trading of securities in a published market for fewer than 10 of the 20 business days preceding the date as of which the market price of the securities is being determined, the market price is the average of the following prices established for each day of the 20 business days preceding that date:

(i) the average of the closing bid and ask prices for each day on which there was no trading; and

(ii) either the closing price of securities of the class for each day that there has been trading, if the published market provides a closing price, or the average of the highest and lowest prices of securities of that class for each day that there has been trading, if the published market provides only the highest and lowest prices of securities traded on a particular day.

(2) If there is more than one published market for a security, the market price in paragraphs (1)(a), (b) and (c) must be determined as follows:

(a) if only one of the published markets is in Canada, the market price must be determined solely by reference to that market;

(b) if there is more than one published market in Canada, the market price must be determined solely by reference to the published market in Canada on which the greatest volume of trading in the particular class of securities occurred during the 20 business days preceding the date as of which the market price is being determined;

(c) if there is no published market in Canada, the market price must be determined solely by reference to the published market on which the greatest volume of trading in the particular class of securities occurred during the 20 business days preceding the date as of which the market price is being determined.

(3) Despite subsections (1) and (2) for the purposes of section 4.1 and subsection 4.8(3), if an offeror acquires securities on a published market, the market price for those securities is the price of the last standard trading unit of securities of that class purchased, before the acquisition by the offeror, by a person who was not acting jointly or in concert with the offeror.

PART 2: BIDS

Division 1: Restrictions on Acquisitions or Sales

Definition of "offeror"

2.1 In this Division, **"offeror"** means

(a) a person making a take-over bid or an issuer bid that is not exempt from Part 2,

(b) a person acting jointly or in concert with a person referred to in paragraph (a),

(c) a control person of a person referred to in paragraph (a), or

(d) a person acting jointly or in concert with a control person referred to in paragraph (c).

Restrictions on acquisitions during take-over bid

2.2 (1) An offeror must not offer to acquire, or make or enter into an agreement, commitment or understanding to acquire beneficial ownership of any securities of the class that are subject to a take-over bid or securities convertible into securities of that class otherwise than under the bid on and from the day of the announcement of the offeror's intention to make the bid until the expiry of the bid.

(2) Subsection (1) does not apply to an agreement between a security holder and the offeror to the effect that the security holder will, in accordance with the terms and conditions of a take-over bid that is not exempt from Part 2, deposit the security holder's securities under the bid.

(3) Despite subsection (1), an offeror may purchase securities of the class that are subject to a take-over bid and securities convertible into securities of that class beginning on the 3rd business day following the date of the bid until the expiry of the bid if all of the following conditions are satisfied:

(a) the intention of the offeror,

(i) on the date of the bid, is to make purchases and that intention is stated in the bid circular, or

(ii) to make purchases changes after the date of the bid and that intention is stated in a news release issued and filed at least one business day prior to making such purchases;

(b) the number of securities beneficially acquired under this subsection does not exceed 5% of the outstanding securities of that class as at the date of the bid;

(c) the purchases are made in the normal course on a published market;

(d) the offeror issues and files a news release immediately after the close of business of the published market on each day on which securities have been purchased under this subsection disclosing the following information:

(i) the name of the purchaser;

(ii) if the purchaser is a person referred to in paragraph 2.1(b), (c) or (d), the relationship of the purchaser and the offeror;

(iii) the number of securities purchased on the day for which the news release is required;

(iv) the highest price paid for the securities on the day for which the news release is required;

(v) the aggregate number of securities purchased on the published market during the currency of the bid;

(vi) the average price paid for the securities that were purchased on the published market during the currency of the bid; and

(vii) the total number of securities owned by the purchaser after giving effect to the purchases that are the subject of the news release;

(e) no broker acting for the offeror performs services beyond the customary broker's functions in regard to the purchases;

(f) no broker acting for the offeror receives more than the usual fees or commissions in regard to the purchases than are charged for comparable services performed by the broker in the normal course;

(g) the offeror or any person acting for the offeror does not solicit or arrange for the solicitation of offers to sell securities of the class subject to the bid, except for the solicitation by the offeror or members of the soliciting dealer group under the bid;

(h) the seller or any person acting for the seller does not, to the knowledge of the offeror, solicit or arrange for the solicitation of offers to buy securities of the class subject to the bid.

(4) For the purposes of paragraph 2.2(3)(b), the acquisition of beneficial ownership of securities that are convertible into securities of the class that is subject to the bid shall be deemed to be an acquisition of the securities as converted.

Restrictions on acquisitions during issuer bid

2.3 (1) An offeror must not offer to acquire, or make or enter into an agreement, commitment or understanding to acquire, beneficial ownership of any securities of the class that are subject to an issuer bid, or securities that are convertible into securities of that class, otherwise than under the bid on and from the day of the announcement of the offeror's intention to make the bid until the expiry of the bid.

(2) Subsection (1) does not prevent the offeror from purchasing, redeeming or otherwise acquiring any securities of the class subject to the bid in reliance on an exemption under paragraph 4.6(a), (b) or (c).

Restrictions on acquisitions before take-over bid

2.4 (1) If, within the period of 90 days immediately preceding a take-over bid, an offeror acquired beneficial ownership of securities of the class subject to the bid in a transaction not generally available on identical terms to holders of that class of securities,

(a) the offeror must offer

(i) consideration for securities deposited under the bid at least equal to and in the same form as the highest consideration that was paid on a per security basis under any such prior transaction, or

(ii) at least the cash equivalent of that consideration, and

(b) the offeror must offer to acquire under the bid that percentage of the securities of the class subject to the bid that is at least equal to the highest percentage that the number of securities acquired from a seller in any such prior transaction was of the total number of securities of that class beneficially owned by that seller at the time of that prior transaction.

(2) Subsection (1) does not apply to a transaction that occurred within 90 days preceding the bid if either of the following conditions are satisfied:

(a) the transaction is a trade in a security of the issuer that had not been previously issued;

(b) the transaction is a trade by or on behalf of the issuer in a previously issued security of that issuer that had been redeemed or purchased by, or donated to, that issuer.

Restrictions on acquisitions after bid

2.5 During the period beginning with the expiry of a take-over bid or an issuer bid and ending at the end of the 20th business day after that, whether or not any securities are taken up under the bid, an offeror must not acquire or offer to acquire beneficial ownership of securities of the class that was subject to the bid except by way of a transaction that is generally available to holders of that class of securities on identical terms.

Exception

2.6 Subsection 2.4(1) and section 2.5 do not apply to purchases made by an offeror in the normal course on a published market if all of the following conditions are satisfied:

(a) no broker acting for the offeror performs services beyond the customary broker's functions in regard to the purchases;

(b) no broker acting for the offeror receives more than the usual fees or commissions in regard to the purchases than are charged for comparable services performed by the broker in the normal course;

(c) the offeror or any person acting for the offeror does not solicit or arrange for the solicitation of offers to sell securities of the class subject to the bid, except for the solicitation by the offeror or members of the soliciting dealer group under the bid;

(d) the seller or any person acting for the seller does not, to the knowledge of the offeror, solicit or arrange for the solicitation of offers to buy securities of the class subject to the bid.

Restrictions on sales during bid

2.7 (1) An offeror, except under a take-over bid or an issuer bid, must not sell, or make or enter into an agreement, commitment or understanding to sell, any securities of the class subject to the bid, or securities that are convertible into securities of that class, beginning on the day of the announcement of the offeror's intention to make the bid until the expiry of the bid.

(2) Despite subsection (1), an offeror may, before the expiry of a bid, make or enter into an agreement, commitment or understanding to sell securities that may be taken up by the offeror under the bid, after the expiry of the bid, if the intention to sell is disclosed in the bid circular.

(3) Subsection (1) does not apply to an offeror under an issuer bid in respect of the issue of securities under a dividend plan, dividend reinvestment plan, employee purchase plan or another similar plan.

Division 2: Making a Bid

Duty to make bid to all security holders

2.8 An offeror must make a take-over bid or an issuer bid to all holders of the class of securities subject to the bid who are in the local jurisdiction by sending the bid to

(a) each holder of that class of securities whose last address as shown on the books of the offeree issuer is in the local jurisdiction, and

(b) each holder of securities that, before the expiry of the deposit period referred to in the bid, are convertible into securities of that class, whose last address as shown on the books of the offeree issuer is in the local jurisdiction.

Commencement of bid

2.9 (1) An offeror must commence a take-over bid by

(a) publishing an advertisement containing a brief summary of the take-over bid in at least one major daily newspaper of general and regular paid circulation in the local jurisdiction in English, and in Québec in French or in French and English, or

(b) sending the bid to security holders described in section 2.8.

(2) An offeror must commence an issuer bid by sending the bid to security holders described in section 2.8.

Offeror's circular

2.10 (1) An offeror making a take-over bid or an issuer bid must prepare and send, either as part of the bid or together with the bid, a take-over bid circular or an issuer bid circular, as the case may be, in the following form:

(a) Form 62-104F1 Take-Over Bid Circular, for a take-over bid; or

(b) Form 62-104F2 Issuer Bid Circular, for an issuer bid.

(2) An offeror commencing a take-over bid under paragraph 2.9(1)(a) must,

(a) on or before the date of first publication of the advertisement,

(i) deliver the bid and the bid circular to the offeree issuer's principal office,

(ii) file the bid, the bid circular and the advertisement,

(iii) request from the offeree issuer a list of security holders described in section 2.8, and

(b) not later than 2 business days after receipt of the list of security holders referred to in subparagraph (a)(iii), send the bid and the bid circular to those security holders.

(3) An offeror commencing a take-over bid under paragraph 2.9(1)(b) must file the bid and the bid circular and deliver them to the offeree issuer's principal office on the day the bid is sent, or as soon as practicable after that.

(4) An offeror making an issuer bid must file the bid and the bid circular on the day the bid is sent, or as soon as practicable after that.

Change in information

2.11 (1) If, before the expiry of a take-over bid or an issuer bid or after the expiry of a bid but before the expiry of all rights to withdraw the securities deposited under the bid, a change has occurred in the information contained in the bid circular or any notice of change or notice of variation that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the bid, the offeror must promptly

(a) issue and file a news release, and

(b) send a notice of the change to every person to whom the bid was required to be sent and whose securities were not taken up before the date of the change.

(1.1) Despite paragraph (1)(b), an offeror is not required to send a notice of change to a security holder if, under paragraph 2.30(2)(a.1), the security holder is restricted from withdrawing securities that have been deposited under the bid.

(2) Subsection (1) does not apply to a change that is not within the control of the offeror or of an affiliate of the offeror unless it is a change in a material fact relating to the securities being offered in exchange for securities of the offeree issuer.

(3) In this section, a variation in the terms of a bid does not constitute a change in information.

(4) A notice of change must be in the form of Form 62-104F5 Notice of Change or Notice of Variation.

(5) If, under subsection (1), an offeror is required to send a notice of change before the expiry of the initial deposit period

(a) the initial deposit period for the offeror's take-over bid must not expire before 10 days after the date of the notice of change, and

(b) the offeror must not take up securities deposited under the bid before 10 days after the date of the notice of change.

Variation of terms

2.12 (1) If there is a variation in the terms of a take-over bid or an issuer bid, including any reduction of the period during which securities may be deposited under the bid pursuant to section 2.28.2 or section 2.28.3, or any extension of the period during which securities may be deposited under the bid, and whether or not that variation results from the exercise of any right contained in the bid, the offeror must promptly

(a) issue and file a news release, and

(b) send a notice of variation to every person to whom the bid was required to be sent under section 2.8 and whose securities were not taken up before the date of the variation.

(1.1) Despite paragraph (1)(b), an offeror is not required to send a notice of variation to a security holder if, under paragraph 2.30(2)(a.1), the security holder is restricted from withdrawing securities that have been deposited under the bid.

(2) A notice of variation must be in the form of Form 62-104F5 Notice of Change or Notice of Variation.

(3) If there is a variation in the terms of a take-over bid or an issuer bid, the period during which securities may be deposited under the bid must not expire before 10 days after the date of the notice of variation.

(3.1) If, under subsection (1), an offeror is required to send a notice of variation before the expiry of the initial deposit period

(a) the initial deposit period for the offeror's take-over bid must not expire before 10 days after the date of the notice of variation, and

(b) the offeror must not take up securities deposited under the bid before 10 days after the date of the notice of variation.

(4) Subsections (1), (3) and (3.1) do not apply to a variation in the terms of a bid consisting solely of the waiver of a condition in the bid and any extension of the bid, other than an extension in respect of the mandatory 10-day extension period, resulting from the waiver where the consideration offered for the securities consists solely of cash, but in that case the offeror must promptly issue and file a news release announcing the waiver.

(5) An offeror must not make a variation in the terms of an issuer bid, other than a variation that is the waiver by the offeror of a condition that is specifically stated in the bid as being waivable at the sole option of the offeror, after the expiry of the period, including any extension of the period, during which the securities may be deposited under the bid.

(6) An offeror must not make a variation in the terms of a take-over bid, other than a variation to extend the time during which securities may be deposited under the bid or a variation to increase the consideration offered for the securities subject to the bid, after the offeror becomes obligated to take up securities deposited under the bid in accordance with section 2.32.1.

Filing and sending notice of change or notice of variation

2.13 A notice of change or notice of variation in respect of a take-over bid or an issuer bid must be filed and, in the case of a take-over bid, delivered to the offeree issuer's principal office, on the day the notice of change or notice of variation is sent to security holders of the offeree issuer, or as soon as practicable after that.

Change or variation in advertised take-over bid

2.14 (1) If a change or variation occurs to a take-over bid that was commenced by means of an advertisement, and if the offeror has complied with paragraph 2.10(2)(a) but has not yet sent the bid and the bid circular under paragraph 2.10(2)(b), the offeror must

(a) publish an advertisement that contains a brief summary of the change or variation in at least one major daily newspaper of general and regular paid circulation in the local jurisdiction in English, and in Québec in French or in French and English,

(b) concurrently with the date of first publication of the advertisement,

(i) file the advertisement, and

(ii) file and deliver a notice of change or notice of variation to the offeree issuer's principal office, and

(c) subsequently send the bid, the bid circular and the notice of change or notice of variation to the security holders of the offeree issuer before the expiration of the period set out in paragraph 2.10(2)(b).

(2) If an offeror satisfies the requirements of subsection (1), the notice of change or notice of variation is not required to be filed and delivered under section 2.13.

Consent of expert – bid circular

2.15 (1) In this section and section 2.21, an expert includes a notary in Québec, solicitor, auditor, accountant, engineer, geologist or appraiser or any other person whose profession or business gives authority to a report, valuation, statement or opinion made by that person.

(2) If a report, valuation, statement or opinion of an expert is included in or accompanies a bid circular or any notice of change or notice of variation to the circular, the written consent of the expert to the use of the report, valuation, statement or opinion must be filed concurrently with the bid circular, notice of change or notice of variation.

Delivery and date of bid documents

2.16 (1) A take-over bid, an issuer bid, a bid circular and every notice of change or notice of variation must be

(a) mailed by pre-paid mail to the intended recipient, or

(b) delivered to the intended recipient by personal delivery, courier or other manner acceptable to the regulator or securities regulatory authority.

(2) Except for a take-over bid commenced by means of an advertisement in accordance with paragraph 2.9(1)(a), a bid, bid circular, notice of change or notice of variation sent in accordance with this section is deemed to be dated as of the date it was sent to all or substantially all of the persons entitled to receive it.

(3) If a take-over bid is commenced by means of an advertisement in accordance with paragraph 2.9(1)(a), a bid, bid circular, notice of change or notice of variation is deemed to have been dated as of the date of first publication of the relevant advertisement.

Division 3: Offeree Issuer's Obligations

Duty to prepare and send directors' circular

2.17 (1) If a take-over bid has been made, the board of directors of the offeree issuer must prepare and send, not later than 15 days after the date of the bid, a directors' circular to every person to whom the bid was required to be sent under section 2.8.

(2) The board of directors of the offeree issuer must evaluate the terms of the take-over bid and, in the directors' circular,

(a) must recommend to security holders that they accept or reject the bid and state the reasons for the recommendation,

(b) must advise security holders that the board is unable to make, or is not making, a recommendation and state the reasons for being unable to make a recommendation or for not making a recommendation, or

(c) must advise security holders that the board is considering whether to make a recommendation to accept or reject the bid, must state the reasons for not making a recommendation in the directors' circular and may advise security holders that they should not deposit their securities under the bid until they receive further communication from the board of directors in accordance with paragraph (a) or (b).

(3) If paragraph (2)(c) applies, the board of directors must communicate to security holders a recommendation to accept or reject the bid or the decision that it is unable to make, or is not making, a recommendation, together with the reasons for the recommendation or decision, at least 7 days before the scheduled expiry of the initial deposit period.

(4) A directors' circular must be in the form of Form 62-104F3 Directors' Circular.

Notice of change

2.18 (1) If, before the expiry of a take-over bid or after the expiry of a take-over bid but before the expiry of all rights to withdraw the securities deposited under the bid, a change has occurred in the information contained in a directors' circular or in any notice of change to the directors' circular that would reasonably be expected to affect the decision of the security holders to accept or reject the bid, the board of directors of the offeree issuer must promptly issue and file a news release relating to the change and send a notice of the change to every person to whom the take-over bid was required to be sent disclosing the nature and substance of the change.

(2) A notice of change must be in the form of Form 62-104F5 Notice of Change or Notice of Variation.

Filing directors' circular or notice of change

2.19 The board of directors of the offeree issuer must concurrently file the directors' circular or a notice of change in relation to it and deliver it to the principal office of the offeror not later than the date on which it is sent to the security holders of the offeree issuer, or as soon as practicable after that date.

Individual director's or officer's circular

2.20 (1) An individual director or officer may recommend acceptance or rejection of a take-over bid if the director or officer sends with the recommendation a separate director's or officer's circular to every person to whom the take-over bid was required to be sent under section 2.8.

(2) If, before the expiry of a take-over bid or after the expiry of a take-over bid but before the expiry of all rights to withdraw the securities deposited under the bid, a change has occurred in the information contained in a director's or officer's circular or any notice of change in relation to it that would reasonably be expected to affect the decision of the security holders to accept or reject the bid, other than a change that is not within the control of the director or officer, as the case may be, that director or officer must promptly send a notice of change to every person to whom the take-over bid was required to be sent under section 2.8.

(3) A director's or officer's circular must be in the form of Form 62-104F4 Director's or Officer's Circular.

(4) A director's or officer's obligation to send a circular under subsection (1) or to send a notice of change under subsection (2) may be satisfied by sending the circular or the notice of change, as the case may be, to the board of directors of the offeree issuer.

(5) If a director or officer sends to the board of directors of the offeree issuer a circular under subsection (1) or a notice of change under subsection (2), the board, at the offeree issuer's expense, must promptly send a copy of the circular or notice to every person to whom the take-over bid was required to be sent under section 2.8.

(6) The board of directors of the offeree issuer or the individual director or officer, as the case may be, must concurrently file the director's or officer's circular or a notice of change in relation to it and send it to the principal office of the offeror not later than the date on which it is sent to the security holders of the offeree issuer, or as soon as practicable after that.

(7) A notice of change in relation to a director's or officer's circular must be in the form of Form 62-104F5 Notice of Change or Notice of Variation.

Consent of expert – directors' circular/individual director's or officer's circular

2.21 If a report, valuation, statement or opinion of an expert is included in or accompanies a directors' circular, an individual director's or officer's circular or any notice of change to either circular, the written consent of the expert to the use of the report, valuation, statement or opinion must be filed concurrently with the circular or notice.

Delivery and date of offeree issuer's documents

2.22 (1) A directors' circular, an individual director's or officer's circular and every notice of change must be

(a) mailed by pre-paid mail to the intended recipient, or

(b) delivered to the intended recipient by personal delivery, courier or other manner acceptable to the regulator or securities regulatory authority.

(2) Any circular or notice sent in accordance with this section is deemed to be dated as of the date it was sent to all or substantially all of the persons entitled to receive it.

Division 4: Offeror's Obligations

Consideration

2.23 (1) If a take-over bid or an issuer bid is made, all holders of the same class of securities must be offered identical consideration.

(2) Subsection (1) does not prohibit an offeror from offering an identical choice of consideration to all holders of the same class of securities.

(3) If a variation in the terms of a take-over bid or an issuer bid before the expiry of the bid increases the value of the consideration offered for the securities subject to the bid, the offeror must pay that increased consideration to each person whose securities are taken up under the bid, whether or not the securities were taken up by the offeror before the variation of the bid.

Prohibition against collateral agreements

2.24 If a person makes or intends to make a take-over bid or an issuer bid, the person or any person acting jointly or in concert with that person must not enter into any collateral agreement, commitment or understanding that has the effect, directly or indirectly, of providing a security holder of the offeree issuer with consideration of greater value than that offered to the other security holders of the same class of securities.

Collateral agreements − exception

2.25 (1) Section 2.24 does not apply to an employment compensation arrangement, severance arrangement or other employment benefit arrangement that provides

(a) an enhancement of employee benefits resulting from participation by the security holder of the offeree issuer in a group plan, other than an incentive plan, for employees of a successor to the business of the offeree issuer, if the benefits provided by the group plan are generally provided to employees of the successor to the business of the offeree issuer who hold positions of a similar nature to the position held by the security holder, or

(b) a benefit not described in paragraph (a) that is received solely in connection with the security holder's services as an employee, director or consultant of the offeree issuer, of an affiliated entity of the offeree issuer, or of a successor to the business of the offeree issuer, if

(i) at the time the bid is publicly announced, the security holder and its associates beneficially own or exercise control or direction over less than 1% of the outstanding securities of each class of securities of the offeree issuer subject to the bid, or

(ii) an independent committee of directors of the offeree issuer, acting in good faith, has determined that

(A) the value of the benefit, net of any offsetting costs to the security holder, is less than 5% of the amount referred to in paragraph 3(a), or

(B) the security holder is providing at least equivalent value in exchange for the benefit.

(2) In order to rely on an exception under paragraph (1)(b) the following conditions must be satisfied:

(a) the benefit is not conferred for the purpose, in whole or in part, of increasing the amount of the consideration paid to the security holder for securities deposited under the bid or providing an incentive to deposit under the bid;

(b) the conferring of the benefit is not, by its terms, conditional on the security holder supporting the bid in any manner; and

(c) full particulars of the benefit are disclosed in the issuer bid circular or, in the case of a take-over bid, in the take-over bid circular or directors' circular.

(3) In order to rely on an exception under subparagraph 1(b)(ii) the following conditions must be satisfied:

(a) the security holder receiving the benefit has disclosed to the independent committee the amount of consideration that the security holder expects it will be beneficially entitled to receive under the terms of the bid in exchange for the securities beneficially owned by the security holder; and

(b) the determination of the independent committee under subparagraph 1(b)(ii) is disclosed in the issuer bid circular or, in the case of a take-over bid, in the take-over bid circular or directors' circular.

(4) In this section, in determining the beneficial ownership of securities of a holder at a given date, any security or right or obligation permitting or requiring the security holder or any person acting jointly or in concert with the security holder, whether or not on conditions, to acquire a security, including an unissued security, of a particular class within 60 days by a single transaction or a series of linked transactions is deemed to be a security of a particular class.

Proportionate take up and payment – issuer bids

2.26 (1) If an issuer bid is made for less than all of the class of securities subject to the bid and a greater number of securities is deposited under the bid than the offeror is bound or willing to acquire under the bid, the offeror must take up and pay for the securities proportionately, disregarding fractions, according to the number of securities deposited by each security holder.

(2) Subsection (1) does not prohibit an offeror from acquiring securities under the terms of an issuer bid that, if not acquired, would constitute less than a standard trading unit for the security holder.

(3) Subsection (1) does not apply to securities deposited under the terms of an issuer bid by security holders who

(a) are entitled to elect a minimum price per security, within a range of prices, at which they are willing to sell their securities under the bid, and

(b) elect a minimum price which is higher than the price that the offeror pays for securities under the bid.

Proportionate take up and payment – take-over bids

2.26.1 (1) If a greater number of securities is deposited under a partial take-over bid than the offeror is bound or willing to acquire under the bid, the offeror must take up and pay for the securities proportionately, disregarding fractions, according to the number of securities deposited by each security holder.

(2) For the purposes of subsection (1), any securities acquired in a pre-bid transaction to which subsection 2.4(1) applies are deemed to have been deposited under the take-over bid by the person who was the seller in the pre-bid transaction.

Financing arrangements

2.27 (1) If a take-over bid or an issuer bid provides that the consideration for the securities deposited under the bid is to be paid in cash or partly in cash, the offeror must make adequate arrangements before the bid to ensure that the required funds are available to make full payment for the securities that the offeror has offered to acquire.

(2) The financing arrangements required to be made under subsection (1) may be subject to conditions if, at the time the take-over bid or the issuer bid is commenced, the offeror reasonably believes the possibility to be remote that, if the conditions of the bid are satisfied or waived, the offeror will be unable to pay for the securities deposited under the bid due to a financing condition not being satisfied.

Division 5: Bid Mechanics

Minimum deposit period – issuer bids

2.28 An offeror must allow securities to be deposited under an issuer bid for a minimum deposit period of at least 35 days from the date of the bid.

Minimum deposit period – take-over bids

2.28.1 An offeror must allow securities to be deposited under a take-over bid for an initial deposit period of at least 105 days from the date of the bid.

Shortened deposit period – deposit period news release

2.28.2 (1) Despite section 2.28.1, if at or after the time an offeror announces a take-over bid, the offeree issuer issues a deposit period news release in respect of the offeror's take-over bid, the offeror must allow securities to be deposited under its take-over bid for an initial deposit period of at least the number of days from the date of the bid as stated in the deposit period news release.

(2) Despite section 2.28.1, an offeror, other than an offeror under subsection (1), must allow securities to be deposited under its take-over bid for an initial deposit period of at least the number of days from the date of the bid as stated in the deposit period news release if either of the following applies:

(a) the offeror commenced the take-over bid in respect of securities of the offeree issuer before the issuance of the deposit period news release referred to in subsection (1) and the bid has yet to expire;

(b) the offeror, after the issuance of the deposit period news release referred to in subsection (1), commences a take-over bid in respect of securities of the offeree issuer and the bid is commenced before one of the following:

(i) the date of expiry of the take-over bid referred to in subsection (1),

(ii) the date of expiry of another take-over bid referred to in paragraph (a).

(3) For the purposes of subsections (1) and (2), an offeror must not allow securities to be deposited under its take-over bid for an initial deposit period of less than 35 days from the date of the bid.

Shortened deposit period – alternative transaction

2.28.3 Despite section 2.28.1, if an issuer issues a news release announcing that it intends to effect an alternative transaction, whether pursuant to an agreement or otherwise, an offeror must allow securities to be deposited under its take-over bid for an initial deposit period of at least 35 days from the date of the bid if either of the following applies:

(a) the offeror commenced the take-over bid in respect of securities of the offeree issuer before the issuance of the news release and the bid has yet to expire;

(b) the offeror, after the issuance of the news release, commences a take-over bid in respect of securities of the offeree issuer and the bid is commenced before one of the following:

(i) the date of completion or abandonment of the alternative transaction,

(ii) the date of expiry of another take-over bid referred to in paragraph (a).

Restriction on take up – issuer bids

2.29 An offeror must not take up securities deposited under an issuer bid until the expiration of 35 days from the date of the bid.

Restriction on take up – take-over bids

2.29.1 An offeror must not take up securities deposited under a take-over bid unless all of the following apply:

(a) a period of 105 days, or the number of days determined in accordance with section 2.28.2 or section 2.28.3, has elapsed from the date of the bid;

(b) all the terms and conditions of the bid have been complied with or waived;

(c) more than 50% of the outstanding securities of the class that are subject to the bid, excluding securities beneficially owned, or over which control or direction is exercised, by the offeror or by any person acting jointly or in concert with the offeror, have been deposited under the bid and not withdrawn.

Withdrawal of securities

2.30 (1) A security holder may withdraw securities deposited under a take-over bid or an issuer bid

(a) at any time before the securities have been taken up by the offeror,

(b) at any time before the expiration of 10 days from the date of a notice of change under section 2.11 or a notice of variation under section 2.12, or

(c) if the securities have not been paid for by the offeror within 3 business days after the securities have been taken up.

(1.1) Despite paragraph (1)(a), if an offeror that has made a partial take-over bid becomes obligated to take up securities under subsection 2.32.1(1), a security holder must not withdraw securities deposited before the expiry of the initial deposit period and not taken up by the offeror in reliance on subsection 2.32.1(6) during the period

(a) commencing at the time the offeror became obligated to take up securities under subsection 2.32.1(1), and

(b) ending at the time the offeror becomes obligated under either subsection 2.32.1(7) or (8) to take up securities not taken up by the offeror in reliance on subsection 2.32.1(6).

(2) Despite paragraph (1)(b), a security holder must not withdraw securities deposited if

(a) the securities have been taken up by the offeror before the date of the notice of change or notice of variation,

(a.1) in the case of a partial take-over bid, the securities were deposited before the expiry of the initial deposit period and not taken up by the offeror in reliance on subsection 2.32.1(6) and the date of the notice of change or notice of variation is after the date that the offeror became obligated to take up securities under subsection 2.32.1(1), or

(b) any of the following apply:

(i) there is a variation in the terms of a take-over bid or issuer bid consisting solely of an increase in consideration offered for the securities and an extension of the time for deposit to not later than 10 days after the date of the notice of variation;

(ii) there is a variation in the terms of a take-over bid or issuer bid consisting solely of the waiver of one or more of the conditions of the bid where the consideration offered for the securities subject to the take-over bid or the issuer bid consists solely of cash;

(iii) in the case of a take-over bid, there is a variation in the terms after the expiry of the initial deposit period consisting of either an increase in the consideration offered for the securities subject to the bid or an extension of the time for deposit to not later than 10 days from the date of the notice of variation.

(3) The withdrawal of any securities under subsection (1) is made by sending a written notice to the depository designated in the bid circular and becomes effective on its receipt by the depository.

(4) If notice is given in accordance with subsection (3), the offeror must promptly return the securities to the security holder.

Effect of market purchases

2.31 If an offeror purchases securities under subsection 2.2(3), the purchased securities must not be counted in determining whether the minimum tender requirement in paragraph 2.29.1(c) is satisfied and the purchase does not reduce the number of securities the offeror is bound to take up under the take-over bid.

Mandatory 10-day extension period – take-over bids

2.31.1 If, at the expiry of the initial deposit period, an offeror is obligated to take up securities deposited under a take-over bid pursuant to subsection 2.32.1(1), the offeror must

(a) extend the period during which securities may be deposited under the bid for a period of at least 10 days, and

(b) promptly issue and file a news release disclosing the following:

(i) that the minimum tender requirement specified in paragraph 2.29.1(c) has been satisfied,

(ii) the number of securities deposited and not withdrawn as at the expiry of the initial deposit period,

(iii) that the period during which securities may be deposited under the bid has been extended for the mandatory 10-day extension period, and

(iv) in the case of a take-over bid that

(A) is not a partial take-over bid, that the offeror will immediately take up the deposited securities and pay for securities taken up as soon as possible, and in any event not later than 3 business days after the securities are taken up, or

(B) is a partial take-over bid, that the offeror will take up and pay for the deposited securities proportionately in accordance with applicable securities legislation and in any event will take up the deposited securities not later than one business day after the expiry of the mandatory

10-day extension period and pay for securities taken up as soon as possible and in any event not later than 3 business days after the securities are taken up.

Time limit on extension – partial take-over bids

2.31.2 In the case of a partial take-over bid,

(a) the mandatory 10-day extension period must not exceed 10 days, and

(b) the bid must not be extended after the expiry of the mandatory 10-day extension period.

Obligation to take up and pay for deposited securities – issuer bids

2.32 (1) If all the terms and conditions of an issuer bid have been complied with or waived, the offeror must take up and pay for securities deposited under the bid not later than 10 days after the expiry of the bid or at the time required by subsection (2) or (3), whichever is earliest.

(2) An offeror must pay for any securities taken up under an issuer bid as soon as possible, and in any event not later than 3 business days after securities deposited under the bid are taken up.

(3) Securities deposited under an issuer bid subsequent to the date on which the offeror first takes up securities deposited under the bid must be taken up and paid for by the offeror not later than 10 days after the deposit of securities.

(4) An offeror must not extend its issuer bid if all the terms and conditions of the bid have been complied with or waived, unless the offeror first takes up all securities deposited under the bid and not withdrawn.

(5) Despite subsections (3) and (4), if an issuer bid is made for less than all of the class of securities subject to the bid, an offeror is required to take up, by the times specified in those subsections, only the maximum number of securities that the offeror can take up without contravening section 2.23 or section 2.26 at the expiry of the bid.

(6) Despite subsection (4), if the offeror waives any terms or conditions of an issuer bid and extends the bid in circumstances where the rights of withdrawal conferred by paragraph 2.30(1)(b) are applicable, the bid must be extended without the offeror first taking up the securities which are subject to the rights of withdrawal.

Obligation to take up and pay for deposited securities – take-over bids

2.32.1 (1) An offeror must immediately take up securities deposited under a take-over bid if, at the expiry of the initial deposit period, all of the following apply:

(a) the deposit period referred to in section 2.28.1, section 2.28.2 or section 2.28.3, as applicable, has elapsed;

(b) all the terms and conditions of the bid have been complied with or waived;

(c) the requirement in paragraph 2.29.1(c) is satisfied.

(2) An offeror must pay for any securities taken up under a take-over bid as soon as possible, and in any event not later than 3 business days after the securities deposited under the bid are taken up.

(3) In the case of a take-over bid that is not a partial take-over bid, securities deposited under the bid during the mandatory 10-day extension period, or an extension period made after the mandatory 10-day extension period, must be taken up and paid for by the offeror not later than 10 days after the deposit of securities.

(4) In the case of a take-over bid that is not a partial take-over bid, an offeror must not extend its bid beyond the expiry of the mandatory 10-day extension period unless the offeror first takes up all securities deposited under the bid and not withdrawn.

(5) Despite subsection (4), if the offeror extends the bid in circumstances where the rights of withdrawal conferred by paragraph 2.30(1)(b) are applicable, the offeror must extend the bid without the offeror first taking up the securities which are subject to the rights of withdrawal.

(6) Despite subsection (1), an offeror that has made a partial take-over bid is required to take up, by the time specified in that subsection, only the maximum number of securities that the offeror can take up without contravening section 2.23 or section 2.26.1 at the expiry of the bid.

(7) In the case of a partial take-over bid, securities deposited before the expiry of the initial deposit period and not taken up by the offeror in reliance on subsection (6), and securities deposited during the mandatory 10-day extension period, must be taken up by the offeror, in the manner required under section 2.26.1, not later than one business day after the expiry of the mandatory 10-day extension period.

(8) Despite subsection (7), if at the expiry of the mandatory 10-day extension period rights of withdrawal conferred by paragraph 2.30(1)(b) are applicable, securities deposited before the expiry of the initial deposit period and not taken up by the offeror in reliance on subsection (6), and securities deposited during the mandatory 10-day extension period, must be taken up by the offeror, in the manner required under section 2.26.1, not later than one business day after the expiry of the withdrawal period conferred by paragraph 2.30(1)(b).

Return of deposited securities

2.33 If, following the expiry of a take-over bid or an issuer bid, an offeror knows that it will not take up securities deposited under the bid, the offeror must promptly issue and file a news release to that effect and return the securities to the security holders.

News release on expiry of bid

2.34 If all the terms and conditions of a take-over bid or an issuer bid have been complied with or waived, the offeror must issue and file a news release to that effect promptly after the expiry of the bid, and the news release must disclose

(a) the approximate number of securities deposited, and

(b) the approximate number that will be taken up.

PART 3: GENERAL

Language of bid documents

3.1 (1) A person must file a document required under this Instrument in French or English.

(2) In Québec, a take-over bid circular, issuer bid circular, directors' circular, director's or officer's circular, notice of change or notice of variation required under Part 2 must be in French or in French and English.

(3) Subsection (1) does not apply to an exempt take-over bid made under section 4.4, or an exempt issuer bid made under section 4.10.

(4) Despite subsection (1), if a person files a document only in French or English, but delivers to a security holder a version of the document in the other language, the person must file that other version not later than when it is first delivered to the security holder.

Filing of documents

3.2 (1) An offeror making a take-over bid under Part 2 must file copies of the following documents, and any amendments to those documents:

(a) any agreement between the offeror and a security holder of the offeree issuer relating to the take-over bid, including any agreement to the effect that the security holder will deposit its securities to the take-over bid made by the offeror;

(b) any agreement between the offeror and directors or officers of an offeree issuer relating to the take-over bid;

(c) any agreement between the offeror and an offeree issuer relating to the take-over bid;

(d) any other agreement of which the offeror is aware that could affect control of the offeree issuer, including any agreement with change of control provisions, any security holder agreement or any voting trust agreement, that the offeror has access to and can reasonably be regarded as material to a security holder in deciding whether to deposit securities under the bid.

(2) An offeree issuer whose securities are the subject of a take-over bid under Part 2 must file copies of any agreement of which the offeree issuer is aware that could affect control of the offeree issuer, including an agreement with change of control provisions, a security holder agreement or a voting trust agreement, that the offeree issuer has access to and can reasonably be regarded as material to a security holder in deciding whether to deposit securities under the bid.

(3) The documents required to be filed

(a) under subsection (1) must be filed on the day the take-over bid circular is filed under section 2.10, and

(b) under subsection (2) must be filed on the day that the directors' circular is filed under section 2.19.

(4) If an agreement required to be filed under subsection (1) or (2) is entered into after a take-over bid circular referred to in subsection (1) or the directors' circular referred to in subsection (2) is filed, the agreement must be filed promptly but not later than 2 business days from the date that the agreement was entered into.

(5) If a document required to be filed under subsection (1) or (2) has already been filed in electronic format under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR), the requirement to file the document may be satisfied by filing a letter describing the document and stating the filing date and project number.

(6) A document dated before March 30, 2004 that is required to be filed under subsection (1) or (2) may be filed in paper format if it does not exist in an acceptable electronic format under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR).

(7) A provision in a document required to be filed under subsection (1) or (2) may be omitted or marked so as to be unreadable if

(a) the filer has reasonable grounds to believe that disclosure of the provision would be seriously prejudicial to the interests of the filer or would violate confidentiality provisions,

(b) the provision does not contain information relating to the filer or its securities that would be necessary to understand the document, and

(c) in the copy of the document filed by the filer, the filer includes a brief description of the information that has been omitted or marked so as to be unreadable immediately after the provision that has been omitted or marked.

Certification of bid circulars

3.3 (1) A bid circular or a notice of change or notice of variation in respect of the bid circular required under this Instrument must contain a certificate of the offeror in the required form signed

(a) if the offeror is a person other than an individual, by each of the following:

(i) the chief executive officer or, in the case of a person that does not have a chief executive officer, the individual who performs similar functions to a chief executive officer,

(ii) the chief financial officer or, in the case of a person that does not have a chief financial officer, the individual who performs similar functions to a chief financial officer, and

(iii) 2 directors, other than the chief executive officer and the chief financial officer, who are duly authorized by the board of directors of that person to sign on behalf of the board of directors, or

(b) if the offeror is an individual, by the individual.

(2) For the purposes of subsection (1)(a), if the offeror has fewer than 4 directors and officers, the certificate must be signed by all of the directors and officers.

(3) A directors' circular or a notice of change in respect of a directors' circular required under this Instrument must contain a certificate of the board of directors of the offeree issuer in the required form signed by 2 directors who are duly authorized by the board of directors of that person to sign on behalf of the board of directors.

(4) Every person that files and sends an individual director's or officer's circular or a notice of change in respect of an individual director's or officer's circular under this Instrument must ensure that the circular or notice contains a certificate in the required form and signed by or on behalf of the director or officer sending the circular or notice.

(5) If the regulator or securities regulatory authority is satisfied that either or both of the chief executive officer or chief financial officer cannot sign a certificate required under this Instrument, the regulator or securities regulatory authority may accept a certificate signed by another officer or director.

Obligation to provide security holder list

3.4 (1) If a person makes or proposes to make a take-over bid under Part 2 for a class of securities of an issuer that is not otherwise required by law to provide a list of its security holders to the person, the issuer must provide a list of holders of that class of securities, and any known holder of an option or right to acquire securities of that class, to enable the person to carry out the bid in compliance with this Instrument.

(2) For the purposes of subsection (1), section 21 of the *Canada Business Corporations Act* applies with necessary modifications to the person making or proposing to make the take-over bid and to the issuer, except that the affidavit that accompanies the request for the list of security holders must state that the list will not be used except in connection with a bid made under Part 2 for securities of the issuer.

PART 4: EXEMPTIONS

Division 1: Exempt Take-Over Bids

Normal course purchase exemption

4.1 A take-over bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) the bid is for not more than 5% of the outstanding securities of a class of securities of the offeree issuer;

(b) the aggregate number of securities acquired in reliance on this exemption by the offeror and any person acting jointly or in concert with the offeror within any period of 12 months, when aggregated with acquisitions otherwise made by the offeror and any person acting jointly or in concert with the offeror within the same 12-month period, other than under a bid that is subject to Part 2, does not exceed 5% of the securities of that class outstanding at the beginning of the 12-month period;

(c) there is a published market for the class of securities that are the subject of the bid;

(d) the value of the consideration paid for any of the securities acquired is not in excess of the market price at the date of acquisition, as determined in accordance with section 1.11, plus reasonable brokerage fees or commissions actually paid.

Private agreement exemption

4.2 (1) A take-over bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) purchases are made from not more than 5 persons in the aggregate, including persons located outside the local jurisdiction;

(b) the bid is not made generally to security holders of the class of securities that is the subject of the bid, so long as there are more than 5 security holders of the class;

(c) if there is a published market for the securities acquired, the value of the consideration paid for any of the securities, including brokerage fees or commissions, is not greater than 115% of the market price of the securities at the date of the bid as determined in accordance with section 1.11;

(d) if there is no published market for the securities acquired, there is a reasonable basis for determining that the value of the consideration paid for any of the securities is not greater than 115% of the value of the securities.

(2) In subsection (1), if an offeror makes an offer to acquire securities from a person and the offeror knows or ought to know after reasonable enquiry that

(a) the person acquired the securities in order that the offeror might make use of the exemption under subsection (1), then each person from whom those securities were acquired must be included in the determination of the number of persons to whom an offer to acquire has been made, or

(b) the person from whom the acquisition is being made is acting as a nominee, agent, trustee, executor, administrator or other legal representative for one or more other persons having a direct beneficial interest in those securities, then each of those other persons must be included in the determination of the number of persons to whom an offer to acquire has been made.

(3) Despite paragraph (2)(b), a trust or estate is to be considered a single security holder in the determination of the number of persons to whom an offer to acquire has been made if

(a) an inter vivos trust has been established by a single settlor, or

(b) an estate has not vested in all persons who are beneficially entitled to it.

Non-reporting issuer exemption

4.3 A take-over bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) the offeree issuer is not a reporting issuer;

(b) there is no published market for the securities that are the subject of the bid;

(c) the number of security holders of that class of securities at the commencement of the bid is not more than 50, exclusive of holders who

(i) are in the employment of the offeree issuer or an affiliate of the offeree issuer, or

(ii) were formerly in the employment of the offeree issuer or in the employment of an entity that was an affiliate of the offeree issuer at the time of that employment, and who while in that employment were, and have continued after that employment to be, security holders of the offeree issuer.

Foreign take-over bid exemption

4.4 A take-over bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) security holders whose last address as shown on the books of the offeree issuer is in Canada hold less than 10% of the outstanding securities of the class subject to the bid at the commencement of the bid;

(b) the offeror reasonably believes that security holders in Canada beneficially own less than 10% of the outstanding securities of the class subject to the bid at the commencement of the bid;

(c) the published market on which the greatest volume of trading in securities of that class occurred during the 12 months immediately preceding the commencement of the bid was not in Canada;

(d) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class;

(e) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction;

(f) if the bid materials referred to in paragraph (e) are not in English, a brief summary of the key terms of the bid prepared in English, and in Québec in French or French and English, is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction at the same time as the bid materials are filed and sent;

(g) if no material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid but a notice or advertisement of the bid is published by or on behalf of the offeror in the jurisdiction where the offeree issuer is incorporated or organized, an advertisement of the bid specifying where and how security holders may obtain a copy of, or access to, the bid documents is filed and published in English, and in Québec in French or French and English, in at least one major daily newspaper of general and regular paid circulation in the local jurisdiction.

De minimis exemption

4.5 A take-over bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) the number of beneficial owners of securities of the class subject to the bid in the local jurisdiction is fewer than 50;

(b) the securities held by the beneficial owners referred to in paragraph (a) constitute, in aggregate, less than 2% of the outstanding securities of that class;

(c) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class;

(d) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction.

Division 2: Exempt Issuer Bids

Issuer acquisition or redemption exemption

4.6 An issuer bid for a class of securities is exempt from Part 2 if any of the following conditions are satisfied:

(a) the securities are purchased, redeemed or otherwise acquired in accordance with the terms and conditions attaching to the class of securities that permit the purchase, redemption or acquisition of the securities by the issuer without the prior agreement of the owners of the securities, or the securities are acquired to meet sinking fund or purchase fund requirements;

(b) the purchase, redemption or other acquisition is required by the terms and conditions attaching to the class of securities or by the statute under which the issuer was incorporated, organized or continued;

(c) the terms and conditions attaching to the class of securities contain a right of the owner to require the issuer of the securities to redeem, repurchase, or otherwise acquire the securities, and the securities are acquired under the exercise of the right.

Employee, executive officer, director and consultant exemption

4.7 An issuer bid is exempt from Part 2 if the securities are acquired from a current or former employee, executive officer, director or consultant of the issuer or of an affiliate of the issuer and, if there is a published market in respect of the securities,

(a) the value of the consideration paid for any of the securities acquired is not greater than the market price of the securities at the date of the acquisition, determined in accordance with section 1.11, and

(b) the aggregate number of securities or, in the case of convertible debt securities, the aggregate principal amount of securities acquired by the issuer within any period of 12 months in reliance on the exemption provided by this paragraph does not exceed 5% of the securities of that class outstanding at the beginning of the 12-month period.

Normal course issuer bid exemptions

4.8 (1) In this section, **"designated exchange"** means the Toronto Stock Exchange, the TSX Venture Exchange or other exchange recognized or designated by the securities regulatory authorities for the purpose of this Instrument.

(2) An issuer bid that is made in the normal course through the facilities of a designated exchange is exempt from Part 2 if the bid is made in accordance with the bylaws, rules, regulations and policies of that exchange.

(3) An issuer bid that is made in the normal course on a published market, other than a designated exchange, is exempt from Part 2 if all of the following conditions are satisfied:

(a) the bid is for not more than 5% of the outstanding securities of a class of securities of the issuer;

(b) the aggregate number of securities or, in the case of convertible debt securities, the aggregate principal amount of securities acquired in reliance on this exemption by the issuer and any person acting jointly or in concert with the issuer within any 12-month period does not exceed 5% of the securities of that class outstanding at the beginning of the 12-month period;

(c) the value of the consideration paid for any of the securities acquired is not in excess of the market price at the date of acquisition as determined in accordance with section 1.11, plus reasonable brokerage fees or commissions actually paid.

(4) An issuer making a bid under subsection (2) must promptly file any news release required to be issued by the designated exchange.

(5) An issuer making a bid under subsection (3) must issue and file, at least 5 days before the commencement of the bid, a news release containing the following information:

(a) the class and number of securities or principal amount of debt securities sought;

(b) the dates, if known, on which the issuer bid will commence and expire;

(c) the value, in Canadian dollars, of the consideration offered per security;

(d) the manner in which the securities will be acquired; and

(e) the reasons for the issuer bid.

Non-reporting issuer exemption

4.9 An issuer bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) the issuer is not a reporting issuer;

(b) there is no published market for the securities that are the subject of the bid;

(c) the number of security holders of that class of securities at the commencement of the bid is not more than 50, exclusive of holders who

(i) are in the employment of the issuer or an affiliate of the issuer, or

(ii) were formerly in the employment of the issuer or in the employment of an entity that was an affiliate of the issuer at the time of that employment, and who while in that employment were, and have continued after the employment to be, security holders of the issuer.

Foreign issuer bid exemption

4.10 An issuer bid is exempt from Part 2 if all of the following conditions are satisfied:

(a) security holders whose last address as shown on the books of the offeree issuer is in Canada hold less than 10% of the outstanding securities of the class subject to the bid at the commencement of the bid;

(b) the offeror reasonably believes that security holders in Canada beneficially own less than 10% of the outstanding securities of the class subject to the bid at the commencement of the bid;

(c) the published market on which the greatest volume of trading in securities of that class occurred during the 12 months immediately preceding the commencement of the bid was not in Canada;

(d) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class;

(e) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction;

(f) if the bid materials referred to in paragraph (e) are not in English, a brief summary of the key terms of the bid prepared in English, and in Québec in French or French and English, is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction at the same time as the bid materials are filed and sent;

(g) if no material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid but a notice or advertisement of the bid is published by or on behalf of the offeror in the jurisdiction where the offeree issuer is incorporated or organized, an advertisement of the bid specifying where and how security holders may obtain a copy of, or access to, the bid documents is filed and published in English, and in Québec in French or French and English, in at least one major daily newspaper of general and regular paid circulation in the local jurisdiction.

De minimis exemption

4.11 An issuer bid is exempt from the requirements of Part 2 if all of the following conditions are satisfied:

(a) the number of beneficial owners of the class of securities subject to the bid in the local jurisdiction is fewer than 50;

(b) the securities held by the beneficial owners referred to in paragraph (a) constitute, in aggregate, less than 2% of the outstanding securities of that class;

(c) security holders in the local jurisdiction are entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class;

(d) at the same time as material relating to the bid is sent by or on behalf of the offeror to security holders of the class that is subject to the bid, the material is filed and sent to security holders whose last address as shown on the books of the offeree issuer is in the local jurisdiction.

PART 5: REPORTS AND ANNOUNCEMENTS OF ACQUISITIONS

Definitions and Interpretation

5.1 (1) In this Part,

"acquiror" means a person who acquires a security, other than by way of a take-over bid or an issuer bid made in compliance with Part 2;

"acquiror's securities" means securities of an issuer beneficially owned, or over which control or direction is exercised, on the date of the acquisition or disposition, by an acquiror or any person acting jointly or in concert with the acquiror;

"specified securities lending arrangement" means a securities lending arrangement if all of the following apply:

(a) the material terms of the securities lending arrangement are set out in a written agreement;

(b) the securities lending arrangement requires the borrower to pay to the lender amounts equal to all dividends or interest payments, if any, paid on the security that would have been received by the lender if the lender had held the security throughout the period beginning at the date of the transfer or loan and ending at the time the security or an identical security is transferred or returned to the lender;

(c) the lender has established policies and procedures that require the lender to maintain a record of all securities that it has transferred or lent under securities lending arrangements;

(d) the written agreement referred to in paragraph (a) provides for any of the following:

(i) the lender has an unrestricted right to recall all securities that it has transferred or lent under the securities lending arrangement, or an equal number of identical securities, before the record date for voting at any meeting of securityholders at which the securities may be voted;

(ii) the lender requires the borrower to vote the securities transferred or lent in accordance with the lender's instructions;

"securities lending arrangement" means an arrangement between a lender and a borrower with respect to which both of the following apply:

(a) the lender transfers or lends a security to the borrower;

(b) at the time that the security is lent or transferred, the lender and the borrower reasonably expect that the borrower will, at a later date, transfer or return to the lender the security or an identical security.

(2) For the purposes of this Part, if an acquiror and one or more persons acting jointly or in concert with the acquiror acquire or dispose of securities, the securities are deemed to be acquired or disposed of, as applicable, by the acquiror.

Early warning

5.2 (1) An acquiror who acquires beneficial ownership of, or control or direction over, voting or equity securities of any class of a reporting issuer, or securities convertible into voting or equity securities of any class of a reporting issuer, that, together with the acquiror's securities of that class, constitute 10% or more of the outstanding securities of that class, must

(a) promptly, and, in any event, no later than the opening of trading on the business day following the acquisition, issue and file a news release containing the information required by section 3.1 of National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*, and

(b) promptly, and, in any event, no later than 2 business days from the date of the acquisition, file a report containing the information required by section 3.1 of National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*.

(2) An acquiror who is required to make disclosure under subsection (1) must make further disclosure, in accordance with subsection (1), each time any of the following events occur:

(a) the acquiror or any person acting jointly or in concert with the acquiror, acquires or disposes beneficial ownership of, or acquires or ceases to have control or direction over, either of the following:

(i) securities in an amount equal to 2% or more of the outstanding securities of the class of securities that was the subject of the most recent report required to be filed by the acquiror under subsection (1) or under this subsection;

(ii) securities convertible into 2% or more of the outstanding securities referred to in subparagraph (i);

(b) there is a change in a material fact contained in the most recent report required to be filed under paragraph (1)(b) or under paragraph (a) of this subsection.

(3) An acquiror must issue and file a news release and file a report in accordance with subsection (1) if beneficial ownership of, or control or direction over, the outstanding securities of the class of securities that was the subject of the most recent report required to be filed by the acquiror under this section decreases to less than 10%.

(4) If an acquiror issues and files a news release and files a report under subsection (3), the requirements under subsection (2) do not apply unless subsection (1) applies in respect of a subsequent acquisition of beneficial ownership of, or control or direction over, voting or equity securities of any class of a reporting issuer, or securities convertible into voting or equity securities of any class of a reporting issuer, that, together with the acquiror's securities of that class, constitute 10% or more of the outstanding securities of that class.

Moratorium provisions

5.3 (1) During the period beginning on the occurrence of an event in respect of which a report is required to be filed under section 5.2 and ending on the expiry of the first business day following the date that the report is filed, an acquiror, or any person acting jointly or in concert with the acquiror, must not acquire or offer to acquire beneficial ownership of, or control or direction over, any securities of the class in respect of which the report is required to be filed or any securities convertible into securities of that class.

(2) Subsection (1) does not apply to an acquiror that has beneficial ownership of, or control or direction over, securities that, together with the acquiror's securities of that class, constitute 20% or more of the outstanding securities of that class.

Acquisitions during bid

5.4 (1) If, after a take-over bid or an issuer bid has been made under Part 2 for voting or equity securities of a reporting issuer and before the expiry of the bid, an acquiror acquires beneficial ownership of, or control or direction over, securities of the class subject to the bid which, when added to the acquiror's securities of that class, constitute 5% or more of the outstanding securities of that class, the acquiror must, before the opening of trading on the next business day, issue and file a news release containing the information required by subsection (3).

(2) An acquiror must issue and file an additional news release in accordance with subsection (3) before the opening of trading on the next business day each time the acquiror, or any person acting jointly or in concert with the acquiror, acquires beneficial ownership of, or control or direction over, in aggregate, an additional 2% or more of the outstanding securities of the class of securities that was the subject of the most recent news release required to be filed by the acquiror under this section.

(3) A news release or further news release required under subsection (1) or (2) must set out

(a) the name of the acquiror,

(b) the number of securities of the offeree issuer that were beneficially acquired, or over which control or direction was acquired, in the transaction that gave rise to the requirement under subsection (1) or (2) to issue the news release,

(c) the number of securities and the percentage of outstanding securities of the offeree issuer that the acquiror and all persons acting jointly or in concert with the acquiror, have beneficial ownership of, or control or direction over, immediately after the acquisition described in paragraph (b),

(d) the number of securities of the offeree issuer that were beneficially acquired, or over which control or direction was acquired, by the acquiror and all persons acting jointly or in concert with the acquiror, since the commencement of the bid,

(e) the name of the market in which the acquisition described in paragraph (b) took place, and

(f) the purpose of the acquiror and all persons acting jointly or in concert with the acquiror in making the acquisition described in paragraph (b), including any intention of the acquiror and all persons acting jointly or in concert with the acquiror to increase the beneficial ownership of, or control or direction over, any of the securities of the offeree issuer.

Duplicate news release not required

5.5 If the facts in respect of which a news release is required to be filed under sections 5.2 and 5.4 are identical, a news release is required only under the provision requiring the earlier news release.

Copies of news release and report

5.6 An acquiror that files a news release or report under section 5.2 or 5.4 must promptly send a copy of each filing to the reporting issuer.

Exception

5.7 Sections 5.2, 5.3 and 5.4 do not apply to either of the following:

(a) an acquiror that is a lender in respect of securities transferred or lent pursuant to a specified securities lending arrangement;

(b) an acquiror that is a borrower in respect of securities or identical securities borrowed, disposed of or acquired in connection with a securities lending arrangement if all of the following apply:

(i) the borrowed securities are disposed of by the borrower no later than 3 business days from the date of the transfer or loan;

(ii) the borrower will at a later date acquire the securities or identical securities and transfer or return those securities to the lender;

(iii) the borrower does not intend to vote and does not vote the securities or identical securities during the period beginning on the date of the transfer or loan and ending at the time the securities or identical securities are transferred or returned to the lender.

PART 6: EXEMPTIONS

Exemption – general

6.1 (1) The regulator or the securities regulatory authority may grant an exemption from the provisions of 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.

(3) Except in Alberta and Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

Exemption – collateral benefit

6.2 (1) The regulator or the securities regulatory authority may decide for the purposes of section 2.24 that an agreement, commitment or understanding with a selling security holder is made for reasons other than to increase the value of the consideration paid to a selling security holder for the securities of the selling security holder and that the agreement, commitment or understanding may be entered into despite that section.

(2) Despite subsection (1), in Ontario, only the regulator may make such a decision.

PART 7: TRANSITION AND COMING INTO FORCE

Transition

7.1 The take-over bid or issuer bid provisions in securities legislation that were in force immediately before May 9, 2016, continue to apply in respect of

(a) every take-over bid and issuer bid commenced before May 9, 2016,

(b) any take-over bid in respect of the securities of an offeree issuer subject to a take-over bid referred to in paragraph (a) commenced on or subsequent to May 9, 2016 and prior to the date of the expiry of a take-over bid referred to in paragraph (a), and

(c) any take-over bid in respect of the securities of an issuer that issued a news release before May 9, 2016 announcing that it intends to effect an alternative transaction, whether pursuant to an agreement or otherwise, commenced on or subsequent to May 9, 2016 and prior to the date of completion or abandonment of the alternative transaction.

Coming into force

7.2 (1) Except in Ontario, this Instrument comes into force on February 1, 2008.

(2) In Ontario, this Instrument comes into force on the later of the following:

(a) May 9, 2016;

(b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

Form 62-104F1
Take-Over Bid Circular

Part 1 General Provisions

(a) Defined terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (the Instrument) and to National Instrument 14-101 *Definitions*.

(b) Incorporating information by reference

If you are qualified to file a short form prospectus under sections 2.2 to 2.7 of National Instrument 44-101 *Short Form Prospectus Distributions*, or by reason of an exemption granted by a securities regulatory authority, you may incorporate information required under item 19 to be included in your take-over bid circular by reference to another document. Clearly identify the referenced document or any excerpt of it that you incorporate into your take-over bid circular. Unless you have already filed the referenced document, you must file it with your take-over bid circular. You must also disclose that the document is on SEDAR at www.sedar.com and that, on request, you will promptly provide a copy of the document free of charge to a security holder of the offeree issuer.

(c) Plain language

Write the take-over bid circular so that readers are able to understand it and make informed investment decisions. Offerors should apply plain language principles when they prepare a take-over bid circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(d) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

Part 2 Contents of Take-Over Bid Circular

Item 1. Name and description of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business, and give a brief description of its activities.

Item 2. Name of offeree issuer

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3. Securities subject to the bid

State the class and number of securities that are the subject of the take-over bid and a description of the rights of the holders of any other class of securities that have a right to participate in the offer.

Item 4. Time period

State the dates on which the take-over bid will commence and expire.

Item 5. Consideration

State the consideration to be offered. If the consideration includes securities, state the particulars of the designation, rights, privileges, restrictions and conditions attaching to those securities.

Item 6. Ownership of securities of offeree issuer

State the number, designation and percentage of the outstanding securities of any class of securities of the offeree issuer beneficially owned or over which control or direction is exercised

(a) by the offeror,

(b) by each director and officer of the offeror, and

(c) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the offeror,

(ii) an insider of the offeror, other than a director or officer of the offeror, and

(iii) any person acting jointly or in concert with the offeror.

In each case where no securities are owned, directed or controlled, state this fact.

Item 7. Trading in securities of offeree issuer

State, if known after reasonable enquiry, the following information about any securities of the offeree issuer purchased or sold by the persons referred to in item 6 during the 6-month period preceding the date of the take-over bid:

(a) the description of the security;

(b) the number of securities purchased or sold;

(c) the purchase or sale price of the security;

(d) the date of the transaction.

If no such securities were purchased or sold, state this fact.

Item 8. Commitments to acquire securities of offeree issuer

Disclose all agreements, commitments or understandings made by the offeror, and, if known after reasonable enquiry, by the persons referred to in item 6 to acquire securities of the offeree issuer, and the terms and conditions of those agreements, commitments or understandings.

Item 9. Terms and conditions of the bid

State the terms of the take-over bid. If the obligation of the offeror to take up and pay for securities under the take-over bid is conditional, state the particulars of each condition.

Item 9.1. Minimum Tender Requirement and Mandatory Extension Period

State the following in italics and boldface type at the top of the cover page of the take-over bid circular:

> *No securities tendered to this bid will be taken up until (a) more than 50% of the outstanding securities of the class sought (excluding those securities beneficially owned, or over which control or direction is exercised by the offeror or any person acting jointly or in concert with the offeror) have been tendered to the bid, (b) the minimum deposit period required under applicable securities laws has elapsed, and (c) any and all other conditions of the bid have been complied with or waived, as applicable. If these criteria are met, the offeror will take up securities deposited under the bid in accordance with applicable securities laws and extend its bid for an additional minimum period of 10 days to allow for further deposits of securities.*

Item 10. Payment for deposited securities

State the particulars of the method and time of payment of the consideration.

Item 11. Right to withdraw deposited securities

Describe the withdrawal rights of the security holders of the offeree issuer under the take-over bid. State that the withdrawal is made by sending a written notice to the designated depository and becomes effective on its receipt by the depository.

Item 12. Source of funds

State the source of any funds to be used for payment of deposited securities. If the funds are to be borrowed, state

(a) the name of the lender,

(b) the terms and financing conditions of the loan,

(c) the circumstances under which the loan must be repaid, and

(d) the proposed method of repayment.

Item 13. Trading in securities to be acquired

Provide a summary showing

(a) the name of each principal market on which the securities sought are traded,

(b) any change in a principal market that is planned following the take-over bid, including but not limited to listing or de-listing on an exchange,

(c) where reasonably ascertainable, in reasonable detail, the volume of trading and price range of the class of the securities in the 6-month period preceding the date of the take-over bid, or, in the case of debt securities, the prices quoted on each principal market, and

(d) the date that the take-over bid to which the circular relates was announced to the public and the market price of the securities immediately before that announcement.

Item 14. Arrangements between the offeror and the directors and officers of offeree issuer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and any of the directors or officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the take-over bid is successful.

Item 15. Arrangements between the offeror and security holders of offeree issuer

(1) Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and a security holder of the offeree issuer relating to the bid, including a description of its purpose, its date, the identity of the parties, and its terms and conditions. Disclosure with respect to each agreement, commitment or understanding, other than an agreement that a security holder will tender securities to a take-over bid made by the offeror, must include

(a) a detailed explanation as to how the offeror determined entering into it was not prohibited by section 2.24 of the Instrument, or

(b) disclosure of the exception to, or exemption from, the prohibition against collateral agreements relied on by the offeror and the facts supporting that reliance.

(2) If the offeror is relying on an exception to the prohibition against collateral agreements under subparagraph 2.25(1)(b)(ii) of the Instrument, and if the information is available to the offeror, disclose the review process undertaken by the independent committee of directors of the issuer and the basis on which the independent committee made its determination under clause 2.25(1)(b)(ii)(A) or (B) of the Instrument.

Item 16. Arrangements with or relating to the offeree issuer

Disclose the particulars of any agreement, commitment or understanding made between the offeror and the offeree issuer relating to the take-over bid and any other agreement, commitment or understanding of which the offeror is aware that could affect control of the offeree issuer, including an agreement with change of control provisions, a security holder agreement or a voting trust agreement that the offeror has access to and that can reasonably be regarded as material to a security holder in deciding whether to deposit securities under the bid.

Item 17. Purpose of the bid

State the purpose of the take-over bid. Disclose the particulars of any plans or proposals for

(a) subsequent transactions involving the offeree issuer such as a going private transaction, or

(b) material changes in the affairs of the offeree issuer, including, for example, any proposal to liquidate the offeree issuer, to sell, lease or exchange all or a substantial part of its assets, to amalgamate it with any other business organization or to make any material changes in its business, corporate structure (debt or equity), management or personnel.

Item 18. Valuation

If the take-over bid is an insider bid, as defined in applicable securities legislation, include the disclosure regarding valuations required by securities legislation.

Item 19. Securities of an offeror or other issuer to be exchanged for securities of offeree issuer

(1) If a take-over bid provides that the consideration for the securities of the offeree issuer is to be, in whole or in part, securities of the offeror or other issuer, include the financial statements and other information required in a prospectus of the issuer whose securities are being offered in exchange for the securities of the offeree issuer.

(2) For the purposes of subsection (1), provide the pro forma financial statements that would be required in a prospectus assuming that

(a) the likelihood of the offeror completing the acquisition of securities of the offeree issuer is high, and

(b) the acquisition is a significant acquisition for the offeror.

(3) Despite subsection (1), the financial statements of the offeree issuer are not required to be included in the circular.

Item 20. Right of appraisal and acquisition

State any rights of appraisal the security holders of the offeree issuer have under the laws or constating document governing, or contracts binding, the offeree issuer and state whether or not the offeror intends to exercise any right of acquisition the offeror may have.

Item 21. Market purchases of securities

State whether or not the offeror intends to purchase in the market securities that are the subject of the take-over bid.

Item 22. Approval of take-over bid circular

If the take-over bid is made by or on behalf of an offeror that has directors, state that the take-over bid circular has been approved and its sending has been authorized by the directors.

Item 23. Other material facts

Describe

(a) any material facts concerning the securities of the offeree issuer, and

(b) any other matter not disclosed in the take-over bid circular that has not previously been generally disclosed, is known to the offeror, and that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer.

Item 24. Solicitations

Disclose any person retained by or on behalf of the offeror to make solicitations in respect of the take-over bid and the particulars of the compensation arrangements.

Item 25. Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

Item 26. Certificate

A take-over bid circular certificate form must state:

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Item 27. Date of take-over bid circular

Specify the date of the take-over bid circular.

Form 62-104F2
Issuer Bid Circular

Part 1 General Provisions

(a) Defined terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (the Instrument) and to National Instrument 14-101 *Definitions*.

(b) Incorporating information by reference

If you are qualified to file a short form prospectus under sections 2.2 to 2.7 of National Instrument 44-101 *Short Form Prospectus Distributions*, or by reason of an exemption granted by a securities regulatory authority, you may incorporate information required under item 21 to be included in your issuer bid circular by reference to another document. Clearly identify the referenced document or any excerpt of it that you incorporate into your issuer bid circular. Unless you have already filed the referenced document, you must file it with your issuer bid circular. You must also disclose that the document is on SEDAR at www.sedar.com and that, on request, you will promptly provide a copy of the document free of charge to a security holder of the issuer.

(c) Plain language

Write the issuer bid circular so that readers are able to understand it and make informed investment decisions. Issuers should apply plain language principles when they prepare an issuer bid circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(d) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

Part 2 Contents of Issuer Bid Circular

Item 1. Name of issuer

State the corporate name of the issuer or, if the issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 2. Securities subject to the bid

State the class and number of securities that are the subject of the issuer bid and a description of the rights of the holders of any other class of securities that have a right to participate in the offer. Where the number of securities sought under the bid is subject to additional purchases by the issuer for the purpose of preventing security holders from being left with less than a standard trading unit, disclose this fact.

Where the issuer intends to rely on the exception from the proportionate take up and payment requirements found in subsection 2.26(3) of the Instrument relating to "dutch auctions", the issuer is not required to disclose the number of securities that are the subject of the issuer bid if the issuer discloses a maximum amount the issuer intends to spend making purchases pursuant to the bid.

Item 3. Time period

State the dates on which the issuer bid will commence and expire.

Item 4. Consideration

State the consideration to be offered. If the consideration includes securities, state the particulars of the designation, rights, privileges, restrictions and conditions attaching to those securities.

Item 5. Payment for deposited securities

State the particulars of the method and time of payment of the consideration.

Item 6. Right to withdraw deposited securities

Describe the right to withdraw securities deposited under the issuer bid. State that the withdrawal is made by sending a written notice to the designated depository and becomes effective on its receipt by the depository.

Item 7. Source of funds

State the source of any funds to be used for payment of deposited securities. If the funds are to be borrowed, state

(a) the name of the lender,

(b) the terms and financing conditions of the loan,

(c) the circumstances under which the loan must be repaid, and

(d) the proposed method of repayment.

Item 8. Participation

If the issuer bid is for less than all of the outstanding securities of that class, state that if a greater number or principal amount of the securities are deposited than the issuer is bound or willing to take up and pay for, the issuer will take up as nearly as may be proportionately, disregarding fractions, according to the number or principal amount of the securities deposited. To the extent that this is not the case, as permitted by securities legislation, the response to this item should be modified accordingly.

If an issuer intends to rely on one or both of the exceptions from the proportionate take up and payment requirements found in subsections 2.26 (2) and (3) of the Instrument relating to standard trading units and "dutch auctions", describe the mechanism under which securities would be deposited and taken up without proration.

Item 9. Purpose of the bid

State the purpose for the issuer bid, and if it is anticipated that the issuer bid will be followed by a going private transaction or other transaction such as a business combination, describe the proposed transaction.

Item 10. Trading in securities to be acquired

Provide a summary showing

(a) the name of each principal market on which the securities sought are traded,

(b) any change in a principal market that is planned following the issuer bid,

(c) where reasonably ascertainable, in reasonable detail, the volume of trading and price range of the class of the securities in the 6-month period preceding the date of the issuer bid, or, in the case of debt securities, the prices quoted on each principal market, and

(d) the date that the issuer bid to which the circular relates was announced to the public and the market price of the securities of the issuer immediately before that announcement.

Item 11. Ownership of securities of issuer

State the number, designation and the percentage of the outstanding securities of any class of securities of the issuer beneficially owned or over which control or direction is exercised

(a) by each director and officer of the issuer, and

(b) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the issuer,

(ii) each associate or affiliate of the issuer,

(iii) an insider of the issuer, other than a director or officer of the issuer, and

(iv) each person acting jointly or in concert with the issuer.

In each case where no securities are owned, directed or controlled, state this fact.

Item 12. Commitments to acquire securities of issuer

Disclose all agreements, commitments or understandings made by the issuer and, if known after reasonable enquiry, by the persons referred to in item 11, to acquire securities of the issuer, and the terms and conditions of those agreements, commitments or understandings.

Item 13. Acceptance of issuer bid

If known after reasonable enquiry, state the name of every person named in item 11 who has accepted or intends to accept the issuer bid and the number of securities in respect of which the person has accepted or intends to accept the issuer bid.

Item 14. Benefits from the bid

State the direct or indirect benefits to any of the persons named in item 11 of accepting or refusing the issuer bid.

Item 15. Material changes in the affairs of issuer

Disclose the particulars of any plans or proposals for material changes in the affairs of the issuer, including, for example, any contract or agreement under negotiation, any proposal to liquidate the issuer, to sell, lease or exchange all or a substantial part of its assets, to amalgamate it or to make any material changes in its business, corporate structure (debt or equity), management or personnel.

Item 16. Other benefits

If any material changes or subsequent transactions are contemplated, as described in item 9 or 15, state any specific benefit, direct or indirect, as a result of such changes or transactions to any of the persons named in item 11.

Item 17. Arrangements between the issuer and security holders

(1) Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the issuer and a security holder of the issuer relating to the bid, including a description of its purpose, its date, the identity of the parties, and its terms and conditions. Disclosure with respect to each agreement, commitment or understanding, other than an agreement that a security holder will tender securities to an issuer bid, must include

(a) a detailed explanation as to how the issuer determined entering into it was not prohibited by section 2.24 of the Instrument, or

(b) disclosure of the exception to, or exemption from, the prohibition against collateral agreements relied on by the issuer and the facts supporting that reliance.

(2) If the issuer is relying on an exception to the prohibition against collateral agreements under subparagraph 2.25(1)(b)(ii) of the Instrument, and if the information is available to the issuer, disclose the review process undertaken by the independent committee of directors of the issuer and the basis on which the independent committee made its determination under clause 2.25(1)(b)(ii)(A) or (B) of the Instrument.

Item 18. Previous purchases and sales

State the following information about any securities of the issuer purchased or sold by the issuer during the twelve months preceding the date of the issuer bid, excluding securities purchased or sold pursuant to the exercise of employee stock options, warrants and conversion rights:

(a) the description of the security,

(b) the number of securities purchased or sold,

(c) the purchase or sale price of the security, and

(d) the date and purpose of each transaction.

If no securities were purchased or sold, state this fact.

Item 19. Financial statements

If the most recently available interim financial report is not included, include a statement that the most recent interim financial report will be sent without charge to any security holder requesting them.

Item 20. Valuation

If a valuation is required by applicable securities legislation, include the disclosure regarding valuations required by securities legislation.

Item 21. Securities of issuer to be exchanged for others

If an issuer bid provides that the consideration for the securities of the issuer is to be, in whole or in part, different securities of the issuer, include the financial and other information prescribed for a prospectus of the issuer.

Item 22. Approval of issuer bid circular

State that the issuer bid circular has been approved by the issuer's directors, disclosing the name of any individual director of the issuer who has informed the directors in writing of their opposition to the issuer bid and that the delivery of the issuer bid circular to the security holders of the issuer has been authorized by the issuer's directors.

If the issuer bid is part of a transaction or to be followed by a transaction required to be approved by minority security holders, state the nature of the approval required.

Item 23. Previous distribution

If the securities of the class subject to the issuer bid were distributed during the 5 years preceding the issuer bid, state the distribution price per share and the aggregate proceeds received by the issuer or selling security holder.

Item 24. Dividend policy

State the frequency and amount of dividends with respect to shares of the issuer during the 2 years preceding the date of the issuer bid, any restrictions on the issuer's ability to pay dividends and any plan or intention to declare a dividend or to alter the dividend policy of the issuer.

Item 25. Tax consequences

Provide a general description of the income tax consequences in Canada of the issuer bid to the issuer and to the security holders of any class affected.

Item 26. Expenses of bid

Provide a statement of the expenses incurred or to be incurred in connection with the issuer bid.

Item 27. Right of appraisal and acquisition

State any rights of appraisal the security holders of the issuer have under the laws or constating documents governing, or contracts binding, the issuer and state whether or not the issuer intends to exercise any right of acquisition the issuer may have.

Item 28. Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

> *Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.*

Item 29. Other material facts

Describe

(a) any material facts concerning the securities of the issuer, and

(b) any other matter not disclosed in the issuer bid circular that has not previously been generally disclosed, is known to the issuer, and that would reasonably be expected to affect the decision of the security holders of the issuer to accept or reject the offer.

Item 30. Solicitations

Disclose any person retained by or on behalf of the issuer to make solicitations in respect of the issuer bid and the particulars of the compensation arrangements.

Item 31. Certificate

An issuer bid circular certificate form must state:

> *The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.*

Item 32. Date of issuer bid circular

Specify the date of the issuer bid circular.

Form 62-104F3
Directors' Circular

Part 1 General Provisions

(a) Defined terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (the Instrument) and to National Instrument 14-101 *Definitions*.

(b) Plain language

Write the directors' circular so that readers are able to understand it and make informed investment decisions. Directors should apply plain language principles when they prepare a directors' circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(c) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

Part 2 Contents of Directors' Circular

Item 1. Name of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business.

Item 2. Name of offeree issuer

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3. Names of directors of the offeree issuer

State the name of each director of the offeree issuer.

Item 4. Ownership of securities of offeree issuer

State the number, designation and the percentage of the outstanding securities of any class of securities of the offeree issuer beneficially owned or over which control or direction is exercised

(a) by each director and officer of the offeree issuer, and

(b) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the offeree issuer,

(ii) each associate or affiliate of the offeree issuer,

(iii) an insider of the offeree issuer, other than a director or officer of the offeree issuer, and

(iv) each person acting jointly or in concert with the offeree issuer.

In each case where no securities are owned, directed or controlled, state this fact.

Item 5. Acceptance of take-over bid

If known after reasonable enquiry, state the name of every person named in item 4 who has accepted or intends to accept the offer and the number of securities in respect of which such person has accepted or intends to accept the offer.

Item 6. Ownership of securities of offeror

If a take-over bid is made by or on behalf of an offeror that is an issuer, state the number, designation and percentage of the outstanding securities of any class of securities of the offeror beneficially owned or over which control or direction is exercised

(a) by the offeree issuer,

(b) by each director and officer of the offeree issuer, and

(c) if known after reasonable enquiry, by

(i) each associate or affiliate of an insider of the offeree issuer,

(ii) each affiliate or associate of the offeree issuer, and

(iii) an insider of the offeree issuer, other than a director or officer of the offeree issuer, and

(iv) each person acting jointly or in concert with the offeree issuer.

In each case where no securities are so owned, directed or controlled, state this fact.

Item 7. Relationship between the offeror and the directors and officers of the offeree issuer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and any of the directors or officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the take-over bid is successful. State also whether any directors or officers of the offeree issuer are also directors or officers of the offeror or any subsidiary of the offeror and identify those persons.

Item 8. Arrangements between offeree issuer and officers and directors

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeree issuer and any of the directors or officers of the offeree issuer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or their remaining in or retiring from office if the take-over bid is successful.

Item 9. Arrangements between the offeror and security holders of offeree issuer

(1) If not already disclosed in the take-over bid circular, disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and a security holder of the offeree issuer relating to the bid, including a description of its purpose, its date, the identity of the parties, and its terms and conditions. Disclosure with respect to each agreement, commitment or understanding, other than an agreement that a security holder will tender securities to a take-over bid made by the offeror, must include

(a) a detailed explanation as to how the offeror determined entering into it was not prohibited by section 2.24 of the Instrument, or

(b) disclosure of the exception to, or exemption from, the prohibition against collateral agreements relied on by the offeror and the facts supporting that reliance.

(2) If the offeror is relying on an exception to the prohibition against collateral agreements under subparagraph 2.25(1)(b)(ii) of the Instrument, and if not already disclosed in the take-over bid circular, disclose the review process undertaken by the independent committee of directors of the issuer and the basis on which the independent committee made its determination under clause 2.25(1)(b)(ii)(A) or (B) of the Instrument.

Item 10. Interests of directors and officers of the offeree issuer in material transactions with offeror

State whether any director or officer of the offeree issuer and their associates and, if known to the directors or officers after reasonable enquiry, whether any person who owns more than 10 % of any class of equity securities of the offeree issuer for the time being outstanding has any interest in any material transaction to which the offeror is a party, and if so, state particulars of the nature and extent of such interest.

Item 11. Trading by directors, officers and other insiders

(1) State the number of securities of the offeree issuer traded, the purchase or sale price and the date of each transaction during the 6-month period preceding the date of the directors' circular by the offeree issuer and each director, officer or other insider of the offeree issuer, and, if known after reasonable enquiry, by

(a) each associate or affiliate of an insider of the offeree issuer,

(b) each affiliate or associate of the offeree issuer, and

(c) each person acting jointly or in concert with the offeree issuer.

(2) Disclose the number and price of securities of the offeree issuer of the class of securities subject to the bid or convertible into securities of that class that have been issued to the directors, officers and other insiders of the offeree issuer during the 2-year period preceding the date of the circular.

Item 12. Additional information

If any information required to be disclosed by the take-over bid circular prepared by the offeror has been presented incorrectly or is misleading, supply any additional information which will make the information in the circular correct or not misleading.

Item 13. Material changes in the affairs of offeree issuer

State the particulars of any information known to any of the directors or officers of the offeree issuer that indicates any material change in the affairs of the offeree issuer since the date of the last published interim financial report or annual financial statements of the offeree issuer.

Item 14. Other material information

State the particulars of any other information known to the directors but not already disclosed in the directors' circular that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer.

Item 15. Recommending acceptance or rejection of the bid

Include either a recommendation to accept or reject the take-over bid and the reasons for such recommendation or a statement that the directors are unable to make or are not making a recommendation. If no recommendation is made, state the reasons for not making a recommendation. If the directors of an offeree issuer are considering recommending acceptance or rejection of a take-over bid after the sending of the directors' circular, state that fact.

Item 16. Response of offeree issuer

Describe any transaction, directors' resolution, agreement in principle or signed contract of the offeree issuer in response to the bid. Disclose whether there are any negotiations underway in response to the bid, which relate to or would result in

(a) an extraordinary transaction such as a merger or reorganization involving the offeree issuer or a subsidiary,

(b) the purchase, sale or transfer of a material amount of assets by the offeree issuer or a subsidiary,

(c) a competing take-over bid,

(d) a bid by the offeree issuer for its own securities or for those of another issuer, or

(e) any material change in the present capitalization or dividend policy of the offeree issuer.

If there is an agreement in principle, give full particulars.

Item 17. Approval of directors' circular

State that the directors' circular has been approved and its sending has been authorized by the directors of the offeree issuer.

Item 18. Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

> *Securities legislation in the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.*

Item 19. Certificate

A directors' circular certificate form must state:

> *The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.*

Item 20. Date of directors' circular

Specify the date of the directors' circular.

Form 62-104F4
Director's or Officer's Circular

Part 1 General Provisions

(a) Defined terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (the Instrument) and to National Instrument 14-101 *Definitions*.

(b) Plain language

Write the director's or officer's circular so that readers are able to understand it and make informed investment decisions. Directors and officers should apply plain language principles when they prepare a director's or officer's circular including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(c) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

Part 2 Contents of Director's or Officer's Circular

Item 1. Name of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business.

Item 2. Name of offeree issuer

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3. Name of director or officer of offeree issuer

State the name of each director or officer delivering the circular.

Item 4. Ownership of securities of offeree issuer

State the number, designation and percentage of the outstanding securities of any class of securities of the offeree issuer beneficially owned or over which control or direction is exercised

(a) by the director or officer, and

(b) if known after reasonable enquiry, by the associates of the director or officer.

In each case where no securities are so owned, directed or controlled, state this fact.

Item 5. Acceptance of bid

State whether the director or officer of the offeree issuer and, if known after reasonable enquiry whether any associate of such director or officer, has accepted or intends to accept the offer and state the number of securities in respect of which the director or officer, or any associate, has accepted or intends to accept the offer.

Item 6. Ownership of securities of offeror

If a take-over bid is made by or on behalf of an issuer, state the number, designation and percentage of the outstanding securities of any class of securities of the offeror beneficially owned or over which control or direction is exercised

(a) by the director or officer, or

(b) if known after reasonable enquiry, by the associates of the director or officer.

In each case where no securities are so owned, directed or controlled, state this fact.

Item 7. Arrangements between offeror and director or officer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeror and the director or officer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or the director or officer remaining in or retiring from office if the take-over bid is successful. State whether the director or officer is also a director or officer of the offeror or any subsidiary of the offeror.

Item 8. Arrangements between offeree issuer and director or officer

Disclose the particulars of any agreement, commitment or understanding made or proposed to be made between the offeree issuer and the director or officer, including particulars of any payment or other benefit proposed to be made or given by way of compensation for loss of office or his or her remaining in or retiring from office if the take-over bid is successful.

Item 9. Interests of director or officer in material transactions with offeror

State whether the director or officer or the associates of the director or officer have any interest in any material transaction to which the offeror is a party, and if so, state the particulars of the nature and extent of such interest.

Item 10. Additional information

If any information required to be disclosed by the take-over bid circular prepared by the offeror or the directors' circular prepared by the directors has been presented incorrectly or is misleading, supply any additional information within the knowledge of the director or officer which would make the information in the take-over bid circular or directors' circular correct or not misleading.

Item 11. Material changes in the affairs of offeree issuer

State the particulars of any information known to the director or officer that indicates any material change in the affairs of the offeree issuer since the date of the last published interim financial report or annual financial statements of the offeree issuer and not generally disclosed or in the opinion of the director or officer not adequately disclosed in the take-over bid circular or directors' circular.

Item 12. Other material information

State the particulars of any other information known to the director or officer but not already disclosed in the director's or officer's circular that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer.

Item 13. Recommendation

State the recommendation of the director or officer and the reasons for the recommendation.

Item 14. Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this circular:

> *Securities legislation of the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.*

Item 15. Certificate

Include a certificate in the following form signed by or on behalf of each director or officer delivering the circular:

> *The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made*.

Item 16. Date of director's or officer's circular

Specify the date of the director's or officer's circular.

Form 62-104F5
Notice of Change or Notice of Variation

Part 1 General Provisions

(a) Defined terms

If a term is used but not defined in this Form, refer to Part 1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (the Instrument) and to National Instrument 14-101 *Definitions*.

(b) Plain language

Write the notice of change or notice of variation so that readers are able to understand it and make informed investment decisions. Plain language principles should be applied when preparing a notice of change or notice of variation including:

- using short sentences;
- using definite everyday language;
- using the active voice;
- avoiding superfluous words;
- organizing the document into clear, concise sections, paragraphs and sentences;
- avoiding jargon;
- using personal pronouns to speak directly to the reader;
- avoiding reliance on glossaries and defined terms unless it facilitates understanding of the disclosure;
- avoiding vague boilerplate wording;
- avoiding abstract terms by using more concrete terms or examples;
- avoiding multiple negatives;
- using technical terms only when necessary and explaining those terms;
- using charts, tables and examples where it makes disclosure easier to understand.

If you use technical terms, explain them in a clear and concise manner.

(c) Numbering and headings

The numbering, headings and ordering of items included in this Form are guidelines only. You do not need to include the heading or numbering or follow the order of items in this Form. You do not need to refer to inapplicable items and, unless otherwise required in this Form, you may omit negative answers to items. Disclosure provided in response to any item need not be repeated elsewhere in the circular.

Part 2 Contents of Notice of Change or Notice of Variation

Item 1. Name of offeror

State the corporate name of the offeror or, if the offeror is an unincorporated entity, the full name under which it exists and carries on business.

Item 2. Name of offeree issuer (if applicable)

State the corporate name of the offeree issuer or, if the offeree issuer is an unincorporated entity, the full name under which it exists and carries on business.

Item 3. Particulars of notice of change or notice of variation

(1) A notice of change required under section 2.11 of the Instrument must contain

(a) a description of the change in the information contained in

(i) the take-over bid circular or issuer bid circular, and

(ii) any notice of change previously delivered under section 2.11,

(b) the date of the change,

(c) the date up to which securities may be deposited,

(d) the date by which securities deposited must be taken up by the offeror, and

(e) a description of the rights of withdrawal that are available to security holders.

(2) A notice of variation required under section 2.12 of the Instrument must contain

(a) a description of the variation in the terms of the take-over bid or issuer bid,

(a.1) if one of the terms referred to in paragraph (a) is the mandatory 10-day extension period required pursuant to paragraph 2.31.1(a) of the Instrument, the number of securities deposited under the take-over bid and not withdrawn as at the date of the variation,

(b) the date of the variation,

(c) the date up to which securities may be deposited,

(d) the date by which securities deposited must be taken up by the offeror,

(e) if the date referred to in paragraph (d) is not known, a description of the legal requirements regarding the timing of take up of securities deposited under the bid,

(f) a description of when payment will be made for deposited securities in relation to the time in which they are taken up by the offeror, and

(g) a description of the rights of withdrawal that are available to security holders.

(3) A notice of change required under section 2.18 or subsection 2.20(2) of the Instrument must contain, as applicable, a description of the change in the information contained in

(a) the directors' circular,

(b) any notice of change previously delivered under section 2.18,

(c) the director's or officer's circular, or

(d) any notice of change previously delivered under subsection 2.20(2).

Item 4. Statement of rights

Include the following statement of rights provided under the securities legislation of the jurisdictions relating to this notice:

Securities legislation of the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

Item 5. Certificate

Include the signed certificate required in the bid circular, directors' circular or director's or officer's circular, amended to refer to the initial circular and to all subsequent notices of change or notices of variation.

Item 6. Date of notice of change or notice of variation

Specify the date of the notice of change or notice of variation.

5.1.2 Changes to NP 62-203 Take-Over Bids and Issuer Bids

CHANGES TO
NATIONAL POLICY 62-203 *TAKE-OVER BIDS AND ISSUER BIDS*

1. National Policy 62-203 Take-Over Bids and Issuer Bids is changed by this document.

2. Section 1.1 is changed

(a) by replacing "Multilateral***" with "National",***

(b) by deleting ", except Ontario, and has been implemented as a rule or regulation in all jurisdictions, except Ontario. Part XX of the *Securities Act* (Ontario) (the Ontario Act) and Ontario Securities Commission Rule 62-504 *Take-Over Bids and Issuer Bids* (the Ontario Rule) govern take-over bids and issuer bids in Ontario only.***", and***

(c) by replacing "This Policy, the Instrument, the Ontario Act and the Ontario Rule are collectively***" with "***This Policy and the Instrument are together***".***

3. Section 2.1 is changed by adding ":" after "objectives***".***

4. Section 2.2 is changed by deleting, in the first paragraph, "in section 1.1 of the Instrument and subsection 89(1) of the Ontario Act***" and "***and subsection 89(1) of the Ontario Act***".***

5. Section 2.7 is changed by deleting "or clause 4.1(1)(b)(ii)(B) of the Ontario Rule***".***

6. The following sections are added:

2.10 Take-over bid deposit period – The Bid Regime requires all non-exempt take-over bids to remain open for a minimum deposit period of 105 days (section 2.28.1 of the Instrument), except in the following circumstances:

(a) the offeree issuer states in a news release a shorter deposit period for a bid of not less than 35 days (section 2.28.2 of the Instrument); or

(b) the issuer issues a news release that it intends to effect a specified alternative transaction (section 2.28.3 of the Instrument).

Where a shorter minimum deposit period applies, an offeror that has not yet commenced its take-over bid can avail itself of the shorter minimum deposit period by establishing an expiry date for the initial deposit period based on the number of days specified for the bid referred to in the deposit period news release. In the case of an alternative transaction, section 2.28.3 of the Instrument permits an offeror to establish a minimum initial deposit period of at least 35 days. This provision applies regardless of the length of time that may be required to complete the alternative transaction.

If an offeror has already commenced a take-over bid when a deposit period news release is issued or an alternative transaction is announced, sections 2.28.2 and 2.28.3 of the Instrument do not require the offeror to shorten the deposit period for its bid, nor do they apply to automatically shorten the initial deposit period of its bid. To avail itself of the permitted shorter initial deposit period, the offeror must vary its take-over bid in accordance with section 2.12 of the Instrument to reflect the earlier expiry date for the bid. As a consequence, the offeror must allow securities to be deposited under its bid for at least 10 days after the notice of variation even if the offeror's take-over bid would otherwise have already satisfied the shorter minimum deposit period.

2.11 Deposit period news release – A "deposit period news release" is defined, in part, as a news release issued by an offeree issuer in respect of a "proposed or commenced" take-over bid. A take-over bid is "proposed" if a person publicly announces that it intends to make a take-over bid for the securities of an offeree issuer. An anticipated but unannounced take-over bid or possible future take-over bid would not constitute a "proposed" take-over bid within the meaning of this definition.

A deposit period news release will state an initial deposit period for a take-over bid of not more than 105 days and not less than 35 days. A deposit period news release must describe the minimum deposit period by referring to a number of days from the date of the bid and not to specific calendar dates in order to facilitate the generic application of the shorter minimum deposit period to multiple take-over bids.

2.12 **Multiple deposit period news releases** – The Bid Regime does not restrict an offeree issuer from issuing multiple deposit period news releases in respect of a take-over bid or contemporaneous bids. While likely rare, we anticipate that there may be circumstances where an offeree issuer determines to further shorten a previously stated minimum initial deposit period for a take-over bid or determines to state a shorter initial minimum deposit period for a take-over bid after it had previously stated an initial minimum deposit period for another take-over bid. In the event that an offeree issuer issues multiple deposit period news releases, the provisions in section 2.28.2 of the Instrument should be interpreted such that the shortest initial minimum deposit period stated in a deposit period news release applies to all take-over bids that are subject to section 2.28.2 of the Instrument.

2.13 **Alternative transaction** – The Bid Regime includes a definition for an "alternative transaction" that is based, with certain modifications, principally on the definition of "business combination" in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*. This definition is intended to encompass transactions agreed to or initiated by the issuer that could result in the acquisition of the issuer or the business of the issuer as an alternative to doing so by means of a take-over bid.

2.14 **Alternative transaction – time of agreement** – Section 2.28.3 of the Instrument provides that, in certain circumstances, the initial deposit period for a bid must be at least 35 days from the date of the bid if an issuer issues a news release announcing that it "intends to effect an alternative transaction, whether pursuant to an agreement or otherwise". An agreement to enter into an alternative transaction should be interpreted as having occurred when the issuer first makes a legally binding commitment to proceed with the alternative transaction, subject to conditions such as security holder approval.

Where an issuer does not technically negotiate an alternative transaction with another party, such as in the case of a share consolidation, a determination to effect the alternative transaction should be interpreted as having occurred when the issuer's board of directors decides to proceed with the alternative transaction, subject to conditions.

2.15 **Alternative transaction – reliance on issuer news release** – Section 2.28.3 of the Instrument provides for the reduction of the minimum initial deposit period for a take-over bid to 35 days if an issuer issues a news release announcing that it intends to effect an alternative transaction. Section 2.28.3 applies in respect of an offeror's take-over bid, such that an offeror should reasonably determine whether an issuer's announced transaction is an "alternative transaction" before either, as the case may be, reducing the initial deposit period of its outstanding take-over bid to not less than 35 days or commencing a take-over bid for the issuer with an initial deposit period of not less than 35 days.

2.16 **Change in information or variation of terms** – Subsections 2.11(5) and 2.12(3.1) of the Instrument provide that the initial deposit period for a take-over bid must not expire before 10 days after the date of a notice of change or notice of variation, respectively. If an offeror is required to send a notice of change or a notice of variation in circumstances where the initial deposit period would expire less than 10 days from the date of the notice then the offeror would be obliged to further extend the initial deposit period to ensure that at least 10 days have elapsed before the expiry of the initial deposit period.

2.17 **Partial take-over bids** – The Bid Regime includes specific requirements for partial take-over bids, including that an offeror is required to take up securities deposited on a proportionate or *pro rata* basis where a greater number of securities is deposited under the bid than the offeror is bound or willing to acquire. The Bid Regime exempts an offeror making a partial take-over bid from the general obligation to immediately take up all deposited securities if, at the expiry of the initial deposit period, the specified bid conditions in subsection 2.32.1(1) of the Instrument are satisfied. Instead, subsection 2.32.1(6) of the Instrument provides that the offeror is required to take up at the expiry of the initial deposit period only the maximum number of securities that it can without contravening the *pro rata* requirement. An offeror would therefore make the determination of the maximum number of securities it can take up assuming that all other securities subject to the bid will be deposited during the mandatory 10-day extension period.

Subsection 2.32.1(7) of the Instrument further requires that an offeror making a partial take-over bid must take up any securities deposited during the initial deposit period and not already taken up by it in reliance on subsection s. 2.32.1(6), and securities deposited during the mandatory 10-day extension period, on a *pro rata* basis and not later than one business day after expiry of the mandatory 10-day extension period. This *pro rata* determination would take into account the fact that a portion of the securities deposited in the initial deposit period has already been taken up by the offeror.

The following are illustrative examples of how the proportionate take-up provisions in the Bid Regime would apply to partial take-over bids in different circumstances.

Partial take-over bid scenario	Offeree shares deposited as at expiry of initial deposit period (all other conditions satisfied)	Maximum number of offeree shares taken up *pro rata* by offeror at expiry of initial deposit period	Additional offeree shares deposited during mandatory 10-day extension period	Total offeree shares taken up at expiry of mandatory 10-day extension period
Bid for 3,000 offeree shares (30% of 10,000 issued and outstanding offeree shares) Offeror does not own offeree shares at commencement of bid and does not acquire offeree shares during the bid.	6,000 (60% of the 10,000 offeree shares subject to the bid) (minimum 50% tender is required to meet minimum tender requirement in s. 2.29.1(c))	1,800 (60% of 3,000 offeree shares bid for, or 30% of 6,000 shares deposited) Offeror cannot take-up more than 60% of the 3,000 shares it bid for (30% of deposited shares) to allow for possibility of additional deposit of all 4,000 (40%) remaining shares subject to the bid during mandatory 10-day extension period.	2,000 (20% of the 10,000 offeree shares subject to the bid)	3,000 (30% of 10,000 issued and outstanding offeree shares) *Summary* A total of 8,000 (80%) of the offeree shares subject to the bid deposited as at expiry of the mandatory 10-day extension period (6,000 as at expiry of initial deposit period plus 2,000 deposited during mandatory 10-day extension period). Proration factor: 3,000 / 8,000 (number of shares sought / number of shares tendered) = approx. 0.375. The offeror will take up and pay for 37.5% of shares deposited by each shareholder, taking into account any shares already taken up at expiry of initial deposit period.
Bid for 3,000 offeree shares (30% of 10,000 issued and outstanding offeree shares) in addition to shares held by offeror Offeror owns 1,000 (10%) of offeree shares at commencement of bid and does not acquire offeree shares during the bid.	6,000 (66⅔% of the 9,000 offeree shares subject to the bid) (minimum 50% tender of the 9,000 offeree shares not held by offeror (or 4,500 shares) is required to meet minimum tender requirement in s. 2.29.1(c))	2,000 (66⅔% of 3,000 offeree shares bid for, or 33⅓% of 6,000 shares deposited) Offeror cannot take-up more than 66⅔% of the 3,000 offeree shares it bid for to allow for possibility of additional deposit of all 3,000 (33⅓%) remaining shares subject to the bid during mandatory 10-day extension period.	2,000 (approx. 22% of the 9,000 offeree shares subject to the bid)	3,000 (30% of 10,000 issued and outstanding offeree shares) *Summary* A total of 8,000 (80%) of offeree shares subject to the bid deposited as at expiry of the mandatory 10-day extension period (6,000 as at expiry of initial deposit period plus 2,000 deposited during mandatory 10-day extension period). Pro ration factor: 3,000 / 8,000 (number of shares sought / number of shares deposited) = approx. 0.375. The offeror will take up and pay for 37.5% of shares deposited by each shareholder, taking into account any shares already taken up at expiry of initial deposit period.

7. Except in Ontario, these changes become effective on May 9, 2016. In Ontario, these changes become effective on the later of the following:

   (a) May 9, 2016;

   (b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.3 Amendments to MI 13-102 System Fees for SEDAR and NRD

AMENDMENTS TO
MULTILATERAL INSTRUMENT 13-102 *SYSTEM FEES FOR SEDAR AND NRD*

1. Multilateral Instrument 13-102 System Fees for SEDAR and NRD is amended by this Instrument.

2. Subsection 1(1) is amended

(a) by replacing the definition of "issuer bid***" with the following:***

"issuer bid" means an issuer bid to which Part 2 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* applies;***, and***

(b) by replacing the definition of "take-over bid***" with the following:***

"take-over bid" means a take-over bid to which Part 2 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* applies.***.***

3. Except in Ontario, this Instrument comes into force on May 9, 2016. In Ontario, this Instrument comes into force on the later of the following:

(a) May 9, 2016;

(b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.4 Amendments to NI 43-101 Standards of Disclosure for Mineral Projects

AMENDMENTS TO
NATIONAL INSTRUMENT 43-101 *STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS*

1. National Instrument 43-101 Standards of Disclosure for Mineral Projects is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition:

"initial deposit period" has the meaning ascribed to that term in section 1.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids*;***.***

3. Subparagraph 4.2(5)(a)(ii) is amended by replacing "expiry of the take-over bid***" with "***the expiry of the initial deposit period***".***

4. Except in Ontario, this Instrument comes into force on May 9, 2016. In Ontario, this Instrument comes into force on the later of the following:

(a) May 9, 2016;

(b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.5 Changes to Companion Policy 55-104CP Insider Reporting Requirements and Exemptions

CHANGES TO
COMPANION POLICY 55-104CP *INSIDER REPORTING REQUIREMENTS AND EXEMPTIONS*

1. Companion Policy 55-104CP Insider Reporting Requirements and Exemptions is changed by this document.

2. Subsection 3.2(3) is changed

(a) by replacing "Multilateral***" with "***National***", and***

(b) by deleting "and in Ontario, subsection 90(1) of the Ontario Act***".***

3. Except in Ontario, these changes become effective on May 9, 2016. In Ontario, these changes become effective on the later of the following:

(a) May 9, 2016;

(b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.6 Amendments to MI 61-101 Protection of Minority Security Holders in Special Transactions

AMENDMENTS TO
MULTILATERAL INSTRUMENT 61-101
PROTECTION OF MINORITY SECURITY HOLDERS IN SPECIAL TRANSACTIONS

1. Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions is amended by this Instrument.

2. Section 1.1 is amended

(a) by replacing "Multilateral***" with "***National***" and deleting "***, and in Ontario, a formal take-over bid or formal issuer bid as defined in section 89(1) of the *Securities Act*" in the definition of "***bid***",***

(b) by replacing "Multilateral***" with "***National***" and deleting "***, and in Ontario, section 89(1) of the *Securities Act*" in the definition of "***issuer bid***",***

(c) by replacing "Multilateral***" with "***National***" and deleting "***and in Ontario, section 91 of the *Securities Act*,***" in the definition of "***joint actors***",***

(d) by replacing "Multilateral***" with "***National***" wherever the expression occurs, deleting "***and in Ontario, subsections 1.3 (1), (2) and (3) of Ontario Securities Commission Rule 62-504 *Take-Over Bids and Issuer Bids*,***" and deleting "***and in Ontario, subsections 1.3 (1), (2) and (3) of OSC Rule 62-504 *Take-Over Bids and Issuer Bids*,***" in the definition of "***market capitalization***",***

(e) by replacing "Multilateral***" with "***National***" and deleting "***, and in Ontario, section 89(1) of the *Securities Act*" in the definition of "***offeree issuer***",***

(f) by replacing "Multilateral***" with "***National***" and deleting "***, and in Ontario, section 89(1) of the *Securities Act*" in the definition of "***offeror***", and***

(g) by replacing "Multilateral***" with "***National***" and deleting "***, and in Ontario, section 89(1) of the *Securities Act*" in the definition of "***take-over bid***".***

3. Subsection 1.6(2) is amended

(a) by replacing "the following provisions apply:***" with "***the provisions of section 1.8 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* apply.***",***

(b) by repealing paragraph 1.6(2)(a), and

(c) by repealing paragraph 1.6(2)(b).

4. Paragraph 2.2(1)(d) is amended

(a) by replacing "Multilateral***" with "***National***", and***

(b) by deleting "and in Ontario, Form 62-504F2 *Issuer Bid Circular* of OSC Rule 62-504 *Take-Over Bids and Issuer Bids*,***".***

5. Paragraph 4.2(3)(a) is amended

(a) by replacing "Multilateral***" with "***National***", and***

(b) by deleting "and in Ontario, Form 62-504F2 *Issuer Bid Circular* of OSC Rule 62-504 *Take-Over Bids and Issuer Bids*,***".***

6. Paragraph 5.3(3)(a) is amended

(a) by replacing "Multilateral***" with "***National***", and***

(b) ***by deleting "***and in Ontario, Form 62-504F2 *Issuer Bid Circular* of OSC Rule 62-504 *Take-Over Bids and Issuer Bids*,***".***

7. Section 6.10 is amended

(a) ***by replacing "***Multilateral***" with "***National***", and***

(b) ***by deleting "***and in Ontario, sections 94.7 and 96.1 of the *Securities Act*,***".***

8. Except in Ontario, this Instrument comes into force on May 9, 2016. In Ontario, this Instrument comes into force on the later of the following:

(a) May 9, 2016;

(b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.7 Changes to Companion Policy 61-101CP to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions

CHANGES TO
COMPANION POLICY 61-101CP TO MULTILATERAL INSTRUMENT 61-101
PROTECTION OF MINORITY SECURITY HOLDERS IN SPECIAL TRANSACTIONS

1. Companion Policy 61-101CP to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions is changed by this document.

2. Section 4.1 is changed by replacing "Subsection 2.2(1)(d) of the Instrument requires, for an insider bid, the disclosure required by Form 62-104F1 *Take-Over Bid Circular* of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, Form 62-504F1 *Take-Over Bid Circular* of OSC Rule 62-504 *Take Over Bids and Issuer Bids*, and by Form 62-104F2 *Issuer Bid Circular* of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, and in Ontario, Form 62-504F2 *Issuer Bid Circular* of OSC Rule 62-504 *Take Over Bids and Issuer Bids*, appropriately modified. In our view, Form 62-104F2 and in Ontario, Form 62-504F2, disclosure would generally include, in addition to Form 62-104F1 and in Ontario, Form 62-504F1, disclosure,***" with "***For an insider bid, in addition to the disclosure required by Form 62-104F1 *Take-Over Bid Circular* of National Instrument 62-104 *Take-Over Bids and Issuer Bids*, subsection 2.2(1)(d) of the Instrument requires the disclosure required by Form 62-104F2 *Issuer Bid Circular* of National Instrument 62-104 *Take-Over Bids and Issuer Bids*, appropriately modified. In our view, Form 62-104F2 disclosure would generally include***".***

3. Section 4.2 is changed by deleting ", and in Ontario, Form 62-504F2,***" wherever the expression occurs.***

4. Except in Ontario, this Instrument comes into force on May 9, 2016. In Ontario, this Instrument comes into force on the later of the following:

   (a) May 9, 2016;

   (b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.8 Amendments to NI 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues

AMENDMENTS TO
NATIONAL INSTRUMENT 62-103 *THE EARLY WARNING SYSTEM*
AND RELATED TAKE-OVER BID AND INSIDER REPORTING ISSUES

1. National Instrument 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues is amended by this Instrument.

2. Subsection 1.1(1) is amended

(a) by replacing "MI***" with "***NI***" and deleting "***and, in Ontario, has the meaning ascribed under paragraphs (a.1) to (f) of the definition of "associate" in subsection 1(1) of the *Securities Act* (Ontario)***" in the definition of "***associate***",***

(b) by replacing "MI***" with "***NI***" and deleting "***and, in Ontario, subsections 102.1(1) and 102.1(2) of the *Securities Act* (Ontario)***" in the definition of "***early warning requirements***",***

(c) by replacing the definition of "formal bid***" with the following:***

"formal bid" means a take-over bid or issuer bid made in accordance with Part 2 of NI 62-104;***,***

(d) by repealing the definition of "MI 62-104***",***

(e) by replacing "MI***" with "***NI***" and deleting "***and, in Ontario, subsection 102.1(3) of the *Securities Act* (Ontario)***" in the definition of "***moratorium provisions***", and***

(f) by adding the following definition:

"NI 62-104" means National Instrument 62-104 *Take-Over Bids and Issuer Bids*;***.***

3. Appendix D is amended

(a) by replacing "MI 62-104***" with "***NI 62-104***" wherever the expression occurs, and***

(b) by replacing "Subsections 1(5) and 1(6) and sections 90 and 91 of the *Securities Act* (Ontario)***" with "***Subsections 1(5) and 1(6) of the *Securities Act* (Ontario) and sections 1.8 and 1.9 of NI 62-104***".***

4. Except in Ontario, this Instrument comes into force on May 9, 2016. In Ontario, this Instrument comes into force on the later of the following:

(a) May 9, 2016;

(b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.9 Repeal of OSC Rule 62-504 Take-Over Bids and Issuer Bids

REPEAL OF
ONTARIO SECURITIES COMMISSION RULE 62-504 *TAKE-OVER BIDS AND ISSUER BIDS*

1. Ontario Securities Commission Rule 62-504 Take-Over Bids and Issuer Bids is repealed.

2. This Instrument comes into force on the later of the following:

   (a) May 9, 2016;

   (b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.10 Amendments to OSC Rule 13-502 Fees

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

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

2. Appendix C is amended

(a) by replacing "subsection 94.2(2), (3) or (4) of the Act***" with "***subsection 2.10(2),(3) or (4) of NI 62-104***" in row J1, and***

(b) by replacing "section 94.5 of the Act***" with "***section 2.13 of NI 62-104***" in row J2.***

3. This Instrument comes into force on the later of the following:

(a) May 9, 2016;

(b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.11 Amendments to OSC Rule 14-501 Definitions

AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 14-501 *DEFINITIONS*

1. Ontario Securities Commission Rule 14-501 Definitions is amended by this Instrument.

2. Subsection 1.1(2) is amended by repealing the definition of "offeree issuer***" and "***published market***".***

3. This Instrument comes into force on the later of the following:

   (a) May 9, 2016;

   (b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.12 Amendments to OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions

AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 48-501 *TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS*

1. Ontario Securities Commission Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions is amended by this Instrument.

2. Paragraph 3.2(c) is amended by replacing "clauses 93(3)(a) through (d) of the Act***" with "***sections 4.6 and 4.7 of National Instrument 62-104 *Take-Over Bids and Issuer Bids*".**

3. This Instrument comes into force on the later of the following:

   (a) May 9, 2016;

   (b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.13 Amendments to OSC Rule 71-801 Implementing the Multijurisdictional Disclosure System

AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 71-801
IMPLEMENTING THE MULTIJURISDICTIONAL DISCLOSURE SYSTEM

1. Ontario Securities Commission Rule 71-801 Implementing the Multijurisdictional Disclosure System is amended by this Instrument.

2. Section 1.1 is amended by adding the following subsection:

(3) In this Rule, "NI 62-104" means "National Instrument 62-104 *Take-Over Bids and Issuers Bids*"..

3. Part 3 is replaced with the following:

3.1 Application of the Act and regulations to bids – (1) The following provisions of NI 62-104 do not apply to a bid made in compliance with Part 12 of NI 71-101:

(a) sections 1.6, 2.1 to 2.3, and 2.5 to 2.7, clause 2.8(b), subsections 2.10(2), (3) and (4), subsections 2.11(1.1) and (5), subsections 2.12(1.1), (3), (3.1), (4), (5), and (6), sections 2.13 to 2.16, 2.23 to 2.34; and

(b) section 2.4 unless security holders of the offeree issuer whose last address as shown on the books of the issuer is in Canada, as determined in accordance with subsections 12.1(2) through (4) of NI 71-101, hold 20% or more of a class of securities that is the subject of the bid;

(2) The following provisions of NI 62-104 apply to a bid made in compliance with Part 12 of NI 71-101:

(a) clause 2.8(a), section 2.9, subsections 2.10(1), 2.11 (2), (3) and (4), and subsection 2.12(2);

(b) subsection 2.11(1), except the requirement to send a notice of change to each holder of securities that, before the expiry of the deposit period referred to in the bid, are convertible into securities of the class that is subject to the bid who are in Ontario; and

(c) subsection 2.12(1), except the requirement to send a notice of variation to each holder of securities that, before the expiry of the deposit period referred to in the bid, are convertible into securities of the class that is subject to the bid who are in Ontario.

3.2 Application of the Act and regulations to MJDS directors' circulars and MJDS individual director's or officer's circulars – (1) Subsections 2.17(2), and (3), sections 2.18 and 2.19, subsection 2.20(6) and sections 2.21 and 2.22 do not apply to the directors or the individual directors or officers of an offeree issuer who elect to comply with Part 12 of NI 71-101 instead of provisions of NI 62-104 otherwise applicable in preparation of a directors' circular or individual director's or officer's circular for a take-over bid made for securities of the offeree issuer under Part 12 of NI 71-101.

(2) The following provisions of NI 62-104 apply to the directors or the individual directors or officers of an offeree issuer who elect to comply with Part 12 of NI 71-101 instead of provisions of NI 62-104 otherwise applicable in preparation of a directors' circular or individual director's or officer's circular for a take-over bid made for securities of the offeree issuer under Part 12 of NI 71-101:

(a) subsections 2.17(1) and 2.20(1), except the requirement to send a directors' circular or an individual director's or officer's circular to each holder of securities that, before the expiry of the deposit period referred to in the bid, are convertible into securities of the class that is subject to the bid who are in Ontario;

(b) subsections 2.18(1) and 2.20(2), except the requirement to send notice of change to holders of securities that, before the expiry of the deposit period referred to in the bid, are convertible into securities of the class that is subject to the bid who are in Ontario;

(c) subsections 2.20(4) and (5), except the requirement to send a copy of an individual director's or officer's circular and a notice of change to holders of securities that, before the expiry of the deposit period referred to in the bid, are convertible into securities of the class that is subject to the bid who are in Ontario; and

(d) subsections 2.17(4), 2.18(2), 2.20(3) and (7)..

4. This Instrument comes into force on the later of the following:

(a) May 9, 2016;

(b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.14 Amendments to OSC Rule 71-802 Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers

AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 71-802 *IMPLEMENTING NATIONAL INSTRUMENT 71-102 CONTINUOUS DISCLOSURE AND OTHER EXEMPTIONS RELATING TO FOREIGN ISSUERS*

1. Ontario Securities Commission Rule 71-802 Implementing National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition:

"NI 62-104" means National Instrument 62-104 *Take-Over Bids and Issuer Bids*;**.**

3. Section 2.3 is amended by replacing "sections 101 and 102 of the Act***" with "***section 5.2 of NI 62-104***".***

4. Section 3.3 is amended by replacing "sections 101 and 102 of the Act***" with "***section 5.2 of NI 62-104***".***

5. This Instrument comes into force on the later of the following:

(a) May 9, 2016;

(b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.15 Amendments to OSC Rule 91-502 Trades in Recognized Options

AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 91-502 *TRADES IN RECOGNIZED OPTIONS*

1. Ontario Securities Commission Rule 91-502 Trades in Recognized Options is amended by this Instrument.

2. Section 1.1 is amended by replacing "has the meaning ascribed to that term in subsection 89(1) of the Act***" with "***means a security of an issuer that carries a residual right to participate in the earnings of the issuer and, on liquidation or winding up of the issuer, in its assets***" in the definition of "***equity security***".***

3. This Instrument comes into force on the later of the following:

   (a) May 9, 2016;

   (b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.16 Changes to NP 62-203 Take-Over Bids and Issuer Bids

CHANGES TO
NATIONAL POLICY 62-203 *TAKE-OVER BIDS AND ISSUER BIDS*

1. National Policy 62-203 Take-Over Bids and Issuer Bids is changed by this document.

2. National Policy 62-203 Take-Over Bids and Issuer Bids is changed by adding the following Part after Part 2:

PART 3 TAKE-OVER BID AND EARLY WARNING REQUIREMENTS

3.1 **Equity swap or similar derivative arrangement** – An investor that is a party to an equity swap or similar derivative arrangement may under certain circumstances have deemed beneficial ownership, or control or direction, over the referenced voting or equity securities. This could occur where the investor has the ability, formally or informally, to obtain the voting or equity securities or to direct the voting of voting securities held by any counterparties to the transaction. This determination would be relevant for compliance with the early warning and take-over bid requirements under the Instrument.

3.2 **Securities lending arrangements** – Securities lending describes the market practice whereby securities are temporarily transferred from one party (the lender) to another party (the borrower) in return for a fee. As part of the lending arrangement, the borrower is obliged to redeliver to the lender the securities or identical securities to those that were transferred or lent, either on demand or at the end of the loan term.

Securities lending arrangements transfer title of securities from the lender to the borrower for the duration of the loan. During this period, the borrower has full ownership rights and may re-sell the securities as well as vote them. Securities lending arrangements between the lender and the borrower generally provide for payment to the lender of any economic benefits (for example, dividends) accruing to the securities while "on loan". Therefore, securities lending separates the economic interest in the securities which remains with the lender from the ownership and voting rights which are transferred to the borrower. If the lender wants to vote the loaned securities it must, in accordance with the terms of the securities lending arrangement, either recall the securities or identical securities from the borrower or otherwise direct the voting of the loaned securities.

Since securities lending arrangements involve a disposition and acquisition of securities, lenders and borrowers should consider securities lent (disposed) and borrowed (acquired) under securities lending arrangements in determining whether an early warning reporting obligation has been triggered.

Paragraph 5.7(a) of the Instrument provides an exception for the lender of securities under a securities lending arrangement from the early warning requirements if the securities are transferred or lent pursuant to a securities lending arrangement that meets the criteria of a specified securities lending arrangement. If the securities lending arrangement is not a specified securities lending arrangement, then the early warning reporting requirements for dispositions of securities will apply to the disposition of securities by the lender under the securities lending arrangement.

Paragraph 5.7(b) of the Instrument provides an exception for the borrower of securities under a securities lending arrangement from the early warning requirements if the securities or identical securities are borrowed, disposed of or acquired in connection with a borrower's short sale if certain conditions are met. Short selling is a trading strategy where the borrower uses securities borrowed under a securities lending arrangement to settle a sale (disposition) of the securities to another party with the objective of later repurchasing (acquiring) identical securities at a lower price on the market to return the securities to the lender. If all the conditions of paragraph 5.7(b) are not satisfied, then the early warning reporting requirements will apply to the borrower in respect of securities borrowed under the securities lending arrangement and the disposition of and acquisition of the securities or identical securities in the market in connection with the securities lending arrangement..

3. Except in Ontario, these changes become effective on May 9, 2016. In Ontario, these changes become effective on the later of the following:

(a) May 9, 2016;

(b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

5.1.17 Amendments to NI 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues

AMENDMENTS TO
NATIONAL INSTRUMENT 62-103 *THE EARLY WARNING SYSTEM AND RELATED TAKE-OVER BID AND INSIDER REPORTING ISSUES*

1. National Instrument 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues is amended by this Instrument.

2. Section 1.1 is amended by

(a) adding the following definitions:

"acquiror" has the meaning ascribed to that term in Part 5 of NI 62-104;

"acquiror's securities" has the meaning ascribed to that term in Part 5 of NI 62-104;

"economic exposure" has the meaning ascribed to that term in NI 55-104;

"securities lending arrangement" has the meaning ascribed to that term in Part 5 of NI 62-104;***,***

(b) replacing "offeror***" with "***acquiror***" in the definition of "***acquisition announcement provisions***",***

(c) replacing the definition of "early warning requirements***" with the following:***

"early warning requirements" means the requirements set out in section 5.2 of NI 62-104;***,***

(d) replacing the definition of "moratorium provisions***" with the following:***

"moratorium provisions" means the provisions set out in subsection 5.3(1) of NI 62-104;***, and***

(e) deleting the definitions of "offeror***" and "***offeror's securities***".***

3. Section 3.1 is replaced with the following:

3.1 **Contents of News Releases and Reports**

(1) A news release and report required under the early warning requirements shall contain the information required by Form 62-103F1 *Required Disclosure under the Early Warning Requirements*.

(2) Despite subsection (1), a news release required under the early warning requirements may omit the information otherwise required by Items 2.3, 3.3, 3.5 through 3.8, 4.2, 4.3, 6 and 9, and Item 7 to the extent that the information relates to those sections and items, of Form 62-103F1 *Required Disclosure under the Early Warning Requirements*, if

(a) the omitted information is included in the corresponding report required by the early warning requirements, and

(b) the news release indicates the name and telephone number of an individual to contact to obtain a copy of the report.

(3) The acquiror shall send a copy of the report referred to in paragraph (2)(a) promptly to any entity requesting it.***.***

4. Section 3.2 is amended by replacing "offeror***" with "***acquiror***" wherever it occurs.***

5. Section 4.2 is amended by adding "(1)***" before "***An***", by deleting "***or***" at the end of paragraph (a), by replacing "." with "***; or***" at the end of paragraph (b) and by adding the following paragraph and subsection:***

(c) solicits proxies from securityholders of the reporting issuer in any of the following circumstances:

(i) in support of the election of one or more persons as directors of the reporting issuer other than the persons proposed to be nominated by management of the reporting issuer;

(ii) in support for a reorganization, amalgamation, merger, arrangement or other similar corporate action involving the securities of the reporting issuer if that action is not supported by management of the reporting issuer;

(iii) in opposition to a reorganization, amalgamation, merger, arrangement or other similar corporate action involving the securities of the reporting issuer if that action is proposed by management of the reporting issuer.

(2) For the purposes of this section, "solicit" has the meaning ascribed to that term in National Instrument 51-102 *Continuous Disclosure Obligations*.**.**

6. Subsection 4.3(2) is amended by replacing "Appendix F***" with "***Form 62-103F2 *Required Disclosure by an Eligible Institutional Investor under Section 4.3***".***

7. Subsection 4.7(1) is amended by replacing "Appendix G***" with "***Form 62-103F3 *Required Disclosure by an Eligible Institutional Investor under Part 4***".***

8. Section 5.1 is amended by replacing "offeror***" with "***acquiror***" in paragraph (b).***

9. Section 8.2 is amended by deleting "(1)***".***

10. Part 9 and Section 9.1 is amended by deleting "; Early Warning Decrease Reports***" in the titles of the Part and of the Section.***

11. Section 9.1 is amended by deleting "(3),***" in subsection (1) and by repealing subsection (3).***

12. Appendix E is replaced with the following:

Form 62-103F1
REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

2.3 State the names of any joint actors.

INSTRUCTION

If the acquiror is a corporation, general partnership, limited partnership, syndicate or other group of persons, provide its name, the address of its head office, its jurisdiction of incorporation or organization, and its principal business.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

3.3 If the transaction involved a securities lending arrangement, state that fact.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

INSTRUCTIONS

(i) "Related financial instrument" has the meaning ascribed to that term in NI 55-104. Item 3.6 encompasses disclosure of agreements, arrangements or understandings where the economic interest related to a security beneficially owned or controlled has been altered.

(ii) For the purposes of Items 3.6, 3.7 and 3.8, a material term of an agreement, arrangement or understanding does not include the identity of the counterparty or proprietary or commercially sensitive information.

(iii) For the purposes of Item 3.8, any agreements, arrangements or understandings that have been disclosed under other items in this Form do not have to be disclosed under this item.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

(a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;

(b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;

(c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;

(d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;

(e) a material change in the present capitalization or dividend policy of the reporting issuer;

(f) a material change in the reporting issuer's business or corporate structure;

(g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;

(h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;

(i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;

(j) a solicitation of proxies from securityholders;

(k) an action similar to any of those enumerated above.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

INSTRUCTIONS

(i) Agreements, arrangements or understandings that are described under Item 3 do not have to be disclosed under this item.

(ii) For the purposes of Item 6, the description of any agreements, arrangements, commitments or understandings does not include naming the persons with whom those agreements, arrangements, commitments or understandings have been entered into, or proprietary or commercially sensitive information.

Item 7 – Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Item 9 – Certification

The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

I, as the acquiror, certify, or I, as the agent filing the report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

_____
Date

_____
Signature

_____
Name/Title.

13. Appendix F is replaced with the following:

Form 62-103F2
REQUIRED DISCLOSURE BY AN ELIGIBLE INSTITUTIONAL INVESTOR UNDER SECTION 4.3

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Item 2 – Identity of the Eligible Institutional Investor

2.1 State the name and address of the eligible institutional investor.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

2.3 State that the eligible institutional investor is ceasing to file reports under Part 4 for the reporting issuer.

2.4 Disclose the reasons for doing so.

2.5 State the names of any joint actors.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities and the eligible institutional investor's securityholding percentage in the class of securities immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

3.3 If the transaction involved a securities lending arrangement, state that fact.

3.4 State the designation and number or principal amount of securities and the eligible institutional investor's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report and over which

(a) the eligible institutional investor, either alone or together with any joint actors, has ownership and control,

(b) the eligible institutional investor, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the eligible institutional investor or any joint actor, and

(c) the eligible institutional investor, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

3.5 If the eligible institutional investor or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the eligible institutional investor's securityholdings.

3.6 If the eligible institutional investor or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

3.7 If the eligible institutional investor or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the eligible institutional investor's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

INSTRUCTIONS

(i) "Related financial instrument" has the meaning ascribed to that term in NI 55-104. Item 3.5 encompasses disclosure of agreements, arrangements or understandings where the economic interest related to a security beneficially owned or controlled has been altered.

(ii) For the purposes of Items 3.5, 3.6 and 3.7, a material term of an agreement, arrangement or understanding does not include the identity of the counterparty or proprietary or commercially sensitive information.

(iii) For the purposes of Item 3.7, any agreements, arrangements or understandings that have been disclosed under other items in this Form do not have to be disclosed under this item.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the eligible institutional investor.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the eligible institutional investor and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the eligible institutional investor and any joint actors may have which relate to or would result in any of the following:

(a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;

(b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;

(c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;

(d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;

(e) a material change in the present capitalization or dividend policy of the reporting issuer;

(f) a material change in the reporting issuer's business or corporate structure;

(g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person;

(h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;

(i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;

(j) a solicitation of proxies from securityholders;

(k) an action similar to any of those enumerated above.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the eligible institutional investor and a joint actor and among those persons and any person with respect to any securities of the reporting issuer, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

INSTRUCTIONS

(i) Agreements, arrangements or understandings that are described under Item 3 do not have to be disclosed under this item.

(ii) For the purposes of Item 6, the description of any agreements, arrangements, commitments or understandings does not include naming the persons with whom those agreements, arrangements, commitments or understandings have been entered into, or proprietary or commercially sensitive information.

Item 7 – Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the eligible institutional investor under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Item 8 – Exemption

If the eligible institutional investor relies on an exemption from the requirement in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Item 9 – Certification

The eligible institutional investor must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the eligible institutional investor is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

I, as the eligible institutional investor, certify, or I, as the agent filing the report on behalf of the eligible institutional investor, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

_____
Date

_____
Signature

_____
Name/Title.

14. Appendix G is replaced with the following:

Form 62-103F3
REQUIRED DISCLOSURE BY AN ELIGIBLE INSTITUTIONAL INVESTOR UNDER PART 4

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Item 2 – Identity of the Eligible Institutional Investor

2.1 State the name and address of the eligible institutional investor.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

2.3 State the name of any joint actors.

2.4 State that the eligible institutional investor is eligible to file reports under Part 4 in respect of the reporting issuer.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and the net increase or decrease in the number or principal amount of securities, and in the eligible institutional investor's securityholding percentage in the class of securities, since the last report filed by the eligible institutional investor under Part 4 or the early warning requirements.

3.2 State the designation and number or principal amount of securities and the eligible institutional investor's securityholding percentage in the class of securities at the end of the month for which the report is made.

3.3 If the transaction involved a securities lending arrangement, state that fact.

3.4 State the designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities to which this report relates and over which

(a) the eligible institutional investor, either alone or together with any joint actors, has ownership and control,

(b) the eligible institutional investor, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the eligible institutional investor or any joint actor, and

(c) the eligible institutional investor, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

3.5 If the eligible institutional investor or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the eligible institutional investor's securityholdings.

3.6 If the eligible institutional investor or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

3.7 If the eligible institutional investor or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the eligible institutional investor's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

INSTRUCTIONS

(i) "Related financial instrument" has the meaning ascribed to that term in NI 55-104. Item 3.5 encompasses disclosure of agreements, arrangements or understandings where the economic interest related to a security beneficially owned or controlled has been altered.

(ii) An eligible institutional investor may omit the securityholding percentage from a report if the change in percentage is less than 1% of the class.

(iii) For the purposes of Item 3.5, 3.6 and 3.7, a material term of an agreement, arrangement or understanding does not include the identity of the counterparty or proprietary or commercially sensitive information.

(iv) For the purposes of Item 3.7, any agreements, arrangements or understandings that have been disclosed under other items in this Form do not have to be disclosed under this item.

Item 4 – Purpose of the Transaction

State the purpose or purposes of the eligible institutional investor and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the eligible institutional investor and any joint actors may have which relate to or would result in any of the following:

(a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the issuer;

(b) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;

(c) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;

(d) a material change in the present capitalization or dividend policy of the reporting issuer;

(e) a material change in the reporting issuer's business or corporate structure;

(f) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person;

(g) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;

(h) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;

(i) a solicitation of proxies from securityholders;

(j) an action similar to any of those enumerated above.

Item 5 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the eligible institutional investor and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

INSTRUCTIONS

(i) Agreements, arrangements or understandings that are described under Item 3 do not have to be disclosed under this item.

(ii) For the purposes of Item 5, the description of any agreements, arrangements, commitments or understandings does not include naming the persons with whom those agreements, arrangements, commitments or understandings have been entered into, or proprietary or commercially sensitive information.

Item 6 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the eligible institutional investor under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Item 7 – Certification

The eligible institutional investor must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the eligible institutional investor is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

I, as the eligible institutional investor, certify, or I, as the agent filing the report on behalf of the eligible institutional investor, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

_____
Date

_____
Signature

_____
Name/Title.

15. Except in Ontario, this Instrument comes into force on May 9, 2016. In Ontario, this Instrument comes into force on the later of the following:

(a) May 9, 2016;

(b) the day on which sections 1, 2 and 3, subsections 4 (2) and (3), and sections 5, 7, 8 and 10 of Schedule 18 of the *Budget Measures Act, 2015* (Ontario) are proclaimed into force.

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:
Blackbird Energy Inc.
Principal Regulator – Alberta
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated April 26, 2016
NP 11-202 Receipt dated April 26, 2016
Offering Price and Description:
Offering: $25,020,000.00 – 153,400,000 Units and 13,400,000 Flow-Through Shares
Price: $0.15 per Unit and $0.15 per Flow-Through Share
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
HAYWOOD SECURITIES INC.
SCOTIA CAPITAL INC.
RAYMOND JAMES LTD.
CORMARK SECURITIES INC.
MACKIE RESEARCH CAPITAL CORPORATION
Promoter(s):
-
Project #2473227

Issuer Name:
Brookfield Canada Office Properties
Principal Regulator – Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated April 28, 2016
NP 11-202 Receipt dated April 29, 2016
Offering Price and Description:
$750,000,000.00
Trust Units
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2475678

Issuer Name:
Freegold Ventures Limited
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 2, 2016
NP 11-202 Receipt dated May 2, 2016
Offering Price and Description:
Minimum $3,000,000.00 – * Units
Maximum $ * – * Units
Price: $ * per Unit
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Promoter(s):
-
Project #2478467

Issuer Name:
MD Fossil Fuel Free Bond Fund
MD Fossil Fuel Free Equity Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectuses dated April 25, 2016
NP 11-202 Receipt dated April 27, 2016
Offering Price and Description:
Series A and Series I Units
Underwriter(s) or Distributor(s):
MD Management Limited
MD Management Limited
Promoter(s):
MD Financial Management Inc.
Project #2473734

Issuer Name:
Mullen Group Ltd.
Principal Regulator – Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 2, 2016
NP 11-202 Received on April 26, 2016
Offering Price and Description:
$130,007,500. 00 – 9,775,000 Common Shares
Price: $13.30 per Common Share
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
PETERS & CO. LIMITED
RBC DOMINION SECURITIES INC.
RAYMOND JAMES LTD.
SCOTIA CAPITAL INC.
CORMARK SECURITIES INC.
FIRSTENERGY CAPITAL CORP.
INDUSTRIAL ALLIANCE SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #2474024

Issuer Name:
Sentry Balanced Yield Private Pool Class
Sentry Canadian Core Fixed Income Private Trust
Sentry Canadian Equity Income Private Pool Class
Sentry Canadian Equity Income Private Trust
Sentry Canadian Fixed Income Private Pool
Sentry Energy Private Trust
Sentry Global Balanced Yield Private Pool Class
Sentry Global Core Fixed Income Private Trust
Sentry Global Equity Income Private Pool Class
Sentry Global High Yield Fixed Income Private Trust
Sentry Global Infrastructure Private Trust
Sentry Global Investment Grade Private Pool Class
Sentry Global Real Estate Private Trust
Sentry Global Tactical Fixed Income Private Pool
Sentry International Equity Income Private Pool Class
Sentry International Equity Income Private Trust
Sentry Precious Metals Private Trust
Sentry Real Growth Pool Class
Sentry Real Income 1941-45 Class
Sentry Real Income 1946-50 Class
Sentry Real Income 1951-55 Class
Sentry Real Long Term Income Pool Class
Sentry Real Long Term Income Trust
Sentry Real Mid Term Income Pool Class
Sentry Real Mid Term Income Trust
Sentry Real Short Term Income Pool Class
Sentry Real Short Term Income Trust
Sentry U.S. Equity Income Currency Neutral Private Pool Class
Sentry U.S. Equity Income Private Pool Class
Sentry U.S. Equity Income Private Trust
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectuses dated April 28, 2016
NP 11-202 Receipt dated April 29, 2016
Offering Price and Description:
Series A, F, O and Z Securities
Underwriter(s) or Distributor(s):
Sentry Investments Inc.
Promoter(s):
Sentry Investments Inc.
Project #2475733

Issuer Name:
Altius Minerals Corporation
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated April 26, 2016
NP 11-202 Receipt dated April 26, 2016
Offering Price and Description:
$35,010,000.00 – 3,112,000 Common Shares
Price: $11.25 per Common Share
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
SCOTIA CAPITAL INC.
RAYMOND JAMES LTD.
BMO NESBITT BURNS INC.
HAYWOOD SECURITIES INC.
Promoter(s):
-
Project #2469334

Issuer Name:
Auryn Resources Inc.
Principal Regulator – British Columbia
Type and Date:
Final Short Form Prospectus dated April 26, 2016
NP 11-202 Receipt dated April 26, 2016
Offering Price and Description:
$12,995,480.19
3,726,708 Common Shares
and
4,115,391 Flow-Through Shares
Price:
$1.40 per Common Share
$1.89 per Flow-Through Share
Underwriter(s) or Distributor(s):
BEACON SECURITIES LIMITED
PI FINANCIAL CORP.
CANACCORD GENUITY CORP.
EURO PACIFIC CANADA INC.
Promoter(s):
-
Project #2469574

Issuer Name:
BMO Money Market Fund (series A, F, I, M and Advisor Series)
BMO Balanced Yield Plus ETF Portfolio (series A, T6, F, D, I and Advisor Series)
BMO Bond Fund (series A, F, D, I, NBA, NBF and Advisor Series)
BMO Canadian Diversified Monthly Income Fund (series T5, T8, F, I and Advisor Series)
BMO Core Bond Fund (series A, F, D, I and Advisor Series)
BMO Core Plus Bond Fund (series A, F, D, I and Advisor Series)
BMO Diversified Income Portfolio (series A, T6 and I)
BMO Emerging Markets Bond Fund (series A, F, D, I and Advisor Series)
BMO Fixed Income Yield Plus ETF Portfolio (series A, T6, F, D, I and Advisor Series)
BMO Floating Rate Income Fund (series A, F, D, I and Advisor Series)
BMO Global Diversified Fund (series T5, F and Advisor Series)
BMO Global Monthly Income Fund (series A, T6 and I)
BMO Global Strategic Bond Fund (series A, F, D, I and Advisor Series)
BMO Growth & Income Fund (series T5, T8, F, Advisor Series and Classic Series)
BMO High Yield Bond Fund (series F, I and Advisor Series)
BMO Laddered Corporate Bond Fund (series A, F, I and Advisor Series)
BMO Monthly Dividend Fund Ltd.* (Series F, Advisor Series and Classic Series)
BMO Monthly High Income Fund II (series A, T5, T8, F, D, I and Advisor Series)
BMO Monthly Income Fund (series A, T6, F, D and I)
BMO Mortgage and Short-Term Income Fund (series A, F, I and Advisor Series)
BMO Preferred Share Fund (series A, F, D, I, BMO Private Preferred Share Fund Series O and Advisor Series)
BMO Tactical Global Bond ETF Fund (series A, F, D, I and Advisor Series)
BMO U.S. High Yield Bond Fund (series A, F, D, I, BMO Private U.S. High Yield Bond Fund Series O and Advisor Series)
BMO World Bond Fund (series A, F, I and Advisor Series)
BMO Asian Growth and Income Fund (series A, T6, F, F6, D, I and Advisor Series)
BMO Asset Allocation Fund (series A, T5, F, D, I, NBA and Advisor Series)
BMO Canadian Equity ETF Fund (series A, D and I)
BMO Canadian Equity Fund (series A, F, D and I)
BMO Canadian Large Cap Equity Fund (series A, T5, F, I and Advisor Series)
BMO Canadian Stock Selection Fund (series A, F, D, I, NBA, NBF and Advisor Series)
BMO Covered Call Canadian Banks ETF Fund (series A, F, D, I and Advisor Series)
BMO Covered Call Europe High Dividend ETF Fund (series A, F, D, I and Advisor Series)
BMO Covered Call U.S. High Dividend ETF Fund (series A, F, D, I and Advisor Series)
BMO Dividend Fund (series A, T5, F, F6, D, I and Advisor Series)
BMO Enhanced Equity Income Fund (series A, F, D, I and Advisor Series)
BMO European Fund (series A, T6, F, F6, D, I and Advisor Series)
BMO Fossil Fuel Free Fund (series A, F, D, I and Advisor Series)
BMO Global Balanced Fund (series A, F, D, I and Advisor Series)
BMO Global Dividend Fund (series A, T6, F, F6, D, I and Advisor Series)
BMO Global Equity Fund (series A, T6, F, F6, D, I and Advisor Series)
BMO Global Growth & Income Fund (series T5, F, I and Advisor Series)
BMO Global Infrastructure Fund (series A, F, D, I and Advisor Series)
BMO Growth Opportunities Fund (series A, F, D, I and Advisor Series)
BMO International Equity ETF Fund (series A, D and I)
BMO International Value Fund (series A, F, D, I, N, NBA, NBF and Advisor Series)
BMO North American Dividend Fund (series A, T6, F, F6, I and Advisor Series)
BMO Tactical Balanced ETF Fund (series A, F, D, I, L and Advisor Series)
BMO Tactical Dividend ETF Fund (series A, T6, F, F6, D, I, L and Advisor Series)
BMO Tactical Global Asset Allocation ETF Fund (series A, F, D, I and Advisor Series)
BMO Tactical Global Equity ETF Fund (series A, T6, F, F6, D, I, S and Advisor Series)
BMO Tactical Global Growth ETF Fund (series A, F, D, I, L and Advisor Series)
BMO U.S. Dividend Fund (series A, F, D, I and Advisor Series)
BMO U.S. Equity ETF Fund (series A, D and I)
BMO U.S. Equity Fund (series A, A (Hedged), F, F (Hedged), D, I, N, NBA, NBF, Advisor Series and Advisor Series (Hedged))
BMO U.S. Equity Plus Fund (series A, F, D, I and Advisor Series)
BMO Women in Leadership Fund (series A, F, D, I and Advisor Series)
BMO Canadian Small Cap Equity Fund (series A, F, D, I and Advisor Series)
BMO Emerging Markets Fund (series A, F, D, I and Advisor Series)
BMO Global Small Cap Fund (series A, F, I and Advisor Series)
BMO Precious Metals Fund (series A, F, I and Advisor Series)
BMO Resource Fund (series A, F, I and Advisor Series)
BMO Fixed Income ETF Portfolio (series A, T6, F, D, I and Advisor Series)
BMO Income ETF Portfolio (series A, T6, F, F6, D, I and Advisor Series)
BMO Conservative ETF Portfolio (series A, T6, F, F6, D, I and Advisor Series)
BMO Balanced ETF Portfolio (series A, T6, F, F6, D, I and Advisor Series)
BMO Growth ETF Portfolio (series A, T6, F, F6, D, I and Advisor Series)

BMO Equity Growth ETF Portfolio (series A, T6, F, F6, D, I and Advisor Series)
BMO U.S. Dollar Balanced Fund (series A, F, I and Advisor Series)
BMO U.S. Dollar Dividend Fund (series A, F, I and Advisor Series)
BMO U.S. Dollar Equity Index Fund (series A and I)
BMO U.S. Dollar Money Market Fund (series A, BMO Private U.S. Dollar Money Market Fund
Series O and Advisor Series)
BMO U.S. Dollar Monthly Income Fund (series A, T5, T6, F, I and Advisor Series)
BMO Asian Growth and Income Class (series F and Advisor Series)
BMO Canadian Equity Class (series A, F, I and Advisor Series)
BMO Canadian Low Volatility ETF Class (formerly, BMO Canadian Tactical ETF Class) (series
A, T6, F and Advisor Series)
BMO Dividend Class (series A and Advisor Series)
BMO Global Dividend Class (series A, T5, F, I and Advisor Series)
BMO Global Energy Class (series A, F, I and Advisor Series)
BMO Global Equity Class (series A, F, I and Advisor Series)
BMO Global Low Volatility ETF Class (formerly, BMO Global Tactical ETF Class) (series A, T6,
F and Advisor Series)
BMO Greater China Class (series A, F, I and Advisor Series)
BMO International Value Class (series A, F, I and Advisor Series)
BMO Short-Term Income Class (series A, I and Advisor Series)
BMO U.S. Equity Class (series F and Advisor Series)
BMO SelectClass® Income Portfolio (series A, T6, F and Advisor Series)
BMO SelectClass® Balanced Portfolio (series A, T6, F and Advisor Series)
BMO SelectClass® Growth Portfolio (series A, T6, F and Advisor Series)
BMO SelectClass® Equity Growth Portfolio (series A, T6, F and Advisor Series)
BMO Income ETF Portfolio Class (series A, T6, F and Advisor Series)
BMO Balanced ETF Portfolio Class (series A, T6, F and Advisor Series)
BMO Growth ETF Portfolio Class (series A, T6, F and Advisor Series)
BMO Equity Growth ETF Portfolio Class (series A, T6, F and Advisor Series)
(Each a class of BMO Global Tax Advantage Funds Inc.)
BMO LifeStage Plus 2022 Fund (series A and Advisor Series)
BMO LifeStage Plus 2025 Fund (series A and Advisor Series)
BMO LifeStage Plus 2026 Fund (series A and Advisor Series)
BMO LifeStage Plus 2030 Fund (series A and Advisor Series)
BMO FundSelect® Income Portfolio (series A)
BMO FundSelect® Balanced Portfolio (series A and NBA)
BMO FundSelect® Growth Portfolio (series A and NBA)
BMO FundSelect® Equity Growth Portfolio (series A and NBA)
BMO SelectTrust™ Fixed Income Portfolio (series A, T6, F, D, I and Advisor Series)
BMO SelectTrust™ Income Portfolio (series A, T6, F, F6, D, I and Advisor Series)
BMO SelectTrust™ Conservative Portfolio (series A, T6, F, F6, D, I and Advisor Series)
BMO SelectTrust™ Balanced Portfolio (series A, T6, F, F6, D, I and Advisor Series)
BMO SelectTrust™ Growth Portfolio (series A, T6, F, F6, D, I and Advisor Series)
BMO SelectTrust™ Equity Growth Portfolio (series A, T6, F, F6, D, I and Advisor Series)
BMO Target Education Income Portfolio (series A and D)
BMO Target Education 2020 Portfolio (series A and D)
BMO Target Education 2025 Portfolio (series A and D)
BMO Target Education 2030 Portfolio (series A and D)
BMO Target Education 2035 Portfolio (series A and D)
BMO Retirement Income Portfolio (series A, T4, T6, F, F4, F6, D, I and Advisor Series)
BMO Retirement Conservative Portfolio (series A, T4, T6, F, F4, F6, D, I and Advisor Series)
BMO Retirement Balanced Portfolio (series A, T4, T6, F, F4, F6, D, I and Advisor Series)
BMO Risk Reduction Fixed Income Fund (series I)
BMO Risk Reduction Equity Fund (series I)
Principal Regulator – Ontario

Type and Date:
Final Simplified Prospectuses dated April 19, 2016
NP 11-202 Receipt dated April 26, 2016

Offering Price and Description:
series A securities, series A (Hedged) securities, series T4 securities, series T5 securities, series T6 securities, series T8 securities, series F securities, series F (Hedged) securities, series F4 securities, series F6 securities, series D securities, series I securities, series O securities, series L securities, series M securities, series N securities, series NBA securities, series NBF securities, series S securities, Advisor Series securities, Advisor Series (Hedged) securities and/or Classic Series securities

Underwriter(s) or Distributor(s):
BMO Investments Inc.
BMO Investments Inc.
Guardian Group of Funds Ltd.

Promoter(s):
BMO Investments Inc.
BMO Global Tax Advantage Funds Inc.

Project #2453803

Issuer Name:
Series A securities, Series AN securities, Series D securities, Series F securities,
Series FN securities, Series K securities, Series L securities,
Series M securities, Series W securities and Series I securities of:
Brandes International Equity Fund
Sionna Canadian Equity Fund
Series A securities, Series AH securities, Series AN securities, Series D securities,
Series F securities, Series FH securities, Series FN securities, Series K securities,
Series KH securities, Series L securities, Series LH securities, Series M securities,
Series MH securities, Series W securities, Series I securities and Series IH securities of:
Brandes Global Equity Fund
Series A securities, Series AN securities, Series F securities,
Series FN securities, Series K securities, Series L securities,
Series M securities, Series W securities and Series I securities of:
Sionna Canadian Balanced Fund
Series A securities, Series AN securities, Series F securities,
Series FN securities, Series K securities, Series L securities,
Series M securities and Series I securities of:
Brandes Global Opportunities Fund
Sionna Monthly Income Fund
Series A securities, Series F securities, Series K securities, Series L securities,
Series M securities, Series W securities and Series I securities of:
Brandes Global Balanced Fund
Series A securities, Series AH securities, Series F securities, Series FH securities,
Series K securities, Series KH securities, Series L securities, Series LH securities,
Series M securities, Series MH securities, Series W securities, Series I securities
and Series IH securities of:
Brandes U.S. Equity Fund
Series A securities, Series AH securities, Series F securities,
Series FH securities, Series K securities, Series KH securities,
Series L securities, Series LH securities, Series M securities,
Series MH securities, Series I securities and Series IH securities of:
Lazard Global Equity Income Fund
Series A securities, Series D securities, Series F securities, Series K securities,
Series L securities, Series M securities and Series I securities of:
Brandes Canadian Equity Fund
Brandes Emerging Markets Value Fund
Brandes Global Small Cap Equity Fund
Series A securities, Series F securities, Series K securities, Series L securities, Series M securities and Series I securities of:
Brandes U.S. Small Cap Equity Fund
Sionna Canadian Small Cap Equity Fund
Sionna Diversified Income Fund
Sionna Opportunities Fund
Lazard Emerging Markets Multi Asset Fund
Lazard Global Balanced Income Fund
Series A securities, Series AH securities, Series F securities, Series FH securities,
Series K securities, Series KH securities, Series M securities, Series MH securities,
Series I securities and Series IH securities of:
Brandes Corporate Focus Bond Fund
Greystone Global Equity Fund
Lazard Global Low Volatility Fund
Series A securities and Series F securities of:
Brandes Canadian Money Market Fund
Series A securities, Series F securities, Series K securities, Series M securities and Series I securities of:
Greystone Canadian Bond Fund
Greystone Canadian Equity Income & Growth Class*
Sionna Canadian Equity Private Pool*
Series A securities, Series AH securities, Series F securities,
Series FH securities, Series K securities, Series KH securities,
Series M securities and Series MH securities of:
Brandes Global Equity Class*
(*each a class of shares of Bridgehouse Corporate Class Inc.)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated April 22, 2016
NP 11-202 Receipt dated April 26, 2016
Offering Price and Description:
Series A, Series AH, Series AN, Series D, Series F, Series FH, Series FN, Series K, Series KH, Series L, Series LH, Series M, Series MH, Series W, Series I and Series IH securities @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brandes Investments Partners & Co.
Project #2456455

Issuer Name:
CC&L Core Income and Growth Fund
(Series A, Series C and Series F)
CC&L Equity Income and Growth Fund
(Series A and Series F)
CC&L Global Alpha Fund
(Series A and Series F)
CC&L High Yield Bond Fund
(Series A, Series F and Series I)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated April 28, 2016
NP 11-202 Receipt dated April 29, 2016
Offering Price and Description:
Series A, Series C, Series F and Series I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2452178

Issuer Name:
Dividend Growth Split Corp.
Principal Regulator – Ontario
Type and Date:
Final Base Shelf Prospectus dated April 28, 2016
NP 11-202 Receipt dated April 29, 2016
Offering Price and Description:
Offering: $300,000,000 – Preferred Shares and Class A Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2472931

Issuer Name:
Fidelity Global Monthly Income Currency Neutral Fund
(Series A, B, F, E1, P1, T5, T8, S5, S8, F5
and F8 units)
Fidelity American Balanced Currency Neutral Fund (Series A, B, F, E1, P1, T5, T8, S5, S8, F5
and F8 units)
Fidelity Strategic Income Currency Neutral Fund (Series A, B, F, E1 and P1 units)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated April 22, 2016
NP 11-202 Receipt dated April 26, 2016
Offering Price and Description:
Series A, Series B, Series F, E1, P1, T5, T8, S5, S8, F5 and F8 units
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Promoter(s):
Fidelity Investments Canada ULC
Project #2430583

Issuer Name:
Class A (CAD Hedged), Class A1 (Unhedged),
Class F (CAD Hedged) and Class F1 (Unhedged) units of
First Asset Global Dividend Fund
Class A and Class F units of
First Asset Canadian Convertible Bond Fund
First Asset REIT Income Fund
First Asset Utility Plus Fund
First Asset Canadian Energy Convertible Debenture Fund
First Asset Canadian Dividend Opportunity Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated April 26, 2016
NP 11-202 Receipt dated April 28, 2016
Offering Price and Description:
Class A (CAD Hedged), Class A1 (Unhedged), Class F (CAD Hedged) and Class F1 (Unhedged), Class A and Class F Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2457367

Issuer Name:
Franco-Nevada Corporation
Principal Regulator – Ontario
Type and Date:
Final Base Shelf Prospectus dated April 29, 2016
NP 11-202 Receipt dated May 2, 2016
Offering Price and Description:
US$2,000,000,000.00
Common Shares
Preferred Shares
Debt Securities
Warrants
Subscription Receipts

Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2472754

Issuer Name:
Global Resource Champions Split Corp.
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated April 27, 2016
NP 11-202 Receipt dated April 28, 2016
Offering Price and Description:
Maximum Offering: $45,000,000.00 – 1,800,000 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: $2,000.00 – 80 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:
Horizons Canadian Dollar Currency ETF
Horizons Canadian Midstream Oil & Gas Index ETF
Horizons Cdn Insider Index ETF
Horizons US Dollar Currency ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated April 28, 2016
NP 11-202 Receipt dated May 2, 2016
Offering Price and Description:
Class A units
Underwriter(s) or Distributor(s):
-
Promoter(s):
HORIZONS ETFs MANAGEMENT (CANADA) INC.
Project #2456903

Issuer Name:
MD American Growth Fund
(Series A, Series I and Series T units)
MDPIM US Equity Pool
(Series A units)
Principal Regulator – Ontario
Type and Date:
Amendment No. 3 dated April 22, 2016 to the Simplified Prospectuses dated May 26, 2015 (amendment no. 3) and Amendment No. 4 dated April 22, 2016 (together with SP amendment no. 3, "Amendment no. 4") to the Annual Information Form dated May 26, 2015NP 11-202 Receipt dated April 29, 2016
Offering Price and Description:
Series A, Series I and Series T units @ Net Asset Value
Underwriter(s) or Distributor(s):
MD Management Limited
Promoter(s):
MD Financial Management Inc.
Project #2338907

Issuer Name:
MDPIM US Equity Pool
Principal Regulator – Ontario
Type and Date:
Amendment No. 3 dated April 22, 2016 to the Simplified Prospectus dated May 26, 2015 (amendment no. 3) and Amendment No. 4 dated April 22, 2016 (together with SP amendment no. 3, "Amendment no. 4") to the Annual Information Form dated May 26, 2015NP 11-202 Receipt dated April 29, 2016
Offering Price and Description:
Private Trust Series and Series T units @ Net Asset Value
Underwriter(s) or Distributor(s):
MD Management Limited
MD Management Ltd.
Promoter(s):
MD Financial Management Inc.
Project #2338921

Issuer Name:
Northland Power Inc.
Principal Regulator – Ontario
Type and Date:
Final Base Shelf Prospectus dated April 25, 2016
NP 11-202 Receipt dated April 26, 2016
Offering Price and Description:
$500,000,000
Common Shares
Preferred Shares
Debentures (unsecured)
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2469909

Issuer Name:
ORTHO REGENERATIVE TECHNOLOGIES INC.
Principal Regulator – Quebec
Type and Date:
Final Long Form Prospectus dated April 29, 2016
NP 11-202 Receipt dated April 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:
Portland Advantage Fund (Series A, F and G)
Portland Canadian Balanced Fund (Series A, F and G)
Portland Canadian Focused Fund (Series A, F and G)
Portland Global Banks Fund (Series A, A2, F and G)
Portland Global Dividend Fund (Series A, A2, F and G)
Portland Global Income Fund (Series A, A2, F and G)
Portland Value Fund (Series A, F and G)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated April 29, 2016
NP 11-202 Receipt dated May 2, 2016
Offering Price and Description:
Series A, Series A2, Series F and Series G Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Mandeville Weath Services Inc.
Mandeville Private Client Inc.
Mandeville Private Client Inc.
Mandeville Private Client Inc. Mandeville Private Client Inc.
Promoter(s):
Portland Investment Counsel Inc.
Project #2454906

Issuer Name:
Primerica Global Equity Fund
Primerica Canadian Balanced Growth Fund
Primerica Global Balanced Growth Fund
Primerica Balanced Yield Fund
Primerica Income Fund
Primerica Canadian Money Market Fund
Principal Regulator – Ontario
Type and Date:
Amended and Restated Simplified Prospectuses and Annual Information Form dated April 22, 2016 (the amended prospectus), amending and restating the Simplified Prospectuses and Annual Information Form dated November 20, 2015
NP 11-202 Receipt dated April 29, 2016
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
PFSL Investments Canada Ltd.
Promoter(s):
-
Project #2406639

Issuer Name:
Sienna Senior Living Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated April 29, 2016
NP 11-202 Receipt dated April 29, 2016
Offering Price and Description:
$120,301,500 7,590,000 Subscription Receipts each representing the right to receive one Common Share
Price: $15.85 per Subscription Receipt
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
NATIONAL BANK FINANCIAL INC.
DUNDEE SECURITIES LTD.
LAURENTIAN BANK SECURITIES INC.
Promoter(s):
-
Project #2470951

Issuer Name:
Sprott Enhanced Equity Class* (Series A, Series T, Series F, Series FT and Series I Securities)
Sprott Enhanced U.S. Equity Class* (Series A, Series AH, Series T, Series F, Series FH, Series FT and Series I Securities)
Sprott Enhanced Balanced Class* (Series A, Series T, Series F, Series FT and Series I Securities)
Sprott Enhanced Balanced Fund (Series A, Series T, Series F, Series FT and Series I Securities)
(* A class of shares of Sprott Corporate Class Inc.)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated April 29, 2016
NP 11-202 Receipt dated May 2, 2016
Offering Price and Description:
Series A, Series AH, Series T, Series F, Series FH, Series FT and Series I Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2458033

Issuer Name:
Sprott Gold Bullion Fund
(Series A, Series F and Series I Units)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated April 29, 2016
NP 11-202 Receipt dated May 2, 2016
Offering Price and Description:
Series A, Series F and Series I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2455854

Issuer Name:
True North Commercial Real Estate Investment Trust
Principal Regulator – Ontario
Type and Date:
Final Base Shelf Prospectus dated April 27, 2016
NP 11-202 Receipt dated April 27, 2016
Offering Price and Description:
$200,000,000
Trust Units
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2471176

Issuer Name:
U.S. Banks Income & Growth Fund
Principal Regulator – Ontario
Type and Date:
Final Base Shelf Prospectus dated April 29, 2016
NP 11-202 Receipt dated May 2, 2016
Offering Price and Description:
Offering: $500,000,000 – Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Porpose Investments Inc.
National Bank Financial Inc.
Project #2471662

Issuer Name:
VersaPay Corporation
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated April 29, 2016
NP 11-202 Receipt dated May 2, 2016
Offering Price and Description:
$4,000,000.00 – 4,000,000 Common Shares
Price: $1.00 per Common Share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
CORMARK SECURITIES INC.
PI FINANCIAL CORP.
Promoter(s):
-
Project #2471303

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Abingdon Capital Corporation	Exempt Market Dealer	April 26, 2016
Name Change	From: Chippingham Financial Group To: Chippingham Financial Group Limited	Investment Dealer and Futures Commission Merchant	April 27, 2016
Name Change	From: Euro Pacific Canada Inc. To: Echelon Wealth Partners Inc.	Investment Dealer	April 10, 2016
Voluntary Surrender	Edison Asset Management Corporation	Portfolio Manager	April 29, 2016
Change in Registration Category	Longview Asset Management Ltd.	From: Portfolio Manager To: Investment Fund Manager and Portfolio Manager	April 29, 2016
Consent to Suspension (Pending Surrender)	Gestion De Fonds O'Leary, s.e.c. / O'Leary Funds Management LP	Investment Fund Manager	April 29, 2016
Voluntary Surrender	Conseillers Macro Septentrion Inc. / Septentrion Macro Advisors Inc.	Portfolio Manager and Commodity Trading Manager	May 2, 2016
Name Change	From: WealthSimple Financial Inc. To: WealthSimple Inc.	Portfolio Manager	December 7, 2015

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Nasdaq CX2 – Introduction of New Dark Trading Book CXD – Notice of Proposed Changes and Request for Comment

NASDAQ CX2

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

Nasdaq CX2 has announced plans to implement the change described below for Nasdaq CX2 in September 2016 subject to regulatory approval. Nasdaq CX2 is publishing this Notice of Proposed Changes in accordance with the requirements set out in the Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto (ATS Protocol). Pursuant to the ATS Protocol, market participants are invited to provide the Commission with comment on the proposed changes.

Comment on the proposed changes should be in writing and submitted by May 30, 2016 to:

Market Regulation Branch
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
Fax 416 595 8940
Email: marketregulation@osc.gov.on.ca

And to

Matt Thompson
Chief Compliance Officer
Chi-X Canada ATS Limited
130 King St., W, Suite 2105
Toronto, ON M5X 1E3
Email: matthew.thompson@chi-x.com

Comments received will be made public on the OSC website. Upon completion of the Review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

NASDAQ CX2

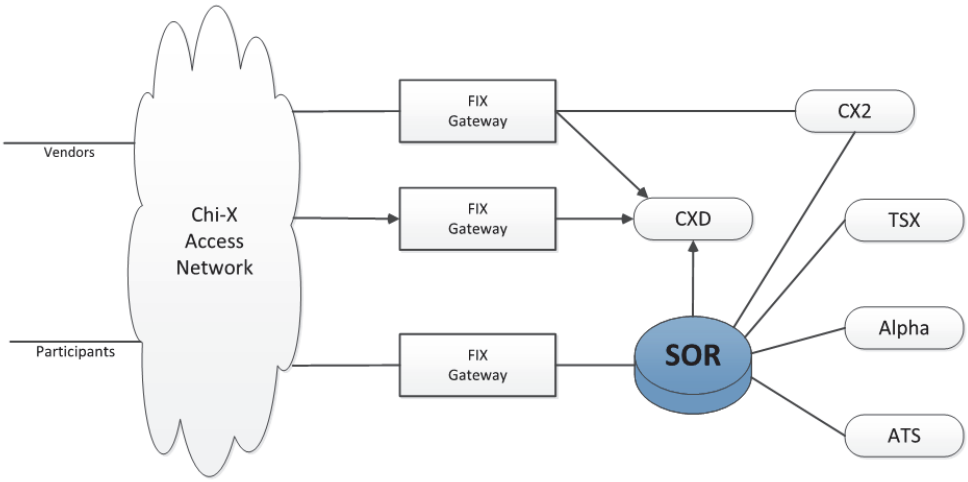
NOTICE OF PROPOSED CHANGES

Nasdaq CX2 has announced its plans to implement the change described below for the Nasdaq CX2 ATS in September 2016 subject to regulatory approval. Nasdaq CX2 is publishing this Notice of Proposed Changes in accordance with the requirements set out in the ATS Protocol.

Summary of Proposed Changes

Nasdaq CX2 is proposing to introduce a new dark trading book to be operated as part of the Nasdaq CX2 marketplace product offering. With its introduction, Nasdaq CX2 will operate two independent trading books; CX2 and CXD. CX2 will continue to operate as it does today with its own unique pricing model and market structure. However, Nasdaq CX2 subscribers will also be provided the option to connect to CXD, a dark trading book offering price improvement opportunities with decreased information leakage.

Access



The CX2 and CXD trading books operate completely independently of one another. Interested Nasdaq CX2 subscribers must sign the CXD Addendum to the CX2 Canada Subscription Agreement prior to being granted access to CXD. After the CXD Addendum has been executed, access to CXD is controlled by the Nasdaq CX2 Operations group. Nasdaq CX2 subscribers can access CXD through their existing Nasdaq CX2 FIX Sessions. Similar to the relationship between Nasdaq CX and Nasdaq CX2 today, there is no requirement for Nasdaq CX2 subscribers to access CXD.

Trading on CXD

Trading Hours

CXD is open for trading from 8:30 a.m. and 5:00 p.m. (Eastern Time) on all business days.

Eligible Securities

CXD offers trading in all Toronto Stock Exchange listed securities and TSX-Venture listed securities.

Minimum Price Increment

CXD will allow orders to only be entered in the minimum tick increments allowed by UMIR. These increments are as follows:

- For stocks with a price >= $.50 a minimum price increment of $.01 CAD
- For stocks with a price < $.50 a minimum price increment of $.005 CAD

Board Lot Sizes

CXD will permit orders to be entered in Board Lots that are defined as Standard Trading Units in UMIR which are determined by the previous day's Last Sale Price.

Trading Halts

In the event of a regulatory halt, IIROC will provide CXD direction to halt trading for a security. During a halt, CXD will accept new orders or modifications to existing orders. Cancellation of orders is permitted.

Marketplace Thresholds

CXD will support marketplace thresholds where an order that exceeds a predefined price band from the Last Sale Price will be prevented from executing. Price bands vary depending on the last price of the security with higher bands being applied to lower priced securities. Price bands are operational between 8:30 a.m. and 4.00 p.m. Bands are widened before 9:30 a.m. in recognition of the illiquidity of the market outside of regular trading hours.

Trade Amendments and Cancellations

CXD will cancel or amend a trade at the direction of IIROC or when two counterparties of the trade agree to have the trade be cancelled. In addition, CXD can cancel a trade that is the result of a system error or malfunction with the consent of IIROC.

CXD Order Attribution

As a dark trading book, orders entered on CXD are not displayed. Orders entered in the CXD trading book are attributed by default and are eligible for broker preferencing. Subscribers may opt-out of having their trades being attributed by selecting the anonymous order marker. Orders that are entered as anonymous are not eligible for broker preferencing.

Priority Matching

Orders entered on CXD will match following a price/broker/time sequence of execution priority. Orders are attributed by default and eligible for broker preferencing. Subscribers are able to opt-out of both attribution and broker preferencing by entering their orders with the anonymous order marker.

CXD Trading in Accordance with IIROC Guidance on Dark Rule Framework

Orders entered on CXD that do not meet IIROC's minimum size requirements must provide incoming orders with minimum price improvement which is one trading increment or a half price increment if the bid ask spread is at a minimum. Dark orders that meet the minimum size requirements may trade at the protected best bid and offer.

Example #1 IIROC Dark Rule Framework

	BID Size	BID	ASK	Ask Size
PNBBO		**10.10**	**10.15**	
CXD	**100**	**10.12**	**10.15**	**100**

Action: A market order to sell 100 shares (does not meet IIROC's minimum size requirement) is entered on CXD

Result: The sell order executes against the buy order posted at 10.12 which is permitted because the 10.12 price is more than one full tick increment better than the Protected National Best Bid (PNBB).

Example #2 IIROC Dark Rule Framework

	BID Size	BID	ASK	Ask Size
PNBBO		**10.10**	**10.15**	
CXD	**100**	**10.10**	**10.15**	**100**

Action: An IOC market order to buy 100 shares (does not meet IIROC's minimum size requirement) is entered on CXD

Result: The buy order is cancelled back to the subscriber as the order does not meet IIROC's minimum size requirement and the 10.15 offer does not represent a full tick increment better than the Protected National Best Offer.

Example #3 IIROC Dark Rule Framework

	BID Size	BID	ASK	Ask Size
PNBBO		**10.12**	**10.13**	
CXD	**100**	**10.125 (mid- point peg order)**	**10.13**	

Action: A market order to sell 100 shares (does not meet IIROC's minimum size requirement) is entered on CXD

Result: The sell order executes against the midpoint buy order floating at 10.125 which is permitted because the spread is one tick wide and because 10.125 provides price improvement over the Protected National Best Bid and Offer PNBBO.

Example #4 IIROC Dark Rule Framework

	BID Size	BID	ASK	Ask Size
PNBBO		**10.10**	**10.15**	
CXD	**100**	**10.10**	**10.15**	**100**

Action: A market order to sell 5100 shares (meets IIROC's minimum size requirement) is entered on CXD

Result: The sell order executes at 10.10 because the size of the order meets the minimum size requirement.

Order Types

CXD will support the following order types:

Traditional Order Types: Market Order, Limit Order, Short Sell Order, Short Marking Exempt Order

Crosses: Intentional Cross, Internal Cross, Basis Cross, VWAP Cross, Contingent Cross

Pegged Order Types: Primary Peg, Mid-Peg, Market Peg, Pegged Offset.

Specialized Order Types

NCX2 Sweep Order (NCSO)

The NCSO order marker indicates that the user has already checked the quotes of all other markets before routing the order to CXD. NCSO orders are not re-priced by the CXD system. NCSO orders will trade with the best priced contra-side order(s) without consideration of prices on other marketplaces. The NCSO is designated as a Directed Action Order (DAO) for Order Protection Rule (OPR) purposes as it permits a subscriber to opt out of CXD's OPR solution and take on direct responsibility for preventing trade-throughs.

Post Only Order

An order that will post in the CXD order book with the intention to provide liquidity. Two contra-side post-only non-displayed orders eligible to match will not execute. Instead, both orders will maintain their price until executing against an active order. In addition, no execution will take place between a resting dark limit order and an incoming contra-order marked post-only with the same price as the resting order. Instead, both orders will sit in the booked at the locked price unless a subsequent amendment or automated re-pricing of the first resting dark order causes that order to become active and executable against the contra-resting dark post only order.

Minimum Price Improvement Order (MPI)

A Minimum Price Improvement order is a primary peg order with an offset that is one tick increment more aggressive than the PNBBO or will trade at the midpoint of the PNBBO if the spread is one tick wide. This order is designed to assist subscribers in capturing the largest amount of the bid/ask spread.

Example #1 Minimum Price Improvement Order

	BID Size	BID	ASK	Ask Size
PNBBO		**10.10**	**10.15**	

Action: A 100 share Minimum Price Improvement buy order is entered on CXD.

	BID Size	BID	ASK	Ask Size
PNBBO		**10.10**	**10.15**	
CXD	**100**	**10.11**	**10.15**	

Result: Because the PNBBO is 5 cents or 5 standard trading increments wide, the Minimum Price Improvement order will float at one tick increment better than the PNBB or 10.10 in this example.

Action: The PNBB moves from 10.10 to 10.12.

	BID Size	BID	ASK	Ask Size
PNBBO		**10.12**	**10.15**	
CXD	**100**	**10.13**	**10.15**	

Result: Because the PNBB has moved to 10.12, the Minimum Price Improvement order re-priced by one tick increment more aggressive or 10.13

Action: The PNBB moves from 10.12 to 10.14.

	BID Size	BID	ASK	Ask Size
PNBBO		**10.14**	**10.15**	
CXD	**100**	**10.145**	**10.15**	

Result: Because the PNBB has moved to 10.14, the Minimum Price Improvement order re-priced by one half of one tick increment because the PNBBO is at a minimum.

Minimum Acceptable Quantity Order (MAQ)

A Minimum Acceptable Quantity order is an order which specifies a minimum size quantity to trade against. For example a MAQ order to buy 10,000 shares with a 1,000 share minimum size quantity will only trade against a contra order that is 1,000 shares or more. If the remaining amount of shares of the MAQ order is less than the minimum size quantity specified, the minimum size quantity will become the remaining amount of shares. A MAQ order will maintain its execution priority in the order book at all times. It does not lose its execution priority each time it executes against a contra-side order that meets the minimum size quantity specified.

Example #1 Minimum Acceptable Quantity Order

	BID Size	BID	ASK	Ask Size
PNBBO		**10.10**	**10.15**	
CXD	**10,000**	**10.12**	**10.15**	

Action: A MAQ order for 10,000 shares is entered at 10.12 with a minimum quantity specified of 1,000 shares

Action: A sell order for 2,000 shares is entered at 10.10.

	BID Size	BID	ASK	Ask Size
PNBBO		**10.10**	**10.15**	
CXD	**8,000**	**10.12**	**10.15**	

Result: The sell order for 2,000 shares executes against the MAQ because the order size exceeds the minimum size quantity specified with the MAQ order. The remaining shares of the order decrease to 8,000 shares.

Action: A sell order for 900 shares is entered at 10.11.

	BID Size	BID	ASK	Ask Size
PNBBO		**10.10**	**10.15**	
CXD	**8,000**	**10.12**	**10.11**	**900**

Result: The sell order for 900 shares does not meet the minimum size quantity specified with the MAQ order so the order does not execute. The sell order is posted at 10.11 resulting in a crossed book.

Action: A sell order for 10,000 shares is entered at 10.11.

	BID Size	BID	ASK	Ask Size
PNBBO		**10.10**	**10.15**	
CXD			**10.11**	**2900**

Result: The sell order for 10,000 exceeds the minimum size quantity specified with the MAQ order so the order trades against the 8,000 shares at 10.12 with the remaining 2,000 shares posted at 10.11 alongside the 900 shares previously entered.

Market Data

CXD will support its own real-time multicast market data feed showing information about trades executed on the CXD trading book. In accordance with National Instrument 21-101 *Marketplace Operation* (NI 21-101) this market data feed will be provided to the TMX Information Processor. CXD market information will also be provided to IIROC's regulation feed to ensure that real-time surveillance can be performed on CXD.

Order Protection Rule

Orders entered on CXD that would otherwise trade-through will be re-priced. Subscribers are able to opt-out of Nasdaq CX2's Order Protection Rule solution by using the NCSO. The NCSO order is designated as a DAO for OPR purposes as it permits a

subscriber to opt out of CXD's OPR solution and take on direct responsibility for preventing trade-throughs. The NCSO order marker indicates that a subscriber has already checked the quotes of all other marketplaces before routing the order to CXD.

Expected Date of Implementation

Subject to regulatory approval we are expecting to add CXD to Nasdaq CX2 in September 2016.

Rationale and Relevant Supporting Analysis

In 2015 trading on dark venues represented 6.4% market share calculated based on volume. Of this percentage, MatchNow accounted for over 5%.[1] We believe that given the size of the Canadian market that participants will benefit from the competitive pressures of an additional dark trading book that is operated by a provider of marketplaces that they are familiar with, trust and trade on today. In addition, given Nasdaq CX2's ownership structure, CXD will represent the only non-broker owned operating dark book. Leveraging the success of Nasdaq CX2 and its value proposition for retail oriented trading desks, we believe that the addition of CXD will be quickly adopted by Canadian subscribers.

Expected Impact on Market Structure Impact of the Changes

Given that TriAct's MatchNow already supports a continuous auction order type and that Instinet Canada Cross Limited has been approved to introduce a continuous auction order type, there is no likely impact on current market structure nor should any new regulatory issues be raised by the addition of CXD to Nasdaq CX2. Because CXD is a dark trading book, it will be unprotected for order protection purposes and therefore will not force any requirements on the dealer community. As a result that participation in CXD is voluntary, there is no additional technology or regulatory burden placed on any subscriber, investors or the capital markets in general.

Expected impact of proposed change on Nasdaq CX2 Compliance with Ontario Securities Law and particularly with regard to Fair Access and the Maintenance of a Fair and Orderly Market

We see no impact from the proposed amendment to comply with the fair access provisions or the obligation to maintain a fair and orderly market under NI 21-101.

Consultation and Review

This change is being made in response to requests by subscribers.

Estimated Time Required by Subscribers and Vendors (or why a reasonable estimate is not provided)

Because CXD is a dark trading book, it will be unprotected for order protection purposes and therefore will not place any requirements on the dealer community. For those subscribers that are interested in gaining access to CXD we anticipate there being 3 to 4 weeks to make changes and test their systems.

Discussion of any alternatives considered

No alternatives were considered.

Will Proposed Fee Change or Significant Change introduce a Fee Model or Feature that Currently Exists in other Markets or Jurisdictions

As discussed above, TriAct's MatchNow ATS already supports a continuous auction order type and Instinet Canada Cross Limited has introduced a continuous auction order type in April.

Any questions regarding these changes should be addressed to Matt Thompson, Chi-X Canada ATS Limited: matthew.thompson@chi-x.com, T: 416-304-6376

[1] Statistics are taken from IIROC Report of Market Share by Marketplace.

13.2.2 TSX – Housekeeping Amendments to the TSX Company Manual – Notice of Housekeeping Rule Amendments

TORONTO STOCK EXCHANGE

NOTICE OF HOUSEKEEPING RULE AMENDMENTS

HOUSEKEEPING AMENDMENTS TO THE TSX COMPANY MANUAL

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 (the "**Protocol**"), Toronto Stock Exchange ("**TSX**") has adopted, and the Ontario Securities Commission has approved, amendments (the "**Amendments**") to Parts III, IV, V and VI of the TSX Company Manual (the "**Manual**"). The Amendments are Housekeeping Rules under the Protocol and therefore have not been published for comment. The Ontario Securities Commission has not disagreed with the categorization of the Amendments as Housekeeping Rules.

Reasons for the Amendments

The Amendments represent a collection of changes designed to simplify use of the Manual as well as to improve process efficiency, clarify drafting and update references.

The Amendments also relate to non-public interest changes to expedite TSX's review process with respect to rights offerings documents and ancillary changes to harmonize the rights offering rules in the Manual with the amendments to the rights offering regime adopted by the Canadian Securities Administrators in December, 2015.

Summary of the Amendments

Section	Amendment	Rationale
354.2 and 643 – conflicts of interest or potential conflicts of interest relating to the initial listing or continued listing of a competitor on TSX.	Delete.	Simplify Manual. Subject matter already covered by the Provisions Respecting Conflicts of Interest and Competitors of TMX Group Limited policy that is required pursuant to TSX's recognition order and the policy is in the Manual.
431 – notice to TSX of dividend declaration.	Delete requirement for issuers to call the Exchange to confirm receipt of Form 5 – Dividend / Distribution Declaration	Simplify process for issuers. Automated process is already in place to confirm receipt of Form 5.
432 – notice to TSX of omitted or deferred dividend.	Amend the manner in which issuers notify TSX of an omitted or deferred dividend by adding a requirement to file Form 5 – Dividend / Distribution Declaration.	Improve process efficiency by requiring issuers to file Form 5 rather than notifying Listed Issuer Services staff.
608(a) and addition of new 607(i) – pricing of warrants.	Move the requirements pertaining to the exercise price of warrants ("Warrant Pricing Requirements") from Section 608 – *Unlisted Warrants* to Section 607 – *Private Placements*, along with certain ancillary changes. More specifically, Subsection 608(a) will become new Subsection 607(i).	Clarify drafting and facilitate use of the Manual by consolidating all requirements in respect of private placements in one section. Originally, the Warrant Pricing Requirements had been included in Section 608 on the premise that the vast majority of warrants issued by way of private placement would be unlisted. TSX proposes to move these requirements to the private placement section since the Warrant Pricing Requirements are relevant at the time warrants are issued in connection with a private placement.

613(j) – reporting grants of stock options.	Clarify that Form 1 – Change in Outstanding and Reserved Securities should be filed within ten (10) days after the end of the month for which the form was due.	Clarify drafting to provide certainty regarding the timeframe for filing Form 1.
614 – rights offerings.	Amend Section 614 by incorporating the guidance outlined in Staff Notice 2016-0002, expediting TSX's review of rights offering documents from seven trading days to five, thereby reducing the advance notification period for issuers to set the record date from seven to five trading days. Ancillary amendments as required by the adoption by the Canadian Securities Administrators of securities law amendments related to rights offerings (the "**CSA Amendments**").	Changes to harmonize the rights offering requirements in the Manual as a result of the CSA Amendments.
631 – regarding sales from control blocks pursuant to an order or exemption.	Update references to legislation.	Update references to securities legislation.
501(a), 501(g) 608(a), 619(c), 620(c), 620(f), 621(d), 622(a), 629.2(b), 635(c), 637 and 639(j). 616	Delete references to filing and substitutional listing fees payable. Amend reference to listing fees payable.	Amend relevant sections of the Manual to reflect the elimination of filing and substitutional listing fees in the TSX Listing Fee Schedule that came into effect on February 1, 2016.

Text of the Amendments

The Amendments to the Manual are set out as blacklined text at **Appendix A**. For ease of reference, a clean version of the Amendments to the Manual is set out at **Appendix B**.

Timing and Transition

The Amendments become effective today, **May 5, 2016**.

APPENDIX A

BLACKLINES OF
NON-PUBLIC INTEREST AMENDMENTS TO THE TSX COMPANY MANUAL

Sec. 354.2

~~Where a Conflict of Interest (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.) or potential Conflict of Interest arises relating to initial listing of a Competitor (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.), reference should be made to the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.~~ **[Deleted]**

Sec. 431.

Listed Issuer Services of the Exchange should be notified of a dividend declaration in writing by filing a Form 5— Dividend/Distribrution Declaration via SecureFile immediately following, or even during, the directors' meeting at which the decision to declare the dividend is made. ~~All Form 5 filings must be followed by a telephone call to the Exchange to confirm that the Form 5 has been received by the Exchange.~~

Sec. 432. Dividend Omission or Deferrals

Listed companies should notify the Exchange's Listed Issuer Services immediately in writing by filing a Form 5 – Dividend/Distribution Declaration via SecureFile after any decision is made to omit or defer a dividend, if the omission or deferral constitutes a departure from the company's previously established dividend policy. This applies to all preferred shares as well as any other shares in respect of which the company has previously advised the Exchange of a dividend policy. Dividend omissions or deferrals may also give rise to timely disclosure obligations (see Sections 406 to 423.3).

Sec. 501.

(a) This Part is applicable only to “non-exempt issuers”. The decision as to whether an issuer is non-exempt is made by TSX at the time the issuer is originally approved for listing. Reference should be made to Section 309.1 (Industrial companies), 314.1 (Mining companies) or 319.1 (Oil and Gas companies) of this Manual, which outline the requirements for eligibility for exemption from this Section 501. If these requirements are not met at the time of original listing, the exemption may be granted at such later time as they are met either (i) on application in writing ~~accompanied by the applicable fee~~ by the non-exempt issuer ~~(see Part VIII)~~, or (ii) upon review by TSX. ~~If an applicant is granted an exemption, the fee will be refunded. If an applicant is not granted an exemption, the fee is non-refundable.~~ TSX may revoke a previously granted exemption in appropriate circumstances. Non-exempt issuers are designated in stock quotations in the financial press as “subject to special reporting rules”.

[…]

(g) The notice required by this Section 501 should initially take the form of a letter addressed to TSX. For those transactions described in Subsection 501(c), the letter notice must also identify the application of Subsection 501(c) and must contain a request for acceptance. ~~For those transactions described in Subsection 501(c), notices must also be accompanied by the applicable filing fee (see Part VIII).~~ If applicable, the notice should include the appropriate Company Reporting Form (Appendix H: Company Reporting Forms). A press release or information circular filed with TSX does not constitute notice under this Section 501. The letter should contain the essential particulars of the transaction, and state whether: (i) any insider has a beneficial interest, directly or indirectly, in the transaction and the nature of such interest; and (ii) whether and how the transaction could materially affect control of the non-exempt issuer. Copies of all applicable executed agreements must be filed as part of the Section 501 notice as soon as they are available.

Sec. 607. Private Placements

[…]

(h) In order to list the additional securities issued and/or reserved for issuance pursuant to a private placement, listed issuers must:

i) On the same business day of the closing of the private placement, provide TSX with: (A) an email or facsimile of the press release announcing the closing of the private placement; or (B) a written confirmation by email or facsimile that the private placement has closed; and

(ii) Prior to the close of business on the business day following the closing of the private placement, file with TSX all the required documents as outlined in the TSX conditional approval. Such documents may be filed using TSX SecureFile, by email or by courier.

(i) Unless otherwise approved by the listed issuer's security holders (other than security holders receiving warrants directly or indirectly and such security holders' associates and affiliates), warrants to purchase listed securities may only be issued to a placee if the warrant exercise price is not less than the market price of the underlying security at either the date of the binding agreement obligating the listed issuer to issue the warrants or some future date provided for in the binding agreement.

For the purposes of Subsections 607(c) and 607(g)(i), any private placements providing flow-through tax credits to the subscribers will be considered as having a price per security less than the market price.

For the purposes of Subsection 607(g)(ii), the insiders participating in the private placement are not eligible to vote their securities in respect of such approval. Subsection 607(g)(ii) shall also apply to circumstances in which insiders participate in a private placement pursuant to the exercise of a preemptive right.

Sec. 608. Unlisted Warrants

(a~~)~~ ~~Unless otherwise approved by the listed issuer's security holders (other than security holders receiving warrants directly or indirectly and such security holders' associates and affiliates), warrants to purchase listed securities may only be issued to a placee if the warrant exercise price is not less than the market price of the underlying security at either the date of the binding agreement obligating the listed issuer to issue the warrants or some future date provided for in the binding agreement. This Subsection 608(a) does not apply to warrants issued pursuant to prospectus offerings described in Section 606 and rights offerings described in Section 614.~~ (~~b~~) A listed issuer may apply to TSX to amend the warrant exercise price or the term of ~~the warrant~~warrants to purchase listed securities provided that~~: i)~~ disclosure of such amendments is made by way of press release ten (10) business days prior to the effective date of the change~~; and~~.

~~ii) the application is accompanied by a filing fee (see TSX Listing Fee Schedule).~~

Security holder approval will be required for:

(i) amendments to warrants held, directly or indirectly, by insiders; or

(ii) amendments to warrants resulting in an exercise price which is less than the market price of the securities determined on the date of the amending agreement. Amendments to in-the-money warrants will also require security holder approval.

Security holder approval must exclude the votes attached to the securities held by any holders whose warrants are proposed to be amended.

A copy of the press release, and evidence of security holder approval if applicable, must be provided to TSX prior to the press release being issued.

(b) ~~(c)~~ A listed issuer may apply to TSX to amend the warrant to provide for the exercise of the warrant without cash consideration by issuing the number of listed securities equal to:

(number of warrants exercised X market price at time of exercise) less (number of warrants exercised x exercise price) / market price at time of exercise

Sec. 613

[…]

Reporting Requirements to TSX

(j) The granting of stock options under a plan and the issuance of securities under a stock option plan or other plan do not require the prior consent of TSX if the plan has been precleared with TSX and the securities that are subject to issuance have been listed. However, stock options granted, exercised or cancelled under a plan must be reported to TSX on a monthly basis in the form of a duly completed Form I—Change in Outstanding and Reserved Securities (Appendix H: Company Reporting Forms), which must be filed within ten (10) days after the end of the month. If no listed securities are issued, no options have expired or been cancelled in any particular month, a nil report is required to be filed on a quarterly basis.

D. Rights Offerings

Sec. 614.

(a) A preliminary discussion with TSX is recommended to a listed issuer proposing to offer rights to its participating security holders.

(b) A rights offering by a listed issuer must be accepted for filing by TSX before the offering proceeds. The offering must also be ~~cleared~~filed with the securities commissions having jurisdiction (see section 2.1 of National Instrument 45-~~101~~106).

The rights offering must receive final acceptance from TSX ~~and the securities commissions~~ at least ~~seven~~five trading days in advance of the record date for the rights offering, the record date being the date of the closing of the transfer books for the preparation of the final list of participating security holders who are entitled to receive rights. ~~Exceptions to this requirement will be permitted by TSX only in cases where applicable legislation renders the requirement impracticable.~~

A listed issuer may not announce a firm record date for a rights offering before all necessary approvals have been received.

(c) (i) A draft copy of the rights offering ~~circular ("circular" includes a prospectus, if~~notice (Form 45-106F14) together with the rights offering circular or the preliminary prospectus for the rights offering (the "Rights Offering Documents"), as applicable~~),~~ must be filed with TSX ~~concurrently with the filing thereof with the securities commissions~~in sufficient time for TSX to review the mechanics, pricing and timing of the rights offering in order to maintain an orderly market. TSX will subsequently advise the listed issuer of any deficiencies in the ~~draft circular~~Rights Offering Documents and of the further documentation that will be required.

(ii) Securities offered by way of rights offering are expected to be offered at a "significant discount" to market price at the time of pricing of the offering, which is expected to be at the time of filing of the (final) ~~circular~~Rights Offering Documents. A significant discount would be equal to at least the maximum discount to market price allowed for private placements as set forth in Subsection 607(e).

If a third party ("backstop") has agreed to subscribe for securities which are not otherwise subscribed for under the rights offering, and there is not a significant discount, TSX will require security holder approval if the rights offering could result in a material effect on control of the listed issuer.

Backstop fees payable in cash are acceptable to TSX provided the fees are commercially reasonable. Backstop fees payable in securities are acceptable to TSX for arm's length parties as a securities for debt transaction under Section 607 and provided that the fees are commercially reasonable. Backstop fees payable in securities to non-arm's length parties are considered security-based compensation arrangements and security holder approval is therefore required to be obtained at the next meeting.

(d) If the rights offering is being conducted by way of a prospectus offering, TSX will advise the securities commissions whether the rights offering is acceptable to TSX (subject only to the correction of minor deficiencies, if any, and the filing of the required documents)~~, TSX will so advise the securities commissions~~.

(e) At least ~~seven~~five trading days in advance of the record date:

(i) all deficiencies raised by TSX must be resolved;

(ii) ~~clearances for the rights offering must be obtained from all securities commissions having jurisdiction, and the listed issuer must so advise TSX;~~ **(iii)** all the terms of the rights offering must be finalized; and

~~(iv)~~(iii) TSX must receive all requested documents, including a copy of the final Rights Offering Documents.

(f) There is no fee for the listing of rights on TSX, although there is a fee for listing securities issuable upon exercise of the rights. If such securities are of a class already listed, the listed issuer must list the maximum number of securities issuable under the rights offering. However, upon receipt of notification of the actual number of underlying listed securities issued pursuant to the rights offering, TSX will invoice the issuer for the number of securities issued and issuable upon exercise of the rights.

(g) The information that must be contained in ~~a rights offering circular~~the Rights Offering Documents is prescribed in the rules and policies of the securities commissions~~. See National Instrument 45-101 and Form 45-101F~~. TSX may have additional requirements, depending on the circumstances.

(h) The standard notation on final prospectuses or other offering documents referring to conditional approval of a listing is not appropriate for a ~~rights offering circular~~Rights Offering Document with respect to the rights themselves, nor is such notation appropriate with respect to the securities issuable upon exercise of the rights if such securities are of a class already listed. The rights will normally be listed on TSX, as will the underlying securities (if of a class already listed), before the ~~rights offering circular~~applicable Rights Offering Document is mailed to the participating security holders~~)~~.

(i) Rights which receive all required approvals will be automatically listed on TSX if the rights entitle the holders to purchase securities of a listed class. Rights which do not fall into this category will also normally be listed on TSX at the request of the listed issuer. If rights issued to security holders of a listed issuer entitle the holders to purchase securities of another issuer which is not listed, the rights will not be listed on TSX unless such securities have been conditionally approved for listing on TSX.

(j) Rights are listed on TSX on the second trading day preceding the record date. At the same time, the underlying listed securities of the listed issuer commence trading on an ex-rights basis, which means that purchasers of the listed securities at that time are not entitled to receive the rights. Due Bill trading may be used in certain circumstances for conditional rights offerings as determined at the discretion of the Exchange. See Section 429.1.

(k) When the ~~rights offering circular and~~ rights certificates are mailed to the participating security holders, the listed issuer must concurrently file with TSX ~~two (2) commercial copies of the rights offering circular and~~ a definitive specimen of the rights certificate.

(l) Trading in rights on TSX ceases at 12:00 noon on the expiry date.

(m) TSX requires that rights be transferable. Any proposed restriction on the transfer of unlisted rights must receive the prior consent of TSX.

(n) The following requirements apply to rights which are listed on TSX, although TSX may, in appropriate circumstances, apply these requirements to rights not so listed:

(i) once the rights have been listed on TSX, TSX will not permit the essential terms of the rights offering, such as the exercise price or the expiry date, to be amended. However, under extremely exceptional circumstances, such as an unexpected postal disruption, TSX may grant an exemption from the requirement that the expiry date not be extended;

(ii) the rights offering must be open for a period of at least twenty-one (21) calendar days following the date on which the ~~rights offering circular~~Rights Offering Document is sent to participating security holders ~~or such longer period as is necessary to ensure that participating security holders, including participating security holders residing in foreign countries, will have sufficient time to exercise or sell their rights on an informed basis;~~ ;

(iii) participating security holders must receive exactly one right for each security held. An exemption from this requirement will be considered if the rights offering entitles participating security holders to purchase more than one security for each security held (prior to giving effect to any additional subscription privilege); and

(iv) if the listed issuer proposes to provide a rounding mechanism, whereby participating security holders not holding a number of securities equally divisible by a specified number would have their entitlements adjusted upward, adequate arrangements must be made to ensure that beneficial owners of securities registered in the names of CDS, banks, trust companies, investment dealers or similar institutions will be treated, for purposes of such additional entitlements, as though they were registered participating security holders.

(o) As soon as possible after the expiry of the rights offering, the listed issuer must advise TSX in writing of the number of securities issued as a result of the rights offering, including securities issued pursuant to any underwriting or similar arrangement.

Sec. 616. Documentation

[…]

(b) The documentation required in connection with an additional listing application will depend on the nature of the application. In all cases, however, the following documentation will be required:

(i) copies of all relevant executed agreements; and

(ii) an opinion of counsel that the securities to be listed have been validly created in accordance with applicable law and that the securities have been (or will be, when issued in accordance with the terms of the transaction) validly issued as fully paid and non-assessable~~; and~~.

~~iii)~~TSX will invoice the listed issuer for the additional listing fee payable.

Sec. 619. Name or Symbol Changes

[…]

(c) The following documents must be filed with TSX in connection with a name change:

(i) a notarial or certified copy of the Certificate of Amendment, or equivalent document;

(ii) definitive specimens of the new generic or overprinted customized security certificates, if any, in accordance with the requirements set out in Appendix D; and

(iii) a copy of the unqualified letter of confirmation from CDS disclosing the CUSIP number assigned to each of the issuer's listed securities after giving effect to the name change (see Section 350).

~~TSX will invoice the listed issuer for the substitutional listing fee payable (see TSX Listing Fee Schedule).~~

Sec. 620. Stock Split

[…]

(c) Where the push-out method is used, the Certificate of Amendment, or equivalent document such as a certified copy of the board of directors' resolution if no amendments to the articles are required, giving effect to the split must be issued at least seven, and preferably not less than ten, trading days prior to the record date. Accordingly, if the stock split must be approved by security holders, the meeting of security holders must take place at least seven trading days in advance of the record date. If the push-out method is used, the following documents must be received by TSX at least seven trading days in advance of the record date:

(i) written confirmation of the record date including the time of day ("close of business" will be sufficient for this purpose);

(ii) a notarial or certified copy of the Certificate of Amendment, or equivalent document such as a certified copy of the board of directors' resolution if no amendments to the articles are required;

(iii) an opinion of counsel that all the necessary steps have been taken to validly effect the split in accordance with applicable law and that the additional securities will be validly issued as fully paid and non-assessable;

(iv) a written statement as to the date on which it is intended that the additional security certificates will be mailed to the security holders; and

(v) if the stock split is accompanied by a security reclassification,

i. definitive specimens of the new generic or customized security certificates, if any, in accordance with the requirements set out in Appendix D; and

ii. an unqualified letter of confirmation from CDS disclosing the CUSIP number assigned to each class of listed securities (see Section 350).

~~TSX will invoice the listed issuer for the substitutional listing fee payable (see TSX Listing Fee Schedule).~~

[…]

(f) Where the call-in method is used, the following documents must be received by TSX in order for the stock split to be effected on TSX:

(i) two copies of the Letters of Transmittal;

(ii) a notarial or certified copy of the Certificate of Amendment, or equivalent document such as a certified copy of the board of directors' resolution if no amendments to the articles are required;

(iii) an opinion of counsel that all the necessary steps have been taken to validly effect the split in accordance with applicable law and that the additional securities will be validly issued as fully paid and non-assessable;

(iv) definitive specimens of the new generic or customized security certificates, if any, in accordance with the requirements set out in Appendix D;

(v) a copy of the unqualified letter of confirmation from CDS disclosing the CUSIP numbers assigned to each new class of listed securities (see Section 350); and

(vi) a written statement as to the intended mailing date of the Letters of Transmittal.

~~TSX will invoice the listed issuer for the substitutional listing fee payable (see TSX Listing Fee Schedule).~~

Sec. 621. Stock Consolidation

[…]

(d) The following documents must be filed with TSX in order for the stock consolidation to be effected on TSX:

(i) one copy of the Letters of Transmittal;

(ii) a notarial or certified copy of the Certificate of Amendment, or equivalent document;

(iii) opinion of counsel that all the necessary steps have been taken to validly effect the consolidation in accordance with applicable law;

(iv) a written evidence from the listed issuer's transfer agent that, on a post-consolidation basis, there will be at least 500,000 freely tradable securities held by at least 150 public holders, each holding a board lot or more;

(v) a definitive specimen of the new generic or customized security certificates, if any, in accordance with the requirements set out in Appendix D;

(vi) a copy of the unqualified letter of confirmation from CDS disclosing the new CUSIP number assigned to the securities (see Section 350); and

(vii) a written statement as to the intended mailing date of the Letters of Transmittal.

~~TSX will invoice the listed issuer for the substitutional listing fee payable (see TSX Listing Fee Schedule).~~

Sec. 622. Security Reclassification (with no stock split)

(a) The following documentation must be filed with TSX in connection with a security reclassification (with no stock split):

(i) a notarial or certified copy of the Certificate of Amendment, or equivalent document;

(ii) an opinion of counsel that all the necessary steps have been taken to validly effect the security reclassification in accordance with applicable law;

(iii) a definitive specimen of the new generic or overprinted customized security certificate, if any, in accordance with the requirements set out in Appendix D;

(iv) a copy of the unqualified letter of confirmation from CDS disclosing the CUSIP number assigned to each class of listed securities (see Section 350);

(v) one copy of the Letters of Transmittal, if applicable; and

(vi) a written statement as to the intended mailing date of the Letters of Transmittal, if applicable.

~~TSX will invoice the listed issuer for the substitutional listing fee payable (see TSX Listing Fee Schedule).~~

Sec. 629.2. Debt Substantial Issuer Bids

[…]

(b) A listed issuer making a debt substantial issuer bid shall file with TSX a notice in the form of Form 13 found in Appendix H~~, together with a filing fee~~ and shall not proceed with the bid until the notice has been accepted by TSX.

Sec. 631. Sales Pursuant to an Order or Exemption

If securities are to be sold from a control block pursuant to an order made under section 74 of the OSA or an exemption contained in ~~subsection 72(1)~~Part XVII of the OSA ~~or Part 2 of OSC Rule 45-501,~~ or in Part IV of National Instrument 45-106 – *Prospectus Exempt Distributions,* the securities acquired by the purchaser may be subject to a hold period in accordance with the provisions of the OSA or National Instrument 45-102. Sales of securities subject to a hold period are special terms trades and will normally be permitted to take place on TSX without interference.

Sec. 635. Filing and Listing Procedure

[…]

(c) If TSX consents to the adoption of a plan, the rights issued to security holders will be automatically listed on TSX when those securities are issued. The rights will not appear as a separate entry on TSX trading list. ~~There is a filing fee that is payable to TSX for its review of the plan.~~

Sec. 637. Plan Amendment

No amendment of a plan that has been adopted by a listed issuer may be made without the prior written consent of TSX. In order to seek such consent, the listed issuer must file with TSX (i) a black-lined draft of the amended plan, and (ii) a letter that summarizes the proposed changes to the plan~~, and (iii) the requisite filing fee payable to TSX~~. If an amendment to a plan can reasonably be perceived to have been proposed as a response to a specific or contemplated take-over bid, TSX will treat the amended plan as a new plan in accordance with Subsection 636(c).

Sec. 639. Procedures Applicable to Odd Lot Selling and Purchase Arrangements

[…]

(j~~)~~ ~~A filing fee is required in connection with each Arrangement filed with TSX, and with each renewal thereof (see Part VIII).~~**(k**) A listed issuer may also purchase odd lots offered in the marketplace pursuant to a normal course issuer bid implemented in accordance with Section 629~~.~~

(~~l~~(k) A listed issuer may have both a Normal Course Issuer Bid, and either a Selling Arrangement, or a Purchase Arrangement, or both, in effect at the same time.

Sec. 643

~~Where a conflict of interest (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.) or potential Conflict of Interest arises relating to the continued listing of a Competitor (as defined in the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.), reference should be made to the Special Provisions Respecting Conflict of Interest and Competitors of TSX Group Inc.~~ **[Deleted.]**

APPENDIX B

NON-PUBLIC INTEREST AMENDMENTS TO THE TSX COMPANY MANUAL

Sec. 354.2

[Deleted.]

Sec. 431.

Listed Issuer Services of the Exchange should be notified of a dividend declaration in writing by filing a Form 5 – Dividend/Distribrution Declaration via SecureFile immediately following, or even during, the directors' meeting at which the decision to declare the dividend is made.

Sec. 432

Listed companies should notify the Exchange's Listed Issuer Services immediately in writing by filing a Form 5 – Dividend/Distribution Declaration via SecureFile after any decision is made to omit or defer a dividend, if the omission or deferral constitutes a departure from the company's previously established dividend policy. This applies to all preferred shares as well as any other shares in respect of which the company has previously advised the Exchange of a dividend policy. Dividend omissions or deferrals may also give rise to timely disclosure obligations (see Sections 406 to 423.3).

Sec. 501.

(a) This Part is applicable only to “non-exempt issuers”. The decision as to whether an issuer is non-exempt is made by TSX at the time the issuer is originally approved for listing. Reference should be made to Section 309.1 (Industrial companies), 314.1 (Mining companies) or 319.1 (Oil and Gas companies) of this Manual, which outline the requirements for eligibility for exemption from this Section 501. If these requirements are not met at the time of original listing, the exemption may be granted at such later time as they are met either (i) on application in writing by the non-exempt issuer, or (ii) upon review by TSX. TSX may revoke a previously granted exemption in appropriate circumstances. Non-exempt issuers are designated in stock quotations in the financial press as “subject to special reporting rules”.

[…]

(g) The notice required by this Section 501 should initially take the form of a letter addressed to TSX. For those transactions described in Subsection 501(c), the letter notice must also identify the application of Subsection 501(c) and must contain a request for acceptance. If applicable, the notice should include the appropriate Company Reporting Form (Appendix H: Company Reporting Forms). A press release or information circular filed with TSX does not constitute notice under this Section 501. The letter should contain the essential particulars of the transaction, and state whether: (i) any insider has a beneficial interest, directly or indirectly, in the transaction and the nature of such interest; and (ii) whether and how the transaction could materially affect control of the non-exempt issuer. Copies of all applicable executed agreements must be filed as part of the Section 501 notice as soon as they are available.

Sec. 607. Private Placements

[…]

(h) In order to list the additional securities issued and/or reserved for issuance pursuant to a private placement, listed issuers must:

a. On the same business day of the closing of the private placement, provide TSX with: (A) an email or facsimile of the press release announcing the closing of the private placement; or (B) a written confirmation by email or facsimile that the private placement has closed; and

b. Prior to the close of business on the business day following the closing of the private placement, file with TSX all the required documents as outlined in the TSX conditional approval. Such documents may be filed using TSX SecureFile, by email or by courier.

(i) Unless otherwise approved by the listed issuer’s security holders (other than security holders receiving warrants directly or indirectly and such security holders’ associates and affiliates), warrants to purchase listed securities may only be issued to a placee if the warrant exercise price is not less than the market price of the underlying security at either the date of the binding agreement obligating the listed issuer to issue the warrants or some future date provided for in the binding agreement.

For the purposes of Subsections 607(c) and 607(g)(i), any private placements providing flow-through tax credits to the subscribers will be considered as having a price per security less than the market price.

For the purposes of Subsection 607(g)(ii), the insiders participating in the private placement are not eligible to vote their securities in respect of such approval. Subsection 607(g)(ii) shall also apply to circumstances in which insiders participate in a private placement pursuant to the exercise of a preemptive right.

Sec. 608. Unlisted Warrants

(a) A listed issuer may apply to TSX to amend the warrant exercise price or the term of warrants to purchase listed securities provided that disclosure of such amendments is made by way of press release ten (10) business days prior to the effective date of the change.

Security holder approval will be required for:

(i) amendments to warrants held, directly or indirectly, by insiders; or

(ii) amendments to warrants resulting in an exercise price which is less than the market price of the securities determined on the date of the amending agreement. Amendments to in-the-money warrants will also require security holder approval.

Security holder approval must exclude the votes attached to the securities held by any holders whose warrants are proposed to be amended.

A copy of the press release, and evidence of security holder approval if applicable, must be provided to TSX prior to the press release being issued.

(b) A listed issuer may apply to TSX to amend the warrant to provide for the exercise of the warrant without cash consideration by issuing the number of listed securities equal to:

(number of warrants exercised X market price at time of exercise) less (number of warrants exercised x exercise price) / market price at time of exercise

Sec. 613

[…]

Reporting Requirements to TSX

(j) The granting of stock options under a plan and the issuance of securities under a stock option plan or other plan do not require the prior consent of TSX if the plan has been precleared with TSX and the securities that are subject to issuance have been listed. However, stock options granted, exercised or cancelled under a plan must be reported to TSX on a monthly basis in the form of a duly completed Form I – Change in Outstanding and Reserved Securities (Appendix H: Company Reporting Forms) which must be filed within ten (10) days after the end of the month. If no listed securities are issued, no options have expired or been cancelled in any particular month, a nil report is required to be filed on a quarterly basis.

Sec. 614.

(a) A preliminary discussion with TSX is recommended to a listed issuer proposing to offer rights to its participating security holders.

(b) A rights offering by a listed issuer must be accepted for filing by TSX before the offering proceeds. The offering must also be filed with the securities commissions having jurisdiction (see section 2.1 of National Instrument 45-106).

The rights offering must receive final acceptance from TSX at least five trading days in advance of the record date for the rights offering, the record date being the date of the closing of the transfer books for the preparation of the final list of participating security holders who are entitled to receive rights.

A listed issuer may not announce a firm record date for a rights offering before all necessary approvals have been received.

(c) (i) A draft copy of the rights offering notice (Form 45-106F14) together with the rights offering circular or the preliminary prospectus for the rights offering (the "Rights Offering Documents"), as applicable, must be filed with TSX in sufficient time for TSX to review the mechanics, pricing and timing of the rights offering in order to maintain an orderly market. TSX will subsequently advise the listed issuer of any deficiencies in the Rights Offering Documents and of the further documentation that will be required.

(ii) Securities offered by way of rights offering are expected to be offered at a "significant discount" to market price at the time of pricing of the offering, which is expected to be at the time of filing of the (final) Rights Offering Documents. A significant discount would be equal to at least the maximum discount to market price allowed for private placements as set forth in Subsection 607(e). If a third party ("backstop") has agreed to subscribe for securities which are not otherwise subscribed for under the rights offering, and there is not a significant discount, TSX will require security holder approval if the rights offering could result in a material effect on control of the listed issuer.

Backstop fees payable in cash are acceptable to TSX provided the fees are commercially reasonable. Backstop fees payable in securities are acceptable to TSX for arm's length parties as a securities for debt transaction under Section 607 and provided that the fees are commercially reasonable. Backstop fees payable in securities to non-arm's length parties are considered security-based compensation arrangements and security holder approval is therefore required to be obtained at the next meeting.

(d) If the rights offering is being conducted by way of a prospectus offering, TSX will advise the securities commissions whether the rights offering is acceptable to TSX (subject only to the correction of minor deficiencies, if any, and the filing of the required documents).

(e) At least five trading days in advance of the record date:

(i) all deficiencies raised by TSX must be resolved;

(ii) all the terms of the rights offering must be finalized; and

(iii) TSX must receive all requested documents, including a copy of the final Rights Offering Documents.

(f) There is no fee for the listing of rights on TSX, although there is a fee for listing securities issuable upon exercise of the rights. If such securities are of a class already listed, the listed issuer must list the maximum number of securities issuable under the rights offering. However, upon receipt of notification of the actual number of underlying listed securities issued pursuant to the rights offering, TSX will invoice the issuer for the number of securities issued and issuable upon exercise of the rights.

(g) The information that must be contained in the Rights Offering Documents is prescribed in the rules and policies of the securities commissions. TSX may have additional requirements, depending on the circumstances.

(h) The standard notation on final prospectuses or other offering documents referring to conditional approval of a listing is not appropriate for a Rights Offering Document with respect to the rights themselves, nor is such notation appropriate with respect to the securities issuable upon exercise of the rights if such securities are of a class already listed. The rights will normally be listed on TSX, as will the underlying securities (if of a class already listed), before the applicable Rights Offering Document is mailed to the participating security holders.

(i) Rights which receive all required approvals will be automatically listed on TSX if the rights entitle the holders to purchase securities of a listed class. Rights which do not fall into this category will also normally be listed on TSX at the request of the listed issuer. If rights issued to security holders of a listed issuer entitle the holders to purchase securities of another issuer which is not listed, the rights will not be listed on TSX unless such securities have been conditionally approved for listing on TSX.

(j) Rights are listed on TSX on the second trading day preceding the record date. At the same time, the underlying listed securities of the listed issuer commence trading on an ex-rights basis, which means that purchasers of the listed securities at that time are not entitled to receive the rights. Due Bill trading may be used in certain circumstances for conditional rights offerings as determined at the discretion of the Exchange. See Section 429.1.

(k) When the rights certificates are mailed to the participating security holders, the listed issuer must concurrently file with TSX a definitive specimen of the rights certificate.

(l) Trading in rights on TSX ceases at 12:00 noon on the expiry date.

(m) TSX requires that rights be transferable. Any proposed restriction on the transfer of unlisted rights must receive the prior consent of TSX.

(n) The following requirements apply to rights which are listed on TSX, although TSX may, in appropriate circumstances, apply these requirements to rights not so listed:

(i) once the rights have been listed on TSX, TSX will not permit the essential terms of the rights offering, such as the exercise price or the expiry date, to be amended. However, under extremely exceptional circumstances, such as an unexpected postal disruption, TSX may grant an exemption from the requirement that the expiry date not be extended;

(ii) the rights offering must be open for a period of at least twenty-one (21) calendar days following the date on which the Rights Offering Document is sent to participating security holders;

(iii) participating security holders must receive exactly one right for each security held. An exemption from this requirement will be considered if the rights offering entitles participating security holders to purchase more than one security for each security held (prior to giving effect to any additional subscription privilege); and

(iv) if the listed issuer proposes to provide a rounding mechanism, whereby participating security holders not holding a number of securities equally divisible by a specified number would have their entitlements adjusted upward, adequate arrangements must be made to ensure that beneficial owners of securities registered in the names of CDS, banks, trust companies, investment dealers or similar institutions will be treated, for purposes of such additional entitlements, as though they were registered participating security holders.

(o) As soon as possible after the expiry of the rights offering, the listed issuer must advise TSX in writing of the number of securities issued as a result of the rights offering, including securities issued pursuant to any underwriting or similar arrangement.

Sec. 616. Documentation

[…]

(b) The documentation required in connection with an additional listing application will depend on the nature of the application. In all cases, however, the following documentation will be required:

i) copies of all relevant executed agreements; and

ii) an opinion of counsel that the securities to be listed have been validly created in accordance with applicable law and that the securities have been (or will be, when issued in accordance with the terms of the transaction) validly issued as fully paid and non-assessable.

TSX will invoice the listed issuer for the additional listing fee payable.

Sec. 619. Name or Symbol Changes

[…]

(c) The following documents must be filed with TSX in connection with a name change:

iv) a notarial or certified copy of the Certificate of Amendment, or equivalent document;

v) definitive specimens of the new generic or overprinted customized security certificates, if any, in accordance with the requirements set out in Appendix D; and

vi) a copy of the unqualified letter of confirmation from CDS disclosing the CUSIP number assigned to each of the issuer's listed securities after giving effect to the name change (see Section 350).

Sec. 620. Stock Split

[…]

(c) Where the push-out method is used, the Certificate of Amendment, or equivalent document such as a certified copy of the board of directors' resolution if no amendments to the articles are required, giving effect to the split must be issued

at least seven, and preferably not less than ten, trading days prior to the record date. Accordingly, if the stock split must be approved by security holders, the meeting of security holders must take place at least seven trading days in advance of the record date. If the push-out method is used, the following documents must be received by TSX at least seven trading days in advance of the record date:

vi) written confirmation of the record date including the time of day ("close of business" will be sufficient for this purpose);

vii) a notarial or certified copy of the Certificate of Amendment, or equivalent document such as a certified copy of the board of directors' resolution if no amendments to the articles are required;

viii) an opinion of counsel that all the necessary steps have been taken to validly effect the split in accordance with applicable law and that the additional securities will be validly issued as fully paid and non-assessable;

ix) a written statement as to the date on which it is intended that the additional security certificates will be mailed to the security holders; and

x) if the stock split is accompanied by a security reclassification,

iii. definitive specimens of the new generic or customized security certificates, if any, in accordance with the requirements set out in Appendix D; and

iv. an unqualified letter of confirmation from CDS disclosing the CUSIP number assigned to each class of listed securities (see Section 350).

[…]

(f) Where the call-in method is used, the following documents must be received by TSX in order for the stock split to be effected on TSX:

vii) two copies of the Letters of Transmittal;

viii) a notarial or certified copy of the Certificate of Amendment, or equivalent document such as a certified copy of the board of directors' resolution if no amendments to the articles are required;

ix) an opinion of counsel that all the necessary steps have been taken to validly effect the split in accordance with applicable law and that the additional securities will be validly issued as fully paid and non-assessable;

x) definitive specimens of the new generic or customized security certificates, if any, in accordance with the requirements set out in Appendix D;

xi) a copy of the unqualified letter of confirmation from CDS disclosing the CUSIP numbers assigned to each new class of listed securities (see Section 350); and

xii) a written statement as to the intended mailing date of the Letters of Transmittal.

Sec. 621. Stock Consolidation

[…]

(d) The following documents must be filed with TSX in order for the stock consolidation to be effected on TSX:

viii) one copy of the Letters of Transmittal;

ix) a notarial or certified copy of the Certificate of Amendment, or equivalent document;

x) opinion of counsel that all the necessary steps have been taken to validly effect the consolidation in accordance with applicable law;

xi) a written evidence from the listed issuer's transfer agent that, on a post-consolidation basis, there will be at least 500,000 freely tradable securities held by at least 150 public holders, each holding a board lot or more;

xii) a definitive specimen of the new generic or customized security certificates, if any, in accordance with the requirements set out in Appendix D;

xiii) a copy of the unqualified letter of confirmation from CDS disclosing the new CUSIP number assigned to the securities (see Section 350); and

xiv) a written statement as to the intended mailing date of the Letters of Transmittal.

Sec. 622. Security Reclassification (with no stock split)

(a) The following documentation must be filed with TSX in connection with a security reclassification (with no stock split):

i) a notarial or certified copy of the Certificate of Amendment, or equivalent document;

ii) an opinion of counsel that all the necessary steps have been taken to validly effect the security reclassification in accordance with applicable law;

iii) a definitive specimen of the new generic or overprinted customized security certificate, if any, in accordance with the requirements set out in Appendix D;

iv) a copy of the unqualified letter of confirmation from CDS disclosing the CUSIP number assigned to each class of listed securities (see Section 350);

v) one copy of the Letters of Transmittal, if applicable; and

vi) a written statement as to the intended mailing date of the Letters of Transmittal, if applicable.

Sec. 629.2. Debt Substantial Issuer Bids

[…]

(b) A listed issuer making a debt substantial issuer bid shall file with TSX a notice in the form of Form 13 found in Appendix H and shall not proceed with the bid until the notice has been accepted by TSX.

Sec. 631. Sales Pursuant to an Order or Exemption

If securities are to be sold from a control block pursuant to an order made under section 74 of the OSA or an exemption contained in Part XVII of the OSA or in Part IV of National Instrument 45-106 – *Prospectus Exempt Distributions*, the securities acquired by the purchaser may be subject to a hold period in accordance with the provisions of the OSA or National Instrument 45-102. Sales of securities subject to a hold period are special terms trades and will normally be permitted to take place on TSX without interference.

Sec. 635. Filing and Listing Procedure

[…]

(c) If TSX consents to the adoption of a plan, the rights issued to security holders will be automatically listed on TSX when those securities are issued. The rights will not appear as a separate entry on TSX trading list.

Sec. 637. Plan Amendment

No amendment of a plan that has been adopted by a listed issuer may be made without the prior written consent of TSX. In order to seek such consent, the listed issuer must file with TSX (i) a black-lined draft of the amended plan, and (ii) a letter that summarizes the proposed changes to the plan. If an amendment to a plan can reasonably be perceived to have been proposed as a response to a specific or contemplated take-over bid, TSX will treat the amended plan as a new plan in accordance with Subsection 636(c).

Sec. 639. Procedures Applicable to Odd Lot Selling and Purchase Arrangements

[…]

(j) A listed issuer may also purchase odd lots offered in the marketplace pursuant to a normal course issuer bid implemented in accordance with Section 629.

(k) A listed issuer may have both a Normal Course Issuer Bid, and either a Selling Arrangement, or a Purchase Arrangement, or both, in effect at the same time.

Sec. 643

[Deleted.]

13.3 Clearing Agencies

13.3.1 Nodal Clear, LLC – Application for Exemption from Recognition as a Clearing Agency – OSC Notice and Request for Comment

OSC NOTICE AND REQUEST FOR COMMENT

NODAL CLEAR, LLC

APPLICATION FOR EXEMPTION FROM RECOGNITION AS A CLEARING AGENCY

A. Background

Nodal Clear, LLC (**Nodal Clear**) has applied (the **Application**) to the Commission for an order pursuant to section 147 of the *Securities Act* (Ontario) (**OSA**) to exempt Nodal Clear from the requirement to be recognized as a clearing agency in subsection 21.2(0.1) of the OSA. Among other factors set out in the Application, the exemption is being sought on the basis that Nodal Clear is subject to an appropriate regulatory and oversight regime in its home jurisdiction of the United States (**U.S.**) by the Commodity Futures Trading Commission (**CFTC**).

Nodal Clear was established in the U.S. and commenced its clearing operations in October 2015. It currently clears commodity futures contracts offered by the Nodal Exchange.

B. Proposed Regulatory Approach

In reviewing the Application, staff followed the process and assessed the Application according to Part 2 of National Instrument 24-102 *Clearing Agency Requirements* (**NI 24-102**). As noted in the Companion Policy to NI 24-102, we are prepared to exempt a clearing agency if it does not pose significant risk to Ontario capital markets and is subject to an appropriate regulatory and oversight regime in another jurisdiction by its home regulator.

In determining whether a clearing agency poses significant risk to Ontario, staff consider the level of activity of the clearing agency in Ontario (using indicators such as notional value and volume of transactions cleared for Ontario-based market participants) and other qualitative and quantitative factors, such as interconnectedness, size of obligations and the role and central importance of a clearing agency to a particular market. The proposed exemption of Nodal Clear is based on the level of risk it poses to Ontario at this time and the regulatory regime that it is currently subject to.

C. Draft Order

In the Application, Nodal Clear describes how it addresses Part 2 of NI 24-102. As exempt clearing agencies are not subject to the on-going requirements set out in Parts 3 and 4 of NI 24-102, Nodal Clear also describes the comparable CFTC requirements and how similar outcomes to the requirements in Parts 3 and 4 of NI 24-102 would be achieved. Subject to comments received, staff propose to recommend to the Commission that it grant Nodal Clear an exemption order with terms and conditions in the form of the proposed draft order (**Draft Order**).

The Draft Order requires Nodal Clear to comply with various terms and conditions, including relating to:

1. Regulation of Nodal Clear
2. Governance
3. Filing requirements
4. Information sharing

D. Comment Process

The Commission is publishing for public comment the Application and Draft Order. We are seeking comment on all aspects of the Application and Draft Order.

You are asked to provide your comments in writing, via e-mail and delivered on or before **June 6, 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 period will be published.

Questions may be referred to:

Antoinette Leung
Manager, Market Regulation
Tel: 416-595-8901
aleung@osc.gov.on.ca

Jalil El Moussadek
Risk Specialist, Market Regulation
Tel: 416-204-8995
jelmoussadek@osc.gov.on.ca

Karin Hui
Accountant, Market Regulation
Tel: 416-593-2334
khui@osc.gov.on.ca

NODAL CLEAR'S APPLICATION TO THE ONTARIO SECURITIES COMMISSION FOR EXEMPTION FROM RECOGNITION AS A CLEARING AGENCY IN ONTARIO

April 6, 2016

Nodal Clear, LLC ("**Nodal Clear**") submits this application ("**Application**") to the Ontario Securities Commission ("**OSC**") for an order, pursuant to section 147 of the *Securities Act* (Ontario) ("**OSA**"), exempting Nodal Clear from the clearing agency recognition requirement under section 21.2(0.1) of the OSA ("**Nodal Clear Exemption**").

1 Introduction

1.1 Current Regulatory Status

Nodal Clear is currently registered as a derivatives clearing organization ("**DCO**") within the meaning of that term under the U.S. Commodity Exchange Act ("**CEA**"). Nodal Clear is subject to regulatory supervision by the US Commodity Futures Trading Commission ("**CFTC**"). Nodal Clear has elected to be subject to, and comply with, Subpart C of Part 39 of the CFTC's regulations, which applies additional requirements on a DCO consistent with the international risk management standards set forth in the Principles of Financial Market Infrastructure ("**PFMIs**"). Nodal Clear is obligated under the CEA to give the CFTC access to all records unless prohibited by law or such records are subject to solicitor-client privilege. Pursuant to OSA interim order dated October 9, 2015 ("**Nodal Clear Interim Order**"), Nodal Clear is exempt on an interim basis from the requirement to be recognized as a clearing agency under subsection 21.2 of the OSA ("**Nodal Clear Interim Relief**"). However, the Nodal Clear Interim Order requires that Nodal Clear file with the OSC a complete final application for exemption. Accordingly, Nodal Clear submits this application for exemption from recognition as a clearing agency in order to continue to provide clearing services for Nodal Exchange, LLC ("**Nodal Exchange**") and its participants in Ontario.

1.2 Legal Ownership and Structure

Nodal Clear is a wholly owned subsidiary of Nodal Exchange and a privately held company organized as a limited liability company under the laws of the State of Delaware in the United States. The holding company and sole shareholder of Nodal Exchange, Nodal Exchange Holdings ("**Nodal Holdings**"), is a privately held company, does not have any operations of its own, and relies on the distributions of its subsidiaries. Nodal Holdings does not have any employees and has limited contractual arrangements. The investors in Nodal Holdings are each represented on the board of directors of Nodal Holdings ("**Holdings Board**"), which consists of seven individuals, including three of five individuals on the board of directors of both Nodal Exchange and Nodal Clear, each with one vote. However, Nodal Exchange, Nodal Clear, and Nodal Holdings are separate entities. Membership on the Holdings Board does not confer any trading rights on Nodal Exchange nor membership rights on Nodal Clear. Nodal Holding's primary governance obligations are to set the strategic direction of Nodal Exchange and Nodal Clear, approve the annual operating budget, approve employee compensation, and to approve significant commitments and transactions involving Nodal Exchange and Nodal Clear.

Nodal Clear was formed to develop, own and operate a registered DCO to clear contracts offered by Nodal Exchange ("**Nodal Contracts**"). Nodal Exchange is regulated by the CFTC as a designated contract market and exempted by the OSC from recognition as an exchange and registration as a commodity futures exchange by OSC Order dated October 7, 2014 ("**Nodal Exchange Order**"). Nodal Exchange maintains arrangements for clearing and settlement of Nodal Contracts through Nodal Clear. Without an exemption from recognition or an extension of Nodal Clear Interim Relief, Nodal Exchange must cease providing services to its Ontario participants that currently consist of commercial entities transacting in Nodal Contracts as "hedgers", as defined in subsection 1(1) of the *Commodity Futures Act* (Ontario) ("**CFA**").[1]

1.3 Description of Nodal Clear's Clearing Activities

Nodal Clear provides clearing services for futures traded on or pursuant to the rules of Nodal Exchange, a designated contract market registered with the CFTC. Nodal Clear provides such services pursuant to a Clearing Services Agreement with Nodal Exchange.

As described in the Clearing Services Agreement, Nodal Clear provides clearing services for all contracts traded on or pursuant to the rules of Nodal Exchange. These products currently include financially settled electric power and natural gas futures contracts. Nodal Exchange currently offers power futures contracts based on the price of power at specified hubs, zones and nodes across seven organized Regional Transmission Organization (RTO) or Independent System Operator (ISO) markets: ISO New England, Inc. (ISO-NE), New York Independent System Operator (NYISO), PJM Interconnection, LLC (PJM), Midcontinent Independent System Operator (MISO), Electric Reliability Council of Texas (ERCOT), California Independent System Operator (CAISO), and Southwest Power Pool (SPP). These power futures contracts are monthly contracts that are financially settled based on the average price of power at the designated location, as published by the Regional Transmission Organization (RTO) or Independent System Operator (ISO) for peak or off-peak hours of the contract month. Nodal Clear also provides clearing services for Nodal Exchange's Henry Hub natural gas contract, which is financially settled based on the price of the New York Mercantile Exchange physical Henry Hub natural gas contract. Nodal Clear will provide clearing services for all Nodal Contracts which may include futures and options on futures.

[1] Dealers are not permitted to access Nodal Exchange, as otherwise permitted in accordance with the CFA, unless the dealer is transacting for its proprietary (non-affiliate) account. As represented in the Nodal Exchange Order, Nodal Exchange is a principal-to-principal market without the capability to trade through an intermediary.

Until October 19, 2015, futures contracts traded on or pursuant to the rules of Nodal Exchange were cleared by LCH.Clearnet Ltd ("**LCH**"), a clearing agency recognized by the OSC. On October 19, 2015, following Nodal Clear's registration as a DCO, the existing open interest in Nodal Contracts was transferred from LCH to Nodal Clear.

Nodal Clear offers clearing services to clearing members for their proprietary or house accounts and customers of clearing members that are registered with the CFTC as futures commission merchants. Nodal Clear's clearing services are provided to its clearing members pursuant to the rules established, maintained, and enforced by Nodal Clear ("**Nodal Clear Rules**") to comply with the CEA and the regulations of the CFTC that include the DCO Core Principles. The Nodal Clear Rules and a list of Nodal Clear clearing members are maintained on Nodal Clear's website.

2 Criteria for Exemption from Recognition as a Foreign Clearing Agency

2.1 Application

Part 2 of National Instrument 24-102 *Clearing Agency Requirements* (the "**Instrument**") sets forth the criteria that an applicant must meet in order to be exempt from recognition as a clearing agency. Accordingly, Nodal Clear submits its application for exemption from recognition as a clearing agency pursuant to the criteria set forth in Part 2 of the Instrument.

2.2 Most Recently Completed PFMI Disclosure Framework Document

Pursuant to Section 2.1(1)(a) of the Instrument, Nodal Clear's most recently completed PFMI Disclosure Framework Document can be found on Nodal Clear's website at www.nodalclear.com and is also included as Appendix A to this Application.

2.3 Sufficient Information to Demonstrate Compliance with Regulatory Regime of a Foreign Jurisdiction

Nodal Clear is a limited liability company organized under the laws of the State of Delaware in the United States with its headquarter offices located in Tysons Corner, Virginia. As a registered DCO within the meaning of that term under the CEA, Nodal Clear is subject to regulatory supervision by the CFTC. In order to demonstrate that it is in compliance with the CFTC's regulatory regime, Nodal Clear provided the OSC with Nodal Clear's Order of Registration from the CFTC stating that "Nodal Clear has demonstrated compliance with the requirements of the Act and applicable Commission regulations thereunder." Additionally, Nodal Clear is providing a comparability discussion in Section 2.3.1 of this Application that provides a detailed description of the regulatory regime of the CFTC and the requirements imposed, including how such requirements are similar to the requirements in Parts 3 and 4 of the Instrument.

2.3.1 Comparability Discussion

As explained in the Companion Policy to the Instrument, applicants that operate a central counterparty ("**CCP**") must describe how they meet the requirements of Parts 3 and 4 of the Instrument. Additionally, applicants based in a foreign jurisdiction "should provide a detailed description of the regulatory regime of its home jurisdiction and the requirements imposed on the clearing agency, including how such requirements are similar to the requirements in Parts 3 and 4." Accordingly, Nodal Clear has prepared: I) A description of the CFTC's regulatory regime for DCOs, and II) A discussion that: A) States the requirements of Parts 3 and 4; B) Describes the comparable CFTC requirements; and C) Describes how Nodal Clear meets such comparable CFTC requirements.

I. Description of CFTC Regulatory Regime

As a registered DCO, Nodal Clear is subject to ongoing oversight by the CFTC, a U.S. federal regulatory agency.[2] The CFTC's Division of Clearing and Risk ("**DCR**") is responsible for overseeing and registering DCOs. DCR reviews and assesses a DCO's adherence to the CEA and CFTC regulations[3] on an ongoing basis, including the DCO's compliance with DCO Core Principles ("**Core Principles**") set forth is Section 5b of the CEA. DCR similarly reviews and assesses whether an entity seeking registration as a DCO adheres to the CEA, Core Principles, and CFTC regulations.

Provided below are summaries of each of the 18 Core Principles that a DCO must comply with along with the identification of relevant CFTC regulations that codify the requirements of each Core Principle:[4]

Core Principle A – Compliance: Requires a DCO to comply with the DCO Core Principles and any requirement that the CFTC may impose by rule or regulation. Core Principle A also provides a DCO with reasonable discretion in establishing the manner by which it complies with each core principle. CFTC Regulation 39.10 codifies these requirements and establishes minimum

[2] Nodal Clear has elected to be subject to, and comply with, Subpart C of Part 39 of the CFTC's regulations.

[3] The majority of CFTC DCO regulations are found in 17 CFR. § 39 2015.

[4] Core Principle summaries are derived from the CFTC's Final Rule titled "Derivatives Clearing Organizations General Provisions and Core Principles" 76 FR 69334 (Nov. 8, 2011).

requirements that a DCO must meet in order to comply with DCO Core Principle A, including the requirement that each DCO designate an individual as its Chief Compliance Officer who is responsible for ensuring the DCO's compliance with the CEA and CFTC regulations.

Core Principle B – Financial Resources: Requires a DCO to possess financial resources that, at a minimum, exceed the total amount that would enable the DCO to meet its financial obligations to its clearing members notwithstanding a default by the clearing member creating the largest financial exposure for the DCO in extreme but plausible market conditions and to cover its operating costs for a period of one year, as calculated on a rolling basis. CFTC Regulation 39.11 codifies these requirements and establishes minimum requirements that a DCO must meet in order to comply with DCO Core Principle B.

Core Principle C – Participant and Product Eligibility: Requires a DCO to establish appropriate admission and continuing eligibility standards for members of, and participants in, the DCO, including sufficient financial resources and operational capacity to meet the obligations arising from participation. Core Principle C further requires that such participation and membership requirements be objective, be publicly disclosed, and permit fair and open access. Core Principle C also requires that each DCO establish and implement procedures to verify compliance with each participation and membership requirement, on an ongoing basis. Core Principle C also requires that each DCO establish appropriate standards for determining the eligibility of agreements, contracts, or transactions submitted to the DCO for clearing. CFTC Regulation 39.12 codifies these requirements and establishes minimum requirements that a DCO must meet in order to comply with DCO Core Principle C.

Core Principle D – Risk Management: Requires a DCO to ensure that it possesses the ability to manage the risks associated with discharging the responsibilities of the DCO through the use of appropriate tools and procedures. It further requires each DCO to measure its credit exposures to each clearing member not less than once during each business day and to monitor each such exposure periodically during the business day. Core Principle D also requires each DCO to limit its exposure to potential losses from defaults by clearing members through margin requirements and other risk control mechanisms, to ensure that its operations would not be disrupted and that non-defaulting clearing members would not be exposed to losses that non-defaulting clearing members cannot anticipate or control. Finally, Core Principle D provides that a DCO must require margin from each clearing member sufficient to cover potential exposures in normal market conditions and that each model and parameter used in setting such margin requirements must be risk-based and reviewed on a regular basis. CFTC Regulation 39.13 establishes the requirements that a DCO would have to meet in order to comply with DCO Core Principle D.

Core Principle E – Settlement Procedures: Requires a DCO to (1) complete money settlements on a timely basis, but not less frequently than once each business day; (2) employ money settlement arrangements to eliminate or strictly limit its exposure to settlement bank risks (including credit and liquidity risks from the use of banks to effect money settlements); (3) ensure that money settlements are final when effected; (4) maintain an accurate record of the flow of funds associated with money settlements; (5) possess the ability to comply with the terms and conditions of any permitted netting or offset arrangement with another clearing organization; (6) establish rules that clearly state each obligation of the DCO with respect to physical deliveries; and (7) ensure that it identifies and manages each risk arising from any of its obligations with respect to physical deliveries. CFTC Regulation 39.14 establishes the requirements that a DCO would have to meet in order to comply with DCO Core Principle E.

Core Principle F – Treatment of Funds: Requires a DCO to (i) establish standards and procedures that are designed to protect and ensure the safety of its clearing members' funds and assets; (ii) hold such funds and assets in a manner by which to minimize the risk of loss or of delay in the DCO's access to the assets and funds; and (iii) only invest such funds and assets in instruments with minimal credit, market, and liquidity risks. CFTC Regulation 39.15 establishes the requirements that a DCO would have to meet in order to comply with DCO Core Principle F.

Core Principle G – Default Rules and Procedures: Requires a DCO to have rules and procedures designed to allow for the efficient, fair, and safe management of events during which clearing members become insolvent or otherwise default on their obligations to the DCO. In addition, DCO Core Principle G requires each DCO to clearly state its default procedures, make its default rules publicly available, and ensure that it may take timely action to contain losses and liquidity pressures and to continue meeting its obligations. CFTC Regulation 39.16 establishes requirements that a DCO would have to meet in order to comply with DCO Core Principle G.

Core Principle H – Rule Enforcement: A DCO is required to (1) maintain adequate arrangements and resources for the effective monitoring and enforcement of compliance with its rules and for the resolution of disputes; and (2) have the authority and ability to discipline, limit, suspend or terminate a member's or participant's activities for violations of its rules. CFTC Regulation 39.17 codifies the requirements of DCO Core Principle H and further requires a DCO to report the initiation of a rule enforcement action against a clearing member or the imposition of sanctions against a clearing member, no later than two business days after the DCO takes such action.

Core Principle I – System Safeguards: Requires a DCO to establish and maintain a program of risk analysis and oversight that identifies and minimizes sources of operational risk through the development of appropriate controls and procedures, and automated systems that are reliable, secure and have adequate scalable capacity. DCO Core Principle I also requires that the

emergency procedures, back-up facilities, and disaster recovery plans that a DCO is obligated to establish and maintain specifically allow for the timely recovery and resumption of the DCO's operations and the fulfillment of each obligation and responsibility of the DCO. Finally, DCO Core Principle I requires that a DCO periodically conduct tests to verify that the DCO's back-up resources are sufficient to ensure daily processing, clearing, and settlement. CFTC Regulation 39.18 codifies these requirements and delineates the minimum requirements a DCO would have to satisfy in order to comply with DCO Core Principle I.

Core Principle J – Reporting: Requires a DCO to provide the Commission with all information that the CFTC determines to be necessary to conduct oversight of the DCO including daily, quarterly and annual reporting. CFTC Regulation 39.19 establishes the requirements a DCO would have to meet in order to comply with DCO Core Principle J, namely periodic reporting to the CFTC.

Core Principle K – Recordkeeping: Requires a DCO to maintain records of all activities related to the business of the DCO, in a form and manner that is acceptable to the CFTC and for a period of not less than five years. CFTC Regulation 39.20 establishes the requirements a DCO would have to meet in order to comply with DCO Core Principle K.

Core Principle L – Public Information: Requires a DCO to provide market participants sufficient information to enable them to identify and evaluate accurately the risks and costs associated with using the DCO's services. Specifically, a DCO is required to make available to market participants: information concerning the rules, operating and default procedures governing its clearing and settlement systems; and also to disclose publicly and to the CFTC the terms and conditions of each contract, agreement, and transaction cleared and settled by the DCO; each clearing and other fee charged to members, the DCO's margin-setting methodology, daily settlement prices, and other matters relevant to participation in the DCO's clearing and settlement activities. CFTC Regulation 39.21 requires a DCO to provide market participants with sufficient information to enable the market participants to identify and evaluate accurately the risks and costs associated with using the services of the DCO.

Core Principle M – Information Sharing: Requires a DCO to enter into and abide by the terms of each appropriate and applicable domestic and international information-sharing agreement that it enters into and to use relevant information obtained under such agreements in carrying out its risk management program. CFTC Regulation 39.22 codifies the requirements of DCO Core Principle M.

Core Principle N – Antitrust Considerations: Unless appropriate to achieve the purposes of the CEA, the DCO is required to avoid (1) adopting any rule or taking any action that results in any unreasonable restraint of trade; or (2) imposing any material anticompetitive burden on trading on the contract market. CFTC Regulation 39.23 codifies the requirements of DCO Core Principle N.

Core Principle O – Governance Fitness Standards: Requires a DCO to (1) establish governance arrangements that are transparent to fulfill public interest requirements and to permit the consideration of the views of owners and participants and (2) establish and enforce appropriate fitness standards for (A) directors, (B) members of any disciplinary committee, (C) members of the DCO, (D) any other individual or entity with direct access to the settlement or clearing activities of the DCO, and (E) any party affiliated with any entity mentioned above. As of the submission of this application, the CFTC has not finalized regulations implementing DCO Core Principle O.

Core Principle P – Conflicts of Interest: Requires a DCO to establish and enforce rules to minimize conflicts of interest in the decision-making process of the DCO and to establish a process for resolving such conflicts of interest. As of the submission of this application, the CFTC has not finalized regulations implementing DCO Core Principle P.

Core Principle Q – Composition of Governing Boards: Requires a DCO to ensure that the composition of the governing board or committee of the DCO includes market participants. As of the submission of this application, the CFTC has not finalized regulations implementing DCO Core Principle Q.

Core Principle R – Legal Risk: Requires a DCO to have a well-founded, transparent, and enforceable legal framework for each aspect of the DCO's activities. CFTC Regulation 39.27 sets forth the required elements of such a legal framework.

II. Instrument Section 3.1 – PFMI Principles

A. Section 3.1 Requirements

A recognized clearing agency must establish, implement and maintain rules, procedures, policies or operations designed to ensure that it meets or exceeds PFMI Principles 1 to 3, 10, 13, 15 to 19, 20 other than key consideration 9, 21 to 23 and the following:

(a) if the clearing agency operates as a central counterparty, PFMI Principles 4 to 9, 12 and 14;

(b) if the clearing agency operates as a securities settlement system, PFMI Principles 4, 5, 7 to 9 and 12; and

(c) if the clearing agency operates as a central securities depository, PFMI Principle 11.

B. Comparable CFTC Requirements

The CFTC requirements that relate to Instrument Section 3.1 apply to DCOs that have elected to be subject to, and comply with, Subpart C of Part 39 of the CFTC's regulations. Subpart C imposes additional requirements on a DCO that are consistent with the international risk management standards set forth in the PFMI Principles. Specifically, CFTC Regulation 39.37 provides that each subpart C DCO must complete and publicly disclose its responses to the Disclosure Framework for Financial Market Infrastructures published by the Committee on Payment and Settlement Systems and the Board of the International Organization of Securities Commissions.

In addition, as provided in CFTC Regulation 39.40, Subpart C of the CFTC's Part 39 regulations are intended "to establish standards which, together with subparts A and B of this part, are consistent with section 5b(c) of the Act and the Principles for Financial Market Infrastructures published by the Committee on Payment and Settlement Systems and the Board of the International Organization of Securities Commissions and should be interpreted in that context."

C. Nodal Clear Satisfaction of CFTC Requirements

Nodal Clear has elected to be subject to, and comply with, Subpart C of Part 39 of the CFTC's regulations, which applies additional requirements on a DCO consistent with the international risk management standards set forth in the PFMIs pursuant to CFTC regulation §39.40. Accordingly, Nodal Clear maintains rules, procedures, policies and operations designed to ensure that it meets or exceeds all applicable PFMI Principles. The Nodal Clear PFMI Disclosure Framework Document demonstrating how it complies with PFMI Principles is published on Nodal Clear's website at www.nodalclear.com and is included in this Application.

III. Instrument Section 4.1 – Board of directors

A. Section 4.1 Requirements

(1) A recognized clearing agency must have a board of directors.

(2) The board of directors must include appropriate representation by individuals who are

(a) independent of the clearing agency, and

(b) not employees or executive officers of a participant or their immediate family members.

(3) For the purposes of paragraph (2)(a), an individual is independent of a clearing agency if he or she has no direct or indirect material relationship with the clearing agency.

(4) For the purposes of subsection (3), a "material relationship" is a relationship that could, in the view of the clearing agency's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

B. Comparable CFTC Requirements

The CFTC requirements that are comparable to the Section 4.1 requirements relate to Core Principle O which establishes governance fitness standards and CFTC regulations that describe criteria for appropriate representation on the board and require procedures for managing conflicts of interest. Core Principle O provides that each DCO must (1) establish governance arrangements that are transparent to fulfill public interest requirements and to permit the consideration of the views of owners and participants and (2) establish and enforce appropriate fitness standards for (a) directors, (b) members of any disciplinary committee, (c) members of the DCO, (d) any other individual or entity with direct access to the settlement or clearing activities of the DCO, and (e) any party affiliated with any entity described above. In addition, CFTC Regulation 39.32 requires a DCO have governance arrangements that: support the stability of the broader financial system; describe procedures for managing conflicts of interest; and provide for a board that consists of suitable individuals having appropriate skills. In particular, 39.32(c)(2) requires that the board of directors include individuals who are not executives, officers or employees of the subpart C DCO.

C. Nodal Clear Satisfaction of CFTC Requirements

Nodal Clear Rule 2.1 sets out the composition of the board of directors of Nodal Clear ("**Board**"). In accordance with Nodal Clear Rule 2.1.4, to serve as a director of Nodal Clear, an individual must possess the ability to contribute to the effective

oversight and management of Nodal Clear, taking into account the needs of Nodal Clear and such factors as the individual's experience, perspective, skills and knowledge of the cleared derivatives industry.

In accordance with Section 7.3 of the Nodal Clear Limited Liability Company Agreement ("**LLC Agreement**") and Nodal Clear Rule 2.1.5, at least 35%, and no fewer than two, of Nodal Clear's Board members must be "**Public Directors**" as such term is defined in Appendix B of Part 38 of the CFTC regulations. In accordance with Nodal Clear Rule 2.1.6, to qualify as a Public Director, the Board must find that the individual has no material relationship with Nodal Clear. The Board must make such finding upon the nomination or appointment of the Public Director and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually. For these purposes, a "material relationship" is one that reasonably could affect the independent judgment or decision-making of the Public Director. In accordance with Nodal Clear Rule 2.1.6(a), Public Directors may not be officers or employees of Nodal Clear. This restriction applies to the immediate family of such individuals as stated in Nodal Clear Rule 2.1.6(e).

In accordance with Nodal Clear Rule 2.1.6, an individual would be considered to have a "material relationship" with Nodal Clear if any of the following circumstances exist or have existed within the past year:

a) such individual is an officer or an employee of Nodal Clear, or an officer or an employee of an affiliate of Nodal Clear;

b) such individual has an ownership interest in Nodal Clear;

c) such individual is a director, officer, or employee of a clearing member of Nodal Clear, a participant on Nodal Exchange, or of any entity with an ownership interest in Nodal Clear;

d) such individual, or an entity of which such individual is a partner, officer or director, receives more than $100,000 in combined annual payments for legal, accounting, or consulting services from Nodal Clear or any of its affiliates.

Compensation for services as a member of the Board or as a member of the board of directors of an affiliate thereof does not count toward the $100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a member of the Board, so long as such compensation is in no way contingent, conditioned or revocable. Any of the "material relationships" set forth above apply to the "immediate family" of such individual (i.e., spouse, parents, children, and siblings, in each case, whether by blood, marriage or adoption). A Public Director of Nodal Clear may serve as a director of an affiliate of Nodal Clear if he or she otherwise qualifies as a Public Director in accordance with this Nodal Clear Rule 2.1.6.

IV. Instrument Section 4.2 – Documented procedures regarding risk spill-overs

A. Section 4.2 Requirements

The board of directors and management of a recognized clearing agency must have documented procedures to manage possible risk spill over where the clearing agency provides services with a different risk profile than its depository, clearing and settlement services.

B. Comparable CFTC Requirements

The CFTC requirements that are comparable to Section 4.2 provide standards for the board and management so that the operations of the DCO are consistent with the risk management framework established by the board. These standards require the DCO to demonstrate to the CFTC that the DCO board has the appropriate skills, incentives, and independence to oversee management's implementation of operational and risk management responsibilities.

Specifically, CFTC Regulation 39.32(a) provides that a subpart C DCO have governance arrangements that place a high priority on the safety and efficiency of a subpart C DCO so that the decisions of affiliates are not detrimental to the DCO. Accordingly, CFTC Regulation 39.32(b) requires clearly specified roles and responsiblities of the members of the board and its committees, including the establishment of a clear and documented risk management framework and procedures for identifying, addressing, and managing conflicts of interest involving members of the board. In addition, DCO Core Principle P requires a DCO to establish and enforce rules to minimize conflicts of interest in the decision-making process of the DCO and to establish a process for resolving such conflicts of interest.

C. Nodal Clear Satisfaction of CFTC Requirements

Pursuant to Core Principle P, Nodal Clear has established procedures to manage any conflicts of interest of the Board and management that could be detrimental to the DCO. However, the potential for risk spill over is minimal because Nodal Clear's services are limited to clearing; depository and settlement services are provided by unaffiliated and legally separate entities.

Since Nodal Clear only offers clearing services, Nodal Clear does not face risk from product offerings, such as functioning as a securities repository, swap data repository or payment infrastructure provider that may have a distinct risk profile from clearing.

Nodal Clear complies with Core Principle P to broadly address any possible conflicts of interest that could include affiliates, all of which are legally separate entities. Nodal Clear has governance arrangements in place, pursuant to CFTC Regulation 39.32, that address conflicts of interest and support the stability of the broader financial system. Nodal Clear Rule 2.7.2 prohibits members of the Board from participating in deliberations or voting on any significant action if such member has a direct and substantial financial interest in the matter. The member of the Board must disclose information regarding such conflict of interest to the chief compliance officer who will determine whether such member is subject to a conflicts restriction based on all available relevant information.

V. Instrument Section 4.3 – Chief Risk Officer and Chief Compliance Officer

A. Section 4.3 Requirements

(1) A recognized clearing agency must designate a chief risk officer and a chief compliance officer, who must report directly to the board of directors or, if determined by the board of directors, to the chief executive officer of the clearing agency.

(2) The chief risk officer must

(a) have full responsibility and authority to maintain, implement and enforce the risk management framework established by the clearing agency,

(b) make recommendations to the clearing agency's board of directors regarding the clearing agency's risk management framework,

(c) monitor the effectiveness of the clearing agency's risk management framework, and

(d) report to the clearing agency's board of directors on a timely basis upon becoming aware of any significant deficiency with the risk management framework.

(3) The chief compliance officer must

(a) establish, implement, maintain and enforce written policies and procedures to identify and resolve conflicts of interest and ensure that the clearing agency complies with securities legislation,

(b) monitor compliance with the policies and procedures described in paragraph (a),

(c) report to the board of directors of the clearing agency as soon as practicable upon becoming aware of any circumstance indicating that the clearing agency, or any individual acting on its behalf, is not in compliance with securities legislation and one or more of the following apply:

(i) the non-compliance creates a risk of harm to a participant,

(ii) the non-compliance creates a risk of harm to the broader financial system,

(iii) the non-compliance is part of a pattern of non-compliance, or

(iv) the non-compliance may have an impact on the ability of the clearing agency to carry on business in compliance with securities legislation,

(d) prepare and certify an annual report assessing compliance by the clearing agency, and individuals acting on its behalf, with securities legislation and submit the report to the board of directors,

(e) report to the clearing agency's board of directors as soon as practicable upon becoming aware of a conflict of interest that creates a risk of harm to a participant or to the capital markets, and

(f) concurrently with submitting a report under paragraphs (c), (d) or (e), file a copy of such report with the securities regulatory authority.

B. Comparable CFTC Requirements

The CFTC requirements comparable to Instrument Section 4.3 are in Part 39 of the CFTC regulations. CFTC Regulation 39.13 requires that a DCO have a chief risk officer ("**CRO**") who, pursuant to 39.32(b)(8), must be overseen by the board of directors. CFTC Regulation 39.10 requires that a DCO have a chief compliance officer ("**CCO**") who reports to the board of directors or a senior officer of the DCO.

The Chief Risk Officer

Pursuant to CFTC Regulation 39.13(c), the CRO shall be responsible for implementing the risk management framework, including the procedures, policies and controls, and for making appropriate recommendations to the DCO's risk management committee or board of directors, as applicable, regarding the DCO's risk management functions. The CRO is responsible for the implementation of the DCO's policies, prcedures, and controls approved by the board that establish, in accordance with CFTC Regulation 39.13(b), “an appropriate risk management framework that, at a minimum, clearly identifies and documents the range of risks to which the DCO is exposed, addresses the monitoring and management of the entirety of those risks, and provides a mechanism for internal audit. The risk management framework shall be regularly reviewed and updated as necessary.” Accordingly, any significant deficiency with the risk management framework would be identified by the CRO and appropriate amendments would be presented to the Board for approval. In addition, the DCO must maintain procedures, in accordance with CFTC Regulation 39.32(b)(8), pursuant to which the Board oversees the CRO, the RMC, and material risk decisions.

The Chief Compliance Officer

Pursuant to 39.10(c)(2), a CCO's duties include, but are not limited to:

a) Reviewing the DCO’s compliance with the Core Principles;

b) Resolving any conflicts of interest that may arise;

c) Establishing and administering written policies and procedures reasonably designed to prevent violation of the CEA;

d) Establishing procedures for the remediation or non compliance issues identified by the CCO through any compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint; and

e) Establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues.

Additionally, in accordance with CFTC Regulation 39.10(c)(3), the CCO is required to prepare and sign an annual report that that covers the most recently completed fiscal year of the DCO, and provide the annual report to the board or senior officer of the DCO. At a minimum, the annual report shall include the following:

a) A description of the DCO’s written policies and procedures, including the code of ethics and conflict of interest policies;

b) Review of each Core Principle and applicable CFTC regulation, and with respect to each:

   a. Identify the compliance policies and procedures that are designed to ensure compliance with the Core Principle;

   b. Provide an assessment as to the effectiveness of these policies and procedures;

   c. Discuss areas for improvement, and recommend potential or prospective changes or improvements to the DCO’s compliance program and resources allocated to compliance;

c) List any material changes to compliance policies and procedures since the last annual report;

d) Describe the financial, managerial, and operational resources set aside for compliance with the CEA and CFTC regulations; and

e) Describe any material compliance matters and corresponding actions taken, including incidents of noncompliance, since the last annual report.

Pursuant to CFTC Regulation 39.10(4), the CCO must submit the annual report to the CFTC after presenting the annual report to the board or senior officer of the DCO. Presentation of the annual report to the Board must be recorded in the Board minutes or otherwise as evidence of compliance with this requirement.

Pursuant to CFTC Regulation 39.10(c)(2)(iv), the CCO is responsible for "[t]aking reasonable steps to ensure compliance with the Act and Commission regulations relating to agreements, contracts, or transactions, and with Commission regulations prescribed under section 5b of the Act." Also, pursuant to CFTC Regulation 39.10(c)(1)(ii) and (iii), the CCO reports to the board or senior officer and shall meet with the board or senior officer at least annually. Accordingly, any substantive non-compliance event is communicated to the board/senior officer by the CCO.

There are two CFTC requirements that would achieve a similar outcome to Instrument Section 4.3(3)(e):

1. Section 5b(i)(2)(C) of the CEA states that a CCO shall "in consultation with the board of the derivatives clearing organization, a body performing a function similar to the board of the derivatives clearing organization, or the senior officer of the derivatives clearing organization, resolve any conflicts of interest that may arise."

2. CFTC Regulation 39.10(c)(2)(ii), states that the CCO is responsible for "[i]n consultation with the board of directors or the senior officer, resolving any conflicts of interest that may arise."

C. Nodal Clear Satisfaction of CFTC Requirements

In accordance with Nodal Clear Rule 2.2.1, the Board appoints individuals with appropriate experience, skills and integrity to serve as the CRO and the CCO. The duties and responsibilities of the CRO are set forth in Section 7.5 of the LLC Agreement subject to the oversight of the Board. The CRO reports to the Chief Executive Officer of Nodal Clear ("**Chief Executive Officer**") and the Risk Management Committee, a Board committee solely comprised of Board members ("**RMC**"), in accordance with Nodal Clear Rule 2.4.3(e). The duties and responsibilities of the CCO are as prescribed in CFTC Regulation 39.10(c). Pursuant to CFTC Regulation 39.10(c)(ii), the CCO reports to the Chief Executive Officer of Nodal Clear and ultimately the Board.

The Chief Risk Officer

As set forth in Section 7.5.1(c) of the LLC Agreement, the CRO is responsible for implementing Nodal Clear's risk management policies, procedures and controls which establish an appropriate risk management framework. The risk management framework, at a minimum, clearly identifies and documents the range of risks to which Nodal Clear is exposed, addresses the monitoring and management of the entirety of those risks, and provides a mechanism for internal audit. The risk management framework must be reviewed regularly and updated as necessary. The CRO is responsible for making recommendations regarding risk management functions to the RMC and the Board, as applicable, regarding Nodal Clear's risk management functions. Accordingly, any recommendations to address significant deficiencies with the risk management framework, as identified by the CRO, would also be presented to the Board for approval.

Nodal Clear's CRO and Risk, Market Administration, & Surveillance ("**RMAS**") Group are responsible, with assistance from the CCO, for monitoring Nodal Clear's clearing members and their compliance with Nodal Clear Rules, policies and procedures. This monitoring process includes (i) periodic reviews of the risk management policies, procedures, and operational practices, (ii) reviews to assess each clearing member's continued compliance with Nodal Clear's financial requirements, and (iii) ongoing monitoring to assess compliance with Nodal Clear's risk management and operational performance standards. Additionally, RMAS monitors clearing members' compliance with margin requirements on a daily basis and reviews the monthly financial reports required to be filed by clearing members for compliance with Nodal Clear's capital requirements.

The Chief Compliance Officer

In accordance with Nodal Clear Rule 2.2.4, the CCO, in consultation with the RMC and the Board, is responsible for developing and enforcing appropriate compliance policies and procedures, to fulfill the duties and obligations of the Nodal Clear set forth in the CEA and CFTC Regulations. As provided in Section 1.2.1 of the Nodal Clear Compliance Policies and Procedures Manual (the "**Compliance Manual**"), the Board vests the CCO with the required authority to develop, implement and enforce, in consultation with the RMC and the Chief Executive Officer, appropriate compliance policies and procedures, to fulfill the duties set forth in the CEA and CFTC Regulations. The CCO is responsible for implementing and enforcing Nodal Clear Rule 2.7 Conflicts of Interest.

The CCO of Nodal Clear is responsible for Nodal Clear maintaining adequate arrangements and resources to effectively monitor the compliance of its clearing members with Nodal Clear Rules. The CCO further is responsible for ensuring that Nodal Clear implements and maintains monitoring procedures that are effective, that the monitoring resources are adequate, and that the necessary rules and clearing member agreements to support monitoring are in place. The CCO assesses the adequacy and

effectiveness of these monitoring procedures, makes recommendations for improvements, and works with the CRO and RMAS to implement the recommendations where appropriate.

The CCO may choose to conduct his or her own independent reviews of clearing members as deemed appropriate. Items subject to review may include, but are not limited to:

- Reports or information the clearing member has submitted to Nodal Clear and/or the CFTC;
- Audit reports or findings related to the business practices, risk management programs or regulatory performance of a clearing member;
- Disciplinary actions initiated against a clearing member by the CFTC or a self-regulatory organization; and
- Such other items and activities as the CCO may deem appropriate from time to time.

As provided in Section 2.6 of the Compliance Manual, the CCO is responsible for preparing Nodal Clear's annual compliance report, reviewing the report with the RMC and Chief Executive Officer, and submitting the report to the CFTC. The annual report is designed to provide CFTC staff with an understanding of how Nodal Clear has complied with applicable provisions of the CEA and CFTC Regulations for the year. The annual report shall, at a minimum, address the following topics:

a) **Policies and Procedures.** The annual report will contain a summary of Nodal Clear's written policies and procedures, including the General Principles and Goals of Conduct Policy (which consist of Nodal Clear's code of ethics and conflicts of interest policies).

b) **Compliance with Core Principles.** The annual report will also contain a review of the Core Principles and CFTC regulations applicable to DCOs and with respect to each:

- Identify the compliance policies and procedures that are designed to ensure compliance with the Core Principle or CFTC regulation;
- Provide an assessment as to the effectiveness of these policies and procedures; and
- Discuss areas for improvement, and recommend potential or prospective changes or improvements to Nodal Clear's compliance program and resources allocated to compliance.

c) **Material Changes.** The annual report will include a list of any material changes to Nodal Clear's compliance policies and procedures since the submission of the prior annual report.

d) **Compliance Resources.** The annual report will set out the various resources available to the CCO in order to execute the duties imposed by the CEA and the CFTC regulations. Such description will include information regarding the staffing and organization of the compliance function as well as an explanation of the financial, managerial, and operational resources dedicated to compliance.

e) **Non-Compliance and Disciplinary Matters.** The annual report will discuss material compliance matters arising in the previous year, including instances of non-compliance and actions taken to remediate any such instance of non-compliance.

The CCO will present the annual report to the RMC and the Chief Executive Officer of Nodal Clear for review as recorded in the minutes of the RMC. Prior to submission to the CFTC, the CCO will sign and certify that the annual report is accurate and complete to the best of the CCO's knowledge and reasonable relief. While the annual report provides for formal annual communication between the CCO and the RMC, Nodal Clear's CCO also prepares regular reports to the Board regarding compliance matters in accordance with Section 2.4(10) of the Compliance Manual, and addresses these matters with the Board and RMC on a quarterly basis. Also, in accordance with Section 2.4(2) of the Compliance Manual, the CCO is reponsible for resolving conflicts of interest in consultation with the Board or the CEO. Such regular direct communication with the Board allows the CCO to disclose and discuss non-compliance matters or conflicts of interest in a timely manner.

VI. Instrument Section 4.4 – Board or advisory committees

A. Section 4.4 Requirements

(1) The board of directors of a recognized clearing agency must, at a minimum, establish and maintain committees on risk management, finance and audit.

(2) If a committee is a board committee, it must be chaired by a sufficiently knowledgeable individual who is independent of the clearing agency.

(3) Subject to subsection (4), a committee must have an appropriate representation by individuals who are independent of the clearing agency.

(4) An audit or risk committee must have an appropriate representation by individuals who are:

(a) independent of the clearing agency, and

(b) not employees or executive officers of a participant or their immediate family members.

B. Comparable CFTC Requirements

The CFTC requirements that are comparable to Instrument Section 4.4 enable the DCO board of directors to establish an RMC pursuant to CFTC Regulation 39.13(c). Pursuant to the requirements for DCO registration in Appendix A of Part 39 of the CFTC Regulations, DCO applicants must provide a description of the composition and responsibilities of the RMC. CFTC Regulation 39.32(c) provides the fitness standards for the board of directors, which includes the RMC, such that a subpart C DCO shall have governance policies to make certain that:

a) The board of directors consists of suitable individuals having appropriate skills and incentives;

b) The board of directors include individuals who are not executives, officers or employees of the subpart C DCO or an affiliate thereof;

c) The performance of the board of directors and the performance of individual directors are reviewed on a regular basis;

d) Managers have the appropriate experience, skills, and integrity necessary to discharge operational and risk management responsibilities; and

e) Risk management and internal control personnel have sufficient independence, authority, resources, and access to the board of directors so that the operations of the subpart C DCO are consistent with the risk management framework established by the board of directors.

C. Nodal Clear Satisfaction of CFTC Requirements

To meet the requirements of the CFTC, the Board has established the RMC, in accordance with Nodal Clear Rule 2.4.1, to oversee the Nodal Clear risk program on behalf of the Board. In accordance with Nodal Clear Rule 2.4.3, the RMC has the authority to (i) monitor the risk program of Nodal Clear for sufficiency, effectiveness and independence; and (ii) oversee all facets of the risk program, including:

a) clearing member membership criteria;

b) risk management policy, financial safeguards and financial surveillance;

c) surveillance, audits, examinations, and other regulatory responsibilities with respect to clearing members (including compliance with, as applicable, financial integrity, financial reporting, recordkeeping and other requirements);

d) reviewing the size and allocation of the risk and compliance budgets and resources, and the number, hiring, termination and compensation of risk and compliance personnel;

e) supervising the CRO, who will report to the RMC in addition to the Chief Executive Officer;

f) supervising the CCO, who will report to the RMC in addition to the Chief Executive Officer;

g) authorizing its Chairman and the CRO to establish a Risk Advisory Committee to meet as needed and to be chaired by the CRO, which Committee will include clearing member representation in order to provide recommendations to Nodal Clear and the RMC upon request;

h) recommending changes to ensure fair, vigorous, and effective regulation and risk management; and

i) reviewing regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation.

As required by Nodal Clear Rule 2.1.4, all members of the Board must possess the ability to contribute to the effective oversight and management of Nodal Clear. In appointing the chairman of the RMC, the Board takes into account such factors as the individual's experience, perspective, skills and knowledge of the industry in which Nodal Clear operates. This shall include sufficient expertise, where applicable, in financial services, risk management and clearing services. Based on these criteria, the Board has appointed the Chief Executive Officer as the individual to chair the RMC.

To ensure effective independence of the RMC, there are at least two Public Directors on the RMC. In accordance with Nodal Clear Rule 2.4.3, the RMC shall consist of at least 35% Public Directors. In accordance with Nodal Clear Rule 2.1.6, to qualify as a Public Director, the Board must find that such individuals have no material relationship with Nodal Clear. For these purposes, a "material relationship" is one that reasonably could affect the independent judgment or decision-making of the Public Director. In accordance with Nodal Clear Rule 2.1.6(c), a material relationship would exist if an individual is a director, officer, or employee of a clearing member of Nodal Clear, a participant on Nodal Exchange, or of any entity with an ownership interest in Nodal Clear. Such "material relationship" applies to the "immediate family" of such individual (i.e., spouse, parents, children, and siblings, in each case, whether by blood, marriage or adoption). Conflicts of interest are managed by the CCO in accordance with Nodal Clear Rule 2.7.

As the ultimate parent of both Nodal Clear and Nodal Exchange, Nodal Holdings has an established audit committee. The independent auditors issue an audit report for Nodal Clear and Nodal Exchange (consolidated) and are then required to report to the audit committee of the Nodal Holdings board on behalf of Nodal Clear and Nodal Exchange. The board of Nodal Clear, which includes two independent Public Directors, receives the financial results of Nodal Clear on a quarterly basis. Finance and internal audit functions are carried out by the Nodal Clear treasury team under the direction of the Chief Financial Officer. The Nodal Clear treasury team is responsible for monitoring transactions in real-time and performing daily reconciliations with financial institutions.

VII. Instrument Section 4.5 – Use of own capital

A. Section 4.5 Requirements

A recognized clearing agency that operates as a central counterparty must dedicate and use a reasonable portion of its own capital to cover losses resulting from one or more participant defaults.

B. Comparable CFTC Requirements

Nodal Clear is not aware of a Core Principle or CFTC regulation comparable to the Section 4.5 requirements.

C. Nodal Clear Satisfaction of CFTC Requirements

While not required by the CFTC, Nodal Clear provides a priority Nodal Clear contribution of $20 million to be used in the event of default by one or more clearing members. As described in Nodal Clear Rule 3.35, Nodal Clear's default waterfall provides that the defaulting clearing member's resources are first used to cure the default. If the defaulting clearing member's resources are exhausted before the default has been cured, then Nodal Clear may next use in the following order as described in Nodal Clear Rule 3.35(b):

1. Any surpluses of Nodal Clear that the Board determines are available for such purpose,

2. A loan or repurchase agreement or similar transaction, and

3. The Nodal Clear contribution (currently $20 million as posted on the Nodal Clear website under the default resources section of risk management).

Should these resources be exhausted before the default has been cured, Nodal Clear would next apply the "**Guaranty Fund**"[5] resources from non-defaulting clearing members. Should the resources of the Guaranty Fund be exhausted before the default has been cured, Nodal Clear will assess the surviving clearing members for additional contributions. These assessments cannot exceed 200% of a clearing member's prior Guaranty Fund contribution for a single default, or 550% of a clearing member's prior Guaranty Fund contribution for multiple defaults occurring within a six month period. These assessments are due and payable at the end-of-day Settlement Time for the day on which the assessment is levied. The default waterfall is also described in a visual diagram on the Nodal Clear website.

[5] As defined in the Nodal Clear Rulebook, the Guaranty Fund consists of monies, securities, and instruments deposited by clearing members in accordance with the Rules, which fund shall be used to reimburse Nodal Clear for losses sustained by Nodal Clear as a result of the failure of any clearing member to discharge its obligations in accordance with the Rules.

VIII. Instrument Section 4.6 – Systems requirements

A. Section 4.6 Requirements

For each system operated by or on behalf of a recognized clearing agency that supports the clearing agency's clearing, settlement and depository functions, the clearing agency must

(a) develop and maintain

(i) an adequate system of internal controls over that system, and

(ii) adequate information technology general controls, including, without limitation, controls relating to information systems operations, information security, change management, problem management, network support and system software support,

(b) in accordance with prudent business practice, on a reasonably frequent basis and, in any event, at least annually

(i) make reasonable current and future capacity estimates, and

(ii) conduct capacity stress tests to determine the ability of that system to process transactions in an accurate, timely and efficient manner, and

(c) promptly notify the regulator or, in Québec, the securities regulatory authority of any material systems failure, malfunction, delay or security breach, and provide timely updates on the status of the failure, malfunction, delay or security breach, the resumption of service, and the results of the clearing agency's internal review of the failure, malfunction, delay or security breach.

B. Comparable CFTC Requirements

Comparable to the Section 4.6 requirements, Core Principle I (System Safeguards) provides that each DCO must:

a) establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk through the development of appropriate controls and procedures, and automated systems, that are reliable, secure, and have adequate scalable capacity;

b) establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allows for

a. the timely recovery and resumption of operations of the DCO; and

b. the fulfillment of each obligation and responsibility of the DCO; and

c) periodically conduct tests to verify that the backup resources of the DCO are sufficient to ensure daily processing, clearing, and settlement.

To implement Core Principle I, CFTC Regulation 39.18 provides for system safeguards that each DCO must implement. Among other things, CFTC Regulation 39.18 calls for a program of risk analysis and oversight with respect to operations and automated systems that identifies and minimizes sources of operational risk through the development of appropriate controls and procedures and the development of automated systems that are reliable, secure, and with adequate scalable capacity. In accordance with CFTC Regulation 39.18(c), this risk analysis program must specifically address the following categories of risk analysis and oversight:

1. Information security;

2. Business continuity and disaster recovery planning and resources;

3. Capacity and performance planning;

4. Systems operations;

5. Systems development and quality assurance; and

6. Physical security and environmental controls.

In addressing these categories of risk analysis and oversight, the DCO must follow generally accepted standards and best practices with respect to the development, operation, reliability, security, and capacity of the automated systems. Regulation 39.18 further provides that DCOs shall establish and maintain resources that allow for the fulfillment of each obligation and responsibility of the DCO in light of the risks identified as part of the program of risk analysis and oversight.

Regulation 39.18(g) provides that the DCO shall notify staff of the CFTC's Division of Clearing and Risk promptly of 1) Any hardware of software malfunction, cyber security incident or targeted threat that materially impairs, or creates a significant likelihood of material impairment, of automated system operation, reliability security or capacity; or 2) Any activation of the DCO's business continuity and disaster recovery plan.

C. Nodal Clear Satisfaction of CFTC Requirements

Nodal Clear has a program of risk analysis in compliance with the CFTC requirements in Core Principle I and CFTC Regulation 39.18. Nodal Clear maintains a technology risk catalog that identifies key technology risks across all technology platforms operated by Nodal Clear. The Nodal Clear technology teams have developed a series of customized risk mitigation strategies to eliminate or reduce specific risks using specific best practices to ensure the automated systems are reliable, secure, and have adequate scalable capacity. Independent professionals conduct audits to verify that mitigation strategies are being followed.

In accordance with section 7.2 of the Compliance Manual, Nodal Clear must report any system disruption that materially impairs, or creates a significant likelihood of material impairment, to the CFTC. Nodal Clear must submit a report to the CFTC promptly upon the occurrence of: (1) any hardware or software malfunction, cyber-security incident, or targeted threat that materially impairs, or is significantly likely to materially impair, an automated system operation, reliability, security or capacity; or (2) the activation of Nodal Clear's business continuity and disaster recovery plan. The CFTC shall also be provided with timely advance notice of any planned changes to automated systems if such changes are likely to have a significant impact on the reliability, security or adequate scalable capacity of such systems and in respect of any planned changes to Nodal Clear's program of risk analysis and oversight.

IX. Instrument Section 4.7 – Systems reviews

A. Section 4.7 Requirements

(1) A recognized clearing agency must annually engage a qualified party to conduct an independent systems review and vulnerability assessment and prepare a report in accordance with established audit standards and best industry practices to ensure that the clearing agency is in compliance with paragraph 4.6(a) and section 4.9.

(2) The clearing agency must provide the report resulting from the review conducted under subsection (1) to

(a) its board of directors, or audit committee, promptly upon the report's completion, and

(b) the regulator or, in Québec, the securities regulatory authority, by the earlier of the 30th day after providing the report to its board of directors or the audit committee or the 60th day after the calendar year end.

B. Comparable CFTC Requirements

Comparable to the Instrument Section 4.7 requirements, CFTC Regulation 39.18 requires DCOs to establish and maintain risk analysis and oversight programs as part of their systems, which includes regular testing to verify that the backup resources of the derivatives clearing organization are sufficient to ensure daily processing, clearing, and settlement. Specifically, a DCO must follow "generally accepted standards and industry best practices with respect to the development, operation, reliability, security, and capacity of automated systems" when establishing risk analysis and oversight programs. In addition, on December 23, 2015, the CFTC issued proposed cybersecurity rules that, if adopted, would enhance CFTC Regulation 39.18 and require as DCO to conduct five types of systems testing and assessment: 1) vulnerability testing, 2) penetration testing, 3) information security controls testing, 4) security incident response plan testing, and 5) enterprise technology risk assessment.[6]

C. Nodal Clear Satisfaction of CFTC Requirements

In compliance with CFTC Regulation 39.18, Nodal Clear conducts periodic audits to confirm that the defined linkages between identified technology risks and their associated risk mitigation strategies are occurring regularly and as designed. These audits focus on interviews and artifact sampling to match day-to-day practice against the implementation plan and ensure that key Nodal mitigation strategies are being followed. The audits are led by Nodal Clear Controller Myshel Guillory, CPA, to assess the adequacy of the internal controls over the system, with support from Nodal Clear technology and compliance staff. Nodal Clear

[6] System Safeguards Testing Requirements for Derivatives Clearing Organizations. 80 FR 80114 (December 23, 2015).

also engages a qualified independent third party to conduct systems security reviews, and, in particular, penetration testing. The reports of these audits are reviewed regularly by the Board.

X. Instrument Section 4.8 – Clearing agency technology requirements and testing facilities

A. Section 4.8 Requirements

(1) A recognized clearing agency must make available to participants, in their final form, all technology requirements regarding interfacing with or accessing the clearing agency

(a) if operations have not begun, sufficiently in advance of operations to allow a reasonable period for testing and system modification by participants, and

(b) if operations have begun, sufficiently in advance of implementing a material change to technology requirements to allow a reasonable period for testing and system modification by participants.

(2) After complying with subsection (1), the clearing agency must make available testing facilities for interfacing with or accessing the clearing agency

(a) if operations have not begun, sufficiently in advance of operations to allow a reasonable period for testing and system modification by participants, and

(b) if operations have begun, sufficiently in advance of implementing a material change to technology requirements to allow a reasonable period for testing and system modification by participants.

(3) The clearing agency must not begin operations before

(a) it has complied with paragraphs (1)(a) and (2)(a), and

(b) the chief information officer of the clearing agency, or an individual performing a similar function, has certified in writing to the regulator or, in Québec, the securities regulatory authority, that all information technology systems used by the clearing agency have been tested according to prudent business practices and are operating as designed.

(4) The clearing agency must not implement a material change to the systems referred to in section 4.6 before

(a) it has complied with paragraphs (1)(b) and (2)(b), and

(b) the chief information officer of the clearing agency, or an individual performing a similar function, has certified in writing to the regulator or, in Québec, the securities regulatory authority, that the change has been tested according to prudent business practices and is operating as designed.

(5) Subsection (4) does not apply to the clearing agency if the change must be made immediately to address a failure, malfunction or material delay of its systems or equipment and if

(a) the clearing agency immediately notifies the regulator or, in Québec, the securities regulatory authority, of its intention to make the change, and

(b) the clearing agency discloses to its participants the changed technology requirements as soon as practicable.

B. Comparable CFTC Requirements

Nodal Clear is not aware of comparable CFTC requirements.

C. Nodal Clear Satisfaction of CFTC Requirements

While Nodal Clear is not subject to specific CFTC requirements containing the testing provisions outlined above, Nodal Clear generally adheres to the Instrument Section 4.8 requirements other than certifying in writing to its regulator that testing has been completed as this is not required. Before launching Nodal Clear on October 19, 2015, Nodal Clear provided all clearing members with interface specifications and provided access to test systems so that clearing members could verify that their systems worked properly with those of Nodal Clear. In the event Nodal Clear were to implement a material change to the technology requirements for these interfaces, Nodal Clear would provide its clearing members with updated specifications and

access to test systems materially in advance of the transition to ensure that the transition will not disrupt clearing member operations. Interface specifications do not disclose the proprietary information of Nodal Clear clearing members.

XI. Instrument Section 4.9 – Testing of business continuity plans

A. Section 4.9 Requirements

A recognized clearing agency must

(a) develop and maintain reasonable business continuity plans, including disaster recovery plans, and

(b) test its business continuity plans, including its disaster recovery plans, according to prudent business practices and on a reasonably frequent basis and, in any event, at least annually.

B. Comparable CFTC Requirements

Comparable to the Instrument Section 4.9 requirements, the relevant requirements of Core Principle I (System Safeguards) require a DCO to establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allows for the timely recovery and resumption of operations of the DCO and the fulfillment of each obligation and responsibility of the DCO. In addition, Core Principle I requires the DCO conduct tests periodically to verify that the backup resources of the DCO are sufficient to ensure daily processing, clearing, and settlement. CFTC Regulation 39.18(e) implements Core Principle I by requiring a DCO maintain a business continuity and disaster recovery plan, emergency procedures, and physical, technological, and personnel resources sufficient to enable the timely recovery and resumption of operations and the fulfillment of each obligation and responsibility of the DCO following any disruption of its operations. Such obligations and responsibilities of the DCO includes, without limitation, daily processing, clearing, and settlement of transactions cleared. The objective of the DCO's business continuity and disaster recover plan is to enable the DCO to resume daily processing, clearing, and settlement no later than two hours following the disruption.

CFTC Regulation 39.18(j) provides that a DCO shall conduct "regular, periodic, and objective testing" of its business continuity and disaster recovery plans. The DCO will use testing protocols adequate to ensure that the DCO's backup resources are sufficient to meet the requirements of its business continuity and disaster recovery plan. CFTC Regulation 39.18(j)(2) require that testing be conducted by qualified, independent professionals that may not be persons responsible for the development or operation of the systems or capabilities being tested. The reports setting forth the protocols for, and the results of, such tests must be presented to, and reviewed by DCO senior management. Protocols of tests that result in few or no exceptions shall be subject to further review.

In accordance with CFTC Regulation 39.18(k), the DCO shall, to the extent practicable:

a) Coordinate its business continuity and disaster recovery plan with those of its clearing members, in a manner adequate to enable effective resumption of daily processing, clearing, and settlement following a disruption;

b) Initiate and coordinate periodic, synchronized testing of its business continuity and disaster recovery plan and the plans of its clearing members; and

c) Ensure that its business continuity and disaster recovery plan takes into account the plans of its providers of essential services, including telecommunications, power, and water.

C. Nodal Clear Satisfaction of CFTC Requirements

Nodal Clear maintains a Business Continuity and Disaster Recovery Plan, which pursuant to CFTC Regulation 39.18 establishes procedures to respond to a significant business disruption by restoring the market as quickly as possible without sacrificing the accuracy and integrity of order, trade, position, and market data The clearing services recovery time objective is 2 hours. The Business Continuity and Disaster Recovery Plan includes procedures for communicating with clearing members.

Nodal Clear tests the Business Continuity and Disaster Recover Plan at least twice annually. Such tests address various scenarios that simulate wide-scale disasters and inter-site switchovers. Nodal Clear's employees are thoroughly trained to execute the Business Continuity and Disaster Recovery Plan. Nodal Clear plans to participate in the industry wide Business Continuity/Disaster Recovery testing process of the Futures Industry Association ("**FIA**"). The FIA testing process involves testing key failover procedures with a DCO's clearing members.

XII. Instrument Section 4.10 – Outsourcing

A. Section 4.10 Requirements

If a recognized clearing agency outsources a critical service or system to a service provider, including to an affiliated entity of the clearing agency, the clearing agency must do all of the following:

(a) establish, implement, maintain and enforce written policies and procedures to conduct suitable due diligence for selecting service providers to which a critical service and system may be outsourced and for the evaluation and approval of those outsourcing arrangements;

(b) identify any conflicts of interest between the clearing agency and the service provider to which a critical service and system is outsourced, and establish, implement, maintain and enforce written policies and procedures to mitigate and manage those conflicts of interest;

(c) enter into a written contract with the service provider to which a critical service or system is outsourced that

(i) is appropriate for the materiality and nature of the outsourced activities,

(ii) includes service level provisions, and

(iii) provides for adequate termination procedures;

(d) maintain access to the books and records of the service provider relating to the outsourced activities;

(e) ensure that the securities regulatory authority has the same access to all data, information and systems maintained by the service provider on behalf of the clearing agency that it would have absent the outsourcing arrangements;

(f) ensure that all persons conducting audits or independent reviews of the clearing agency under this Instrument have appropriate access to all data, information and systems maintained by the service provider on behalf of the clearing agency that such persons would have absent the outsourcing arrangements;

(g) take appropriate measures to determine that the service provider to which a critical service or system is outsourced establishes, maintains and periodically tests an appropriate business continuity plan, including a disaster recovery plan;

(h) take appropriate measures to ensure that the service provider protects the clearing agency's proprietary information and participants' confidential information, including taking measures to protect information from loss, thefts, vulnerabilities, threats, unauthorized access, copying, use and modification, and discloses it only in circumstances where legislation or an order of a court or tribunal of competent jurisdiction requires the disclosure of such information;

(i) establish, implement, maintain and enforce written policies and procedures to monitor the ongoing performance of the service provider's contractual obligations under the outsourcing arrangements.

B. Comparable CFTC Requirements

Consistent with the requirements of Instrument Section 4.10, the CFTC permits the DCO to use the services of outside service providers to comply with any of the Core Principles. Pursuant to the requirements for DCO registration in Appendix A of Part 39 of the CFTC regulations regarding Exhibit A-10, DCO applicants that intend to use such services of an outside service provider to comply with the Core Principles must submit to the CFTC all agreements entered into between the applicant and the outside service provider, and identify:

1. The services that will be provided;

2. The staff who will provide the services; and

3. The Core Principles addressed by such arrangement.

In addition, CFTC Regulation 39.18(f) permits a DCO to maintain its required business continuity and disaster recovery resources through written contractual arrangements with a service provider; provided, however that the DCO must:

a) retain complete liability for any failure to meet its business continuity and disaster recovery responsibilities,

b) employ personnel with the expertise necessary to enable it to supervise the service provider's delivery of the services, and

c) include the outsourced resources in any testing referred to in CFTC Regulation 39.18(j).

C. Nodal Clear Satisfaction of CFTC Requirements

Nodal Exchange

Nodal Clear entered into an Operating Services Agreement with its parent, Nodal Exchange, on October 1, 2014. Exhibit A to the Operating Services Agreement identifies the personnel, systems, operational support and other services that Nodal Exchange provides to Nodal Clear pursuant to the Operating Services Agreement.[7] Several Nodal Exchange employees perform functions related to the provision of clearing services, including similar clearing services it provided to LCH pursuant to an outsourcing agreement with LCH until the transition to Nodal Clear. When Nodal Clear launched on October 19, 2015, Nodal Exchange continued to provide these services and other clearing support services to Nodal Clear pursuant to the Operating Services Agreement.

Compliance with the following Core Principles is accomplished, in whole or in part, through the provision of services and personnel pursuant to the Operating Services Agreement:

Core Principle D – Risk Management. Core Principle D and CFTC Regulation 39.13 require Nodal Clear to ensure that it possesses the ability to manage the risks associated with discharging its responsibilities as a DCO through the use of appropriate tools and procedures. The Operating Services Agreement documents the systems, staffing, resources and services related to the assessment and management of risks that are provided by Nodal Exchange to Nodal Clear.

Core Principle E – Settlement Procedures. Core Principle E and CFTC Regulation 39.14 require Nodal Clear to ensure that settlements are effected with each clearing member at least once each business day and that Nodal Clear has the operational capacity to effect a settlement with each Clearing member on an intraday basis, either routinely, when thresholds specified by Nodal Clear are breached, or in times of extreme market volatility. Pursuant to the Operating Services Agreement, Nodal Exchange provides resources that enable Nodal Clear to effect settlements with each clearing member at least once each business day and more frequently if warranted by market volatility.

Core Principle H – Rule Enforcement. Core Principle E and CFTC Regulation 39.17 require Nodal Clear to maintain adequate arrangements and resources to effectively monitor and enforce compliance with Nodal Clear Rules. Nodal Exchange provides personnel, systems and other resources to conduct inquiries, investigations, disciplinary proceedings, appeals and summary actions on behalf of Nodal Clear.

Core Principle I – System Safeguards. Core Principle I and CFTC Regulation 39.18 require Nodal Clear to establish and maintain a program of risk analysis and oversight with respect to its operations and automated systems to identify and minimize sources of operational risk. As set forth in the Operating Services Agreement, Nodal Exchange provides systems that have appropriate controls for the clearing services provided by Nodal Clear and are adequately reliable, secure and scalable and support the business continuity and disaster recovery plan of Nodal Clear.

Core Principle J – Reporting. Core Principle J and CFTC Regulation 39.19 require Nodal Clear to provide the CFTC with certain reports and any other information that the CFTC deems necessary to conduct its oversight of Nodal Clear. The Operating Services Agreement requires the Exchange to provide human, technical and other resources necessary to provide the CFTC with the reports specified in CFTC Regulation 39.19 and any other requested information.

Core Principle K – Recordkeeping. Consistent with Core Principle K and CFTC Regulation 39.20, Nodal Clear maintains records of all activities related to its business as a DCO. The services provided by Nodal Exchange pursuant to the Operating Services Agreement enable Nodal Clear to maintain all records related to the clearing services provided by Nodal Clear. In addition, Nodal Exchange maintains appropriate records regarding the services the Exchange provides to Nodal Clear.

Patrina Corporation

To meet the recordkeeping requirements outlined in Core Principle K and CFTC Regulations 1.31 and 39.20, Nodal Clear has entered into the Operating Services Agreement with Nodal Exchange. Nodal Exchange, in turn, has engaged Patrina Corporation ("**Patrina**") to store Nodal Clear's records related to its business as a DCO utilizing electronic storage media in a

[7] As relevant, certain Nodal Exchange personnel take on duties for and, as appropriate, serve as officers of Nodal Clear. These "dual hatted" employees, therefore, are authorized to act for Nodal Clear to the same extent as if they were employed exclusively by Nodal Clear.

non-erasable, non-rewritable format. Nodal Clear sends data through Nodal Exchange to Patrina on a daily basis, and Patrina automatically verifies the quality and accuracy of the storage media recording process, serializes the original data (and, if applicable, duplicates units of storage media) and creates a time-date record for the required period of retention for the information placed on Patrina's electronic storage media.

Patrina acts as Nodal Clear's Technical Consultant in accordance with CFTC Regulation 1.31(b)(4) and, in that capacity, has the ability to immediately access and download Nodal Clear information upon request by representatives of the CFTC or the Department of Justice. Patrina has provided Nodal Clear with the undertaking letter required by Regulation 1.31.

National Futures Association

Nodal Clear has entered into an Arbitration Services Agreement with the National Futures Association ("**NFA**"). Pursuant to the Arbitration Services Agreement and Section VI of the Nodal Clear Rulebook, NFA administers arbitration proceedings for disputes, controversies or claims between or among clearing members. Arbitration proceedings are to be conducted in accordance with the NFA Member Arbitration Rules, as if each clearing member that is party to such arbitration were an "NFA Member," and references in such Member Arbitration Rules to the "Associates" of an "NFA Member" shall mean and include any Authorized User and any individual who is employed by or is an agent of a clearing member and who has been authorized to access Nodal Clear under the Rules. The Arbitration Services Agreement permits Nodal Clear to achieve compliance with Core Principle H and CFTC Regulation 39.17, which require Nodal Clear to maintain adequate arrangements and resources to effectively resolve disputes.

XIII. Instrument Section 4.11 – Access requirements and due process

A. Section 4.11 Requirements

(1) A recognized clearing agency must not

(a) unreasonably prohibit, condition or limit access by a person or company to the services offered by the clearing agency,

(b) unreasonably discriminate among its participants or indirect participants,

(c) impose any burden on competition that is not reasonably necessary and appropriate,

(d) unreasonably require the use or purchase of another service for a person or company to utilize the clearing agency's services offered by it, and

(e) impose fees or other material costs on its participants that are unfairly or inequitably allocated among the participants.

(2) For any decision made by the clearing agency that terminates, suspends or restricts a participant's membership in the clearing agency or that declines entry to membership to an applicant that applies to become a participant, the clearing agency must ensure that

(a) the participant or applicant is given an opportunity to be heard or make representations, and

(b) it keeps records of, gives reasons for, and provides for reviews of its decisions, including, for each applicant, the reasons for granting access or for denying or limiting access to the applicant, as the case may be.

(3) Nothing in subsection (2) limits or prevents the clearing agency from taking timely action in accordance with its rules and procedures to manage the default of one or more participants or in connection with the clearing agency's recovery or orderly wind-down, whether or not such action adversely affects a participant.

B. Comparable CFTC Requirements

The requirements of Core Principle C – Participant and Product Eligibility, are comparable to the requirements of Instrument Section 4.11. CFTC Core Principle C requires that the participation and membership requirements of each DCO:

a) be objective;

b) be publicly disclosed; and

c) permit fair and open access.

In implementing Core Principle C, applicable subsections of CFTC Regulation 39.12(a)(1) provide that:

a) the DCO may not adopt restrictive clearing member standards if less restrictive requirements that achieve the same objective and that would not materially increase risk to the DCO or clearing members could be adopted;

b) the DCO shall allow all market participants who satisfy participation requirements to become clearing members; and

c) a DCO shall not exclude or limit clearing membership of certain types of market participants unless the DCO can demonstrate that the restriction is necessary to address credit risk or deficiencies in the participants' operational capabilities that would prevent them from fulfilling their obligations as clearing members.

CFTC Regulation 39.12(a)(6) requires DCOs to have the ability to enforce compliance with its participation requirements. The DCO must demonstrate the ability to enforce compliance with its participation requirements and establish procedures for the orderly removal of clearing members that no longer meet the requirements. As required in the Appendix A to Part 39 regarding the rule enforcement procedures, the DCO must establish standards and provide procedural protections when imposing any such enforcement measures.

C. Nodal Clear Satisfaction of CFTC Requirements

In accordance with CFTC Core Principle C, Nodal Clear has established participation and membership requirements that are objective, publicly disclosed, and permit fair and open access to the DCO. Pursuant to Nodal Clear Rule 3.2, each applicant for clearing membership must meet certain objective qualification criteria that are designed to ensure that clearing members meet appropriate financial, credit, operational and risk management requirements. The qualifications for clearing members of Nodal Clear are as follows:

a) it shall be a corporation, limited liability company, partnership or other entity in good standing in its jurisdiction of formation;

b) it shall be qualified to conduct business in the State of New York or have an agency agreement in place with an entity qualified in the State of New York that provides an agent for service of process and other communications from Nodal Clear in connection with the business of Nodal Clear;

c) it shall be engaged in or demonstrate its capacity to engage in the conduct of the business of a clearing member;

d) it shall have received all necessary registrations, approvals and consents from all applicable regulatory authorities and governmental authorities to permit it to conduct the business of a clearing member;

e) it shall demonstrate such fiscal integrity as would justify Nodal Clear's assumption of the risks inherent in clearing Nodal Contracts;

f) it shall demonstrate financial capitalization commensurate with Nodal Clear requirements as set by the RMC from time to time, provided that the minimum capital requirement shall not be more than $50,000,000;

g) if it is clearing on behalf of customers, it shall be registered as an FCM;

h) it shall have established satisfactory relationships with, and designated to Nodal Clear, a financial institution approved by Nodal Clear for confirmation and payment of all initial margin, variation margin and other settlements with Nodal Clear;

i) it shall maintain back-office facilities staffed with experienced and competent personnel or have entered into a facilities management agreement in form and substance acceptable to Nodal Clear; and

j) it shall have adequate operational capacity, including the ability to process expected peak volumes and values within required time frames, fulfill collateral payment and delivery obligations imposed by Nodal Clear and participate in default management activities.

Once admitted, clearing members must continue to meet these criteria on an ongoing basis. The membership criteria established by Nodal Clear Rule 3.2 are clear and objective and permit fair and open access. Any clearing member that ceases to qualify for membership must notify Nodal Clear. The Rules setting forth Nodal Clear membership criteria and the membership application process are available on the Nodal Clear website. In addition, Nodal Clear makes public all fees charged by Nodal

Clear for its clearing services, the margin-setting methodology used by Nodal Clear, and the size and composition of the Guaranty Fund.

In the event an applicant fails to be approved for membership, in accordance with Nodal Rule 3.4, the applicant shall have seven (7) business days to file an appeal to the Board seeking further consideration. The Board may approve the applicant by a majority vote if it determines that the decision to deny the application was in error.

Any action taken by Nodal Clear during an emergency that terminates, suspends or restricts a clearing member's membership in Nodal Clear shall provide such clearing member with notice and the opportunity to be heard in accordance with Nodal Clear Rule 5.3.2. However, Nodal Clear may take immediate action against a clearing member in accordance with Nodal Clear Rule 5.3.2(a) in the event an emergency exists as determined by the Chief Executive Officer or, in his or her absence, the Chief Risk Officer or the Board, whereby the opportunity to be heard before taking action is not practicable under the circumstances and there is reason to believe that immediate action is necessary to protect the best interests of Nodal Clear. In the event such immediate action is taken, Nodal Clear will give the clearing member(s) notice and an opportunity to be heard by the Board promptly thereafter. Such notice, to be provided no less than one (1) hour before the hearing, will state the action that has been taken, the reasons therefor, and the effective date, time, and anticipated duration thereof.

Upon conclusion of a hearing, the Board shall issue a written decision, with a copy to the CRO and the clearing member, in accordance with Nodal Clear Rule 5.3.2(c). The decision will include a copy of any transcript of the hearing (if previously transcribed) and citations, as appropriate, to any documents presented at the hearing. The Board decision shall state: (i) the Board's determination as to whether an emergency exists or there is a substantial question as to whether an emergency exists regarding the clearing member; and (ii) the Board's decision whether to affirm, modify, or reverse any action theretofore taken and the effective date and duration of the action. The Board's decision shall be the final action of Nodal Clear and will not be subject to appeal within Nodal Clear.

2.4 Additional Information to Demonstrate that it is in the Public Interest for the OSC to Exempt the Applicant

Nodal Clear is committed to operating a clearing agency in accordance with relevant public interest considerations. Nodal Clear has published the following mission statement on its website: "To provide a safe, effective, and efficient clearing house that supports financial stability and earns all stakeholders' trust." In addition, Nodal Clear's RMC Charter explicitly supports the stability of the broader financial system and other relevant public interest considerations, which may include considerations relating to clearing members, customers and other relevant stakeholders. The full text of the charter is available on Nodal Clear's website at www.nodalclear.com.

2.5 Certification Regarding Books and Records as well as Onsite Inspection and Examination

Pursuant to Section 2.1(2)(a) of the Instrument, Nodal Clear will provide certification that it will assist the OSC in accessing Nodal Clear's books and records and in undertaking an onsite inspection and examination at Nodal Clear's premises.

2.6 Form 24-102F1 Submission to Jurisdiction and Appointment of Agent for Service

Pursuant to Section 2.1(3) of the Instrument, Nodal Clear will prepare a draft Form 24-102F1 *Submission to Jurisdiction and Appointment of Agent for Service*. A fully executed Form 24-102F1 shall be filed with the OSC once the Nodal Clear Exemption is issued.

2.7 Notice Regarding Material Change to Information Provided in Application

Pursuant to Section 2.1(4) of the Instrument, Nodal Clear agrees to inform the OSC in writing of any material change to the information provided in its application, or if any of the information becomes materially inaccurate for any reason, as soon as the change occurs or Nodal Clear becomes aware of any inaccuracy.

2.8 Filing of Audited Financial Statements

Pursuant to Section 2.4(1) of the Instrument, Nodal Clear will provide audited financials for the most recently completed financial year. Such audited financial statements and the accompanying auditor's report will meet the standards prescribed in Sections 2.4(2) and (3) of the Instrument, respectively.

I, Paul Cusenza as Chief Executive Officer and Chairman of the Board of Nodal Clear, do hereby certify that to the best of my knowledge the preparation and compilation of the attached application to the Ontario Securities Commission is authorized and confirm the truth of the facts contained therein as they relate to Nodal Clear.

DATED April 6, 2016

"Paul Cusenza"
Paul Cusenza
Chief Executive Officer and Chairman of the Board
Nodal Clear, LLC

APPENDIX A

NODAL CLEAR, LLC

DISCLOSURE FRAMEWORK FOR FINANCIAL MARKET INFRASTRUCTURES

Nodal Clear Disclosure Framework

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RESPONDING INSTITUTION: NODAL CLEAR, LLC

JURISDICTION: UNITED STATES

AUTHORITY REGULATING, SUPERVISING OR OVERSEEING THE FMI:

UNITED STATES COMMODITY FUTURES TRADING COMMISSION

DISCLOSURE DATE: NOVEMBER 2015

THIS DISCLOSURE CAN ALSO BE FOUND AT www.nodalclear.com.

FOR FURTHER INFORMATION, PLEASE CONTACT NODAL CLEAR AT
accountmanagement@nodalexchange.com OR (703) 962-9820.

V1.1
November 2015

1. EXECUTIVE SUMMARY

The objective of this document ("**Disclosure Framework for Financial Market Infrastructures**") is to provide relevant disclosure to market participants on the methods used by Nodal Clear, LLC to manage the risks it faces as a central counterparty ("**CCP**").

The Disclosure Framework for Financial Market Infrastructures is prepared in accordance with the internationally-recognized "Principles of Financial Market Infrastructure" ("**PFMIs**") published in February 2012 and developed jointly by the Committee on Payment and Settlement Systems ("**CPSS**")[1] and the Technical Committee of the International Organization of Securities Commissions ("**IOSCO**").

The Disclosure Framework contains twenty-four principles designed to ensure a more robust infrastructure for global financial markets, twenty-two of which apply to CCPs. No disclosure is provided with respect to Principles 11 and 24, as they do not apply to CCPs.

Nodal Clear, LLC provides clearing services for the futures contracts traded on or through Nodal Exchange, LLC. Nodal Clear, LLC is registered with the U.S. Commodity Futures Trading Commission ("**CFTC**") as a derivatives clearing organization ("**DCO**"); Nodal Exchange, LLC is registered with the CFTC as a designated contract market ("**DCM**"). In this document Nodal Clear, LLC may be referred to as "**Nodal Clear**" or "**Clearing House**," and Nodal Exchange, LLC may be referred to as "**Nodal Exchange**" or "**Exchange**."

2. SUMMARY OF MAJOR CHANGES SINCE THE LAST UPDATE OF THE DISCLOSURE

This amended version of Nodal Clear's Disclosure Framework reflects some changes to Nodal Clear policies as well as corrections to the prior version.

3. GENERAL DESCRIPTION OF THE FMI

(A) General description of the FMI and the markets it serves

Nodal Clear is a wholly-owned subsidiary of Nodal Exchange. Nodal Clear's main business objective is to clear Nodal Exchange contracts, including futures and options on futures contracts, initially for electricity and natural gas contracts at various locations in the United States and Canada, and locational and time spreads of the forgoing. As of August 2015, Nodal Exchange's open interest represents approximately 21% of the cleared futures open interest in electricity in the United States and Canada. Nodal Exchange commenced operations as an exempt commercial market in April 2009 and became a DCM in September 2013.

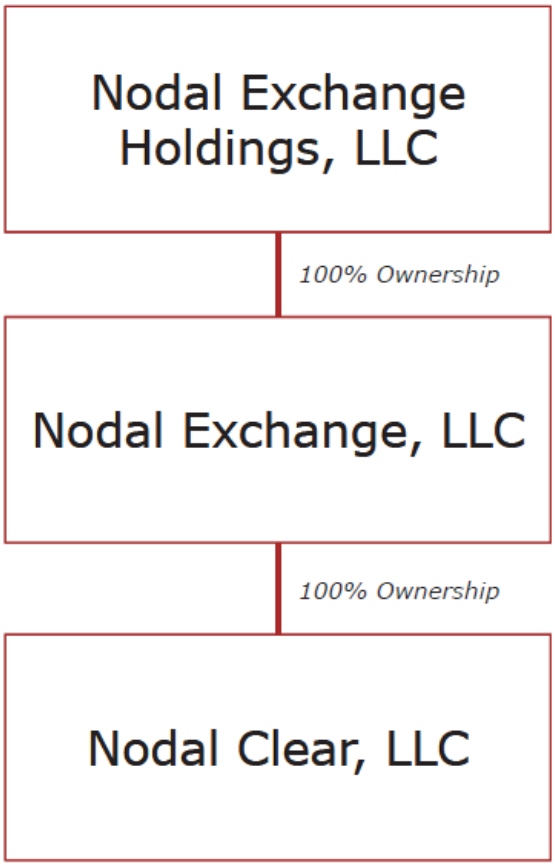
On October 19, 2015, Nodal Clear commenced clearing Nodal Exchange power and natural gas futures contracts. Nodal Exchange currently lists cash-settled contracts for many granular power locations including hubs, zones and nodes. All current power futures contracts are for monthly terms for peak or off-peak power and are settled to Day Ahead or Real Time power prices as published by the organized markets in electric power, known as regional transmission organizations/independent system operators ("RTOs/ISOs"). The number of power and natural gas contracts is expected to expand over time to meet market needs. Nodal Exchange power and natural gas contract specifications can be found at www.nodalexchange.com.

(B) General organization of the FMI

Nodal Clear, LLC is a wholly-owned subsidiary of Nodal Exchange, LLC, which is owned by Nodal Exchange Holdings, LLC ("Holdings").

[1] As of September 1, 2014, the Committee on Payment and Settlement Systems changed its name to the Committee on Payments and Market Infrastructures.

Organization Structure:



(C) Legal and regulatory framework

Nodal Clear, LLC was organized in October 2014 as a Delaware limited liability company. The company operates in Tysons Corner, Virginia and is duly authorized to conduct business in the Commonwealth of Virginia. Nodal Clear is subject to regulatory oversight by the CFTC. The CFTC reviews, assesses and enforces a DCO's adherence to applicable provisions of the Commodity Exchange Act ("**CEA**") and the regulations promulgated thereunder on an ongoing basis, including but not limited to, the DCO's compliance with eighteen "**DCO Core Principles**," including principles relating to financial resources, participant and product eligibility, risk management, settlement procedures, treatment of funds, default rules and procedures, rule enforcement and system safeguards. Nodal Clear is subject to ongoing examination and inspection by the CFTC. Nodal Clear has elected to be subject to, and comply with, Subpart C of Part 39 of the CFTC's regulations, which applies additional requirements on a DCO consistent with the international risk management standards set forth in the PFMIs.

The CFTC has been charged with administering and enforcing the CEA. Accordingly, the CFTC is the US government agency that has direct regulatory and oversight responsibility for DCOs. The CFTC monitors Nodal Clear's operations and receives from Nodal Clear regular, as well as event-specific, reports relating to, among other things, daily volume and open interest, quarterly financial and liquidity resources calculations, significant changes to the risk or financial profiles of Nodal Clear and/or its Clearing Members, default events, and determinations to transfer/liquidate positions. The CFTC conducts periodic on-site examinations of Nodal Clear.

(D) System design and operations

Nodal Clear utilizes the Nodal Clearing System ("**NCS**") to manage the clearing operations and provide a portal for clearing members to manage their interactions with Nodal Clear. NCS provides real-time position keeping, trade reporting and margin reporting functionality, as well as banking functionality that processes Nodal Clear's margin calls and allows Clearing Members to view their cash and collateral deposits and request collateral substitutions or release of excess collateral.

Nodal Exchange's systems provide key risk management functionality for Clearing Members. Clearing Members place a Trade Risk Limit ("**TRL**") on each customer and house account via the Nodal Exchange interface. Upon receipt of a trade, Nodal

Exchange then checks the resulting customer or house portfolio against the TRL to verify that the portfolio risk is below the TRL specified by the Clearing Member.

All Nodal Clear and Nodal Exchange systems offer Internet-based connectivity and various file and interface options for Clearing Members to integrate into their own systems. Nodal Clear and Nodal Exchange use industry standard protocols, such as FIX for trade reporting and secure file transfer protocol ("**sFTP**") for key mid-day and end-of-day file delivery.

Nodal Clear operates on a consistent schedule to create a predictable flow of daily activities for Clearing Members. The Nodal Exchange market is open from 9:00 a.m. EPT to 5:00 p.m. EPT, and all trades received between those hours are booked the same day. Files containing pay and collect reports are published to the market by 12:45 p.m. EPT for the mid-day margin run, and at 6:30 p.m. EPT for the end-of-day run, followed by the issuing of payment instructions by 1:00 p.m. EPT and 3:00 a.m. EPT the following business day, respectively. Margin calls must be met by Clearing Members at 2:00 p.m. EPT for the mid-day call, and at 9:00 a.m. EPT the following day for the end-of-day margin call.

4. CORE PRINCIPLES

Principle 1: Legal basis

An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.

Key consideration 1*: The legal basis should provide a high degree of certainty for each material aspect of an FMI's activities in all relevant jurisdictions.*

Nodal Clear accepts and clears contracts traded on, or pursuant to the rules of, Nodal Exchange. Upon accepting the trade, Nodal Clear novates the contract by becoming the counterparty to each Clearing Member that has submitted the trade, and thereby releases each Clearing Member from its obligations to the other. Nodal Clear collects and manages margin collateral from each Clearing Member with respect to each of its open positions; collects and disburses funds to mark positions to the settlement price on a daily basis; and manages netting, final settlement, and liquidation of positions.

Each Clearing Member must sign and deliver to Nodal Clear a duly completed Clearing Member Agreement (the "**Clearing Member Agreement**"), pursuant to which the Clearing Member certifies that it will observe and abide by the Nodal Clear Rulebook and any amendments thereto. The Clearing Member Agreement is governed by and, as discussed below, is enforceable under, New York law.

United States law is the governing law that governs the majority of the operations of Nodal Clear. The US legal framework consists primarily of the CEA and the CFTC Regulations, pursuant to which the CFTC exercises regulatory oversight of clearing systems and market participants. The CEA requires that Nodal Clear be registered with the CFTC as a DCO and be subject to the CFTC's regulatory oversight. As relevant here, the purposes of the CEA are to deter and prevent disruptions to market integrity, ensure the financial integrity of transactions within its purview, and the avoidance of systemic risk.[2]

In accordance with the CEA, Nodal Clear is required to operate subject to the DCO Core Principles, including Core Principle R, Legal Risk, which requires each DCO to have a well-founded, transparent and enforceable legal framework for each aspect of its activities as a DCO.[3] CFTC Regulations implementing Core Principle R require that Nodal Clear provide a legal framework for its activities as a central counterparty, netting arrangements, interests in collateral, steps to address a default of a Clearing Member, finality of settlement and funds transfers, operational requirements, and risk management procedures.[4] CFTC Regulations also require that Nodal Clear be duly organized, legally authorized to conduct business, and remain in good standing at all times in any relevant jurisdiction.[5]

Other laws, including the Uniform Commercial Code as adopted in New York ("**NYUCC**") and the US Bankruptcy Code govern Nodal Clear's rights with regards to defaulting Clearing Members. The NYUCC governs many aspects of the enforceability of Nodal Clear's right to liquidate the positions of a defaulting Clearing Member and to net and set off any amounts that a Clearing Member may owe to Nodal Clear. Relevant provisions of the Bankruptcy Code, in concert with Part 190 of the CFTC's Regulations (the "**Part 190 Regulations**"), authorize Nodal Clear to transfer, net, set off, liquidate, terminate, accelerate and close out the trades and positions of a defaulting Clearing Member.

The Nodal Clear Rulebook describes Nodal Clear's clearing and settlement activities, including the regulatory requirements for Nodal Clear, the Clearing Members, and market participants. Nodal Clear relies on legal agreements with its settlement banks

2 Section 3(b) of the CEA establishes the purposes of the CEA.

3 CEA Section 5b(c)(2)(R).

4 CFTC Regulation 39.27(b).

5 CFTC Regulation 39.27(a).

("**Settlement Bank**") and custodians of Nodal Clear and Clearing Members. New York law governs these agreements, along with the Nodal Clear Rulebook and the agreements with Clearing Members. The NYUCC permits parties to a security agreement to designate events of default that authorize the secured party to exercise its right to liquidate positions. Accordingly, the NYUCC permits the Clearing House to exercise its rights as a secured party to exercise remedies set out in the Nodal Clear Rulebook in respect of amounts payable under the terms of Nodal Exchange contracts and to net those amounts upon their liquidation and termination.

Key consideration 2: *An FMI should have rules, procedures, and contracts that are clear, understandable, and consistent with relevant laws and regulations.*

The Nodal Clear Rulebook, Nodal Clear's operational procedures as a DCO, and Nodal Clear's agreements with its Clearing Members are clear and understandable and consistent with the CEA and the CFTC Regulations. The CEA and the CFTC Regulations are publicly available on the CFTC's website. Based on appropriate legal analysis, Nodal Clear has adopted rules and procedures for Nodal Clear and its Clearing Members that comply with its legal requirements. Nodal Clear must submit new rules and rule revisions to the CFTC for approval or, in certain circumstances, Nodal Clear may self-certify the compliance of the rule or rule revision.

On its website, Nodal Clear publishes the Nodal Clear Rulebook, its operational procedures as a DCO, the terms and conditions of each Nodal Contract, fees, the margin-setting methodology, the size of the Guaranty Fund, and Settlement Prices, volume and open interest for each Nodal Contract (collectively referred to herein as "**Nodal Clear Rules**"). Nodal Clear will also publish any new or revised rules, procedures, and contracts.

Key consideration 3: *An FMI should be able to articulate the legal basis for its activities to relevant authorities, participants, and, where relevant, participants' customers, in a clear and understandable way.*

The Nodal Clear Rulebook establishes the legal basis for Nodal Clear's activities and provides for Nodal Clear's role as central counterparty. The Nodal Clear Rulebook also sets out Nodal Clear's arrangements relating to netting, interests in collateral, default, settlement finality, funds transfers and operations.

Key consideration 4: *An FMI should have rules, procedures, and contracts that are enforceable in all relevant jurisdictions. There should be a high degree of certainty that actions taken by the FMI under such rules and procedures will not be voided, reversed, or subject to stays.*

The CEA and CFTC Regulations and, to the extent not preempted thereby, the law of the State of New York, govern the majority of the activities of Nodal Clear, its Clearing Members, market participants, and the legal relationships between these parties. In addition, the NYUCC, the US Bankruptcy Code and the Federal Deposit Insurance Corporation Improvement Act of 1991 ("**FDICIA**") govern Nodal Clear's legal rights with regards to defaulting Clearing Members, including the enforceability of Nodal Clear's Rules authorizing the transfer, netting, setoff, liquidation, termination, acceleration, and close-out of trades and positions of a defaulting Clearing Member. In the event of bankruptcy by a futures commission merchant ("**FCM**") registered with the CFTC, the Part 190 Regulations provide detailed procedures for addressing a collateral shortfall and a system for the transfer of customer accounts.

Under US law, state law claims involving trading or operations of a futures market or clearing house are pre-empted by the CEA.[6] Claims involving Nodal Clear's regulated activities must be pursued in US federal courts under the CEA, which limits the risk that a state or local court could undermine the enforceability of Nodal Clear Rules.

Nodal Clear will assess its legal risks of entering into contractual relationships with entities domiciled in foreign jurisdictions. Since all Clearing Members that clear for customers are required to be registered with the CFTC as FCMs, there is a basis for US jurisdiction over their activities on Nodal Clear.

At this time, Nodal Clear has one Clearing Member that is domiciled outside the United States. Before accepting any foreign Clearing Member, Nodal Clear will assess the legal risks that may arise from such Clearing Member and obtain appropriate legal analysis regarding the enforceability of Nodal Clear Rules against the foreign Clearing Member.

At this time, Nodal Clear has engaged financial institutions for Settlement Bank and custodial services that are domiciled in the United States. Prior to accepting a foreign Settlement Bank or custodian, Nodal Clear will obtain legal analysis that evaluates the applicable legal and regulatory regime to determine that there is a high degree of certainty that the terms and conditions of the agreement with such foreign entities would be enforceable and not subject to a material risk of being voided, reversed, or subject to stays.

[6] See, e.g., *American Agriculture Movement, Inc. v. Board of Trade of the City of Chicago*, 977 F.2d 1147, 1154-56 (7th Cir. 1992).

Key consideration 5: *An FMI conducting business in multiple jurisdictions should identify and mitigate the risks arising from any potential conflict of laws across jurisdictions.*

Nodal Clear conducts business inside the United States. Prior to entering into any arrangement involving international jurisdictions, Nodal Clear will obtain legal analysis that evaluates the legal risks that may arise from potential conflict of laws engaging in activities involving foreign entities. Nodal Clear will evaluate the risks and make determinations based on the ability to appropriately limit such risks.

Principle 2: Governance

An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.

Key consideration 1: *An FMI should have objectives that place a high priority on the safety and efficiency of the FMI and explicitly support financial stability and other relevant public interest considerations.*

Nodal Exchange, the parent of Nodal Clear, has published the following mission on its public website:

> "To be the most trustworthy and effective cash-settled commodities exchange in the markets we serve enabling better risk reward management."

Nodal Clear has also published its mission on its public website:

> "To provide a safe, effective, and efficient clearing house that supports financial stability and earns all stakeholders' trust."

In addition, pursuant to its charter, Nodal Clear's Risk Management Committee is responsible, for "recommending changes that would support the broader financial system or other relevant public interest considerations." The full text of the charter is available on Nodal Clear's public website.

Key consideration 2: *An FMI should have documented governance arrangements that provide clear and direct lines of responsibility and accountability. These arrangements should be disclosed to owners, relevant authorities, participants, and, at a more general level, the public.*

Nodal Clear posts its Limited Liability Company Agreement ("**LLC Agreement**"), the charters of its Board committees and its Rulebook on its website in order to make its governance structure clear and transparent to its members and to the public, as well as to emphasize Nodal Clear's focus on providing a safe and efficient clearing house to the markets it serves. Nodal Exchange, the parent of Nodal Clear, similarly ensures that its governance structure is clear and transparent by posting on its public website its Limited Liability Company Agreement, its Board committee charters, and its Rulebook.

Section II of Nodal Clear's Rulebook explicitly identifies the governance structure. Nodal Clear Rule 2.1 identifies the composition of the Board and its powers, and explicitly requires that at least 35%, and no fewer than two, of Nodal Clear's Board members be comprised of "**Public Directors**," as that term is defined in the CFTC Rules, to ensure independent, objective contributions to Nodal Clear's governance. Nodal Clear is also accountable to its owners: the majority-in-interest of Nodal Clear's owners has the authority to appoint any Board members and must consent to any removal of Board members. Nodal Clear's indirect owners include trading participants, thereby ensuring the representation of participant interests.

The Board is authorized to oversee the day-to-day management and business operations of the Clearing House in accordance with the LLC Agreement.

The Board must have at least two standing committees: the Nominating Committee and the Risk Management Committee ("**RMC**" or "**Risk Management Committee**"). In addition to the standing committees, the Board has the power and authority to create and terminate, in accordance with the LLC Agreement, special committees of the Board and designate their composition, responsibilities and powers.

The Board is authorized to appoint one or more individuals with appropriate experience, skills and integrity to serve as the Chairman, Chief Executive Officer, President, Chief Risk Officer, Chief Compliance Officer, and General Counsel and may further appoint such other officers of the Clearing House or any subsidiary of the Clearing House (each, an "**Officer**") as deemed necessary or appropriate, with such titles, duties, and authority as the Board approves, to carry out the business of the Clearing House or any subsidiary of the Clearing House, and upon such terms and conditions as the Board determines.

The Chief Risk Officer is responsible for implementing Nodal Clear's risk management policies, procedures and controls and for making recommendations regarding risk management functions to the RMC and the Board. The RMC's responsibilities include supervising the Chief Risk Officer, who reports to the RMC as well as to the Chief Executive Officer.

The Chief Compliance Officer, in consultation with the RMC and the Board, is responsible for developing and enforcing appropriate compliance policies and procedures, to fulfill the duties and obligations of the Clearing House set forth in the CEA and CFTC Regulations. The RMC's responsibilities include supervising the Chief Compliance Officer, who reports to the RMC as well as to the Chief Executive Officer.

Key consideration 3: *The roles and responsibilities of an FMI's board of directors (or equivalent) should be clearly specified, and there should be documented procedures for its functioning, including procedures to identify, address, and manage member conflicts of interest. The board should review both its overall performance and the performance of its individual board members regularly.*

The Board's responsibilities are clearly specified in Nodal Clear's LLC Agreement and in Section II of the Nodal Clear Rulebook.

The Board oversees Nodal Clear's day-to-day management and business operations in accordance with the LLC Agreement. The Board approves new Rules or Rule revisions, although the Board may delegate such authority to a Board committee or one or more Officers of the Clearing House. The Board has the power to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of committees or special committees of the Board or one or more Officers of the Clearing House related to the day-to-day business operations of the Clearing House. The Board has established arrangements to permit consideration of the views of Clearing Members in connection with the functioning of the Clearing House and with additions or amendments to the Rules; a description of these arrangements are available to the public and to the CFTC. Major decisions of the Board will be disclosed to Clearing Members and to the CFTC. Major decisions of the Board with a broad market impact will be disclosed to the public.

As noted above, the Nominating Committee and the Risk Management Committee comprise the standing committees of the Board. The Nominating Committee is responsible for: (i) identifying individuals qualified to serve on the Board, consistent with the criteria that the Board may require and any composition requirement(s) promulgated by the CFTC; and (ii) administering a process for the nomination of Board candidates.

The Risk Management Committee oversees Nodal Clear's risk program on behalf of the Board with the authority to: (i) monitor the risk program for sufficiency, effectiveness and independence; and (ii) oversee all facets of the risk program. The RMC's responsibilities include supervising the Chief Risk Officer and the Chief Compliance Officer, both of whom report to the RMC as well as to the Chief Executive Officer. The RMC may establish a Risk Advisory Committee in order to provide recommendations to the Clearing House and the RMC on an ad hoc basis. Any Risk Advisory Committee would include Clearing Member representation and would be chaired by the Chief Risk Officer.

Conflicts of interest are managed by the Clearing House in accordance with Nodal Clear Rule 2.7.

On a regular basis, the RMC reviews the performance of the Board and its individual members, as provided in the RMC Charter. The Board also reviews and assesses its performance annually.

Key consideration 4: *The board should contain suitable members with the appropriate skills and incentives to fulfill its multiple roles. This typically requires the inclusion of non-executive board member(s).*

Nodal Clear Rule 2.1 sets out the composition of the Board. In accordance with Rule 2.1.4, to serve as a director of Nodal Clear, an individual must possess the ability to contribute to the effective oversight and management of the Clearing House, taking into account the needs of the Clearing House and such factors as the individual's experience, perspective, skills and knowledge of the cleared derivatives industry.

In accordance with Section 7.3 of the LLC Agreement and Nodal Clear Rule 2.1.5, at least 35%, and no fewer than two, of Nodal Clear's Board members must be Public Directors. In accordance with Nodal Clear Rule 2.1.6, to qualify as a Public Director, the Board must find that the individual has no material relationship with the Clearing House. The Board must make such finding upon the nomination or appointment of the Public Director and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually. For these purposes, a "material relationship" is one that reasonably could affect the independent judgment or decision-making of the Public Director.

In accordance with Section 7.4(d) of the LLC Agreement, no member of the Board is entitled to compensation for any services provided to the Clearing House, except as authorized in writing by the majority-in-interest of the members of Nodal Clear. The majority-in-interest of the members have authorized Public Directors to receive a fixed sum and reimbursement of expenses for attendance, if any, at each regular or special meeting of the Board attended by Public Directors. The other current Board

members are either associated with ownership in the Clearing House or executives of the Clearing House or Nodal Exchange and therefore serve on the Board without additional compensation.

Key consideration 5: *The roles and responsibilities of management should be clearly specified. An FMI's management should have the appropriate experience, a mix of skills, and the integrity necessary to discharge their responsibilities for the operation and risk management of the FMI.*

Management roles and responsibilities are clearly specified in the LLC Agreement, the RMC Charter and in Section II of the Nodal Clear Rulebook. All of these documents are publicly available on the Nodal Clear website.

Please see the comments regarding Key Consideration 2 for a description of the responsibilities of the senior management.

In accordance with Section 7.5(h) of the LLC Agreement, the Board may remove any Officer, with or without cause. In addition, the Board may vote to transfer the power and duties of any Officer to any other Officer or individual, notwithstanding the other provisions of the LLC Agreement.

The majority-in-interest of the members determines each Officer's compensation as provided in the LLC Agreement. In addition, in accordance with the RMC Charter, the RMC reviews the performance of the Chief Risk Officer and Chief Compliance Officer and makes recommendations with respect to such performance to the Board.

Key consideration 6: *The board should establish a clear, documented risk- management framework that includes the FMI's risk-tolerance policy, assigns responsibilities and accountability for risk decisions, and addresses decision making in crises and emergencies. Governance arrangements should ensure that the risk- management and internal control functions have sufficient authority, independence, resources, and access to the board.*

The RMC must review and approve at least annually a framework for risk management ("**Risk Management Framework**") and related risk policies ("**Risk Policies**") for the Clearing House, which is provided to the Board for comment or edit as appropriate.

Nodal Clear Rule 2.4.3 and the RMC Charter give the RMC overall responsibility for the Risk Management Framework, including the authority to: (i) monitor the Risk Management Framework for sufficiency, effectiveness, and independence; and (ii) oversee all facets of the Risk Management Framework, including:

- assessment and approval of applications of new Clearing Members;
- major risk management policy issues, financial safeguards, and financial surveillance and membership issues;
- surveillance, audits, examinations, and other regulatory responsibilities with respect to Clearing Members (including compliance with, if applicable, financial integrity, financial reporting, recordkeeping, and other requirements); and the conduct of investigations;
- reviewing the size and allocation of the risk and compliance budget and resources, and the number, hiring, termination, and compensation of risk and compliance personnel;
- monitoring Nodal Clear risk management resources and endeavoring to ensure that risk control personnel operate with sufficient independence, authority, resources and access to the Board;
- supervising Nodal Clear's Chief Compliance Officer, who reports directly to the RMC and to the Chief Executive Officer;
- supervising Nodal Clear's Chief Risk Officer, who reports directly to the RMC and to the Chief Executive Officer;
- authorizing the RMC's Chairman and the Chief Risk Officer to establish the Risk Advisory Committee;
- recommending changes that would ensure fair, vigorous, and effective regulation and risk management;
- recommending changes that would support the broader financial system or other relevant public interest considerations;
- reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation;
- approving new products for clearing;
- maintaining minutes and records of its meetings; and

- reviewing such other matters and perform such additional activities, within the scope of its responsibilities, as the Board deems necessary or appropriate

The RMC may take such actions required by the Rules or as otherwise delegated to the RMC by the Board.

Key consideration 7: *The board should ensure that the FMI's design, rules, overall strategy, and major decisions reflect appropriately the legitimate interests of its direct and indirect participants and other relevant stakeholders. Major decisions should be clearly disclosed to relevant stakeholders and, where there is a broad market impact, the public.*

The RMC Charter provides that the RMC is responsible for recommending changes that would support the broader financial system or other relevant public interest considerations. In addition, Nodal Clear's mission – "To provide a safe, effective, and efficient clearing house that supports financial stability and earns all stakeholders' trust" – is posted on Nodal Clear's public website.

The RMC Charter also authorizes its Chairman and the Chief Risk Officer to establish a Risk Advisory Committee, which is charged with providing ad hoc recommendations to the Clearing House and the RMC. Nodal Clear's Board and RMC include Customer representatives.

Major decisions made by the Board that impact relevant stakeholders and, where appropriate, the public will be disclosed to the relevant stakeholders or the public respectively. Public announcements such press releases, notices, and Rule changes are posted on the Nodal Clear website. Relevant stakeholders may receive certain communications directly in accordance with the confidentiality provisions that may be in place in an agreement with the Clearing House.

Principle 3: Framework for the comprehensive management of risks

An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.

Key consideration 1: *An FMI should have risk-management policies, procedures, and systems that enable it to identify, measure, monitor, and manage the range of risks that arise in or are borne by the FMI. Risk-management frameworks should be subject to periodic review.*

Nodal Clear maintains a Risk Management Framework that is regularly reviewed by the Risk Management Committee. This Framework describes the types of risks faced by Nodal Clear and identifies the policies, processes, and procedures that mitigate these risks. Specifically, the Framework addresses the following types of risk:

- Legal risk
- Credit risk
- Collateral risk
- Settlement risk
- Liquidity risk
- Operational risk
- General business risk

Nodal Clear employs a variety of methods and procedures to manage the above risks.

Legal risk, which is discussed more in Principle 1 above, is managed by carefully reviewing all Nodal Clear activities to make sure they have a well-founded legal basis, as well as through careful monitoring and review of regulatory changes.

Credit risk, which is discussed further under Principle 4 below, is primarily managed by limiting counterparty exposure through collecting variation margin twice per day, holding initial margin and guaranty funds, and reviewing the credit quality of the Clearing Members.

Collateral risk, which is discussed further under Principle 7 below, is primarily managed through Nodal Clear's Collateral Policy, which restricts the non-cash collateral Nodal Clear may hold to high quality and liquid U.S. Treasury securities.

Settlement risk is managed through Nodal Clear's Approved Financial Institution Policy, which requires Nodal Clear to maintain high standards for Settlement Banks and custodians and to continuously monitor its exposure to its Settlement Banks.

Liquidity risk, which also is discussed further under Principle 7 below, is managed through Nodal Clear's Collateral Policy and Liquidity Policy as well as requirements that at least 50% of Clearing Members' Guaranty Fund contributions be in cash. Nodal Clear also manages its liquidity risk through its arrangements for the application of a "liquidity waterfall" set out in the Nodal Clear Rulebook.

Operational risk, which is discussed further under Principle 17 below, is managed through Nodal Clear's Operational Risk Framework and the metrics and processes identified therein.

Lastly, general business risk, which is discussed further under Principle 15 below, is continually monitored by the Nodal Clear management team, which regularly verifies that Nodal Clear has sufficient assets to cover operating costs for the next year.

Nodal Clear uses a variety of systems and processes to identify, measure, monitor, and manage its risks. In particular, Nodal Clear's systems provide for the real-time monitoring of risk exposure to Clearing Members at both the House and Customer level as well as at each Customer level. Nodal Clear's systems also permit Nodal Clear to directly monitor the aggregate exposure to Customers using multiple Clearing Member accounts.

Nodal Clear's Risk Policies and Risk Management Framework are generally developed by Nodal Clear staff, but approved at the RMC or Board level (the Board reviews and may make edits or comments as appropriate). As a result, Nodal Clear staff, Officers, and the Board (including the RMC) are all aware of the risks borne by Nodal Clear and the measures being taken to manage these risks.

The RMC reviews the Risk Management Framework and associated policies and their effectiveness at least once per year. Risk Policies specifically related to the market environment, such as the initial margin policy, provide for more regular review and escalation should measures of their effectiveness, such as backtests, show reduced efficacy.

Key consideration 2: *An FMI should provide incentives to participants and, where relevant, their customers to manage and contain the risks they pose to the FMI.*

Nodal Clear's Clearing Members and their Customers have access to extensive information to enable them to manage and contain their risks.

In particular, the Nodal Exchange trading platform allows Clearing Members and their Customers to input Trade Risk Limits ("**TRLs**") for their accounts. The TRL describes the maximum initial margin exposure an account is allowed to assume. Clearing Members are required to place a TRL on all Customer and House accounts, and Customers may set a TRL below that set by their Clearing Member. The Nodal Exchange trading platform also provides Clearing Members and their Customers real time information on their positions, required initial margin, required variation margin, and access to a margin calculator which allows them to calculate the required initial margin under various scenarios.

The Nodal Clear Rulebook requires that Clearing Members "adopt, adhere to and enforce risk management and other policies and procedures that are designed to address the risks that the Clearing Member poses to the Clearing House." Nodal Clear conducts annual reviews of Clearing Members, which include a review of Clearing Member risk management policies and procedures.

Key consideration 3: *An FMI should regularly review the material risks it bears from and poses to other entities (such as other FMIs, Settlement Banks, liquidity providers, and service providers) as a result of interdependencies and develop appropriate risk- management tools to address these risks.*

As part of its Risk Management Framework, Nodal Clear has identified risks from Clearing Members and Approved Financial Institutions as the key institutional risks it faces. In particular, Nodal Clear bears the risk that a Clearing Member may default on its obligations to the market. Nodal Clear measures this risk through routine review and monitoring of the Clearing Member's financial position and its risk exposure at Nodal Clear. Nodal Clear has the power under the Nodal Clear Rulebook to set risk limits on Clearing Members and to decrease the risk limit and/or require more initial margin or guaranty funds as the result of Nodal Clear's review of the Clearing Member's financial status.

Nodal Clear also bears the risk that an Approved Financial Institution could be placed into receivership. Nodal Clear measures its cash exposure to each of its Settlement Banks daily. Nodal Clear manages this risk through regular monitoring of each Settlement Bank's financial status as well as by applying limits to the amount of assets that may be held at any particular Settlement Bank. Nodal Clear's policies require Nodal Clear to have relationships with more than one Settlement Bank in order to ensure an appropriate level of redundancy for making cash settlements.

Nodal Clear's Clearing Member Policy and Approved Financial Institution Policy are reviewed by the Board annually.

A bankruptcy of Nodal Clear poses risks to Clearing Members. Nodal Clear Rule 3.38 provides that open House and Customer positions are to be closed promptly in the event Nodal Clear were to become the subject of a Bankruptcy Event (as that term is defined in the Rules). The netting and close-out procedures for proprietary and Customer positions set out in the Nodal Clear Rulebook accord with the requirements of the Bankruptcy Code, the CEA, CFTC Regulations, and FDICIA.

Key consideration 4: *An FMI should identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern and assess the effectiveness of a full range of options for recovery or orderly wind-down. An FMI should prepare appropriate plans for its recovery or orderly wind-down based on the results of that assessment. Where applicable, an FMI should also provide relevant authorities with the information needed for purposes of resolution planning.*

The Risk Management Framework requires Nodal Clear to analyze potential scenarios that could cause a Clearing Member default or defaults. Nodal Clear sizes the resources in the default waterfall based on the potential losses generated in those scenarios. In the event the resources in the default waterfall, including additional Clearing Member assessments, are insufficient to cover the loss from Clearing Member defaults, Nodal Clear would face the possibility of insolvency.

Nodal Clear's Operational Risk Framework identifies scenarios that could prevent or severely restrict Nodal Clear's operations, and provides mitigation strategies for these scenarios. Nodal Clear also maintains a Disaster Recovery and Business Continuity Plan that examines potential disaster scenarios and solutions for quickly restoring operations in those scenarios.

Nodal Clear maintains a Recovery and Wind-Down Plan which identifies scenarios which could threaten Nodal Clear's existence as a "going concern." This plan outlines how Nodal Clear would ensure that it continues to operate its critical functions in either a recovery or wind-down scenario. The Board reviews the Recovery and Wind-Down Plan at least on an annual basis.

Principle 4: Credit risk

An FMI should effectively measure, monitor, and manage its credit exposure to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two largest participants and their affiliates that would potentially cause the largest aggregate credit exposures to the CCP in extreme but plausible market conditions. All other CCPs should maintain, at a minimum, total financial resources sufficient to cover the default of the one participant and its affiliates that would potentially cause the largest aggregate credit exposures to the CCP in extreme but plausible market conditions.

Key consideration 1: *An FMI should establish a robust framework to manage its credit exposures to its participants and the credit risks arising from its payment, clearing, and settlement processes. Credit exposure may arise from current exposures, potential future exposures, or both.*

Nodal Clear manages its credit exposures through the Risk Management Framework outlined in the response to Principle 3 and the associated Risk Policies that support the Risk Management Framework. In particular, under the Initial Margin Policy, Nodal Clear must collect sufficient initial margin to cover two-day portfolio losses to a 99.7% confidence level and Nodal Clear's Guaranty Fund Policy requires the Guaranty Fund to be sized to cover losses resulting from a default of the Clearing Member to which Nodal Clear has the largest exposure.

In addition, the Risk Management Framework identifies the credit risk that arises from a Clearing Member not meeting its financial obligations and the settlement risk that arises from the insolvency of a Settlement Bank as two key risk areas. Nodal Clear's senior management reviews this Risk Management Framework on a regular basis and proposes revisions to the Risk Management Framework whenever appropriate based on the market environment. The Board, or the RMC, may also propose changes to the Risk Management Framework at any time, and must review the Risk Management Framework in its entirety no less than once per year.

Key consideration 2: *An FMI should identify sources of credit risk, routinely measure and monitor credit exposures, and use appropriate risk-management tools to control these risks.*

As a DCO, Nodal Clear's primary source of credit risk is the possibility that a Clearing Member counterparty may fail to perform on its obligations. Nodal Clear identifies this and other sources of credit risk through its Risk Management Framework.

Nodal Clear monitors credit exposures to Clearing Members in real-time. Nodal Clear systems continuously update Clearing Member positions and related initial margin requirements. Price marks for all contracts are updated twice each day. Nodal Clear

collects variation margin based on the current valuation of Clearing Member positions twice per day to prevent credit exposures from building. In addition, Nodal Clear collects any initial margin owed at least once per day. Nodal Clear further requires Clearing Members to make Guaranty Fund deposits for additional security.

Nodal Clear also monitors the credit quality of its Clearing Members, assigning each Clearing Member a rating based on its credit quality. Clearing Members that may be at risk of substantial financial deterioration are placed on a watch list for closer monitoring. Nodal Clear also has the right to request additional margin from a Clearing Member at any time based on its risk analysis of the Clearing Member.

Nodal Clear establishes a margin-based TRL for each Clearing Member account, and requires Clearing Members to establish a TRL for each of their accounts as well. This mechanism prevents excessive accumulation of position risk by preventing trades that would cause the account to exceed its TRL.

Key consideration 3: *A payment system or SSS should cover its current and, where they exist, potential future exposures to each participant fully with a high degree of confidence using collateral and other equivalent financial resources (see Principle 5 on collateral). In the case of a DNS payment system or DNS SSS in which there is no settlement guarantee but where its participants face credit exposures arising from its payment, clearing, and settlement processes, such an FMI should maintain, at a minimum, sufficient resources to cover the exposures of the two participants and their affiliates that would create the largest aggregate credit exposure in their system.*

Nodal Clear is not a payment system or a securities settlement system.

Key consideration 4: *A CCP should cover its current and potential future exposures to each participant fully with a high degree of confidence using margin and other prefunded financial resources (see Principle 5 on collateral and Principle 6 on margin). In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure for the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure for the CCP in extreme but plausible market conditions. In all cases, a CCP should document its supporting rationale for, and should have appropriate governance arrangements relating to, the amount of total financial resources it maintains.*

Nodal Clear maintains a variety of pre-funded financial resources based on models of its current and future financial exposures. Initial margin is one such key financial resource, and is calculated based on an expected shortfall model to provide coverage to a 99.7% confidence level. For the initial margin calculations, Nodal Clear includes both recent price history as well as price histories from select past stress periods to ensure that the coverage is appropriate for periods with some market stress. Nodal Clear's initial margin model assumes a two-day holding period for liquidation, and also contains a separate estimation of the costs to liquidate a position in the event of a default.

Nodal Clear measures the coverage provided by initial margin on a daily basis based on backtesting, and can adjust parameters in the margin model if the coverage declines below the 99.7% level.

Nodal Clear provides coverage for periods of extreme stress through the Guaranty Fund. In accordance with Rule 3.35, Nodal Clear can access the Guaranty Fund resources of non-defaulting Clearing Members once the resources of the defaulting Clearing Member, held as either initial margin or Guaranty Fund deposits, and Nodal Clear's $20 million Clearing House Contribution have been exhausted. The Nodal Clear Risk Team sizes the Guaranty Fund based on the loss of the Clearing Member to which Nodal Clear has the largest financial exposure in stress tests which model extreme but plausible scenarios. The Chief Risk Officer and Risk Team review these stress scenarios on at least a monthly basis, and more frequently during periods of market stress. Should all the prefunded resources of the Guaranty Fund be exhausted, Nodal Clear has the right to assess Clearing Members for additional contributions as described in Nodal Clear Rule 3.35(b)(vi).

Nodal Clear only accepts cash denominated in US Dollars, ensuring that its collateral resources are both very accessible and liquid. Furthermore, Nodal Clear investment policies dictate that any Nodal Clear investments be short term (e.g., one day) to maintain the accessibility of the collateral.

Nodal Clear has not been declared a systemically important DCO, nor does it engage in activities with more complex risk profiles, such as jump-to-default risk. Nodal Clear does not offer contracts that are highly correlated with Clearing Member defaults.

The Risk Management Committee reviews and approves all policies and required updates related to Guaranty Fund resources, including the policies governing the stress tests that determine the size of the Guaranty Fund.

Key consideration 5: *A CCP should determine the amount and regularly test the sufficiency of its total financial resources available in the event of a default or multiple defaults in extreme but plausible market conditions through rigorous stress testing. A CCP should have clear procedures to report the results of its stress tests to appropriate decision makers at the CCP and to use these results to evaluate the adequacy of and adjust its total financial resources. Stress tests should be performed daily using standard and predetermined parameters and assumptions. On at least a monthly basis, a CCP should perform a comprehensive and thorough analysis of stress testing scenarios, models, and underlying parameters and assumptions used to ensure they are appropriate for determining the CCP's required level of default protection in light of current and evolving market conditions. A CCP should perform this analysis of stress testing more frequently when the products cleared or markets served display high volatility, become less liquid, or when the size or concentration of positions held by a CCP's participants increases significantly. A full validation of a CCP's risk-management model should be performed at least annually.*

Nodal Clear conducts daily stress tests to determine the sufficiency of its total financial resources in extreme but plausible market scenarios. Should these stress tests show that total financial resources are not adequate, the Chief Risk Officer is immediately alerted and steps are taken to remediate the deficiency.

The Chief Risk Officer reviews the stress tests, including their assumptions, parameters and results, at least once per month and more frequently during times of market stress. In addition, the Risk Management Committee reviews the stress tests, including their assumptions and parameters, once per quarter.

Key consideration 6: *In conducting stress testing, a CCP should consider the effect of a wide range of relevant stress scenarios in terms of both defaulters' positions and possible price changes in liquidation periods. Scenarios should include relevant peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons, simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions.*

Nodal Clear has defined a wide range of stress scenarios designed to test the Clearing House's exposure in extreme but plausible market conditions. These stress tests explicitly apply stress to price levels through replaying peak volatilities, abrupt changes in the forward curve, changes in underlying commodity prices, and changes in correlations between commodities. The stress tests also explicitly address the liquidation costs of a defaulting portfolio during stressed periods.

Nodal Clear examines the results of these stress tests across both Clearing Member House and Customer Accounts, and calculates the greatest potential loss should the Clearing Member suffer a simultaneous default in House and Customer Accounts.

Key consideration 7: *An FMI should establish explicit rules and procedures that address fully any credit losses it may face as a result of any individual or combined default among its participants with respect to any of their obligations to the FMI. These rules and procedures should address how potentially uncovered credit losses would be allocated, including the repayment of any funds an FMI may borrow from liquidity providers. These rules and procedures should also indicate the FMI's process to replenish any financial resources that the FMI may employ during a stress event, so that the FMI can continue to operate in a safe and sound manner.*

Nodal Clear's Rulebook contains rules that explicitly address any losses that Nodal Clear may face as a result of a single or multiple Clearing Member default. Rule 3.35 of the Nodal Clear Rulebook contains the Nodal Clear default waterfall as well as rules for further assessments of Clearing Members.

Nodal Clear's default waterfall provides that the defaulting Clearing Member's resources are first used to cure the default. If the defaulting Clearing Member's resources are exhausted before the default has been cured, then Nodal Clear may next use any surpluses of Nodal Clear that the Board determines are available for such purpose, any lines of credit, and then the Clearing House Contribution of $20 million. Should these resources be exhausted before the default has been cured, Nodal Clear will next apply the Guaranty Fund resources from non-defaulting Clearing Members. Should the resources of the Guaranty Fund be exhausted before the default has been cured, Nodal Clear will assess the surviving Clearing Members for additional contributions. These assessments cannot exceed 200% of a Clearing Member's prior Guaranty Fund contribution for a single default, or 550% of a Clearing Member's prior Guaranty Fund contribution for multiple defaults occurring within a six month period. These assessments are due and payable at the end-of-day Settlement Time for the day on which the assessment is levied.

To provide additional liquidity upon a Clearing Member default, Nodal Clear may at times make use of a line of credit, as noted above in the default waterfall description.

Nodal Clear's Rule 3.38 provides procedures in the event that Nodal Clear has exhausted all its resources and assessments by determining close-out amounts to be paid to or received from Nodal Clear by each Clearing Member.

Principle 5: Collateral

An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.

Key consideration 1: *An FMI should generally limit the assets it (routinely) accepts as collateral to those with low credit, liquidity, and market risks.*

Nodal Clear accepts collateral with minimal credit, liquidity and market risks. Nodal Clear evaluates collateral based on the volatility of its price movements, the likely cost to convert the collateral into cash in a limited timeframe, and its conformance with CFTC Regulation 1.25. Currently, Nodal Clear only accepts collateral in the form of cash denominated in US Dollars. In the future, Nodal Clear may accept US Treasury bills, notes, and bonds. The Risk Team and the Risk Management Committee periodically review the collateral policy to make sure Nodal Clear's arrangements conform with the goals of only accepting safe and liquid collateral. There is no wrong-way risk because none of the foregoing collateral is issued by Clearing Members or related to the contracts Nodal Clear clears.

Nodal Clear does not grant exceptions to its collateral policy.

Key consideration 2: *An FMI should establish prudent valuation practices and develop haircuts that are regularly tested and take into account stressed market conditions.*

In the event that Nodal Clear elects to accept non-cash collateral, Nodal Clear will mark collateral to market twice per day, based on prices obtained from third party data services. Should the price obtained from a third party data service show a large price change, the Risk Team will investigate. Should the Risk Team determine the price was in error, they may override the system-generated price with a prior price.

Nodal Clear will apply haircuts to all accepted collateral to ensure that the amount recovered from the collateral in a time of stress would at least equal the value Nodal Clear applied to the collateral. Nodal Clear determines collateral haircuts by applying a Value at Risk ("**VaR**") methodology to at least five years to past collateral pricing data. The Chief Risk Officer will review the sufficiency of these haircuts monthly, and the Risk Management Committee will review the haircuts quarterly.

Key consideration 3: *In order to reduce the need for procyclical adjustments, an FMI should establish stable and conservative haircuts that are calibrated to include periods of stressed market conditions, to the extent practicable and prudent.*

Nodal Clear will use price histories from stressed market conditions in determining the haircuts for its US Treasury collateral, and will seek to establish stable haircut levels that are generally above the current market volatility levels of the collateral prices.

Key consideration 4: *An FMI should avoid concentrated holdings of certain assets where this would significantly impair the ability to liquidate such assets quickly without significant adverse price effects.*

Nodal Clear avoids concentrated holdings of assets that would impact its ability to quickly liquidate assets without significant adverse price effects. In the future, Nodal Clear may accept US Treasury bills, notes, and bonds, and the US Treasury market is widely recognized as one of the most liquid global markets. As a consequence, Nodal Clear does not plan to impose concentration limits on specific types of US Treasury securities.

Key consideration 5: *An FMI that accepts cross-border collateral should mitigate the risks associated with its use and ensure that the collateral can be used in a timely manner.*

Nodal Clear does not accept cross-border collateral.

Key consideration 6: *An FMI should use a collateral management system that is well-designed and operationally flexible.*

Nodal Clear will manage collateral through a well-designed collateral system which provides appropriate administrative and Clearing Member functionality for the daily management of any US treasuries posted as collateral. The collateral management system will be able to calculate the balance of collateral held in real-time, compare the balance to the margin required, and permit Clearing Members to view these amounts as well as request substitutions of non-cash for cash collateral or releases of excess cash collateral. The collateral management system will reconcile account balances with the relevant Approved Financial Institution after each daily margining run.

Nodal Clear's collateral management system is scalable and can meet Nodal Clear's needs for the foreseeable future. Changes to the collateral management system will be adopted as needed and in coordination with Clearing Members based on the evolving needs of Nodal Clear.

All non-cash collateral will be held in Nodal Clear safekeeping accounts, and be immediately available to Nodal Clear. Nodal Clear Rule 3.19 establishes Nodal Clear's first lien and perfected security interest all cash and non-cash collateral deposits held for Clearing Members in connection with their financial obligations to the Clearing House.

Nodal Clear has sufficient full-time staff to manage the collateral system on a daily basis.

Principle 6: Margin

A CCP should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.

Key consideration 1: *A CCP should have a margin system that establishes margin levels commensurate with the risks and particular attributes of each product, portfolio, and market it serves.*

Nodal Clear collects both initial margin and variation margin to ensure that it holds margin commensurate with the risks of the products it offers. The initial margin manages the price and liquidity risk of forward positions, while the collection of variation margin twice per day ensures that current exposures are covered.

Nodal Clear employs a portfolio-based initial margin methodology, consisting of two primary components: price risk and liquidation risk. The price risk portion of the initial margin methodology uses an expected shortfall calculation based on the average of the top portfolio losses for a two-day holding period. As all margins are calculated at the portfolio level, they are automatically commensurate with the risk Nodal Clear faces for that portfolio. To calculate the portfolio losses, Nodal Clear uses a specially-selected price series consisting of both recent contract price histories as well as past periods of market stress. The liquidation portion of the margin methodology scales the likely liquidation cost by the percentage of contract open interest held by the participant and the volatility of the contract.

Nodal Clear performs daily back tests to review the calibration of the model's parameters and to verify the margin model is covering the risk to the Clearing House. Furthermore, Nodal Clear's margin models are validated by an independent party once per year.

Nodal Clear publishes its margin methodology at www.nodalclear.com, and also makes available an on-line tool for margin calculation to both participants and Clearing Members. This on-line tool allows participants and Clearing Members to calculate the margin of their current portfolio(s) as well as to understand the impact of adding hypothetical positions to their portfolio.

Nodal Clear conducts its daily settlement process on a defined and published schedule. Clearing Members are required to remit their payments by the published deadlines. Any payment failure by a Clearing Member is considered a potential default event, and may trigger Nodal Clear exercising its rights pursuant to Nodal Clear Rule 3.30.

Key consideration 2: *A CCP should have a reliable source of timely price data for its margin system. A CCP should also have procedures and sound valuation models for addressing circumstances in which pricing data are not readily available or reliable.*

Nodal Clear relies on Nodal Exchange for twice-per-day settlement prices on all contracts and expiries. Nodal Exchange has been producing twice-per-day settlement prices on a timely basis since launching in April 2009. Nodal Exchange's pricing methodology relies on Nodal Exchange market activity, including transactions and bid/ask data, third party marks, and extrapolation to produce a comprehensive view of prices across all locations and for all expiries. Nodal Clear reviews the prices received from Nodal Exchange, focusing on any unusual pricing behavior, such as large price moves. In the event of unusual pricing behavior, Nodal Clear queries Nodal Exchange, at which point the Exchange reviews the prices and either confirms or modifies the price.

Key consideration 3: *A CCP should adopt initial margin models and parameters that are risk-based and generate margin requirements sufficient to cover its potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default. Initial margin should meet an established single-tailed confidence level of at least 99 percent with respect to the estimated distribution of future exposure. For a CCP that calculates margin at the portfolio level, this requirement applies to each portfolio's distribution of future exposure. For a CCP that calculates margin at more-granular levels, such as at the subportfolio level or by product, the requirement must be met for the corresponding distributions of future exposure. The model should (a) use a conservative estimate of the time horizons for the effective hedging or close out of the particular types of products cleared by the CCP (including in stressed market conditions), (b) have an appropriate method for measuring credit exposure that accounts for relevant product risk factors and portfolio effects across products, and (c) to the extent practicable and prudent, limit the need for destabilising, procyclical changes.*

Nodal Clear employs an initial margin methodology that produces margin stability for the market, and includes periods of stress in the calculation to limit the pro-cyclical impact of margin increases during periods of market stress.

To meet these goals, Nodal Clear maintains a portfolio-level initial margin model which seeks to cover estimated future exposure to a 99.7% confidence level. As described in the response to Key Consideration 1 of this Principle 6, Nodal Clear's initial margin model focuses on managing the following two key risks:

- risk of price changes between default and closeout; and
- cost of liquidation.

The price risk portion of the initial margin methodology uses an expected shortfall calculation based on the average of the top portfolio losses for a two-day holding period. Portfolio losses are calculated based on the historical performance of the component contracts during both recent periods and during past periods of market stress. These histories are selected to represent a meaningful sample of recent returns as well as returns from periods representing key departures from typical market conditions, such as decreases in correlation or high price volatility. Antithetical returns are also calculated, and then the average of the top losses is calculated. The number of losses included in this calculation is a parameter that may be adjusted from time to time.

The liquidation portion of the margin methodology scales the likely liquidation cost of a given position by the percentage of contract open interest held by the participant and the volatility of the contract. The liquidation portion of the margin methodology produces increased margins for positions with lower demonstrated market liquidity or where a participant holds a concentrated position.

The confidence level and key parameters for the initial margin model are determined through daily backtesting of the margin model. This backtesting is performed at the portfolio level.

Key consideration 4: *A CCP should mark participant positions to market and collect variation margin at least daily to limit the build-up of current exposures. A CCP should have the authority and operational capacity to make intraday margin calls and payments, both scheduled and unscheduled, to participants.*

Nodal Clear collects variation margin twice per day to limit the build-up of current exposures. Variation margin is calculated based on the most recent price marks provided by Nodal Exchange and the mid-day or end-of-day position snapshot.

Nodal Clear has the authority and capability to make, and to ensure the payment of, intraday margin calls, including unscheduled calls.

Key consideration 5: *In calculating margin requirements, a CCP may allow offsets or reductions in required margin across products that it clears or between products that it and another CCP clear, if the risk of one product is significantly and reliably correlated with the risk of the other product. Where two or more CCPs are authorised to offer cross-margining, they must have appropriate safeguards and harmonised overall risk-management systems.*

Nodal Clear calculates all margins on a portfolio basis. As a result, Nodal Clear does not have explicit margin offset policies. Rather, the price histories incorporated into the margin model determine the amount of offsetting, if any, that will occur. As described above, the potential future exposure is likewise calculated at the portfolio level.

Nodal Clear's portfolio margin provides stability in stressed market conditions by including stressed market conditions in the price histories used as a basis for the margin calculation. Nodal Clear confirms the robustness of its approach through backtesting the margin model results for both current and hypothetical portfolios.

Nodal Clear does not have any arrangements with other CCPs to offer cross-margining.

Key consideration 6: *A CCP should analyze and monitor its model performance and overall margin coverage by conducting rigorous daily backtesting – and at least monthly, and more-frequent where appropriate, sensitivity analysis. A CCP should regularly conduct an assessment of the theoretical and empirical properties of its margin model for all products it clears. In conducting sensitivity analysis of the model's coverage, a CCP should take into account a wide range of parameters and assumptions that reflect possible market conditions, including the most-volatile periods that have been experienced by the markets it serves and extreme changes in the correlations between prices.*

Nodal Clear conducts daily backtesting at a portfolio level, and reviews the results of backtesting on a monthly basis with the Chief Risk Officer and on a quarterly basis with the Risk Management Committee. Nodal Clear's backtests examine whether the price risk portion of the Nodal Clear margin calculation would be sufficient to cover the actual losses the portfolio would have incurred if held during the two-day backtesting period. Nodal Clear's target confidence level is 99.7%. In addition to testing current Clearing Members' customer portfolios, Nodal Clear also backtests potential portfolios composed of combinations of products Nodal Clear offers.

Nodal Clear also regularly conducts a sensitivity analysis of the margin methodology This analysis incorporates a range of parameters and assumptions that capture a variety of historical and hypothetical market conditions, including periods of high volatility and changes in correlations between contract prices. This sensitivity analysis is conducted on both current House and Customer portfolios as well as on hypothetical portfolios designed by the Nodal Clear Risk Team.

Any backtesting failure to meet the 99.7% coverage target will trigger an immediate review of the backtest results with the Chief Risk Officer, who will determine the necessary steps to address the failure.

Key consideration 7: *A CCP should regularly review and validate its margin system.*

Nodal Clear conducts an independent margin model validation once per year, or whenever the initial margin model undergoes any significant changes. The results of the validation are reviewed by the Risk Team and the RMC.

Principle 7: Liquidity risk

An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.

Key consideration 1: *An FMI should have a robust framework to manage its liquidity risks from its participants, settlement banks, nostro agents, custodian banks, liquidity providers, and other entities.*

Nodal Clear's liquidity risks are addressed by the Risk Management Framework. Nodal Clear also complies with CFTC Regulations 39.33 and 39.35, which require it to maintain sufficient liquid resources to meet intra-day, same-day and multi-day obligations with a high degree of confidence under a wide range of stress scenarios, and further require the Clearing House to conduct daily stress testing to measure liquidity exposure. Currently, Nodal Clear only accepts highly liquid collateral in the form of US dollar cash. In the future, Nodal Clear may accept US Treasury bills, notes, and bonds.

Nodal Clear's Risk Management Framework identifies liquidity risks specifically related to Clearing Member failure and Approved Financial Institution failure. Nodal Clear calculates, on a daily basis, the largest liquidity exposure to a Clearing Member in stressed market conditions. These tests are used to size Nodal Clear's liquidity resources. Nodal Clear manages exposure to Settlement Banks through strict criteria for the acceptance of Approved Financial Institutions, subsequent annual reviews of each Settlement Bank, and by imposing concentration limits on the assets that can be kept at each Approved Financial Institution.

Nodal Clear evaluates the inter-linkages between its Clearing Members, liquidity providers, and Settlement Banks. Nodal Clear assesses its counterparty risk to each institution in aggregate, including any affiliates.

Key consideration 2: *An FMI should have effective operational and analytical tools to identify, measure, and monitor its settlement and funding flows on an ongoing and timely basis, including its use of intraday liquidity.*

Nodal Clear's systems track and monitor the flow of funds for the twice-per-day margin calls and other collateral related activity, such as the release of excess cash. Members of the Nodal Clear Treasury team monitor funding flows in real time. Nodal Clear also performs daily reconciliations with its Approved Financial Institutions to track account balances.

Nodal Clear gives its Clearing Members notice of a margin call prior to the call being issued. Nodal Clear's systems have automated tools that report unusual calls (e.g., calls that exceed the past monthly average for the Clearing Member) to the Risk Team so that they can confirm the accuracy of the call and, if needed, provide additional notification to the Clearing Member.

Key consideration 3: *A payment system or SSS, including one employing a DNS mechanism, should maintain sufficient liquid resources in all relevant currencies to effect same-day settlement, and where appropriate intraday or multiday settlement, of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate payment obligation in extreme but plausible market conditions.*

Not applicable.

Key consideration 4: *A CCP should maintain sufficient liquid resources in all relevant currencies to settle securities-related payments, make required variation margin payments, and meet other payment obligations on time with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate payment obligation to the CCP in extreme but plausible*

market conditions. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should consider maintaining additional liquidity resources sufficient to cover a wider range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would generate the largest aggregate payment obligation to the CCP in extreme but plausible market conditions.

Nodal Clear only accepts collateral in US Dollars and thus only has to manage liquidity in one currency. Nodal Clear complies with CFTC requirements to maintain sufficient liquid resources to meet intra-day, same-day and multi-day obligations with a high degree of confidence under a wide range of stress scenarios.

Nodal Clear has identified a Clearing Member default as its largest liquidity risk. To determine the amount of liquid resources that could be required to manage a Clearing Member default, Nodal Clear employs stress tests of extreme but plausible scenarios to identify the Clearing Member to which it has the largest liquidity exposure. These stress tests are conducted on a daily basis, and reviewed on a monthly basis by the Chief Risk Officer (or more frequently in periods of market stress) and on a quarterly basis by the Risk Management Committee.

Nodal Clear is not a systemically-important DCO and does not engage in activities with a more complex risk profile.

Key consideration 5: *For the purpose of meeting its minimum liquid resource requirement, an FMI's qualifying liquid resources in each currency include cash at the central bank of issue and at creditworthy commercial banks, committed lines of credit, committed foreign exchange swaps, and committed repos, as well as highly marketable collateral held in custody and investments that are readily available and convertible into cash with prearranged and highly reliable funding arrangements, even in extreme but plausible market conditions. If an FMI has access to routine credit at the central bank of issue, the FMI may count such access as part of the minimum requirement to the extent it has collateral that is eligible for pledging to (or for conducting other appropriate forms of transactions with) the relevant central bank. All such resources should be available when needed.*

As noted in the response to Key Consideration 4 above, Nodal Clear determines its liquidity resource requirement through stress testing. In accordance with CFTC Regulation 39.33, Nodal Clear may use:

- Cash in the currency of the obligation held at a creditworthy commercial bank;
- Committed lines of credit;
- Committed repurchase agreements; or
- Highly marketable collateral, including high quality, liquid, general obligations of a sovereign nation, which must be readily available and convertible into cash pursuant to prearranged and highly reliable funding arrangements, even in extreme but plausible market conditions.

Nodal Clear requires at least 50% of the Guaranty Fund be kept in cash deposits, and currently only accepts US Dollars for Guaranty Fund deposits

Nodal Clear's Rule 3.36 provides a structure ("**Liquidity Waterfall**") that may be employed in the event that Nodal Clear is unable to pay its intraday obligations and declares a Liquidity Event, as defined in the Rulebook. This Liquidity Waterfall provides a mechanism for Nodal Clear to substitute US Treasury securities for cash deposited in the Guaranty Fund, cash deposited as Initial Margin, or to pay variation margin or other obligations arising from the sale of the defaulting Clearing Member's positions. Substitutions of US Treasuries for Guaranty Fund or Initial Margin deposits must be reversed within 29 business days of the substitution. Clearing Members may return any US Treasury securities used to pay Initial Margin on the following business day for cash.

Nodal Clear does not have access to credit at the Federal Reserve and must rely on the funding sources described above.

Key consideration 6: *An FMI may supplement its qualifying liquid resources with other forms of liquid resources. If the FMI does so, then these liquid resources should be in the form of assets that are likely to be saleable or acceptable as collateral for lines of credit, swaps, or repos on an ad hoc basis following a default, even if this cannot be reliably prearranged or guaranteed in extreme market conditions. Even if an FMI does not have access to routine central bank credit, it should still take account of what collateral is typically accepted by the relevant central bank, as such assets may be more likely to be liquid in stressed circumstances. An FMI should not assume the availability of emergency central bank credit as a part of its liquidity plan.*

Nodal Clear's default resources are US dollar cash which is classified as a highly-liquid resource.

Key consideration 7: *An FMI should obtain a high degree of confidence, through rigorous due diligence, that each provider of its minimum required qualifying liquid resources, whether a participant of the FMI or an external party, has sufficient information to understand and to manage its associated liquidity risks, and that it has the capacity to perform as required under its*

commitment. Where relevant to assessing a liquidity provider's performance reliability with respect to a particular currency, a liquidity provider's potential access to credit from the central bank of issue may be taken into account. An FMI should regularly test its procedures for accessing its liquid resources at a liquidity provider.

Nodal Clear performs rigorous due diligence on any liquidity provider on which it relies to meet its minimum liquidity requirements. Liquidity providers must meet Nodal Clear's standards for Approved Financial Institutions, which includes a review of their regulatory supervision and access to the Federal Reserve System. Nodal Clear also annually reviews the liquidity provider's ability to perform as required under the commitment. Nodal Clear will test the procedures for accessing liquidity resources by accessing the liquidity resources from each liquidity provider at least once per year.

Key consideration 8: *An FMI with access to central bank accounts, payment services, or securities services should use these services, where practical, to enhance its management of liquidity risk.*

Nodal Clear does not have access to central bank accounts, payment services, or securities services at the Federal Reserve.

Key consideration 9: *An FMI should determine the amount and regularly test the sufficiency of its liquid resources through rigorous stress testing. An FMI should have clear procedures to report the results of its stress tests to appropriate decision makers at the FMI and to use these results to evaluate the adequacy of and adjust its liquidity risk-management framework. In conducting stress testing, an FMI should consider a wide range of relevant scenarios. Scenarios should include relevant peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons, simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions. Scenarios should also take into account the design and operation of the FMI, include all entities that might pose material liquidity risks to the FMI (such as settlement banks, nostro agents, custodian banks, liquidity providers, and linked FMIs), and where appropriate, cover a multiday period. In all cases, an FMI should document its supporting rationale for, and should have appropriate governance arrangements relating to, the amount and form of total liquid resources it maintains.*

Nodal Clear conducts daily stress testing to determine the amount of liquidity resources required. Members of the Risk Team conduct the daily stress tests, and the results are reviewed on at least a monthly basis with the Chief Risk Officer, and on a quarterly basis with the Risk Management Committee. The governance of liquidity stress testing is detailed in Nodal Clear's Risk Management Framework. Should a liquidity stress test produce a result in excess of the liquidity resources in place, the Nodal Risk Team will immediately escalate the results to the Chief Risk Officer, who, in conjunction with Nodal Clear senior management, will determine what measures to take to remedy the situation.

Nodal Clear's stress test scenarios are designed to calculate the required liquidity resources in the event of a default by a Clearing Member that creates the largest liquidity exposure for the Clearing House in extreme but plausible market conditions. In accordance with CFTC Regulation 39.33, Nodal Clear conducts liquidity stress tests using peak historic price volatilities, simultaneous pressures in funding and asset markets and a variety of extreme but plausible market scenarios. Nodal Clear also examines its exposure to Settlement Banks and liquidity providers, and any links between entities serving multiple roles (Settlement Bank, liquidity provider, or Clearing Member) as part of its liquidity stress testing.

Nodal Clear employs a real-time, gross payment process which minimizes payment risk by requiring payment of variation and initial margin amounts by predetermined deadlines.

Key consideration 10: *An FMI should establish explicit rules and procedures that enable the FMI to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations on time following any individual or combined default among its participants. These rules and procedures should address unforeseen and potentially uncovered liquidity shortfalls and should aim to avoid unwinding, revoking, or delaying the same-day settlement of payment obligations. These rules and procedures should also indicate the FMI's process to replenish any liquidity resources it may employ during a stress event, so that it can continue to operate in a safe and sound manner.*

Nodal Clear's daily settlement schedule for both variation and initial margin will continue to apply after a Clearing Member default or defaults. Nodal Clear's default waterfall, detailed in Nodal Clear Rule 3.35, allows Nodal Clear to immediately use a defaulting Clearing Member's initial margin and Guaranty Fund deposits to settle its payment obligations. Should the defaulter's loss exceed its deposited collateral, Nodal Clear will next apply any surplus of the Clearing House that the Board makes available for this purpose, then any loans or purchase agreements and then its Clearing House Contribution. Should all these resources be exhausted, Nodal Clear will next apply the Guaranty Fund deposits of non-defaulting Clearing Members. Should these Guaranty Fund deposits be exhausted without covering the losses generated, Nodal Clear will assess the Clearing Members for additional amounts, per Rule 3.35. These assessments are due and payable no later than the normal end-of-day settlement time for the day on which such assessment is levied.

As described above in the response to Key Consideration 5, should Nodal Clear have an unforeseen liquidity shortfall, it will apply the resources set out in its Liquidity Waterfall to meet its same-day payment obligations. Nodal Clear has the ability to

repay any credit extended to Nodal Clear from either a liquidity provider or through the provisions of Rule 3.36 through the liquidation of collateral used to secure the credit.

Principle 8: Settlement finality

An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.

Key consideration 1: *An FMI's rules and procedures should clearly define the point at which settlement is final.*

Rule 3.25 of the Nodal Clear Rulebook provides for final settlement of all payments to or from the Clearing House for initial margin, variation margin, and Guaranty Fund deposits. Nodal Clear uses the Fedwire Funds Service for all cash transactions, and this payment system enables participants to execute fund transfers that are immediate, final and irrevocable once processed.

Legal certainty of settlement is defined in the agreements Nodal Clear has signed with its Approved Financial Institutions. Nodal Clear does not have linkages to other clearinghouses or payment systems.

Key consideration 2: *An FMI should complete final settlement no later than the end of the value date, and preferably intraday or in real time, to reduce settlement risk. An LVPS or SSS should consider adopting RTGS or multiple-batch processing during the settlement day.*

Nodal Clear conducts scheduled initial and variation margin calls twice per day. Nodal Clear also has the operational capability to conduct ad-hoc margin calls outside of the posted schedule should market conditions warrant. Nodal Clear posts variation and initial margin amounts to Clearing Members prior to calls, and provides reports to Clearing Members confirming the amounts collected or paid through system generated reports.

Nodal Clear has not experienced a deferral of final settlement to the next business day that was not contemplated by its rules or procedures.

Nodal Clear is not a large-value payment system or a securities settlement system.

Key consideration 3: *An FMI should clearly define the point after which unsettled payments, transfer instructions, or other obligations may not be revoked by a participant.*

In accordance with Nodal Clear Rule 3.25, payments to Nodal Clear are irrevocable and unconditional when they are debited from or credited to an account of Nodal Clear at the Approved Financial Institution. Thus, unilateral revocation is not possible. Should Nodal Clear determine that a fund transfer was made in error, it will initiate a new transfer to correct the error.

Principle 9: Money settlements

An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimize and strictly control the credit and liquidity risk arising from the use of commercial bank money.

Key consideration 1: *An FMI should conduct its money settlements in central bank money, where practical and available, to avoid credit and liquidity risks.*

Nodal Clear conducts money settlements in commercial bank money denominated only in US dollars. As a Subpart C DCO, Nodal Clear does not have access to the Federal Reserve System.

Key consideration 2: *If central bank money is not used, an FMI should conduct its money settlements using a settlement asset with little or no credit or liquidity risk.*

Nodal Clear settles all variation and initial margin calls with US dollars. Nodal Clear's Risk Management Framework establishes criteria for assessing the credit and liquidity risks of its Approved Financial Institutions. Approved Financial Institutions must maintain certain objective standards set out in the Approved Financial Institution Policy and meet the requirements assessed during Nodal Clear's annual reviews of its Settlement Banks.

Key consideration 3: *If an FMI settles in commercial bank money, it should monitor, manage, and limit its credit and liquidity risks arising from the commercial settlement banks. In particular, an FMI should establish and monitor adherence to strict criteria for its settlement banks that take account of, among other things, their regulation and supervision, creditworthiness, capitalization, access to liquidity, and operational reliability. An FMI should also monitor and manage the concentration of credit and liquidity exposures to its commercial settlement banks.*

Nodal Clear manages, monitors and limits its credit and liquidity exposure to its Settlement Banks. Nodal Clear's Risk Management Framework establishes criteria for assessing the credit worthiness of its Approved Financial Institutions; these criteria include an assessment of the Settlement Banks' regulation and supervision, creditworthiness, capitalization, access to liquidity and operational reliability. After accepting a Settlement Bank, Nodal Clear continues to monitor the Settlement Bank's capital resources and liquidity, regulatory compliance, credit rating, and stress test results. Nodal Clear also conducts an annual review of its Settlement Banks' conformance with Nodal Clear's Approved Financial Institution criteria.

Nodal Clear manages its credit and liquidity exposures to Settlement Banks through ensuring that it has multiple Settlement Banks. Nodal Clear has concentration limits on the assets that may be kept at any one Approved Financial Institution. Nodal Clear also restricts the percentage that its or its Clearing Members' deposits may be of the Approved Financial Institution's total assets.

Key consideration 4: *If an FMI conducts money settlements on its own books, it should minimize and strictly control its credit and liquidity risks.*

Nodal Clear does not conduct money settlements on its own books.

Key consideration 5: *An FMI's legal agreements with any settlement banks should state clearly when transfers on the books of individual settlement banks are expected to occur, that transfers are to be final when effected, and that funds received should be transferable as soon as possible, at a minimum by the end of the day and ideally intraday, in order to enable the FMI and its participants to manage credit and liquidity risks.*

Nodal Clear Rule 3.25 and its legal agreements with its Approved Financial Institutions provide for the finality of settlement and the transfer of funds to and from Nodal Clear. Because Nodal Clear uses Fedwire for funds transfer, all payments are immediate.

Principle 10: Physical deliveries

An FMI should clearly state its obligations with respect to the delivery of physical instruments or commodities and should identify, monitor, and manage the risks associated with such physical deliveries.

Nodal Clear does not offer physically-settled contracts.

Principle 11: Central securities depositories

Nodal Clear is not a central securities depository.

Principle 12: Exchange-of-value settlement systems

If an FMI settles transactions that involve the settlement of two linked obligations (for example, securities or foreign exchange transactions), it should eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other.

Nodal Clear does not settle transactions that involve the settlement of two linked obligations.

Principle 13: Participant-default rules and procedures

An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.

Key consideration 1: *An FMI should have default rules and procedures that enable the FMI to continue to meet its obligations in the event of a participant default and that address the replenishment of resources following a default.*

Nodal Clear's Rulebook and Risk Policies clearly address the definition of default and set out the procedures that Nodal Clear will follow to meet its obligations on a timely basis in the event of a Clearing Member default.

Nodal Clear Rule 3.29 provides both a financial and operational definition of a Clearing Member default. A "default" occurs when: (a) a Clearing Member fails to meet any of its obligations under its Nodal Contracts to the Clearing House, (b) a Clearing Member fails to pay when due any amounts owing to the Clearing House, (c) a Clearing Member fails to make the required deposit to the Guaranty Fund, (d) the Clearing House determines that a Clearing Member is not in compliance with the provisions of Rule 3.2 and that such noncompliance poses an unacceptable risk to the Clearing House, or (e) if the Clearing Member is insolvent. Nodal Clear's emergency rules also permit Nodal Clear's senior management or the Board to suspend a

Clearing Member in the event of the insolvency or imposition of any injunction or other restraint on a Clearing Member by any governmental authority, court or arbitrator that may affect the ability of that Clearing Member to satisfy its obligations to the Clearing House.

Upon declaration of default, Nodal Clear will suspend the defaulting Clearing Member and notify regulatory authorities and non-defaulting Clearing Members. Rule 3.30 provides that all open contracts carried by Nodal Clear for the defaulting Clearing Member will be liquidated as expeditiously as practicable, unless the contracts are transferred to a non-defaulting Clearing Member or Nodal Clear's senior management determines that it is in Nodal Clear's best interests to refrain from liquidating the defaulter's positions. Nodal Clear Rule 3.31 provides the Clearing House discretion in the methods it may use to close out a defaulting Clearing Member's positions.

Following a default, Nodal Clear will conduct normal settlement cycles (unless a Liquidity Event is declared pursuant to Rule 3.36). In the event of a Clearing Member default, Nodal Clear will first use the initial margin deposits, guaranty fund deposits, and positions of the defaulter to satisfy its obligations to the Clearing House. In no event will Nodal Clear use funds deposited for Customer Accounts to satisfy obligations arising from a default in the House Account. Customer funds will, however, be used in the event of a default in the Customer Account.

Nodal Clear Rule 3.35 provides a clear order for resource use in the event of a Clearing Member default. Should the resources of the defaulter be exhausted, Nodal Clear will apply, in order:

- such portion, if any, of the surplus of the Clearing House as the Board determines to be available for such purpose;
- if the President, with the concurrence of the Chairman, or in the absence of the Chairman, any Director, or in the absence of the President any two Directors, so determines a loan or repurchase agreement or similar transaction on such terms and conditions as they may determine to be necessary or appropriate (including without limitation granting an assignment, pledge or other lien on or security interest in the Guaranty Fund or the cash and securities held in the Guaranty Fund or applying such cash and securities as provided in Rule 3.34.6);
- the Clearing House Contribution;
- subject to Rule 3.34.6 and the last paragraph of Rule 3.35(b), the Guaranty Fund;
- insurance proceeds, if any; and
- further assessments against Clearing Members.

The second line item above permits the Clearing House to maintain a line of credit against the Guaranty Fund that may be drawn down to manage liquidity requirements. Further, in the event of liquidity pressures, Nodal Clear may declare a Liquidity Event and execute the provisions of Rule 3.36 as described in the response to Principle 7, above, to ensure timely settlement of Nodal Clear's obligations.

Nodal Clear also has assessment powers under Rule 3.35(b)(vi) should replenishments of the Guaranty Fund be required. Clearing Members are required to replenish their Guaranty Fund resources no later than the normal end-of-day settlement time for the Business Day on which such an assessment is levied. These assessments will be allocated in accordance with the Nodal Clear Rules and the amount that can be called from a Clearing Member is capped in respect of any single Clearing Member default or multiple Clearing Member defaults in a six-month period.

Key consideration 2: *An FMI should be well prepared to implement its default rules and procedures, including any appropriate discretionary procedures provided for in its rules.*

Nodal Clear maintains a Default Management Plan ("**DMP**") that clearly delineates the roles and responsibilities for addressing a default. The Nodal Clear Risk Team, Treasury Team, Chief Risk Officer, Chief Executive Officer, Chief Compliance Officer and Risk Management Committee all have responsibilities in the event of a default. Nodal Clear conducts default management drills twice per year to test these procedures. The RMC reviews the DMP on an annual basis and also reviews the results of all Nodal Clear default drills.

The DMP contains procedures for contacting all relevant stakeholders in a timely manner, and Nodal Clear maintains a contact database of key personnel at Clearing Members and other stakeholders to ensure rapid communication in the event of a default.

Key consideration 3: *An FMI should publicly disclose key aspects of its default rules and procedures.*

Nodal Clear's Rulebook, which contains all rules relating to Clearing Member default and designates who may carry out the actions related to default, is publicly posted on the Nodal Clear website. Circulars and notices to Clearing Members are also publicly posted on the website.

Upon a Clearing Member default, Nodal Clear will first assess whether hedges could reduce portfolio risk, and will then seek to liquidate all House and affiliate positions as soon as practicable. Nodal Clear will seek to transfer Customer positions to surviving Clearing Members. Because Nodal Exchange is not an intermediated market, Nodal Clear is able to track all positions at an individual customer level and can move customers and their collateral individually to new Clearing Members, rather than requiring a single Clearing Member acquire all Customer positions of a defaulting Clearing Member.

Nodal Clear will only apply Customer funds to cover losses in the Customer Account as a result of a Customer default. Should the Customer Account be involved in the default, Nodal Clear maintains the right to apply segregated Customer collateral to losses associated with the default.

Key consideration 4: *An FMI should involve its participants and other stakeholders in the testing and review of the FMI's default procedures, including any close-out procedures. Such testing and review should be conducted at least annually or following material changes to the rules and procedures to ensure that they are practical and effective.*

Nodal Clear regularly tests the DMP through default drills. In addition, Nodal Clear draws any lines of credit once per year to confirm the drawdown procedures. Results of this testing are shared with the Risk Management Committee.

Principle 14: Segregation and portability

A CCP should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral provided to the CCP with respect to those positions.

Key consideration 1: *A CCP should, at a minimum, have segregation and portability arrangements that effectively protect a participant's customers' positions and related collateral from the default or insolvency of that participant. If the CCP additionally offers protection of such customer positions and collateral against the concurrent default of the participant and a fellow customer, the CCP should take steps to ensure that such protection is effective.*

Nodal Clear complies with the segregation and portability provisions of Section 4d(a) of the CEA, which require customer positions and margin deposits be segregated from the positions and margin deposits of the House and affiliated accounts of the Clearing Member. Nodal Clear maintains positions at the individual customer level, and can execute position transfers and associated collateral transfers in accordance with Nodal Clear Rule 3.17(a) in non-default situations and Rule 3.17(b) in situations involving a Clearing Member default.

The Nodal Clear Rulebook requires that all Customer funds received by the Clearing House be segregated in accordance with the CEA and CFTC Regulations.

Key consideration 2: *A CCP should employ an account structure that enables it readily to identify positions of a participant's customers and to segregate related collateral. A CCP should maintain customer positions and collateral in individual customer accounts or in omnibus customer accounts.*

Nodal Clear can readily identify positions of Clearing Member's Customers, and tracks all positions at the individual customer level. Nodal Clear maintains segregated House and Customer accounts for both cash and non-cash collateral for initial margin. In compliance with CFTC Regulation 39.13(g)(8), Nodal Clear establishes initial margin requirements for each Clearing Member's Customer Account on a gross basis.

Nodal Clear's rules and CFTC Regulations prohibit Nodal Clear from using Customer collateral to meet obligations generated by the Clearing Member's House Account. However, in the event that a Customer defaults and causes a Clearing Member default, then Customers will be exposed to fellow-customer risk.

Key consideration 3: *A CCP should structure its portability arrangements in a way that makes it highly likely that the positions and collateral of a defaulting participant's customers will be transferred to one or more other participants.*

Nodal Clear has adopted rules governing the portability of positions and associated collateral of the Customers of a defaulting Clearing Member in accordance with CFTC Regulations.

Nodal Clear therefore has both the authority and the information to conduct position and collateral transfers for the Customers of a defaulting Clearing Member. Prior to making any such position transfer, Nodal Clear obtains the consent of the Customer and the receiving Clearing Member.

Key consideration 4: *A CCP should disclose its rules, policies, and procedures relating to the segregation and portability of a participant's customers' positions and related collateral. In particular, the CCP should disclose whether customer collateral is protected on an individual or omnibus basis. In addition, a CCP should disclose any constraints, such as legal or operational constraints, that may impair its ability to segregate or port a participant's customers' positions and related collateral.*

Nodal Clear discloses its segregation and portability arrangements in its Rulebook. Customer collateral is segregated in an omnibus basis in accordance with the requirements of Section 4d(a) of the CEA and CFTC Regulation 1.20(g).

Nodal Clear is not aware of any legal or operational constraints that could impair its ability to segregate and port the positions and collateral of a defaulting Clearing Member's Customers, provided the default is solely in the House account. Non-defaulting customers would be exposed to "fellow customer risk" only if the default was in the Customer account carried by Nodal Clear for the defaulting Clearing Member and that Clearing Member's excess House Account margin and Guaranty Fund deposit were not sufficient to cover the shortfall.

Principle 15: General business risk

An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialize. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.

Key consideration 1: *An FMI should have robust management and control systems to identify, monitor, and manage general business risks, including losses from poor execution of business strategy, negative cash flows, or unexpected and excessively large operating expenses.*

The Risk Management Framework sets out Nodal Clear's approach to identifying and managing general business risks. Nodal Clear has identified the following sources of general business risk:

- competitive risks;
- risks from a decline in market demand for Nodal Clear's products;
- risks from poor execution of business strategy;
- reputational risks; and
- risk from other liabilities.

Nodal Clear management monitors and manages its general business risks through on-going monitoring of key metrics for the Nodal Clear business. Management also conducts thorough reviews of new product opportunities and submits plans and financial projections for significant new products to the Board for approval. Nodal Clear reviews its cash flows on a monthly basis and performs a detailed review of its financial resources, including projections of its ability to fund one year of operations with its current financial resources, on a quarterly basis.

Key consideration 2: *An FMI should hold liquid net assets funded by equity (such as common stock, disclosed reserves, or other retained earnings) so that it can continue operations and services as a going concern if it incurs general business losses. The amount of liquid net assets funded by equity an FMI should hold should be determined by its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services if such action is taken.*

Nodal Clear complies with CFTC Regulation 39.11, which requires it to maintain adequate financial, operational and managerial resources to meet its projected financial obligations and to be able to fund operating costs for a twelve-month period, with highly liquid assets available to cover operating costs over a six-month period. Nodal Clear submits its financial resources report to the CFTC on a quarterly basis.

Nodal Clear's liquid assets to meet these requirements are funded by equity, and are primarily held in US dollar cash. Nodal Clear believes a six-month period is adequate for execution of its wind down or recovery plan.

Key consideration 3: *An FMI should maintain a viable recovery or orderly wind-down plan and should hold sufficient liquid net assets funded by equity to implement this plan. At a minimum, an FMI should hold liquid net assets funded by equity equal to at least six months of current operating expenses. These assets are in addition to resources held to cover participant defaults or other risks covered under the financial resources principles. However, equity held under international risk-based capital standards can be included where relevant and appropriate to avoid duplicate capital requirements.*

Nodal Clear has adopted Recovery and Wind-Down Plans, which take into consideration the operational, technological and legal requirements of the various alternatives in assessing the length of time necessary for execution. Nodal Clear believes six months of resources are adequate for execution of the recovery or wind-down plan.

Financial resources designated to cover business risks are held separately from financial resources held to cover Clearing Member defaults. Clearing Member financial resources are held in accounts at a Nodal Clear approved Settlement Bank or custodian, and this infrastructure is separate from the accounts used for Nodal Clear's financial resources.

Key consideration 4: *Assets held to cover general business risk should be of high quality and sufficiently liquid in order to allow the FMI to meet its current and projected operating expenses under a range of scenarios, including in adverse market conditions.*

Nodal Clear's liquid assets funded by equity are held exclusively in US dollar cash or cash equivalents, and thus are immediately available to allow Nodal Clear to meet its current and projected operating expenses.

Key consideration 5: *An FMI should maintain a viable plan for raising additional equity should its equity fall close to or below the amount needed. This plan should be approved by the board of directors and updated regularly.*

The Board will determine if any additional equity needs to be raised. At each quarterly meeting of the Board there is an update on the financial status of Nodal Clear and management will recommend a special Board meeting should an urgent issue arise prior to the regular quarterly meetings. Nodal Clear assesses its financial resources at least monthly on a rolling twelve-month basis consistent with CFTC Regulations.

Should there be a need to inject more equity into Nodal Clear, then Nodal Exchange will be informed and Nodal Exchange will in turn notify Nodal Exchange Holdings. The members of Nodal Exchange Holdings approve the contribution of capital or the raising of equity.

Principle 16: Custody and investment risks

An FMI should safeguard its own and its participants' assets and minimize the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.

Key consideration 1: *An FMI should hold its own and its participants' assets at supervised and regulated entities that have robust accounting practices, safekeeping procedures, and internal controls that fully protect these assets.*

Nodal Clear will use commercial banks as custodians for non-cash collateral posted by Clearing Members. The Nodal Clear Rulebook requires that Nodal Clear approve any bank acting as a custodian as an Approved Financial Institution. Nodal Clear's Risk Policies establish uniform criteria for Approved Financial Institutions whether they are holding cash or non-cash collateral, or both. These criteria include that the bank be supervised by the Federal Reserve, FDIC, OCC, or the New York Superintendent of Financial Services, and establish eligibility criteria relating to the bank's total assets, Tier I capital ratio, credit rating, and operational capabilities and experience. Through assessing these criteria, Nodal Clear verifies that its Approved Financial Institutions have robust accounting practices, safekeeping procedures, and internal controls.

Nodal Clear periodically reviews the financial statements and regulatory compliance of its Approved Financial Institutions to verify that they continue to meet Nodal Clear's eligibility criteria. Nodal Clear also conducts an annual review of the soundness of its Settlement Banks.

Nodal Clear requires all Settlement Banks to provide segregation letters verifying that the Settlement Bank complies with the CEA and CFTC Regulations regarding the segregation of House and Customer Accounts.

Key consideration 2: *An FMI should have prompt access to its assets and the assets provided by participants, when required.*

Any non-cash collateral held by Nodal Clear will be held in Nodal Clear accounts in accordance with Nodal Clear's agreements with the custodian. Nodal Clear Rule 3.19 establishes that Nodal Clear has a first lien and perfected security interest in all cash and non-cash collateral held in its accounts on behalf of a Clearing Member. In addition, Nodal Clear Rule 3.20 clarifies that the Clearing House may only invest cash deposited as initial margin in accordance with the investment limitations set out in Nodal Clear's Liquidity Policy and CFTC Regulation 1.25.

Nodal Clear requires its Settlement Banks and custodians to be located in the United States in order to minimize operational and legal risks related to differences in jurisdiction and time zones.

Key consideration 3: *An FMI should evaluate and understand its exposures to its custodian banks, taking into account the full scope of its relationships with each.*

Nodal Clear includes custodian banks in its annual review of Approved Financial Institution soundness. As part of this review, Nodal Clear examines each custodian bank's total assets, financial condition and any changes to the financial condition, and operating and compliance record. Nodal Clear also monitors its exposure to custodian banks.

Key consideration 4: *An FMI's investment strategy should be consistent with its overall risk-management strategy and fully disclosed to its participants, and investments should be secured by, or be claims on, high-quality obligors. These investments should allow for quick liquidation with little, if any, adverse price effect.*

Nodal Clear includes its Investment Policy as part of its Risk Management Framework and associated Risk Policies. The Investment Policy applies to all Nodal Clear investments, and all modifications to the Investment Policy must be approved by the Risk Management Committee. Further, the RMC reviews the Risk Management Framework and the associated Risk Policies at least once per year to ensure their continued appropriateness to address Nodal Clear's risks. Counterparty risks and liquidity concerns are key issues addressed in Nodal Clear's Investment Policy, and Nodal Clear may only invest in short-term high quality securities that present minimal counterparty and liquidity risk.

Special conditions apply to the investment of collateral. Nodal Clear only invests cash deposits; securities posted to Nodal Clear cannot be re-invested. In addition, any investment of Customer funds must comply with CFTC Regulation 1.25, which sets out the types of high–quality, low-risk instruments permitted, as well as concentration limits on the use of some instruments. Currently, Nodal Clear's Investment Policy only permits investment in overnight reverse repurchase agreements backed by US government securities.

Principle 17: Operational risk

An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfillment of the FMI's obligations, including in the event of a wide-scale or major disruption.

Key consideration 1: *An FMI should establish a robust operational risk-management framework with appropriate systems, policies, procedures, and controls to identify, monitor, and manage operational risks.*

Nodal Clear maintains a comprehensive Operational Risk Framework that includes identification of operational risks (including those created by a third party) and mitigation strategies, as well as metrics for measurement of operational performance and a process for regular review and audit of these metrics. The Risk Management Committee reviews Nodal Clear's Operational Risk Framework on an annual basis.

This Operational Risk Framework is accompanied by a catalog of key technology risks maintained by the Nodal Clear technology team. This catalog is periodically reviewed by Nodal Clear senior management, which may at times accept input from outside experts as appropriate. Nodal Clear also maintains a Business Continuity Plan and Disaster Recovery process to support the continued performance of Nodal Clear in the event of a disruption to Nodal Clear's primary production site or to its headquarters location. Nodal Clear tests these plans at least once every six months.

Nodal Clear identifies operational risks by exploring a variety of potential scenarios and their impact on Nodal Clear's ability to operate. Nodal Clear has found that its operational risks can be categorized into the following three categories:

- failure of Nodal Clear processes or controls;
- failure of Nodal Clear systems or technology; and
- failure of third party systems on which Nodal Clear relies.

Where possible, Nodal Clear identifies key metrics that can be tracked to monitor sources of operational risk. Nodal Clear's technology risk catalog uses international standards on technology management best practices as baseline recommendations for technology risk management, and explicitly reviews any Nodal Clear departures from these recommendations.

Nodal Clear's staff are crucial to mitigating operational risk. Nodal Clear hires well-qualified individuals with applicable educational and work backgrounds, and provides detailed on the job training to ensure that all Nodal Clear staff are proficient in their operational role. Nodal Clear uses appropriate controls, such as restricting information access to those who need to know and using "four-eyes" approvals for key steps to mitigate the risk of employee malfeasance.

Nodal Clear employs extensive testing to ensure that major changes to the system will not affect on-going operations. The Software Development Lifecycle at Nodal Clear requires that the following steps be followed before a system is declared functional and released from the Quality Assurance process for deployment to production:

- collection of input on system development from both business and technical operations teams;
- definition of clear, schematic requirements that encourage robust scenario planning before development begins;
- new feature demonstrations between development and testing phases that allow end operational users to see exactly what will be added to the system; and
- application of an automated regression test suite.

Once the development and business technology teams declare that a new build has been functionally tested, the build can then pass through three different higher-level environment phases (depending on the size or impact of the release):

- Integration Testing in an environment that is a full logical replica and on which the system is run over multiple days to look for any issues that only appear across several complete operational days.
- Internal User Acceptance Testing on a full logical replica environment and on which the system is run over multiple days, and in which teams responsible for production operations participate to provide another level of validation to ensure consistency in the operational schedule and outcomes.
- Market User Acceptance Testing on an environment that allows Nodal to incorporate the full community of stakeholders to validate the entire operational life cycle of system inputs and outputs over multiple days. This is typically used when there are very large changes to the platform.

Key consideration 2: *An FMI's board of directors should clearly define the roles and responsibilities for addressing operational risk and should endorse the FMI's operational risk-management framework. Systems, operational policies, procedures, and controls should be reviewed, audited, and tested periodically and after significant changes.*

Nodal Clear's Board has overall responsibility for governance and provides proper oversight of senior management. The Board reviews Nodal Clear's key strategic decisions, receives regular updates of Nodal Clear's financial and operating performance, and conducts annual reviews of the Risk Management Framework, including the Operational Risk Framework. The Board has delegated responsibility for the management of operational risk to Nodal Clear's senior management.

Nodal Clear employs an independent, external audit team to review internal processes related to financial controls. This audit is performed annually, and results in an audited financial statement and notes to the financial statement which are presented to the Board. Nodal Clear also conducts audits of its operational controls annually. Qualified personnel who are independent from the function they are auditing perform these audits. Nodal Clear also engages external specialists to perform certain audits of key technology risks, such as information systems security. Results from the non-financial control and technology audits are reviewed by senior management.

Nodal Clear plans to participate in the industry wide Business Continuity/Disaster Recovery testing process of the Futures Industry Association ("**FIA**"). The FIA testing process involves testing key failover procedures with its Clearing Members.

Key consideration 3: *An FMI should have clearly defined operational reliability objectives and should have policies in place that are designed to achieve those objectives.*

Nodal Clear's Operational Risk Framework has clearly defined operational reliability objectives. To ensure these objectives are met, the Operational Risk Framework and Technology Risk Catalog have key metrics for monitoring and reporting current performance in order that performance trends can be easily viewed and monitored. Nodal Clear has established targets for these metrics as well, and performance against these metrics are reviewed with management on a regular basis. Should any of these metrics deteriorate, Nodal Clear has the ability to diagnose the cause of the deterioration and remedy the situation before it causes an operational disruption.

In the event that Nodal Clear does not meet the standards for an operational metric or has an actual operational disruption, Nodal Clear's operations and technology team review the incident to identify its root cause(s). The teams will then create a

recommendation for how to avoid further recurrence of the issue, which will be reviewed by senior management, and implemented upon their approval.

Key consideration 4: *An FMI should ensure that it has scalable capacity adequate to handle increasing stress volumes and to achieve its service-level objectives.*

Nodal Clear conducts regular testing of its system capacity to ensure that it has scalable capacity adequate to handle significantly higher volumes than it currently maintains without a disruptive deterioration in system performance. The objective of the tests is to develop a load versus performance curve, where response or execution time are metrics for performance measurement, for key processes and their load drivers. The output for each process is several measurements along this curve, including the break point, i.e. when the system fails to respond in a reasonable amount of time for the given process. These capacity measurements are then reviewed against updated demand scenarios (low, medium, and high) to ensure adequate capacity.

In the live system, Nodal Clear uses throttling in a number of key user services to ensure that capacity constraints are handled appropriately in order to maintain system stability until additional resources can be provisioned.

Finally, Nodal Clear continuously monitors the performance and utilization of its technology infrastructure and can quickly react to decreases in performance by adding additional resources (e.g., additional servers, bandwidth).

Key consideration 5: *An FMI should have comprehensive physical and information security policies that address all potential vulnerabilities and threats.*

Nodal Clear maintains comprehensive physical and information security policies.

Access to Nodal Clear's offices is restricted and requires either a key card or check-in with the front desk. Nodal Clear further requires that all employees undergo a background check before their employment begins. Nodal Clear's production and disaster recovery systems are housed in Tier I data centers which employ strict access controls, including restricting authorized entry to only listed personnel and man traps. Both production and disaster recovery data centers complete annual SOC I Type II audits.

Nodal Clear information security is managed through a number of key policies and procedures that are summarized below:

- assignment and ongoing refinement of resource access based on least privilege authorization concept;
- key deployment procedures based on separation of duties (e.g., developers cannot deploy to Production);
- best practice system and network design (e.g. minimal external IPs, data encryption requirements);
- documented password standards both for external users of clearing platform as well as the Nodal Clear team;
- periodic network and server hardening assessments and remediation from third party vendor;
- use of Intrusion Detection Service (IDS) to automatically identify potentially threatening activity; and
- robust data-masking tools for any data used in testing.

Nodal Clear also contracts with an outside technology security firm that contributes to and validates Nodal Clear's overall security program through extensive testing engagements throughout the year. Nodal Clear models its approach to security management on the Cybersecurity Framework (CSF) released by the US National Institute for Standards and Technology in February 2014.

Key consideration 6: *An FMI should have a business continuity plan that addresses events posing a significant risk of disrupting operations, including events that could cause a wide-scale or major disruption. The plan should incorporate the use of a secondary site and should be designed to ensure that critical information technology (IT) systems can resume operations within two hours following disruptive events. The plan should be designed to enable the FMI to complete settlement by the end of the day of the disruption, even in case of extreme circumstances. The FMI should regularly test these arrangements.*

Nodal Clear maintains Business Continuity and Failover and Disaster Recovery plans that contain procedures to support its objective of recovering from a wide-scale or major disruption within two hours. A two-hour recovery time is sufficient for Nodal Clear to complete its end-of-day processing. These plans contain provisions for communication to key market stakeholders, such as Clearing Members and participants.

Nodal Clear replicates transaction data to backup systems at its primary site and to its secondary site systems. While most failover scenarios should not generate any need to reconcile trade information with Clearing Members, the Failover and Disaster Recovery Plan documents the requirement to communicate with Clearing Members to confirm recent transactions and to reconcile trade information.

Nodal Clear's Business Continuity Plan covers scenarios in which an entire geographical region is disrupted, preventing Nodal Clear's personnel from working or its systems from operating. To ensure coverage in these scenarios, Nodal Clear maintains a secondary site located in a geographic region with a distinct risk profile from that of its primary site. Further, Nodal Clear employs staff that work remotely from its headquarters location and who can continue operations in the event of a disaster at the headquarters location.

Nodal Clear runs Business Continuity Procedures and Failover/Disaster Recovery testing twice per year. These testing activities include failover from the primary to the secondary site, as well as ensuring that remote staff are able to run the systems. Nodal Clear plans to participate in the FIA's industry disaster recovery test, which incorporates Clearing Members and participants.

Key consideration 7: *An FMI should identify, monitor, and manage the risks that key participants, other FMIs, and service and utility providers might pose to its operations. In addition, an FMI should identify, monitor, and manage the risks its operations might pose to other FMIs.*

Nodal Clear has identified risks to its operations from its Clearing Members, Approved Financial Institutions, the Society for Worldwide Interbank Financial Telecommunications ("**SWIFT**") network, and disruption to its headquarters facilities. Nodal Clear has taken the following steps to mitigate these risks:

Clearing Members. Nodal Clear's Risk Management Framework and Default Management Plan provide robust resources and procedures in the event of a Clearing Member default. Nodal Clear participates in the FIA Disaster Recovery testing to ensure that Clearing Members can connect to Nodal Clear in the event it is operating from its secondary site.

Approved Financial Institutions. Nodal Clear uses Approved Financial Institutions for purposes of settlement and other payment flows with Clearing Members. In the event that an Approved Financial Institution is unavailable, Nodal Clear will route transactions through a different Approved Financial Institution. Nodal Clear tests these backup procedures on an annual basis. Nodal Clear also reviews Approved Financial Institution disaster recovery plans on an annual basis.

SWIFT. Nodal Clear uses SWIFT messages for settlement instructions. Nodal Clear has backup procedures with each Approved Financial Institution that do not rely on SWIFT, and which can be used in the event the SWIFT network is unavailable.

Headquarters Disruption. Nodal Clear enables all staff to work remotely from the office and access key systems through virtual private networks ("VPNs") so that staff may work away from the headquarters location in the event telecommunications or other headquarters utilities are unavailable. Nodal Clear's primary and secondary sites are remote from the headquarters location in Tier I data centers with multiple connectivity providers and backup power systems.

Nodal Clear mitigates the risks it poses to other FMIs through careful monitoring of its operational risk, as described in elsewhere in this response. Further, Nodal Clear has designed business continuity and disaster recovery processes that enable it to return to operations in two hours even in the event of a regional catastrophe. Nodal Clear's participation in the FIA Disaster Recovery test allows Clearing Members to test their ability to connect to Nodal Clear's secondary site.

Principle 18: Access and participation requirements

An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.

Key consideration 1: *An FMI should allow for fair and open access to its services, including by direct and, where relevant, indirect participants and other FMIs, based on reasonable risk-related participation requirements.*

Nodal Clear has established objective eligibility requirements for becoming a Clearing Member, which are disclosed publicly in the Nodal Clear Rulebook.

Certain of these eligibility requirements are risk-based, including a demonstration of:

- such fiscal integrity as would justify the Clearing House's assumption of the risks inherent in clearing contracts listed for trading on Nodal Exchange;
- financial capitalization commensurate with Clearing House requirements as set by the RMC from time to time, provided that the minimum capital requirement shall not be more than $50,000,000;

- registration as an FCM, if it is clearing on behalf of Customers;
- back-office facilities staffed with experienced and competent personnel or have entered into a facilities management agreement in form and substance acceptable to the Clearing House; and
- adequate operational capacity, including the ability to process expected peak volumes and values within required time frames, fulfill Collateral payment and delivery obligations imposed by the Clearing House and participate in any default management activities.

Clearing Members must also comply with Nodal Clear's financial reporting policies set out in Nodal Clear Rule 3.11, which are intended to provide Nodal Clear with an accurate and current picture of each Clearing Member's financial position.

Key consideration 2: *An FMI's participation requirements should be justified in terms of the safety and efficiency of the FMI and the markets it serves, be tailored to and commensurate with the FMI's specific risks, and be publicly disclosed. Subject to maintaining acceptable risk control standards, an FMI should endeavor to set requirements that have the least-restrictive impact on access that circumstances permit.*

Nodal Clear seeks to achieve fair and open access to prospective Clearing Members. The criteria for eligibility of Clearing Members of Nodal Clear are based on the least restrictive requirements that will not materially increase risk to Nodal Clear or its Clearing Members. These criteria are set out in Nodal Clear Rule 3.2.1. The participation requirements are designed to encourage an open marketplace for the industry.

There are two categories of Clearing Members: (1) members entitled to clear contracts through the Nodal Clear for their proprietary and Customer accounts (FCM Clearing Members), and (2) members entitled to only clear their own proprietary accounts (House-Only Clearing Members). All Clearing Members are monitored in a consistent manner and there are no differences in Nodal Clear's enforcement of the Clearing Members' obligations in accordance with the Rules of Nodal Clear.

Key consideration 3: *An FMI should monitor compliance with its participation requirements on an ongoing basis and have clearly defined and publicly disclosed procedures for facilitating the suspension and orderly exit of a participant that breaches, or no longer meets, the participation requirements.*

Nodal Clear's Compliance and Risk Departments monitor its Clearing Members' ongoing compliance with access criteria.

Specifically, the Nodal Clear Risk Team monitors market information, including reports in the news, credit rating changes, and changes in the credit default swap ("**CDS**") market to ensure that Nodal Clear has access to timely information about Clearing Members' financial condition. The Risk Team also monitors financial reports submitted from the Clearing Members pursuant to Nodal Clear Rule 3.11. Should a Clearing Member's risk profile deteriorate, the Clearing Member will be placed on "Watch" status, which requires more in-depth reviews of the Clearing Member's financial condition. The Compliance Department reviews Clearing Members for timely submission of information required by Nodal Clear. On an annual basis, the Compliance and Risk Teams perform an in-depth review of Clearing Member's compliance with key Risk Policies.

The Nodal Clear Rulebook sets out procedures for managing the suspension and orderly exit of a Clearing Member that no longer meets Nodal Clear's membership requirements.

Principle 19: Tiered participation arrangements

An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.

Key consideration 1: *An FMI should ensure that its rules, procedures, and agreements allow it to gather basic information about indirect participation in order to identify, monitor, and manage any material risks to the FMI arising from such tiered participation arrangements.*

Clearing Members are direct participants of Nodal Clear. A Clearing Member's Customers are indirect participants of Nodal Clear, as are affiliated entities whose trades and positions are cleared by a Clearing Member in its House Account. These indirect participants could pose a risk to Nodal Clear if their losses were so large that they cause their Clearing Member to fail. Nodal Clear directly maintains information about the identity of indirect participants, their positions, and margin requirements. Nodal Clear establishes risk limits for each House and Customer account based on its assessment of its Clearing Member's capacity to assume the account risks. Should Nodal Clear believe an indirect participant poses a risk to the Clearing House, it has the right to impose additional margin requirements to ensure the safety of the Clearing House.

Key consideration 2: *An FMI should identify material dependencies between direct and indirect participants that might affect the FMI.*

The material dependency between direct and indirect participants that would affect Nodal Clear is that the Clearing Member (the direct participant) acts as the guarantor of the indirect participant (the Customer or affiliated entity). Hence, should a Customer generate large losses and not meet its obligations, the financial solvency of the Clearing Member will be at risk. Nodal Clear and the CFTC Regulations require Clearing Members that are FCMs to have sound risk management policies to mitigate this risk exposure. Nodal Clear further requires that all Clearing Members place a Trade Risk Limit governing position risk for each of the Clearing Member's House and Customer Accounts. Nodal Clear also monitors the financial risk that Customers assume, and places limits on the size of this risk relative to the Clearing Member's capitalization.

Key consideration 3: *An FMI should identify indirect participants responsible for a significant proportion of transactions processed by the FMI and indirect participants whose transaction volumes or values are large relative to the capacity of the direct participants through which they access the FMI in order to manage the risks arising from these transactions.*

Nodal Clear monitors indirect participant volumes and risk exposure, and can identify indirect participants that are responsible for volumes or risk assumption that are large relative to the capacity of the Clearing Member. Nodal Clear imposes limits on the amount of risk a Customer can assume relative to Clearing Member capitalization.

Key consideration 4: *An FMI should regularly review risks arising from tiered participation arrangements and should take mitigating action when appropriate.*

As noted above, the risk arising to Nodal Clear from indirect participants is the risk that an indirect participant default could precipitate a Clearing Member default. Nodal Clear includes risk from Customers in its Risk Management Framework and associated procedures. The Risk Management Committee reviews the Risk Management Framework on an annual basis and adopts changes on an as-needed basis whenever a deficiency is identified.

Principle 20: FMI links

An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.

Nodal Clear does not maintain links with other CCPs.

Principle 21: Efficiency and effectiveness

An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.

Key consideration 1: *An FMI should be designed to meet the needs of its participants and the markets it serves, in particular, with regard to choice of a clearing and settlement arrangement; operating structure; scope of products cleared, settled, or recorded; and use of technology and procedures.*

Nodal Clear and its parent, Nodal Exchange, were created to bring the opportunity to trade futures products to underserved areas of the energy markets, and Nodal Clear regularly communicates with its stakeholder communities to understand how it can offer products to best meet their needs.

Nodal Clear has dedicated staff to support Clearing Members. Nodal Clear regularly communicates with its Clearing Members, solicits their input on key system and product changes, and responds to feedback from Clearing Members. Nodal Clear staff who support Clearing Members participate in the company-wide prioritization process for system development to ensure that Nodal Clear is responsive to Clearing Member needs. Also, Nodal Clear's Risk Advisory Committee is largely composed of Clearing Members and provides advice to the Risk Management Committee on risk and risk-related product issues.

Nodal Clear and Nodal Exchange are also members of the FIA, and actively participate in its conferences and meetings to learn about and respond to industry developments.

Key consideration 2: *An FMI should have clearly defined goals and objectives that are measurable and achievable, such as in the areas of minimum service levels, risk- management expectations, and business priorities.*

Nodal Clear has clearly defined goals and objectives for its operations. Nodal Clear establishes operational metrics and goals through its Operational Risk Framework process and risk management goals through its Risk Management Framework process.

Nodal Clear establishes operational goals around meeting key daily processing times, and measures the times for key information, such as when position files, pricing files, and margin reports are posted to the market. Nodal Clear also sets operational goals for the completion of each of its two daily margin run processes.

Nodal Clear's Risk Management Framework establishes goals for initial margin performance, and measures these goals based on backtests of actual and model product portfolios.

Nodal Clear management reviews performance against operational goals on a quarterly basis, and has more frequent reviews of risk performance. The Board reviews performance against operational targets on an annual basis, and reviews performance versus key risk goals on a quarterly basis.

Key consideration 3: *An FMI should have established mechanisms for the regular review of its efficiency and effectiveness.*

As stated above, Nodal Clear measures its performance against key operational metrics and routinely reviews this performance. During these reviews, Nodal Clear identifies additional ways to create effective and efficient operations, and then implements these improvements so that it is always improving the efficiency and effectiveness of its operations. Nodal Clear also has staff dedicated to supporting Clearing Members, and these staff suggest improvements to Nodal Clear's services based on Clearing Member feedback.

Principle 22: Communication procedures and standards

An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.

Key consideration 1: *An FMI should use, or at a minimum accommodate, internationally accepted communication procedures and standards.*

Nodal Clear routinely publishes a variety of information to its Clearing Members, using internationally accepted communication procedures and standards, including the following:

- FIX for trade reporting;
- SWIFT for settlement instructions;
- sFTP for delivery of files with price, position, end-of-day trade summary, and banking information; and
- PDF for documents such as circulars.

Nodal Clear does not engage in cross-border operations.

Principle 23: Disclosure of rules, key procedures, and market data

An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.

Key consideration 1: *An FMI should adopt clear and comprehensive rules and procedures that are fully disclosed to participants. Relevant rules and key procedures should also be publicly disclosed.*

Nodal Clear's rules are published in its Rulebook, which is publicly available on its website. The provisions of the Nodal Clear Rulebook comprehensively govern all aspects of the Clearing House's activities, including Clearing Member eligibility requirements; on-going Clearing Member recordkeeping, reporting, and other requirements; default procedures; liquidity procedures; emergency procedures; and disciplinary procedures.

Changes to the Nodal Clear Rulebook may be prompted by Clearing Member or participant feedback consistent with regulatory requirements, changes in the regulatory environment, or operational changes. The Board or its designee must approve all changes to the Rulebook. Before updating its Rulebook, Nodal Clear provides notice of the proposed change, including a redline comparison of the affected text, on its website, and also notifies the CFTC of the proposed change. Both notifications are provided 10 business days before any Rule change goes into effect.

Key consideration 2: *An FMI should disclose clear descriptions of the system's design and operations, as well as the FMI's and participants' rights and obligations, so that participants can assess the risks they would incur by participating in the FMI.*

Nodal Clear provides its Clearing Members documentation on its system design and operations through both detailed interface specifications and training materials. These materials are made available to all Clearing Members and their independent software vendors.

The Nodal Clear Rulebook contains information about key decisions, including the relevant personnel or committee authorized to make them and whether discretion is permitted. The Nodal Clear Rulebook also provides information about participants' rights, obligations and risks incurred through participation on Nodal Clear. Existing and potential Clearing Members are able to assess their potential risks by reviewing the provisions of the Nodal Clear's Rulebook, which is publicly available on its website.

Key consideration 3: *An FMI should provide all necessary and appropriate documentation and training to facilitate participants' understanding of the FMI's rules and procedures and the risks they face from participating in the FMI.*

Nodal Clear maintains training materials and dedicated staff to facilitate its Clearing Members' understanding of Nodal Clear's Rules and procedures. These training materials include written systems manuals, videos demonstrating system functionality, and customized training sessions at a Clearing Member's request. Nodal Clear has staff dedicated to supporting Clearing Member questions, and this staff work to identify issues and inform Clearing Members on how to best use Nodal Clear's systems and comply with Nodal Clear rules and procedures.

Nodal Clear's Chief Compliance Officer is responsible for monitoring Clearing Members' compliance with rules. To this end, the Chief Compliance Officer conducts audits of Clearing Member financial and reporting obligations. The Nodal Clear Rulebook contains processes for disciplining Clearing Members to enforce compliance with applicable requirements.

Key consideration 4: *An FMI should publicly disclose its fees at the level of individual services it offers as well as its policies on any available discounts. The FMI should provide clear descriptions of priced services for comparability purposes.*

Nodal Clear posts fee information at the level of its individual services in a fee schedule that is available on the Nodal Clear website. Nodal Clear will either issue a directed memo or a public announcement when it changes the fee schedule. The only connectivity required for Nodal Clear is Internet connectivity; therefore, Nodal Clear has no disclosures related to technology costs.

Key consideration 5: *An FMI should complete regularly and disclose publicly responses to the CPSS-IOSCO disclosure framework for financial market infrastructures. An FMI also should, at a minimum, disclose basic data on transaction volumes and values.*

Nodal Clear provides complete responses to the CPSS-IOSCO disclosure framework for registration as a DCO with the CFTC. This disclosure will be publicly available and updated following any material changes or every two years.

Nodal Clear makes price, volume, and open interest information available to the public on its website. This information is updated every trading day. Nodal Clear makes certain aggregate metrics on the business available through this disclosure. All Nodal Exchange disclosures are in English.

Principle 24: Disclosure of market data by trade repositories

Nodal Clear is not a trade repository.

APPENDIX B

NODAL CLEAR – DRAFT EXEMPTION ORDER

[DRAFT ONLY]

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

AND

IN THE MATTER OF
NODAL CLEAR, LLC

ORDER
(Section 147 of the Act)

WHEREAS Nodal Clear, LLC (**Nodal Clear**) has filed an application (**Application**) with the Ontario Securities Commission (**Commission**) pursuant to section 147 of the Act requesting an order exempting Nodal Clear from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (**Order**);

AND WHEREAS on October 9, 2015, the Commission issued an order with an effective date of October 19, 2015 which exempted Nodal Clear on an interim basis (**Interim Order**) from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act, until the earlier of (i) July 19, 2016 and (ii) the effective date of a subsequent order exempting Nodal Clear from the requirement to be recognized as a clearing agency under section 147 of the Act;

AND WHEREAS the Interim Order will be replaced by this Order and therefore be automatically revoked upon issuance of this Order;

AND WHEREAS Nodal Clear has represented to the Commission that:

1.1 Nodal Clear is a limited liability company organized under the laws of the State of Delaware in the United States (**US**) and is a wholly owned subsidiary of Nodal Exchange, LLC (**Nodal Exchange**), a limited liability company organized under the laws of Delaware that is a designated contract market within the meaning of that term under the US Commodity Exchange Act (**CEA**) subject to the regulatory supervision by the US Commodity Futures Trading Commission (**CFTC**), a US federal regulatory agency. Nodal Exchange was exempted from recognition as an exchange and from registration as a commodity futures exchange in Ontario by an order of the Commission pursuant to section 147 of the Act and sections 38 and 80 of the Commodity Futures Act, R.S.O. 1990, Chapter C.20, as amended;

1.2 Nodal Clear is a derivatives clearing organization (**DCO**), within the meaning of that term under the CEA, as of September 24, 2015. Nodal Clear is subject to regulatory supervision by the CFTC and is obligated under the CEA to give the CFTC access to all records unless prohibited by law or such records are subject to solicitor-client privilege. The CFTC reviews, assesses and enforces a DCO's adherence to the CEA and the regulations thereunder on an ongoing basis, including but not limited to, the DCO's compliance with "Core Principles" relating to financial resources, participant and product eligibility, risk management, settlement procedures, treatment of funds, default rules and procedures, rule enforcement and system safeguards. Nodal Clear is subject to ongoing examination and inspection by the CFTC;

1.3 Although Nodal Clear has not been designated by the Financial Stability Oversight Council as a systematically important financial utility under Title VIII of the Dodd Frank Act, Nodal Clear elected to be subject to the provisions thereunder.

1.4 On October 19, 2015, following Nodal Clear's registration as a DCO, Nodal Clear commenced clearing nodal contracts (as defined below) as a DCO upon the transfer of the existing open contracts from LCH.Clearnet Ltd, a clearing agency recognized by the Commission under section 21.2 of the Act to Nodal Clear (the **Transfer Date**);

1.5 Nodal Clear provides clearing and settlement services for commodity futures contracts offered by Nodal Exchange that are based on electric power and natural gas (**Nodal Contracts**). Nodal Contracts are executed on a principal-to-principal basis either on Nodal Exchange, or are negotiated off-exchange pursuant to the rules of Nodal Exchange and submitted for clearing by Nodal Clear. Nodal Exchange's customers are commercial entities comprised of both buy and

sell side investors, generally including commercial and investment banks, corporations, money managers, proprietary trading firms, hedge funds, and other institutional customers;

1.6 Clearing members of Nodal Clear that hold customer accounts to guarantee the clearing of Nodal Contracts are registered futures commission merchants (**FCM**) with the CFTC, while those that solely hold proprietary accounts are not required to be registered as FCMs (collectively, **Clearing Members**). FCMs are regulated by the CFTC typically for the purpose of conducting customer business in the US. Clearing Members generally consist of banks, financial institutions, and securities houses/investment banks;

1.7 Nodal Clear currently has one Clearing Member that has a head office or principal place of business in Ontario, with privileges to clear Nodal Contracts on its own behalf (**Ontario Clearing Member**);

1.8 Nodal Clear's risk model includes certain rules and procedures (and other aspects of its legal framework) governing Nodal Clear's role as central counterparty, as well as appropriate membership criteria that are risk-based. Nodal Clear operates a robust pricing and margining/collateral methodology. Nodal Clear also has in place appropriate banking and custody arrangements, default resources and management processes. These components are linked by daily monitoring and oversight, undertaken by an experienced risk management team, with appropriate oversight by the Risk Management Committee;

1.9 The membership requirements of Nodal Clear are publicly disclosed and are designed to permit fair and open access, while protecting Nodal Clear and its Clearing Members. The clearing membership requirements include fitness criteria, financial standards, operational standards and appropriate registration qualifications with applicable statutory regulatory authorities. Nodal Clear applies a due diligence process to ensure that all applicants meet the required criteria and conducts on-going monitoring of Clearing Members;

1.10 All applicants seeking to become a Clearing Member must complete an application for membership and make deposits into a Nodal Clear guaranty fund;

1.11 Nodal Clear does not have any offices or maintain other physical installations in Ontario or any other Canadian province or territory;

1.12 Nodal Clear implements and maintains a system of financial safeguards designed to anticipate potential market exposures and ensure sufficient resources are available to cover future obligations;

1.13 Nodal Clear submits that it does not pose a significant risk to the Ontario capital markets and is subject to an appropriate regulatory and oversight regime in a foreign jurisdiction;

AND WHEREAS Nodal Clear has agreed to the respective terms and conditions as set out in Schedule “A” to this order;

AND WHEREAS based on the Application and the representations Nodal Clear has made to the Commission, the Commission has determined that Nodal Clear is subject to regulatory requirements in the US that is comparable to the requirements set out in National Instrument 24-102 Clearing Agency Requirements and is subject to CFTC's supervision, and that granting an Order to exempt Nodal Clear from the requirement to be recognized as a clearing agency would not be prejudicial to the public interest;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and Nodal Clear’s activities on an ongoing basis to determine whether it is appropriate that Nodal Clear continue to be exempted from the requirement to be recognized as a clearing agency and, if so, whether it is appropriate that it continue to be exempted subject to the terms and conditions in this order;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, Nodal Clear is exempt from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act;

PROVIDED THAT Nodal Clear complies with the terms and conditions attached hereto as Schedule “A”.

DATED [•], 2016.

SCHEDULE "A"

Terms and Conditions

Definitions

For the purposes of this Schedule "A":

> "client clearing" means the ability of a Clearing Member to clear transactions at Nodal Clear for and on behalf of a client who is not a Clearing Member.

Unless the context requires otherwise, other terms used in this Schedule "A" shall have the meanings ascribed to them in Ontario securities law (including terms defined elsewhere in this Order).

Clearing agency activities

1. Nodal Clear's clearing agency activities in Ontario shall be limited to the clearing of Nodal Contracts for Ontario participants on Nodal Exchange.

Regulation of Nodal Clear

2. Nodal Clear shall maintain its registration with the CFTC as a DCO under the CEA, and continue to be subject to the regulatory oversight of the CFTC.

3. Nodal Clear shall continue to comply with its ongoing regulatory requirements as a DCO under the CEA.

Governance

4. Nodal Clear shall promote within Nodal Clear a governance structure that minimizes the potential for any conflict of interest between Nodal Clear and its shareholder(s) that could adversely affect the clearing of products cleared by Nodal Clear or the effectiveness of Nodal Clear's risk management policies, controls and standards.

Filings with CFTC

5. Nodal Clear will promptly provide staff of the Commission the following information, to the extent that it is required to file such information with the CFTC:

(a) details of any material legal proceeding instituted against Nodal Clear;

(b) notification that Nodal Clear has failed to comply with an undisputed obligation to pay money or deliver property to a Clearing Member for a period of thirty days after receiving notice from the Clearing Member of Nodal Clear's past due obligation;

(c) notification that Nodal Clear has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate Nodal Clear or has a proceeding for any such petition instituted against it;

(d) the appointment of a receiver or the making of any voluntary arrangement with creditors; and

(e) material changes to its bylaws and rules where such changes would exclusively impact Ontario Clearing Members.

Prompt Notice

6. Nodal Clear shall promptly notify staff of the Commission of any of the following:

(a) any material change or proposed material change to its status as a DCO or in its regulatory oversight by the CFTC;

(b) any material problems with the clearing and settlement of transactions that could materially affect the safety and efficiency of Nodal Clear;

(c) the admission of any new Ontario Clearing Members;

(d) any event of default by an Ontario Clearing Member; and

(e) any material system failure of a clearing service utilized by an Ontario Clearing Member.

Quarterly Reporting

7. Nodal Clear shall maintain and submit the following information to the Commission in a manner and form acceptable to the Commission on at least a quarterly basis within 30 days of the end of the quarter, and at any time promptly upon the request of staff of the Commission:

(a) a current list of all Ontario Clearing Members and their legal entity identifier (LEI);

(b) a list of all Ontario Clearing Members against whom disciplinary action has been taken in the quarter by Nodal Clear with respect to activities at Nodal Clear, or to the best of Nodal Clear's knowledge, by the CFTC or any other authority in the US that has or may have jurisdiction over Nodal Clear's Clearing Members with respect to such Ontario Clearing Members' clearing activities at Nodal Clear;

(c) a list of all investigations by Nodal Clear in the quarter relating to Ontario Clearing Members;

(d) a list of all Ontario-resident applicants who have been denied Clearing Member status in the quarter by Nodal Clear;

(e) the maximum and average daily open interest, number of transactions and notional value of Nodal Contracts cleared by type of Nodal Contract during the quarter, for each Ontario Clearing Member;

(f) the percentage of average daily open interest, number of transactions and the notional value of Nodal Contracts cleared by type of Nodal Contract during the quarter for all Clearing Members that represents the average daily open interest, total transactions and notional value of trades cleared during the quarter for each Ontario Clearing Member;

(g) the aggregate total margin amount required by Nodal Clear ending on the last trading day during the quarter for each Ontario Clearing Member;

(h) the portion of the total margin required by Nodal Clear ending on the last trading day of the quarter for all Clearing Members that represents the total margin required during the quarter for each Ontario Clearing Member; and

(i) the guaranty fund contribution, for each Ontario Clearing Member on the last trading day during the quarter, and its proportion of the total guaranty fund contributions;

(j) for each Clearing Member offering client clearing to Ontario residents, the identity of the Ontario resident client (including LEI) receiving such services, and the value and volume by type of Nodal Contracts cleared during the quarter for and on behalf of each Ontario resident client; and

(k) a copy of Nodal Clear's bylaws and rules showing all cumulative changes made during the quarter.

Information Sharing

8. Nodal Clear shall promptly provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to applicable privacy or other laws governing the sharing of information and the protection of personal information.

9. Unless otherwise prohibited under applicable law, Nodal Clear shall share information relating to regulatory and enforcement matters and otherwise cooperate with other recognized and exempt clearing agencies on such matters, as appropriate.

13.3.2 CDS – Proposed Amendments to the CDS Fee Schedule – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT –
CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS) –
PROPOSED AMENDMENTS TO THE CDS FEE SCHEDULE

The Ontario Securities Commission is publishing for public comment the proposed amendments to the CDS fee schedule.

The four fee proposals amendments are:

1. Amendment of the NR-7 Certificate of Taxes Withheld billing codes to offset the development of an automated service for the issuance of these certificates, including a change in the fees charged;

2. The implementation of two new electronic corporate action alert types and the re-alignment of similar electronic alert types into larger categories to facilitate future development;

3. Amendment of the courier service fees to reflect an increase, as of July 1, 2016, in the expense incurred by CDS in the provision of the service; and

4. Amendment of the New York Link liquidity premium fees to reflect a reduction in the percentage premium charged to Participants by CDS.

The comment period ends on June 4, 2016.

A copy of the CDS notice is published on our website at http://www.osc.gov.on.ca.

Chapter 25

Other Information

25.1 Consents

25.1.1 Strategic Resources Inc. – s. 4(b) of Ont. Reg. 289/00 under the OBCA

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the British Columbia Business Corporations Act.

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(THE "REGULATION") MADE UNDER
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(THE "OBCA")

AND

IN THE MATTER OF
STRATEGIC RESOURCES INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Strategic Resources Inc. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") requesting the consent of the Commission, pursuant to subsection 4(b) of the Regulation, for the Applicant to continue to another jurisdiction pursuant to Section 181 of the OBCA (the "**Continuance**");

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is an offering corporation as defined in the OBCA and is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"). The Applicant is also a reporting issuer or its equivalent under the securities legislation of the provinces of British Columbia, Alberta and Saskatchewan (collectively, the "**Legislation**").

2. The Applicant was incorporated under the OBCA on October 25, 2004. On December 7, 2004, the Applicant filed the articles of amendment to amend certain restrictions. The Applicant filed articles of amendment on March 30, 2005 to change the number of directors to a minimum and a maximum. On March 6, 2009, the Applicant filed articles of amendment to change its name to Strategic Resources Inc.

3. The registered office of the Applicant is located at P.O. Box 1216, Regina, Saskatchewan, Canada S4P 3B4. Following the Continuance, the Applicant's registered office will be located at Bentall 3, Suite 2900, 595 Burrard Street, PO Box 49130, Vancouver, BC V7X 1J5.

4. The Applicant is authorized to issue an unlimited number of common shares (the "**Common Shares**"), of which 5,866,576 Common Shares were issued and outstanding at the close of business on February 29, 2016.

5. The Common Shares of Strategic are listed and posted for trading on the TSX Venture Exchange under the symbol "STI".

6. Pursuant to clause 4(b) of the Regulation, an application for authorization to continue in another jurisdiction under Section 181 of the OBCA must, in the case of an "offering corporation" (as the term is defined in the OBCA), be accompanied by a consent from the Commission.

7. The Applicant is not in default under any provision of the OBCA, the Act, or any of the regulations or rules made thereunder, and is not in default under the securities legislation of any other jurisdiction in which it is a reporting issuer.

8. The Applicant is not a party to any proceeding or, to the best of its knowledge, information and belief, pending proceeding under the Legislation.

9. An annual and special meeting of the shareholders of the Applicant was held on December 15, 2015 (the "**Meeting**") to consider a special resolution in connection with the Continuance (the "**Continuance Resolution**"). In accordance with the OBCA, the Act and the Applicant's constating documents, the Continuance Resolution required the approval of not less than two-thirds of the aggregate votes cast by the shareholders present in person or by proxy at the Meeting, and was approved by 69.28% of the shareholders present in person or by proxy at the Meeting. None of the Shareholders

exercised their dissent rights under section 185 of the OBCA.

10. The management information circular of the Applicant dated October 30, 2015 (the "**Circular**") was delivered pursuant to section 9.1.1 (*Notice and Access*) of National Instrument 51-102 *Continuous Disclosure Obligations* in connection with the Meeting, advised the shareholders of their dissent rights in connection with the Continuance Resolution pursuant to section 185 of the OBCA and included a summary comparison of the differences between the OBCA and the BCBCA. The Circular was delivered to securityholders of record at the close of business on October 30, 2015 and was filed on SEDAR on November 16, 2015.

11. The Continuance has been proposed since the Applicant's mind and management is largely centered in British Columbia; and its auditors, legal counsel, transfer agent and TSX Venture Exchange filing office are all in British Columbia. This will not result in any change in the name or business of the Applicant.

12. Following the Continuance, the Applicant intends to remain a reporting issuer or equivalent in British Columbia, Alberta, Saskatchewan and Ontario.

13. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto, Ontario this 12th day of April, 2016.

"Deborah Leckman"
Ontario Securities Commission

"Mary Condon"
Ontario Securities Commission

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