The Ontario Securities Commission

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

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

AND

IN THE MATTER OF
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

NOTICE OF HEARING
(Subsection 127(1) and Section 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsection 127(1) and section 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor on Friday, August 19, 2016 at 2:30 p.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is to consider whether it is in the public interest for the Commission to approve the Settlement Agreement dated August 19, 2016, between Staff of the Commission and Quartz Capital Group Ltd. and Peter Lloyd Wallace (the "Respondents");

BY REASON OF the allegations set out in the Statement of Allegations dated August 16, 2016 and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 17th day of August, 2016.

"Robert Blair"
Acting Secretary to the Commission

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

AND

IN THE MATTER OF
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. The Respondents

1. Quartz Capital Group Ltd. ("Quartz") is a company incorporated pursuant to the laws of Ontario. Quartz has been registered as an exempt market dealer ("EMD") under the Act since September 28, 2011. On May 1, 2015, Quartz consented to terms and conditions being placed on its registration which prevented Quartz from trading in securities and from opening any new client accounts or accepting any assets from clients.

2. Since October 2012, Peter Lloyd Wallace ("Wallace") has been a director and the chief executive officer of Quartz. Wallace has been registered as the ultimate designated person (the "UDP") of Quartz since October 30, 2012.

3. Since at least 2007, Wallace has been the sole officer, director, and shareholder of Blythco Inc. ("Blythco"). Blythco is a company incorporated pursuant to the laws of Ontario. Blythco is not registered under the Act.

II. Background

4. On January 31, 2012, Quartz gave notice under section 11.10 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") that Blythco intended to acquire all of the issued and outstanding shares of Quartz (the "Blythco Proposed Acquisition").

5. On October 12, 2012, a Deputy Director of the Commission's Compliance and Registrant Regulation Branch ("CRR"), acting in his capacity as a Director for the purposes of Ontario securities law, issued a decision (the "Director's Decision") not to object to the Blythco Proposed Acquisition, based on the agreed facts, agreed terms, representations and submissions contained in a settlement agreement among CRR Staff, Quartz and others (the "Settling Parties") dated October 12, 2012 (the "2012 Settlement Agreement").

6. Pursuant to the 2012 Settlement Agreement, Staff agreed not to recommend an objection to the Blythco Proposed Acquisition and the Settling Parties agreed, among other things, that Quartz would amend the terms of the Blythco Proposed Acquisition, including the following amendments:

   (a) Wallace would apply to be the UDP of Quartz; and

   (b) Neither Michael Svetkoff ("Svetkoff") nor William Russell ("Russell") would, directly or indirectly, be employed by, or act on behalf of, Quartz following the closing of the amended Blythco Proposed Acquisition until such time as they may be registered under the Act with Quartz;

III. Respondents' Conduct

7. During the period of December 2012 to approximately April 9, 2013 inclusive, when Russell and Svetkoff were not registered, Quartz allowed both Russell and Svetkoff to act on behalf of Quartz in respect of dealings with issuers and/or investors which conduct was contrary to the 2012 Settlement Agreement.

8. By at least February 2013, Wallace was aware that Russell and Svetkoff were acting on Quartz's behalf in dealings with at least one issuer.

IV. Breach of Ontario Securities Law and Conduct Contrary to the Public Interest

9. By failing to ensure that the terms of the 2012 Settlement Agreement were met, Quartz's conduct was contrary to subsection 122(1)(c) of the Act and contrary to the public interest.

10. By failing to ensure that the terms of the 2012 Settlement Agreement were met, Wallace failed to: (i) supervise the activities of Quartz directed towards ensuring compliance with securities legislation; and (ii) promote compliance by Quartz, and individuals acting on Quartz's behalf, with securities legislation. Wallace's conduct as UDP was a breach of section 5.1 of NI 31-103 and contrary to the public interest.

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

DATED at Toronto, this 16th day of August, 2016.

1.5 Notices from the Office of the Secretary

1.5.1 Hecla Mining Company and Dolly Varden Silver Corporation

FOR IMMEDIATE RELEASE
August 17, 2016

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

AND

IN THE MATTER OF
HECLA MINING COMPANY

AND

IN THE MATTER OF
DOLLY VARDEN SILVER CORPORATION

TORONTO – The Commission issued an Order in the above named matter.

A copy of the Order dated August 17, 2016 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
ROBERT BLAIR
ACTING SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.2 Quartz Capital Group Ltd. and Peter Lloyd Wallace

FOR IMMEDIATE RELEASE
August 17, 2016

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

AND

IN THE MATTER OF
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Quartz Capital Group Ltd. and Peter Lloyd Wallace

The hearing will be held on August 19, 2016 at 2:30 p.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated August 17, 2016 and Statement of Allegations of Staff of the Ontario Securities Commission dated August 16, 2016 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
ROBERT BLAIR
ACTING SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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1.5.3 Quartz Capital Group Ltd. and Peter Lloyd Wallace

FOR IMMEDIATE RELEASE
August 22, 2016

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

AND

IN THE MATTER OF
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

TORONTO – The Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Quartz Capital Group Ltd. and Peter Lloyd Wallace.

A copy of the Order dated August 19, 2016 and Settlement Agreement dated August 17, 2016 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
ROBERT BLAIR
ACTING SECRETARY

For media inquiries:

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For investor inquiries:

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1-877-785-1555 (Toll Free)

1.5.4 Aouad Choufi

FOR IMMEDIATE RELEASE
August 22, 2016

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

AND

IN THE MATTER OF
AOUAD CHOUFI

TORONTO – The Commission issued its Reasons and Decision and an Order pursuant to Subsections 127(1) and 127(10) of the *Securities Act* in the above noted matter.

A copy of the Reasons and Decision and the Order dated August 19, 2016 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
ROBERT BLAIR
ACTING SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 TD Securities Inc. et al.

Headnote

Under paragraph 4.1(1)(a) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations a registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual acts as an officer, partner or director of another registered firm that is not an affiliate of the first-mentioned firm. The Filers have sought relief from that prohibition. The firm employing the individual as a registered representative is an owner of the second registered firm and entitled to appoint a director to its board. The individual will have sufficient time to adequately serve both firms. The potential for conflicts of interest is significantly reduced compared to other similar arrangements because the second firm operates as an alternative trading system under National Instrument 21-101 Marketplace Operation. The firm also has policies in place to handle potential conflicts of interest. Relief from the prohibition has been granted.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 4.1, 13.4, 15.1.

August 16, 2016

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

AND

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

AND

IN THE MATTER OF
TD SECURITIES INC.
(TDSI)

AND

CANDEAL.CA INC. (CanDeal) AND
BRADLEY ALLAN PEDERSON

DECISION

Background

The principal regulator in the Jurisdiction has received an application from TDSI and CanDeal (together, the **Filers**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief from the requirement in paragraph 4.1(1)(a) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), pursuant to section 15.1 of NI 31-103, to permit Bradley Allan Pederson (the **Representative**) to be registered as a dealing representative of TDSI while also acting as a director of CanDeal (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. TDSI is a wholly-owned indirect subsidiary of The Toronto-Dominion Bank.

2. TDSI is a corporation amalgamated under the laws of Ontario and is registered under the Legislation as an investment dealer and is a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**). TDSI is a full-service investment dealer.

3. The principal regulator of TDSI is the Ontario Securities Commission (**OSC**) because TDSI' s head office is located in Toronto, Ontario.

4. CanDeal is an Ontario corporation and is registered under the Legislation as an investment dealer and is a member of IIROC. CanDeal is regulated as an alternative trading system under National Instrument 21-101 *Marketplace Operation* (**NI 21-101**). The principal regulator of CanDeal is the OSC.

5. CanDeal operates an institutional multi-dealer to customer electronic trading platform and market data communications network (the **CanDeal System** or **System**). The CanDeal System is a vehicle through which institutional clients (**Clients**) access information, request bids and offers, and effect transactions with liquidity providing dealers (**Dealers**). CanDeal also offers market data, post-trade straight-through processing, trade reporting, and other support to its Dealers and Clients.

6. CanDeal Dealers and Clients currently effect transactions using the CanDeal System in Canadian fixed-income securities and interest rate swaps.

7. The CanDeal System employs request-for-quote (**RFQ**) electronic trading functionality for the execution of trades. The System displays indicative quotes on fixed-income products that are made available on the platform. Transactions on the System are initiated by RFQ disseminated by a Client to between one and four Dealers. A Dealer to whom an RFQ is disseminated knows the number but not the identity of the Dealers to whom the RFQ is disseminated.

8. The CanDeal System permits a Dealer to view data relating to its own executed trades and certain aggregate data relating to all trades executed on the System.

9. The aggregate data available to a Dealer permits the Dealer to know its share of total volume executed on the platform and its rank in terms of total volume executed by Dealers, but does not permit the Dealer to know the rank of or the volume executed by another Dealer on the platform. A Dealer may also access data as to the total volume inquired of by Clients in the aggregate under the RFQs and executed by Clients in the aggregate, in each case by each category of product made available on the System.

10. The data that a Dealer may view relating to its own executed trades includes the total volume inquired of by the Dealer under RFQs received by it, the total and percentage of inquired volume represented by executed trades by that Dealer, the volume inquired of that was not quoted and the average time to respond to a quote. The Dealer may view such data for each Client with whom it has executed trades and may view the volume executed with each Client by product category and maturity range.

11. CanDeal is owned by TSX Inc. and six bank-owned investment dealers (each, a **Shareholder-Dealer**), which include TDSI, RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., and BMO Nesbitt Burns Inc.

12. Each Shareholder-Dealer is also a Dealer.

13. No functionality exists on the CanDeal System that could enable a Shareholder-Dealer to influence the actions of a Client to the benefit of that Shareholder-Dealer in relation to a trade.

14. No shareholder of CanDeal controls (as such term is interpreted in subsection 1.3(2) of NI 21-101) CanDeal.

15. CanDeal has no affiliates.

16. CanDeal is governed by an executive management team, and a board of directors (**Board**) comprised of representatives from TSX Inc., each Shareholder-Dealer, CanDeal's Chief Executive Officer, and one independent member. The Board meets on a quarterly basis.

17. The Representative is registered as a dealing representative of TDSI. The Representative is Managing Director of TDSI's trading, sales and origination business.

18. As a dealing representative of TDSI, the Representative may access the data referred to in paragraphs 8 to 10 above as well as data pertaining to those of TDSI's trades or pending trades on the System for which the Representative is responsible.

19. Neither a Dealer nor a dealing representative has access to any data relating to (i) the activity of any other identifiable Dealer on the System or (ii) any identifiable Client other than in respect of the Dealer's or dealing representative's own trading activity with such Client.

20. In his role as dealing representative, the Representative has acquired comprehensive knowledge of the fixed-income trading environment and business, and as such is qualified to provide competent business counsel on issues relating to the institutional trading of fixed-income products and the institutional fixed-income markets generally.

21. It is proposed that the Representative be appointed as a director of CanDeal.

22. It is anticipated that the Representative will spend four to six hours per quarter on CanDeal directorship duties.

23. There is no suitable individual at TDSI other than the Representative who has the fixed-income markets experience required to serve as TDSI's representative on the CanDeal Board.

24. The day-to-day operations of CanDeal are carried out by the executive management and employees of CanDeal. The Representative will not have any role in the day-to-day operations of CanDeal.

25. The directors of CanDeal are subject to a comprehensive policy governing conflicts of interest (the **Policy**). The Policy specifically addresses the situation where a "nominee director", that is a director appointed by a Shareholder-Dealer, has a conflict of interest or duty arising from the concurrent fiduciary duties he or she owes to CanDeal and to the Shareholder-Dealer.

26. The Policy proceeds from the principle that a nominee director of CanDeal owes an unqualified fiduciary duty to CanDeal. The Policy enforces the principle by providing that, where the Board determines that a director has a conflict of duty, the Board will adopt a protocol for managing the conflict which must include provisions relating to:

    (a) whether the conflicted director must withdraw from Board meetings for the duration of any discussion on a relevant matter, and whether the Board may waive such a requirement;

    (b) whether, in light of applicable law or other relevant circumstances, the conflicted director may vote in connection with any Board decision on that matter; and

    (c) whether, subject to such restrictions as the Board may impose, the conflicted director may receive Board papers or other information which relates in any way to the subject-matter that gives rise to the conflict (**Information**). Where the Board decides under the protocol that the Director may not receive Information, and the Board further decides that the conflict of duty is of such nature or sensitivity that it is not appropriate for the conflicted Director to be made aware of the nature of the Information, the Director will not be notified of the nature of the Information.

27. To further protect CanDeal, the Policy requires that clear guidelines be established relating to:

    (a) the circumstances in which Information may be passed on by a director to the Shareholder-Dealer who nominated him or her;

    (b) the right of CanDeal to place an embargo on Information which must not be passed on because of its sensitivity; and

    (c) acceptance by each Shareholder-Dealer of obligations of confidentiality in relation to any Information received.

28. Neither TDSI nor CanDeal is in default of securities, commodities or derivatives legislation in any Jurisdiction.

29. In the absence of the Exemption Sought, TDSI would be prohibited under paragraph 4.1(1)(a) of NI 31-103 from permitting the Representative to act as a dealing representative of TDSI and be a director of CanDeal.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that (a) the circumstances described above remain in place, and (b) the Exemption Sought shall cease to be effective when:

    (i) the Representative is no longer registered in any of the Jurisdictions as a dealing representative of TDSI; or

    (ii) the Representative is no longer a director of CanDeal.

"Marrianne Bridge"
Director, Compliance and Registrant Regulation
Ontario Securities Commission

2.1.2 BMO Nesbitt Burns Inc. et al.

Headnote

Under paragraph 4.1(1)(a) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations a registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual acts as an officer, partner or director of another registered firm that is not an affiliate of the first-mentioned firm. The Filers have sought relief from that prohibition. The firm employing the individual as a registered representative is an owner of the second registered firm and entitled to appoint a director to its board. The individual will have sufficient time to adequately serve both firms. The potential for conflicts of interest is significantly reduced compared to other similar arrangements because the second firm operates as an alternative trading system under National Instrument 21-101 Marketplace Operation. The firm also has policies in place to handle potential conflicts of interest. Relief from the prohibition has been granted.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 4.1, 13.4, 15.1.

August 16, 2016

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

AND

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

AND

IN THE MATTER OF
BMO NESBITT BURNS INC.
(NBI)

AND

CANDEAL.CA INC. (CanDeal) AND
CORY CHAD BAST

DECISION

Background

The principal regulator in the Jurisdiction has received an application from NBI and CanDeal (together, the **Filers**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief from the requirement in paragraph 4.1(1)(a) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), pursuant to section 15.1 of NI 31-103, to permit Cory Chad Bast (the **Representative**) to be registered as a dealing representative of NBI while also acting as a director of CanDeal (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. NBI is a wholly-owned indirect subsidiary of Bank of Montreal.

2. NBI is a corporation amalgamated under the laws of Canada and is registered under the Legislation as an investment dealer and is a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**). NBI is a full-service investment dealer.

3. The principal regulator of NBI is the Ontario Securities Commission (**OSC**) because NBI's head office is located in Toronto, Ontario.

4. CanDeal is an Ontario corporation and is registered under the Legislation as an investment dealer and is a member of IIROC. CanDeal is regulated as an alternative trading system under National Instrument 21-101 *Marketplace Operation* (**NI 21-101**). The principal regulator of CanDeal is the OSC.

5. CanDeal operates an institutional multi-dealer to customer electronic trading platform and market data communications network (the **CanDeal System** or **System**). The CanDeal System is a vehicle through which institutional clients (**Clients**)

access information, request bids and offers, and effect transactions with liquidity providing dealers (**Dealers**). CanDeal also offers market data, post-trade straight-through processing, trade reporting, and other support to its Dealers and Clients.

6. CanDeal Dealers and Clients currently effect transactions using the CanDeal System in Canadian fixed-income securities and interest rate swaps.

7. The CanDeal System employs request-for-quote (**RFQ**) electronic trading functionality for the execution of trades. The System displays indicative quotes on fixed-income products that are made available on the platform. Transactions on the System are initiated by RFQ disseminated by a Client to between one and four Dealers. A Dealer to whom an RFQ is disseminated knows the number but not the identity of the Dealers to whom the RFQ is disseminated.

8. The CanDeal System permits a Dealer to view data relating to its own executed trades and certain aggregate data relating to all trades executed on the System.

9. The aggregate data available to a Dealer permits the Dealer to know its share of total volume executed on the platform and its rank in terms of total volume executed by Dealers, but does not permit the Dealer to know the rank of or the volume executed by any other Dealer on the platform. A Dealer may also access data as to the total volume inquired of by Clients in the aggregate under RFQs and executed by Clients in the aggregate, in each case by each category of product made available on the System.

10. The data that a Dealer may view relating to its own executed trades includes the total volume inquired of the Dealer under RFQs received by it, the total and percentage of inquired volume represented by executed trades by that Dealer, the volume inquired of that was not quoted and the average time to respond to a quote. The Dealer may view such data for each Client with whom it has executed trades and may view the volume executed with each Client by product category and maturity range.

11. CanDeal is owned by TSX Inc. and six bank-owned investment dealers (each, a **Shareholder-Dealer**), which include RBC Dominion Securities Inc., CIBC Markets Inc., TD Securities Inc., Scotia Capital Inc., National Bank Financial Inc., and NBI.

12. Each Shareholder-Dealer is also a Dealer.

13. No functionality exists on the CanDeal System that could enable a Shareholder-Dealer to influence the actions of a Client to the benefit of that Shareholder-Dealer in relation to a trade.

14. No shareholder of CanDeal controls (as such term is interpreted in subsection 1.3(2) of NI 21-101) CanDeal.

15. CanDeal has no affiliates.

16. CanDeal is governed by an executive management team, and a board of directors (**Board**) comprised of representatives from TSX Inc., each Shareholder-Dealer, CanDeal's Chief Executive Officer, and one independent member. The Board meets on a quarterly basis.

17. The Representative is registered as a dealing representative of NBI. The Representative is Managing Director of NBI's Debt Products sales group, the activities of which include (i) buying and selling debt securities for institutional investors based on study of varying market trends (ii) analysis of current market conditions and (ii) implementing decisions to yield profits for such institutional investors.

18. As a dealing representative of NBI, the Representative may access the data referred to in paragraphs 8 to 10 above as well as data pertaining to those of NBI's trades or pending trades on the System for which the Representative is responsible.

19. Neither a Dealer nor a dealing representative has access to any data relating to (i) the activity of any other identifiable Dealer on the System or (ii) any identifiable Client other than in respect of the Dealer's or dealing representative's own trading activity with such Client.

20. In his role as dealing representative, the Representative has acquired comprehensive knowledge of the fixed-income trading environment and business, and as such is qualified to provide competent business counsel on issues relating to the institutional trading of fixed-income products and the institutional fixed-income markets generally.

21. It is proposed that the Representative be appointed as a director of CanDeal.

22. It is anticipated that the Representative will spend four to six hours per quarter on CanDeal directorship duties.

23. There is not a more suitable individual at NBI than the Representative, who has the fixed-income markets experience required to serve as NBI' s representative on the CanDeal Board.

24. The day-to-day operations of CanDeal are carried out by the executive management and employees

of CanDeal. The Representative will not have any role in the day-to-day operations of CanDeal.

25. The directors of CanDeal are subject to a comprehensive policy governing conflicts of interest (the **Policy**). The Policy specifically addresses the situation where a "nominee director", that is a director appointed by a Shareholder-Dealer, has a conflict of interest or duty arising from the concurrent fiduciary duties he or she owes to CanDeal and to the Shareholder-Dealer.

26. The Policy proceeds from the principle that a nominee director of CanDeal owes an unqualified fiduciary duty to CanDeal. The Policy enforces the principle by providing that. where the Board determines that a director has a conflict of duty, the Board will adopt a protocol for managing the conflict which must include provisions relating to:

    (a) whether the conflicted director must withdraw from Board meetings for the duration of any discussion on a relevant matter, and whether the Board may waive such a requirement;

    (b) whether, in light of applicable law or other relevant circumstances, the conflicted director may vote in connection with any Board decision on that matter; and

    (c) whether, subject to such restrictions as the Board may impose, the conflicted director may receive Board papers or other information which relates in any way to the subject-matter that gives rise to the conflict (**Information**). Where the Board decides under the protocol that the Director may not receive Information, and the Board further decides that the conflict of duty is of such nature or sensitivity that it is not appropriate for the conflicted Director to be made aware of the nature of the Information, the Director will not be notified of the nature of the Information.

27. To further protect CanDeal, the Policy requires that clear guidelines be established relating to:

    (a) the circumstances in which Information may be passed on by a director to the Shareholder-Dealer who nominated him or her;

    (b) the right of CanDeal to place an embargo on Information which must not be passed on because of its sensitivity; and

    (c) acceptance by each Shareholder-Dealer of obligations of confidentiality in relation to any Information received.

28. Neither NBI nor CanDeal is in default of securities, commodities or derivatives legislation in any Jurisdiction.

29. In the absence of the Exemption Sought, NBI would be prohibited under paragraph 4.1(1)(a) of NI 31-103 from permitting the Representative to act as a dealing representative of NBI and be a director of CanDeal.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that (a) the circumstances described above remain in place, and (b) the Exemption Sought shall cease to be effective when:

    (i) the Representative is no longer registered in any of the Jurisdictions as a dealing representative of NBI; or

    (ii) the Representative is no longer a director of CanDeal.

"Marrianne Bridge"
Director, Compliance and Registrant Regulation
Ontario Securities Commission

2.1.3 Cheverny Capital Inc. and Cordiant Capital Inc.

Headnote

Under paragraph 4.1(1)(b) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, a registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual is registered as a dealing, advising or associate advising representative of another registered firm – the Filers are affiliated entities and have valid reasons for the Representative to be registered with both firms – Both firms will be managing different activities and client bases, which will mitigate the risk of conflicts of interest arising from the dual registration – the Representative will have sufficient time to adequately serve both firms – Both firms have policies and procedures in place to address potential conflicts of interest and the dually registered representatives are aware of those procedures – the firms are exempted from the prohibition.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 4.1, 15.1.

August 9, 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
CHEVERNY CAPITAL INC.
(Cheverny)

AND

CORDIANT CAPITAL INC.
(Cordiant) (the Filers)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for relief from the requirement in paragraph 4.1(1)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Obligations* (**NI 31-103**) pursuant to section 15.1 of NI 31-103 to permit Benn Mikula (the **Representative**) to be registered as a dealing representative of Cheverny and as a dealing representative of Cordiant (the **Exemption Sought**).

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

(a) the Autorite des marches financiers (**AMF**) is the principal regulator for this application;

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta and British Columbia; and

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

Interpretation

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

Representations

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

1 The Filers are both corporations governed by the *Canada Business Corporations Act*.

2 The head office of each Filer is located in Montréal, Québec.

3 Cordiant is an exempt market dealer registered with the securities regulatory authorities in Alberta, Ontario and Quebec and is registered as an Investment Fund Manager and Portfolio Manager with Ontario and Quebec. Cordiant is also registered with the U.S. Securities and Exchange Commission and Commission de surveillance du secteur financier (Luxembourg).

4 Cheverny is an exempt market dealer registered with the securities regulatory authorities in each of Alberta, British Columbia, Quebec and Ontario.

5 Cordiant is an affiliate of Cheverny since they are both wholly-owned by Dominion & Colonial Investment Partners Inc. (**D&C**). D&C is beneficially owned by Jean-Francois Sauve, James T. Kiernan and the Representative.

6 Neither Cheverny nor Cordiant are in default of any requirement of securities legislation in any jurisdiction of Canada.

7 The Representative is registered as a dealing representative of Cordiant in Quebec, Alberta, and Ontario and is seeking registration as a dealing representative of Cheverny in Quebec, Alberta, British Columbia and Ontario.

8 The objective of the Representative to be registered with both Filers is to ensure that, in his role as senior executive of both firms, he will be able to provide strategic guidance and leadership at each firm as well as be able to participate in client meetings.

9 At Cordiant, the Representative is responsible for defining strategy, managing the company and developing relations with large institutional investors in the context of seeking capital to manage in one of Cordiant's emerging market private debt funds.

10 At Cheverny, the Representative will interact with the senior leadership of large corporations and private equity groups in relation to strategy, mergers and acquisitions (**M&A**) issues and capital structure optimisation.

11 The dual registration of the Representative at each of Cordiant and Cheverny would create operational efficiencies and optimization of resources for the two affiliated entities.

12 There will be minimal potential for conflicts of interest or client confusion because there is very little or no overlap between the activities of each Filer. Cordiant is an investment manager overseeing funds that invest in emerging and frontier market debt in Africa, Latin America, and Asia. Cheverny focuses on M&A and corporate strategy for businesses in Canada and Europe. Moreover the client base of each Filer is different.

13 The Representative will not engage in any discretionary trading or otherwise have any discretionary authority in his capacity as a dealing representative of Cordiant.

14 The Representative will have sufficient time and resources to adequately serve each Filer and its clients. The Representative will spend the majority of his time fulfilling his duties in his capacity as a dealing representative of Cheverny. The representative will devote approximately 25 hours at Cordiant and 40 hours at Cheverny.

15 The Representative will be subject to supervision by and to the applicable compliance requirements of, both Filers. The existing compliance and supervisory structures will apply depending on which regulatory entity on whose behalf the Representative is acting.

16 The Representative will act in the best interests of both his Cheverny clients and his Cordiant clients and deal fairly, honestly and in good faith.

17 In case Cheverny would be called upon to act in a transaction that might be of interest to Cordiant, all the parties (the client, the Filers and any other interested party) would be informed of any potential conflict.

18 Both Cheverny and Cordiant are subject to the conflict of interest requirements set out in NI 31-103 and such requirements will be complied with at all times.

19 Each of the Filers has policies and procedures to address conflicts of interest and all the directors and officers of each Filer are aware of those policies and procedures.

20 The roles of the Representative at the Filers will be disclosed to clients by the Representative both verbally and via the websites of the Filers. Relevant written materials will disclose that the Filers are affiliates.

21 In the absence of the Exemption Sought, the Representative would be prohibited under paragraph 4.1(1)(b) of NI 31-103 from acting as a dealing representative of Cheverny, while also acting as a dealing representative of Cordiant, even though the Filers are affiliates.

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 Exemption Sought is granted.

“Maryse Pineault”
Senior Director, Distribution Practices
Autorite Des Marches Financiers

2.1.4 1832 Asset Management L.P.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from certain specified derivatives and custodial requirements to permit mutual funds to enter into swap transactions that are cleared through a clearing corporation as contemplated under U.S. and European requirements – decision treats cleared swaps similar to other cleared derivatives.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.7(1), (4) and 6.1(1), 19.1.

August 19, 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
1832 ASSET MANAGEMENT L.P.
(the Filer or Manager)

DECISION

Background

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

(a) the following requirements to permit each Fund to enter into cleared Swaps as further described below:

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

(ii) the requirement in subsection 2.7(4) of NI 81-102 that the mark-to-market value of the exposure of a mutual fund under its specified derivatives positions with any one counterparty other than an acceptable clearing corporation or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A to NI 81-102 shall not exceed, for a period of 30 days or more, 10 percent of the net asset value of the mutual fund; and

(b) the requirement in subsection 6.1(1) of NI 81-102 that all portfolio assets of an investment fund be held under the custodianship of one custodian to permit each Fund to deposit cash and other portfolio assets as margin directly with a Futures Commission Merchant (as defined below) and indirectly with a Clearing Corporation (as defined below) in connection with entering into the cleared Swaps, as further described below

(the **Requested Relief**).

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

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

(b) the Filer has provided notice that 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 (each, an **Other Jurisdiction**, and together with the Jurisdiction, the **Jurisdictions**).

Interpretation

Unless otherwise defined herein, terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102 have the same meaning in this decision. In addition, the following terms used in this decision have the following meanings:

Act means the *Securities Act* (Ontario) as may be amended from time to time

CFTC means the U.S. Commodity Futures Trading Commission

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

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

EMIR means the European Market Infrastructure Regulation

ESMA means the European Securities and Markets Authority

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

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

Investment Advisor means the Filer, each affiliate of the Filer and each third party portfolio manager retained from time to time by the Filer to manage all or a portion of the investment portfolio of one or more Funds

OTC means over-the-counter

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

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

Representations

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

The Manager

1. The Manager is an Ontario limited partnership, which is wholly-owned indirectly by The Bank of Nova Scotia. The general partner of the Manager is 1832 Asset Management G.P. Inc., an Ontario corporation wholly-owned directly by The Bank of Nova Scotia, with its head office in Ontario.

2. The Manager is registered as: (i) a portfolio manager in all of the provinces of Canada and in Northwest Territories and Yukon; (ii) an exempt market dealer in all of the provinces of Canada (except Prince Edward Island and Saskatchewan); (iii) an investment fund manager in Ontario, Quebec, Newfoundland and Labrador and Northwest Territories; and (iv) a commodity trading manager in Ontario.

3. The Manager is the investment fund manager of each existing Fund and will be the investment fund manager of each future Fund. An Investment Advisor is the portfolio manager of each existing Fund and will be the portfolio manager of each future Fund.

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

The Funds

5. Each existing Fund is, and each future Fund will be, an open-ended mutual fund organized as a trust, limited partnership or class of shares of a mutual fund corporation, in each case established under the laws of the Province of Ontario or the laws of Canada.

6. Each existing Fund is, and each future Fund will be, a "reporting issuer" (as defined in the Act) in one or more of the Jurisdictions. The securities of each existing Fund are, and of each future Fund will be, qualified for distribution in one or more of the Jurisdictions pursuant to a simplified prospectus and annual information form filed in accordance with the securities legislation of each of the relevant Jurisdictions. Each existing Fund is, and each future Fund will be, subject to the provisions of NI 81-102.

7. No existing Fund is in default of securities legislation in any of the Jurisdictions.

The Previous Relief

8. The Funds were granted similar relief in a decision of the principal regulator dated December 16, 2013 (the **Previous Relief**).

9. The Previous Relief contained a provision terminating the Previous Relief on the earlier of (i) the coming into force of any revisions to the provisions of NI 81-102 that address the clearing of OTC derivatives, and (ii) two years from the date of the Previous Relief (the **Termination Date**).

10. The Funds have not relied on the Previous Relief since the Termination Date.

Cleared Swaps

11. The investment objective and investment strategies of each existing Fund permit, and of each future Fund will permit, the Fund to enter into derivative transactions, including Swaps. Each Investment Advisor for the Funds in existence as at the date hereof considers Swaps to be an important investment tool that is available to it to properly manage such Fund's portfolio.

12. Dodd-Frank requires that certain OTC derivatives be cleared through a Futures Commission Merchant at a clearing organization, as recognized by the CFTC. Generally, where one party to a Swap is a U.S. Person, that Swap must be cleared.

13. EMIR also requires that certain OTC derivatives be cleared through a central counterparty authorized to provide clearing services for purposes of EMIR. Generally, where one party to a Swap is a financial counterparty or a non-financial counterparty whose OTC derivative trading activity exceeds a certain threshold, in each case established in a state that is a participant in the European Economic Area, that Swap will be required to be cleared. The first clearing directive has been issued in respect of certain interest rate swaps and will be phased-in based on the category of both parties to the trade.

14. In order to benefit from both the pricing benefits and reduced trading costs that an Investment Advisor may be able to achieve through its trade execution practices for its advised investment funds and other accounts and from the reduced costs associated with cleared OTC derivatives as compared to other OTC trades, the Filer wishes to have the Funds enter into cleared Swaps.

15. In the absence of the Requested Relief, each Investment Advisor will need to structure the Swaps entered into by the Funds so as to avoid the clearing requirements of the CFTC and under EMIR, as applicable. The Filer respectfully submits that this would not be in the best interests of the Funds and their investors for a number of reasons, as set out below.

16. The Filer strongly believes that it is in the best interests of the Funds and their investors to be able to execute OTC derivatives with global counterparties, including U.S. and European swap dealers.

17. The Filer, in its role as a fiduciary for the Funds, has determined that central clearing represents the best choice for the investors in the Funds to mitigate the legal, operational and back office risks faced by investors in the global swap markets.

18. Each Investment Advisor may use the same trade execution practices for all of its advised investment funds and other accounts, including the Funds. An example of these trade execution practices is block trading, where large numbers of securities are purchased or sold or large derivative trades are entered into on behalf of a number of investment funds and other accounts advised by one Investment Advisor. These practices include the use of cleared Swaps. If the Funds are unable to employ these trade execution practices, then each affected Investment Advisor will have to create separate trade execution practices only for the Funds and will have to execute trades for the Funds on a separate basis. This will increase the operational risk for the Funds, as separate execution procedures will need to be established and followed only for the Funds. In addition, the Funds will no longer be able to enjoy the possible price benefits and reduction in trading costs that an Investment Advisor may be able to achieve through a common practice for its advised investment funds and other accounts. In the Filer's opinion, best execution and maximum certainty can best be achieved through common trade execution practices, which, in the case of OTC derivatives, involve the execution of Swaps on a cleared basis.

19. As a member of the G20 and a participant in the September 2009 commitment of G20 nations to improve transparency and mitigate risk in derivatives markets, Canada has expressly recognized the systemic benefits that clearing OTC derivatives offers to market participants, such as the Funds. The Filer respectfully submits that the Funds should be encouraged to comply with the robust clearing requirements established by the CFTC and under EMIR by granting them the Requested Relief.

20. The Requested Relief is analogous to the treatment currently afforded under NI 81-102 to other types of derivatives that are cleared, such as clearing corporation options, options on futures and standardized futures. This demonstrates that, from a policy perspective, the Requested Relief is consistent with the views of the Canadian securities authorities in respect of cleared derivative trades.

21. For the reasons provided above, the Filer submits that it would not be prejudicial to the public interest to grant the Requested Relief.

Decision

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

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

(a) in Canada,

  (i) the Futures Commission Merchant is a member of a SRO that is a participating member of CIPF; and

  (ii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the Fund as at the time of deposit; and

(b) outside of Canada,

  (i) the Futures Commission Merchant is a member of a Clearing Corporation and, as a result, is subject to a regulatory audit;

  (ii) the Futures Commission Merchant has a net worth, determined from its most recent audited financial statements that have been made public or from other publicly available financial information, in excess of the equivalent of $50 million; and

  (iii) the amount of margin deposited and maintained with the Futures Commission Merchant does not, when aggregated with the amount of margin already held by the Futures Commission Merchant, exceed 10 percent of the net asset value of the Fund as at the time of deposit.

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

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

2.1.5 Mackenzie Financial Corporation and Quadrus Investment Services Ltd.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the requirement in s.3.2.01 of NI 81-101 to deliver a fund facts document to investors who purchase mutual fund securities of a high net worth series pursuant to switches from a regular retail series upon meeting certain eligibility requirements based on the amount of the investor's investments – High net worth series securities are identical to regular retail series securities except that the high net worth series have lower combined management and administration fees – Investment fund manager initiating switches on behalf of investors when their investments satisfy eligibility requirements of high net worth series – Switches between series of a fund triggering a distribution of securities attracting the requirement to deliver a fund facts – Relief granted from requirement to deliver a fund facts to investors for purchases of high net worth series securities made pursuant to such switches subject to compliance with certain notification and prospectus/fund facts disclosure requirements – National Instrument 81-101 Mutual Fund Prospectus Disclosure.

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 3.2.01, 6.1.

July 4, 2016

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

AND

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

AND

IN THE MATTER OF
MACKENZIE FINANCIAL CORPORATION
(the Filer)

AND

IN THE MATTER OF
QUADRUS INVESTMENT SERVICES LTD.
(the Dealer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer and the Dealer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption from the requirement in the Legislation for a dealer to deliver or send the most recently filed fund facts documents (the **Fund Facts**) in the manner as required under the Legislation (the **Fund Facts Delivery Requirement**) in respect of purchases of High Net Worth Series (as defined below) securities of the Quadrus Funds (as defined below) that are made pursuant to Lower Fee Switches (as defined below) (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

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

2. The head office of the Filer is located in Toronto, Ontario. The Filer is not in default of the securities legislation of any Jurisdictions.

3. The Filer is the manager of mutual funds (the **Existing Funds**), each of which is subject to the requirements of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**). The Filer may in the future become the manager of additional mutual funds that are subject to the requirements of NI 81-102 (the **Future Funds**, and together with the Existing Funds, the **Funds**).

4. Certain of the Funds (the **Quadrus Funds**) are or will be available for purchase only through the Dealer, which is the principal distributor for the Quadrus Funds.

5. The Dealer is registered as a dealer in each of the Jurisdictions. The head office of the Dealer is located in London, Ontario.

6. Each Quadrus Fund is, or will be, an open-end mutual fund trust created under the laws of the Province of Ontario or an open-end mutual fund that is a class of shares of a mutual fund corporation.

7. Each Quadrus Fund is, or will be, a reporting issuer under the laws of all of the provinces and territories of Canada. The securities of the Quadrus Funds are, or will be qualified for distribution pursuant to a simplified prospectus, annual information form and Fund Facts that have been, or will be, prepared and filed in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**).

8. Securities of the Quadrus Funds (the **Securities**) are currently offered under simplified prospectuses, annual information forms and Fund Facts dated June 26, 2015 and November 27, 2015.

9. The Quadrus Funds currently offer up to 14 series of Securities – Quadrus series, D5 series, D8 series, H series, H5 series, H8 series, L series, L5 series, L8 series, N series, N5 series, N8 series, RB series and Series R.

10. L series, L5 series and L8 series securities of the Quadrus Funds (the **High Net Worth Series**) have lower combined management and administration fees than Quadrus series, D5 series and D8 series securities of the Quadrus Funds (the **Retail Series**) and are only available to investors who have invested at least $100,000 in High Net Worth Series securities and who also have a minimum total holdings of $500,000 across a group of accounts of which the investor is a member, including segregated accounts with the London Life Insurance Company (**London Life**).

11. D5 series and D8 series securities have the same attributes as Quadrus series securities, except that those series are designed to provide tax efficient cash flow to investors by making monthly distributions of an amount comprised of a return of capital and/or income. L5 series and L8 series securities have the same attributes as L series securities except that those series are designed to provide tax efficient cash flow to investors by making monthly distributions of an amount comprised of a return of capital and/or income.

12. The Filer filed a renewal simplified prospectus, annual information and Fund Facts for the Quadrus Funds on June 29, 2016 and expects to be receipted on or about July 5, 2016 (the **Implementation Date**). Beginning on the Implementation Date, if an investor holding Quadrus series securities becomes eligible to hold L series securities, an investor holding D5 series securities becomes eligible to hold L5 series securities or an investor in D8 series securities becomes eligible to hold L8 series securities, as applicable, the Filer will switch the Quadrus series, D5 series or D8 series securities into the applicable High Net Worth Series securities (the **Lower Fee Switches**). If an investor holding High Net Worth Series securities ceases to be eligible to hold that series, the Filer may switch the High Net Worth

Series securities into the applicable Retail Series securities (the **Higher Fee Switches**, and together with the Lower Fee Switches, the **Switches**).

13. The Lower Fee Switches will generally take place when the investor purchases additional Securities or when positive market movement moves the investor into High Net Worth Series eligibility.

14. The Higher Fee Switches may occur because of redemptions that decrease the amount of total investments with the Filer for purposes of calculating the investor's eligibility for High Net Worth Series securities. However, in no circumstances will market value declines lead to Higher Fee Switches.

15. The Filer will aggregate total investments across the group of eligible accounts in order to determine whether investors are eligible to purchase and to continue to hold High Net Worth Series securities. London Life, as a service provider to the Filer, will, on behalf of the Filer, monitor investors' investments in each particular series and monitor the total investments across the group of eligible accounts in order to provide the Filer with the information necessary to determine whether investors are eligible to purchase and continue to hold High Net Worth Series securities. If an investor is no longer eligible to hold High Net Worth Series securities, the Filer may effect a Higher Fee Switch.

16. Once an account has qualified for the High Net Worth Series, the account will continue to enjoy the benefit of lower management and administration fees associated with the applicable High Net Worth Series even if fund performance reduces the account value below the minimum eligibility requirements for that series.

17. Investors may access High Net Worth Series securities of a Quadrus Fund by (a) initially investing in High Net Worth Series securities or (b) initially investing in Retail Series securities and then, upon meeting the eligibility requirements, having those Retail Series securities be switched into High Net Worth Series securities by way of a Lower Fee Switch.

18. Investors may access Retail Series securities of a Quadrus Fund by (a) initially investing in Retail Series securities, or (b) initially investing in High Net Worth Series securities and then, upon no longer meeting the eligibility requirements for the High Net Worth Series securities, having those High Net Worth Series securities be switched into Retail Series securities by way of a Higher Fee Switch.

19. Further to each Lower Fee Switch, an investor's account would continue to hold Securities in the same Fund(s) as before the Switch, with the only material difference to the investor being that the combined management and administration fees charged for the High Net Worth Series securities will be lower than those charged for Retail Series securities.

20. Further to each Higher Fee Switch, an investor's account would continue to hold Securities in the same Fund(s) as before the Switch, with the only material difference to the investor being that the combined management and administration fees charged for the Retail Series securities will be higher than those charged for High Net Worth Series securities.

21. The trailing commissions for the High Net Worth Series and Retail Series securities are identical.

22. Although the maximum sales charge that may be charged upon an initial investment in Retail Series securities is higher than the maximum sales charge that may be charged upon an initial investment in High Net Worth Series securities, there are no sales charges, switch fees or other fees payable by the investor upon a Switch.

23. Implementation of the Switches will have no adverse tax consequences on investors under current Canadian tax legislation.

24. Each Switch will entail (a) a redemption of the Retail Series security, immediately followed by a purchase of the corresponding High Net Worth Series security, or (b) a redemption of the High Net Worth Series security immediately followed by a purchase of the corresponding Retail Series security. Each purchase of Securities done as part of a Switch will be a "distribution" under the Legislation, which triggers the Fund Facts Delivery Requirement.

25. Pursuant to the Fund Facts Delivery Requirement, a dealer is required to deliver the most recently filed Fund Facts of a series of a fund to an investor before the dealer accepts an instruction from the investor for the purchase of securities of that series of the fund.

26. While the Filer will initiate each trade done as part of a Switch, the Filer and the Dealer do not propose to deliver the Fund Facts to investors in connection with the purchase of High Net Worth Series securities made pursuant to a Lower Fee Switch for the following reasons:

(a) at no time will an account that qualifies for High Net Worth Series securities pay combined management and administration fees at a rate higher than the rate of the combined management and administration fees of the Retail Series securities for which it initially subscribed; and

(b) since Retail Series securityholders would have received a prospectus or Fund Facts disclosing the higher level of fees which applied to the Retail Series for which they initially subscribed, the investor would derive little benefit from receiving a further Fund Facts relating to the High Net Worth Series upon each Lower Fee Switch.

27. The Dealer will deliver the Retail Series Fund Facts to investors in connection with the purchase of Retail Series securities made pursuant to a Higher Fee Switch, as required by the Fund Facts Delivery Requirement.

28. The Filer or the Dealer will deliver or will arrange for the delivery of trade confirmations to investors in connection with each trade done further to a Switch. Furthermore, details of the changes in series of securities held will be reflected in the account statements sent to investors for the quarter in which the change occurred.

29. The Filer will (a) disclose the eligibility requirements and the management and administration fees applicable to the Retail Series and the High Net Worth Series in the simplified prospectus of the Quadrus Funds and (b) disclose a summary of the eligibility requirements and the fee discounts applicable to the High Net Worth Series in the Fund Facts of the Retail Series of the Quadrus Funds.

30. The Filer will communicate extensively with the Dealer and London Life about the Switches so that they will be equipped to appropriately notify existing Retail Series investors of the changes applying to their Retail Series investments and appropriately advise new Retail Series investors about the Lower Fee Switches.

31. In the absence of the Exemption Sought, the Filer may not carry out the Lower Fee Switches without compliance with the Fund Facts Delivery Requirement.

Decision

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

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

1. for investors invested in Retail Series prior to the Implementation Date, the Dealer will devise a notification plan for such investors regarding the Switches that addresses the following:

   (a) that their investment may be switched to a High Net Worth Series with lower fees upon meeting applicable eligibility requirements;

   (b) that, other than a difference in fees, there will be no other material difference between the Retail Series and the High Net Worth Series;

   (c) that if they cease to meet the eligibility requirements for High Net Worth Series, their investment will be switched into a series with higher management and administration fees which will not exceed the management and administration fees associated with the Retail Series; and

   (d) that they will not receive the Fund Facts when they purchase High Net Worth Series securities further to a Lower Fee Switch, but that:

      (i) they may request the most recently filed Fund Facts for the relevant series by calling a specified toll-free number or by sending a request via email to a specified address;

      (ii) the most recently filed Fund Facts will be sent or delivered to them at no cost;

      (iii) the most recently filed Fund Facts may be found either on the SEDAR website or on the Quadrus website; and

      (iv) they will not have the right to withdraw from an agreement of purchase and sale (a Withdrawal Right) in respect of a purchase of series securities made pursuant to a Lower Fee Switch, but they will have the right of action for damages or rescission in the event any Fund Facts or document incorporated

by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not they request the Fund Facts;

2. the Filer will incorporate disclosure in the simplified prospectus for the Retail Series and the High Net Worth Series that sets out:

   (a) the eligibility requirements for both the Retail Series and the High Net Worth Series;

   (b) the fees applicable to investments in both the Retail Series and the High Net Worth Series; and

   (c) that if investors cease to meet the eligibility requirements of a specified High Net Worth Series, their investment may be switched into a series with higher management and administration fees which will not exceed the Retail Series fees.

3. each Fund Facts for the Retail Series will:

   (a) disclose a summary of the eligibility requirements and the fee discounts applicable to the High Net Worth Series;

   (b) disclose that if investors cease to meet the eligibility requirements of a specified High Net Worth Series, their investment may be switched into the corresponding Retail Series, with higher management and administration fees; and

   (c) contain a cross-reference to the more detailed disclosure in the simplified prospectus;

4. the Retail Series Fund Facts containing the disclosure described in paragraph 3 above is delivered to investors at the time of first purchase of Retail Series securities in accordance with the Fund Facts Delivery Requirement;

5. for Retail Series investors, the Filer sends these investors an annual reminder notice advising that they will not receive the Fund Facts when they purchase High Net Worth Series securities further to a Lower Fee Switch, but that:

   (a) they may request the most recently filed Fund Facts for the relevant series by calling a specified toll-free number or by sending a request via email to a specified address;

   (b) the most recently filed Fund Facts will be sent or delivered to them at no cost;

   (c) the most recently filed Fund Facts may be found either on the SEDAR website or on the Quadrus website; and

   (d) they will not have a Withdrawal Right in respect of a purchase of series securities made pursuant to a Lower Fee Switch, but they will have a right of action for damages or rescission in the event any Fund Facts or document incorporated by reference into a simplified prospectus for the relevant series contains a misrepresentation, whether or not they request the Fund Facts; and

6. for High Net Worth Series investors who cease to meet the eligibility requirements and who will be switched into the applicable Retail Series, the Fund Facts for the applicable Retail Series will be delivered in accordance with the Fund Fact Delivery Requirement.

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

2.1.6 First Asset Investment Management Inc. et al.

Headnote

National Policy 11-203 – relief granted from the requirement to obtain securityholder approval of merger under National Instrument 81-102 Investment Funds – convening unitholder meeting would represent an unnecessary expense.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.1(1)(f), 19.1.

August 22, 2016

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

AND

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

AND

IN THE MATTER OF
FIRST ASSET INVESTMENT MANAGEMENT INC.
(the Filer)

AND

PREFERRED SHARE INVESTMENT TRUST
(the Terminating Fund)

AND

FIRST ASSET PREFERRED SHARE ETF
(the Continuing Fund, and together with the Terminating Fund, the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Terminating Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator:

exempting the Terminating Fund from subsection 5.1(1)(f) of NI 81-102, which requires a mutual fund to obtain the prior approval of its unitholders before the mutual fund undertakes a reorganization with, or transfers its asset to, another mutual fund (the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

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

Interpretation

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

IRC means the Independent Review Committee for the Terminating Fund and the Continuing Fund;

NI 81-102 means National Instrument 81-102 *Investment Funds*;

NI 81-106 means National Instrument 81-106 *Investment Fund Continuous Disclosure*;

NI 81-107 means National Instrument 81-107 *Independent Review Committee for Investment Funds*; and

Tax Act means the *Income Tax Act* (Canada).

Representations

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

The Filer

1. The Filer is a corporation incorporated under the laws of Ontario. The Filer's head office is located in Toronto, Ontario.

2. The Filer is registered as a portfolio manager in Ontario and as an investment fund manager under the securities legislation of each of Ontario, Quebec and Newfoundland and Labrador (the "**Legislation**").

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

4. The Filer is the manager and trustee of the Funds.

The Funds

5. Each Fund was established pursuant to a declaration of trust under the laws of the Province of Ontario.

6. Each Fund is governed by NI 81-102, subject to any relief thereof granted by the securities regulatory authorities.

7. The Funds are reporting issuers under the applicable securities legislation of each of the Jurisdictions and are not on the list of defaulting reporting issuers maintained under such legislation.

8. Unless an exemption has been obtained, each of the Funds follow the standard investment restrictions and practices established by the securities regulatory authorities in each of the Jurisdictions .

9. The net asset value for units of the Funds is calculated on a daily basis on each day that the Toronto Stock Exchange is open for trading.

10. The Terminating Fund is a "non-redeemable investment fund" as defined in the Legislation and units of the Terminating Fund are listed on the Toronto Stock Exchange (the "**TSX**").

11. The Terminating Fund was established under the laws of the Province of Ontario pursuant to a declaration of trust dated March 11, 2009 (the "**Terminating Fund Declaration**") and completed its initial public offering on April 3, 2009 (the **Terminating Fund Prospectus**).

12. The Continuing Fund is an exchange traded "mutual fund" as defined in the Legislation and currently offers common units pursuant to a prospectus dated May 4, 2016. The investment objectives of the Terminating Fund are to provide unitholders with (i) quarterly distributions, and (ii) the opportunity for capital appreciation from the performance of the portfolio.

    The portfolio is comprised primarily of investment grade preferred shares and to a lesser extent investment grade corporate debt and convertible bonds in order to provide holders with the opportunity for growth of their investment value through any capital appreciation of the portfolio and distributions.

13. The investment objectives of the Continuing Fund are to provide unitholders with (i) regular distributions, and (ii) the opportunity for capital appreciation from the performance of a portfolio comprised primarily of preferred shares of North American issuers.

    The portfolio is comprised primarily of investment grade preferred shares and to a lesser extent investment grade corporate debt and convertible bonds in order to provide unitholders with the opportunity for growth of their investment value through any capital appreciation of the portfolio and distributions.

14. The Filer proposes to effect the merger of the Terminating Fund into the Continuing Fund (the **Merger**) on or after the 60th day following the sending of written notice thereof to unitholders of the Terminating Fund (the **Effective Date**).

Unitholder Meeting Relief

15. The Filer has determined that it is appropriate to effect the Merger without obtaining unitholder approval.

16. The Filer believes that the Merger is in the best interest of unitholders of the Terminating Fund for the following reasons:

    a. the Merger will eliminate the operating and regulatory costs of the Terminating Fund operating as a separate investment fund. In addition, unitholders of the Terminating Fund will benefit from the lower management fee charged by the Continuing Fund (0.65% vs 2.10%);

    b. after the Merger, the Continuing Fund will have a portfolio of considerable size and, unlike the Terminating Fund, will have the potential to have an even larger portfolio as the Continuing Fund is in continuous distribution; and

    c. as a result of its greater size, the Continuing Fund may over time benefit from a reduction of its management expense ratio as the non-trading related portion of its operating costs and its regulatory costs will be paid by a larger number of unitholders.

17. Paragraph 5.1(1)(f) of NI 81-102 requires that the approval of the securityholders of an investment fund be obtained before the investment fund undertakes a reorganization with, or transfers its assets to, another issuer.

18. With the exception of Subsection 5.3(2)(a)(iv), the proposed Merger satisfies the pre-approved merger criteria set out in Section 5.3(2) of NI 81-102.

19. The Terminating Fund Prospectus states that if a decision is made to implement a permitted Merger, the manager of the Terminating Fund is required to issue a press release at least 20 business days prior to the proposed effective date of the permitted Merger thereof disclosing details of the proposed permitted Merger.

The Merger

20. The Merger will be effected in accordance with the "permitted merger" provision set out in the Terminating Fund Declaration. In particular:

    i. the Continuing Fund is managed by the Manager or an affiliate of the Manager;

    ii. unitholders of the Terminating Fund are permitted to redeem their units at a redemption price equal to 100% of the net asset value ("**NAV**") per unit, less any costs of funding the redemption, including commissions, prior to the effective date of the Merger;

    iii. the Continuing Fund has similar investment objectives as set forth in its declaration of trust;

    iv. the manager of the Terminating Fund has determined in good faith that there will be no increase in the management expense ratio borne by the unitholders of the Terminating Fund as a result of the Merger;

    v. the Merger will be completed on the basis of an exchange ratio determined with reference to the NAV per unit of the Terminating Fund and of the NAV per unit of the Continuing Fund; and

    vi. the Merger will be accomplished on a tax-deferred rollover basis for unitholders of each of the Funds.

22. The Merger is being effected as a pre-approved reorganization and transfer in accordance with section 5.6 of NI 81-102.

23. As required by NI 81-107, the IRC approved, or will approve, the Merger in accordance with the requirements of s. 5.2(2) of NI 81-107 on the basis that the Merger would achieve a fair and reasonable result for each of the Funds.

24. The Terminating Fund and the Continuing Fund have substantially similar fundamental investment objectives, valuation procedures and fee structure.

25. The Merger will be accomplished on a tax-deferred rollover basis for unitholders of each of the Funds.

26. Following the Merger, the Continuing Fund will continue and the Terminating Fund will be wound up as soon as reasonably practicable.

27. The portfolio of assets of the Terminating Fund to be acquired by the Continuing Fund (i) may be acquired by the Continuing Fund in compliance with NI 81-102, and (ii) are acceptable to the portfolio adviser of the Continuing Fund and is consistent with the Continuing Fund's investment objectives.

28. The Terminating Fund will comply with Part 11 of National Instrument 81-106 Investment Fund Continuous Disclosure upon making a decision to proceed with the Merger into the Continuing Fund.

29. Neither the Terminating Fund nor the Continuing Fund will bear the costs and expenses associated with the Merger.

30. The Terminating Fund will issue and file a news release disclosing the Merger, and send a written notice to unitholders of the Terminating Fund prior to the annual redemption date for the Terminating Fund and at least 60 days prior to the effective date of the Merger.

31. As the Merger will occur after the annual redemption date of the Terminating Fund, unitholders of the Terminating Fund will be provided with an opportunity to redeem their units at a date after the news release announcing the Merger is issued and before the effective date of the Merger.

32. Any unit of the Terminating Fund surrendered for redemption will be redeemed at a price equal to its NAV per unit on the annual redemption date.

33. The consideration offered to unitholders of the Terminating Fund for the Merger will have a value that is equal to the NAV of the Terminating Fund calculated on the date of the Merger.

34. The Terminating Fund will need to comply with the requirements of the TSX to delist.

35. The Merger is expected to take place using the following steps:

    i. Prior to the Effective Date, each of the Terminating Fund and the Continuing Fund will distribute any net income and net realized capital gains for its current taxation year to the extent necessary to eliminate its liability for non-refundable income tax.

    ii. The exchange ratio (the "**Exchange Ratio**") will be calculated based on the relative NAV of the Terminating Fund and the Continuing Fund as at the close of business on the Effective Date.

    iii. Prior to midnight on the Effective Date, the Terminating Fund will transfer all of its assets to the Continuing Fund in consideration for an amount (the "**Purchase Price**") equal to the fair market value of the assets transferred to the Continuing Fund on the Effective Date.

    iv. The Continuing Fund will satisfy the Purchase Price by assuming the Terminating Fund's liabilities and by issuing to the Terminating Fund that whole number of units of the Continuing Fund equal to the number of units of the Terminating Fund then outstanding multiplied by the Exchange Ratio, plus, if applicable, cash equivalent to the NAV of any fractional unit of the Continuing Fund otherwise issuable.

    v. Immediately thereafter, all of the units of the Terminating Fund will be redeemed and the redemption price therefor will be paid by delivering the applicable number of units of the Continuing Fund to unitholders of the Terminating Fund based on the number of units of the Terminating Fund then held.

    vi. The Terminating Fund and the Continuing Fund will file a joint tax election in respect of the transfer to the Continuing Fund of all of the assets of the Terminating Fund; and

    vii. In connection with the Merger, the units of the Terminating Fund will be de-listed from the TSX and the Terminating Fund will cease to be a reporting issuer in each of the Provinces of Canada and will cease to exist, and the units of the Continuing Fund will trade on the TSX.

36. Each Fund is a mutual fund trust under the Tax Act and, accordingly, units of the Funds are "qualified investments" under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts.

37. In the opinion of the Filer, the Merger will not adversely affect unitholders of the Funds and will in fact be in the best interests of unitholders of the Funds.

38. In the absence of this order, the Filer would be prohibited from relying on the exception in Section 5.3(2) and would otherwise be required to obtain the approval of the unitholders of the Terminating Fund prior to effecting the Merger, notwithstanding the satisfaction of the permitted merger conditions that are contained in the declaration of trust and prospectus of the Terminating 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.

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

2.2 Orders

2.2.1 Hecla Mining Company and Dolly Varden Silver Corporation – s. 9(1)(b) of the SPPA and Rule 5.2 of the OSC Rules of Procedure

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

AND

IN THE MATTER OF
HECLA MINING COMPANY

AND

IN THE MATTER OF
DOLLY VARDEN SILVER CORPORATION

ORDER
(Subsection 9(1)(b) of the Statutory Powers Procedure Act, RSO 1990, c S.22
and Rule 5.2 of the OSC Rules of Procedure (2014), 37 OSCB 4168)

WHEREAS:

1. on July 20 and 21, 2016, the Ontario Securities Commission (the "OSC") held a simultaneous hearing in conjunction with the British Columbia Securities Commission (the "BCSC") to consider applications by Hecla Mining Company ("Hecla") and Dolly Varden Silver Corporation ("Dolly Varden") filed with both the OSC and BCSC;

2. during the course of the simultaneous hearing, Hecla and Dolly Varden requested that certain documents remain confidential and the OSC and BCSC Panels requested that the parties file written submissions on the issue of confidentiality by July 27, 2016;

3. on July 27, 2016, Dolly Varden filed written submissions on the issue of confidentiality and provided a list of documents for which confidentiality was requested by Dolly Varden and also identified a document which Hecla requested be kept confidential (the "Confidentiality Request") and Hecla, OSC Staff and BCSC Staff did not object to the Confidentiality Request;

4. on request of the OSC Panel, on August 5 and 10, 2016, the parties provided further written submissions with respect to redactions of certain documents;

5. the Panel is of the opinion that in the specific circumstances of the documents identified in this Order, the desirability of protecting commercially sensitive information and personal information outweighs the desirability of public access;

IT IS HEREBY ORDERED:

1. Pursuant to subsection 9(1)(b) of the *Statutory Powers Procedure Act*, RSO 1990, c S.22 and Rule 5.2 of the OSC *Rules of Procedure* (2014), 37 OSCB 4168, that:

   a. commercially sensitive information is redacted from the following documents in Exhibit 2:

      i. Tab "A" of the Affidavit of Dr. Dean W.A. MacDonald sworn July 15, 2016; and

      ii. Tab "F" of the Affidavit of Dr. Dean W.A. MacDonald sworn July 15, 2016;

   b. the following document in Exhibit 3 is confidential:

      i. Tab "Z" of the Affidavit of Rosalie Moore sworn July 12, 2016;

   c. personal information is redacted in the following documents in Exhibit 3:

      i. Tab "B" of the Affidavit of Rosalie Moore sworn July 14, 2016;

ii. Tab “C” of the Affidavit of Rosalie Moore sworn July 14, 2016;

iii. Tab “D” of the Affidavit of Rosalie Moore sworn July 14, 2016; and

iv. Tab “B” of the Affidavit of Rosalie Moore sworn July 15, 2016;

d. commercially sensitive information is redacted in the following documents in Exhibit 3:

i. Tab “Y” of the Affidavit of Rosalie Moore sworn July 12, 2016;

ii. Tab “H” of the Affidavit of Rosalie Moore sworn July 14, 2016; and

iii. Tab “I” of the Affidavit of Rosalie Moore sworn July 14, 2016.

DATED at Toronto this 17th day of August, 2016.

“D. Grant Vingoe”

“Monica Kowal”

“Deborah Leckman”

2.2.2 Alloycorp Mining Inc.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – The issuer ceased to be a reporting issuer under securities legislation.

Applicable Legislative Provisions

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

August 18, 2016

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

AND

IN THE MATTER OF
THE PROCESS FOR CEASE TO BE
A REPORTING ISSUER APPLICATIONS

AND

IN THE MATTER OF
ALLOYCORP MINING INC.
(the Filer)

ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

Under the Process for Cease to be a Reporting Issuer Applications (for a passport application):

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

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

Interpretation

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

Representations

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

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;

2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

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

4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and

5. the Filer is not in default of securities legislation in any jurisdiction.

Order

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

The decision of the principal regulator under the Legislation is that the Order Sought is granted.

"Winnie Sanjoto"
Manager, Corporate Finance
Ontario Securities Commission

2.2.3 Aouad Choufi – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
AOUAD CHOUFI

ORDER
(Subsections 127(1) and 127(10) of the Securities Act)

WHEREAS:

1. On June 1, 2016, Staff ("Staff") of the Ontario Securities Commission (the "Commission") filed a Statement of Allegations, in which Staff seeks an order against Aouad Choufi ("Choufi"), pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "Act");

2. On June 2, 2016, the Commission issued a Notice of Hearing in respect of that Statement of Allegations, setting June 20, 2016 as the date of the hearing;

3. At the hearing on June 20, 2016, the Commission issued an order continuing the proceeding by way of a written hearing;

4. On February 10, 2016, Choufi entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission (the "Settlement Agreement");

5. In the Settlement Agreement, Choufi agreed to certain facts, made certain undertakings and agreed to be made subject to sanctions, conditions, restrictions or requirements in the province of Alberta, within the meaning of paragraph 5 of subsection 127(10) of the Act;

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

IT IS HEREBY ORDERED against Choufi that:

1. trading in any securities or derivatives by Choufi shall cease until February 10, 2022, pursuant to paragraph 2 of subsection 127(1) of the Act, except that he may:

    i. trade in and/or purchase securities or derivatives through a registrant who has been given a copy of the Settlement Agreement, and a copy of the Order of the Commission in this proceeding, using one Registered Retirement Savings Plan account, one Registered Education Savings Plan, and one Locked in Retirement Account;

    ii. participate in Kelt Exploration Ltd.'s Incentive Stock Option Plan and Restricted Share Unit Plan; and

    iii. purchase securities in an issuer whose securities are not distributed to the public.

DATED at Toronto this 19th day of August, 2016.

"D. Grant Vingoe"

2.2.4 International Datacasting Corporation

Headnote

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

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s.1(10)(a)(ii).
National Policy 11-206 Process for Cease to be a Reporting Issuer Applications.

August 16, 2016

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(THE JURISDICTION)

AND

IN THE MATTER OF
THE PROCESS FOR CEASE TO BE A REPORTING ISSUER APPLICATIONS

AND

IN THE MATTER OF
INTERNATIONAL DATACASTING CORPORATION
(THE FILER)

ORDER

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an order under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the **Order Sought**).

Under the Process for Cease to be a Reporting Issuer Applications (for a passport application):

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

(b) the Filer has provided notice that subsection 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

Interpretation

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

Representations

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

1. The Filer is a corporation governed by the *Canada Business Corporations Act* (the CBCA) with its head office located at 50 Frank Nighbor Place, Kanata, Ontario K2V 1B9.

2. The Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. The Filer is not a reporting issuer in any other jurisdiction in Canada.

3. On June 15, 2016, International Datacasting Corporation (the **Predecessor**) the predecessor corporation to the Filer completed a previously announced transaction (the **Transaction**) with Novra Technologies Inc. (**Novra**), a corporation incorporated under the CBCA. Details of the Transaction are contained in the management information circular of the Predecessor dated May 5, 2016 filed on the System for Electronic Document Analysis and Retrieval (SEDAR).

4. Novra is a reporting issuer in Alberta and British Columbia with its shares listed on the TSX Venture Exchange (**TSX-V**) under the symbol "NVI".

5. Immediately prior to the Transaction, the Predecessor had 66,893,099 common shares issued and outstanding. The Predecessor had no other securities outstanding.

6. The Transaction was effected by way of a three-cornered amalgamation under the CBCA pursuant to which the Predecessor was amalgamated with 9711350 Canada Inc., a corporation incorporated under the CBCA and a wholly-owned subsidiary of Novra (**Merger Sub**), to form the Filer. As a result of the amalgamation:

   a. Novra exchanged its shares of Merger Sub for common shares of the Filer;

   b. the shareholders of the Predecessor exchanged their shares as follows:

      i. for every ten (10) common shares of the Predecessor, they received one (1) common share of Novra;

      ii. for every five (5) common shares of the Predecessor, they received one (1) warrant to purchase a common share of Novra;

      iii. for every one (1) common share of the Predecessor, they received one (1) redeemable preferred share of the Filer (the **Redeemable Shares**); and

   c. The Redeemable Shares were immediately redeemed by the Filer, and the holders thereof received $0.01 for each Redeemable Share.

7. As a result of the Transaction, Novra holds all the common shares of the Filer. Accordingly, the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide.

8. The common shares of the Predecessor were listed and posted for trading on the TSX-V under the symbol "IDC". The TSX-V delisted the Predecessor's common shares on June 20, 2016.

9. No securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported

10. The Filer has no current intention to seek public financing by way of an offering of its securities.

11. The Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*.

12. Novra has advised the Filer that it intends to file an application with the OSC for Novra to be deemed a reporting issuer in Ontario. On July 15, 2016 Novra filed an amended notice of Change of Corporate Structure on SEDAR which discloses that Novra will apply to be deemed a reporting issuer in Ontario.

13. The Filer is not in default of securities legislation in any jurisdiction except for the failure to file, by the prescribed deadline, interim financial statements for the three month period ended April 30, 2016, and management's discussion & analysis relating to the interim financial statements for the three month period ended April 30, 2016, as required under National Instrument 51-102, *Continuous Disclosure Obligations* and certification of the foregoing filings as required under National Instrument 52 109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* (the **Filings**), all of which became due on June 29, 2016.

14. The Filer is not eligible to use the simplified procedure under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* as it is in default for failure to file the Filings.

15. Upon the granting of the Order Sought, the Filer will not be a reporting issuer in any jurisdiction in Canada.

Order

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

The decision of the principal regulator under the Legislation is that the Order Sought is granted.

"William Furlong"
Ontario Securities Commission

"Timothy Moseley"
Ontario Securities Commission

2.3 Orders with Related Settlement Agreements

2.3.1 Quartz Capital Group Ltd. and Peter Lloyd Wallace – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

ORDER
(Subsections 127(1) and 127.1)

WHEREAS:

1. On August 17, 2016, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") to consider whether it is in the public interest to make orders, as specified therein, against and in respect of Quartz Capital Group Ltd. ("Quartz") and Peter Lloyd Wallace ("Wallace") (the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated August 16, 2016 (the "Statement of Allegations");

2. the Respondents entered into a Settlement Agreement with Staff dated August 17, 2016 (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated August 17, 2016, subject to the approval of the Commission;

3. on August 17, 2016, the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Respondents;

4. Quartz has agreed to deliver a certified cheque payable to the Commission in the amount of $25,000 in payment of the costs order at the public hearing to approve the draft settlement agreement;

5. the Respondents acknowledge that failure to pay in full any costs ordered will result in Wallace's name being added to the list of "Respondents Delinquent in Payment of Commission Orders" published on the OSC website;

6. the Respondents acknowledge that this Order may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondents. The Respondents should contact the securities regulator of any other jurisdiction in which the Respondents may intend to engage in any securities related activities, prior to undertaking such activities;

7. the Commission has reviewed the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff, and heard submissions from counsel for the Respondents and from Staff;

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

IT IS ORDERED THAT:

a. this Settlement Agreement is approved;

b. the registration of Quartz is suspended permanently, pursuant to paragraph 1 of subsection 127(1) of the Act;

c. the registration granted to Wallace under Ontario securities law is suspended for a period of two years commencing on the date of this order approving this Settlement Agreement, pursuant to paragraph 1 of subsection 127(1) of the Act;

d. Wallace and Quartz are reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

e. Wallace shall resign one or more positions that he holds as a director or officer of a registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;

f. Wallace shall resign one or more positions that he holds as a director or officer of an issuer, pursuant to paragraph 7 of subsection 127(1) of the Act, with the exception that Wallace shall be permitted to continue to act as a director and officer of NB3 Inc. ("NB3"), Blythco and ST GP Inc. ("ST GP") provided that NB3, Blythco and ST GP shall not raise capital through the issuance of securities during the two year period following the date of this Order;

g. Wallace is prohibited from becoming or acting as a director or officer of a registrant for a period of two years commencing on the date of this Order, pursuant to paragraph 8.2 of subsection 127(1) of the Act;

h. Wallace is prohibited from becoming or acting as a director or officer of an investment fund manager for a period of two years commencing on the date of this Order, pursuant to paragraph 8.4 of subsection 127(1) of the Act;

i. Wallace is prohibited from becoming or acting as a director or officer of an issuer for a period of two years commencing on the date of this Order, pursuant to paragraph 8 of subsection 127(1) of the Act, with the exception that Wallace be permitted to continue to act as a director and officer of NB3, Blythco and ST GP provided that NB3, Blythco and ST GP shall not raise capital through the issuance of securities during the two year period following the date of this Order;

j. Wallace is prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of two years commencing on the date of this Order, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

k. Quartz shall pay costs in the amount of $25,000, pursuant to section 127.1 of the Act; and

l. Until the entire amount of the payment set out in subparagraph (k) is paid in full, the provisions of subparagraphs (f) and (j) shall continue in force without the benefit of the stated exceptions.

DATED at Toronto, this 19th day of August, 2016

"D. Grant Vingoe"

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

AND

IN THE MATTER OF
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE COMMISSION
AND
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Quartz Capital Group Ltd. ("Quartz") and Peter Lloyd Wallace ("Wallace") (the "Respondents").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding commenced by the Notice of Hearing dated August 17, 2016 (the "Proceeding") against the Respondents according to the terms and conditions set out in Part VI of this Settlement Agreement (the "Settlement Agreement"). The Respondents agree to the making of an order in the form attached as Schedule "A" (the "Order"), based on the facts set out below.

3. For the purposes of this Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondents agree with the facts as set out in Parts III, IV and V of this Settlement Agreement.

PART III – AGREED FACTS

A. OVERVIEW

4. Quartz has been registered as an exempt market dealer ("EMD") under the Act since September 28, 2011. On May 1, 2015, Quartz consented to terms and conditions being placed on its registration which prevented Quartz from trading in securities and from opening any new client accounts or accepting any assets from clients.

5. Blythco Inc. ("Blythco") is a corporation incorporated pursuant to the laws of Ontario. Blythco is not registered under the Act. Since at least 2007, Wallace has been the sole officer, director, and shareholder of Blythco.

6. Since at least October 2012, Wallace has been a director and the chief executive officer of Quartz. Wallace has been registered as the ultimate designated person (the "UDP") of Quartz since October 30, 2012.

7. On January 31, 2012, Quartz gave notice under section 11.10 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") that Blythco intended to acquire all of the issued and outstanding shares of Quartz owned at that time by Kaplanco Inc. (the "Blythco Proposed Acquisition"). At that time, Eric Kaplan ("Kaplan") was the sole shareholder of Kaplanco Inc. and was the UDP, chief compliance officer ("CCO") and sole dealing representative ("DR") of Quartz.

8. Shortly after the receipt of the notice regarding the Blythco Proposed Acquisition, Staff of the Commission's Compliance and Registrant Regulation Branch ("CRR") had identified conduct by Quartz, Kaplan and William Russell ("Russell") on behalf of Quartz which CRR Staff considered to be in breach of Ontario securities law.

9. On October 12, 2012, a Deputy Director of CRR, acting in his capacity as a Director for the purposes of Ontario securities law, issued a decision, (the "Director's Decision") not to object to the Blythco Proposed Acquisition, based on the agreed facts, agreed terms, representations and submissions contained in a settlement agreement between CRR Staff and Quartz, Kaplan and Russell (the "Settling Parties") dated October 12, 2012 (the "2012 Settlement Agreement").

10. As set out in greater detail below, during the period December 2012 to April 2013, when Wallace was the UDP of Quartz, Quartz breached the terms of the 2012 Settlement Agreement and allowed Russell and Michael Svetkoff ("Svetkoff") act on behalf of Quartz before they were registered under the Act with Quartz.

B. BACKGROUND

The 2012 Settlement Agreement and the Director's Decision

11. In the 2012 Settlement Agreement,

(i) among other admissions, Kaplan admitted that:

(a) he permitted Svetkoff and Russell to trade in securities on behalf of Quartz without registration, and allowed Trend Auto Lease LP securities to be distributed by Quartz to investors without properly collecting their know-your-client information in order to determine trade suitability and, in doing so, Kaplan failed to discharge his duties as the UDP and CCO of Quartz, contrary to Part 5 of NI 31-103;

(b) by representing to Staff that he was the only person doing registrable activity on behalf of Quartz, Kaplan made an untrue statement about a material fact; and

(ii) among other admissions, Russell admitted that by trading in securities of two issuers while he was not registered under the Act in any capacity, he was engaged in the business of trading securities without registration, contrary to paragraph 25(1)(b) of the Act.

12. Pursuant to the 2012 Settlement Agreement, Staff agreed not to recommend an objection to the Blythco Proposed Acquisition and the Settling Parties agreed, among other things, that:

(i) Quartz would amend the terms of the Blythco Proposed Acquisition, including the following amendments:

(a) Wallace would apply to be the UDP of Quartz;

(b) Craig Loverock ("Loverock") would apply to be the CCO of Quartz;

(c) none of Svetkoff, Russell or Kaplan would, directly or indirectly, be employed by, or act on behalf of, Quartz following the closing of the amended Blythco Proposed Acquisition until such time as they may be registered under the Act with Quartz; and

(ii) Russell would not apply for registration as a DR in the category of EMD for a period of twelve months from March 6, 2012, after which Staff would not recommend to the Director that his application be refused, unless Staff became aware after the date of the 2012 Settlement Agreement of conduct impugning Russell's suitability for registration, and provided he met all other applicable criteria for registration at the time he applied for registration.

13. On October 12, 2012, the Director's Decision was issued pursuant to which the Director did not object to the Blythco Proposed Acquisition on the basis of the agreed facts and the agreed terms, representations and submissions contained in the 2012 Settlement Agreement.

Events Following the 2012 Settlement Agreement and the Director's Decision

14. The amended Blythco Proposed Acquisition closed on or about October 30, 2012.

15. On April 10, 2013, Russell became registered as a DR in the category of EMD with Quartz, which registration was suspended on December 9, 2014 when Russell resigned from Quartz.

16. On June 25, 2013, Svetkoff became registered as a DR in the category of EMD with Quartz, which registration was suspended on September 8, 2014 when Svetkoff resigned from Quartz.

17. On October 8, 2013, Roadmap Capital Inc. ("Roadmap"), a registered investment fund manager, portfolio manager and EMD, gave notice under section 11.10 of NI 31-103 that Roadmap intended to acquire the voting shares of Quartz from Blythco (the "Roadmap Proposed Acquisition"). The Roadmap Proposed Acquisition involved a two-step process. In the first step, Svetkoff and Russell would acquire the shares of Quartz from Blythco and in the second step, Svetkoff and Russell would exchange their Quartz shares for Roadmap shares.

18. As a result of inquiries made in connection with CRR Staff's review of the Roadmap Proposed Acquisition and an ensuing investigation by Staff of the Enforcement Branch, Staff became aware that:

(i) during the period December 2012 to approximately April 9, 2013, Quartz allowed both Russell and Svetkoff to act on behalf of Quartz, despite the fact that neither individual was registered under the Act, in breach of the 2012 Settlement Agreement; and

(ii) Russell engaged in registrable activity on behalf of Quartz subsequent to the date of the 2012 Settlement Agreement and prior to the date Russell became registered under the Act on April 10, 2013.

19. The particulars of the conduct which breached the terms of the 2012 Settlement Agreement were as follows:

(i) Stantive Technologies Group Inc. ("Stantive")

(a) In December 2012, Svetkoff, Russell and a Quartz DR met with the chief executive officer ("CEO") of Stantive.

(b) In January 2013, Svetkoff and Russell met with Stantive's CEO twice to learn more about Stantive and to discuss a deal for Quartz to raise $5 million for Stantive.

(c) On January 25, 2013, Quartz and Stantive signed a term sheet for Quartz to raise $5 million for Stantive.

(d) Svetkoff was the lead person in determining the terms and structure of the transaction.

(e) As of approximately April 5, 2013, Quartz had raised $1.5 million for Stantive.

(f) On or about April 5, 2013, Svetkoff became the chief financial officer of Stantive. Svetkoff did not have any position at Stantive before April 5, 2013.

(ii) Terrapro Group Inc. ("Terrapro")

(a) In January and February 2013, Svetkoff and Russell met with representatives of Terrapro to discuss a deal for Quartz to raise $5 million for Terrapro.

(b) In February 2013, Loverock, the then CCO and a director of Quartz, forwarded at least three sets of emails to Svetkoff, regarding Terrapro, including one with the subject line "Re: Quartz – Terrapro Term Sheet".

(c) Russell reviewed and commented on a term sheet between Terrapro and Quartz in an email to Svetkoff dated February 7, 2013.

(d) Svetkoff reviewed due diligence information and provided comments by email to Terrapro representatives and to a Quartz DR. Svetkoff also reviewed and provided edits to a Powerpoint presentation for investors prepared by the Quartz DR.

(e) On March 5, 2013, Svetkoff sent an email to Terrapro representatives indicating that Quartz was not interested in the deal.

(iii) Russell's Interactions with Investors re: Securities Offered for Sale by Quartz

(a) From in or about February 2013 to April 9, 2013, Russell had discussions with three investors about two issuers whose securities were being offered for sale by Quartz: a secured loan issued by Trend Dealer Services Inc. ("Trend") and a secured loan issued by GTP Loan Corp. ("GTP").

(b) Following these discussions, a total of $1.05 million was invested by these three investors.

20. Wallace has advised Staff that he was not aware of Svetkoff or Russell's interactions with Terrapro representatives when they were occurring in January and February 2013. In the end, Quartz did not complete the deal with Terrapro.

21. Quartz permitted and/or acquiesced in the conduct referred to in paragraph 19 above by Svetkoff and Russell which conduct was in breach of the 2012 Settlement Agreement.

22. Wallace was the UDP of Quartz during the material time. By at least February 2013, Wallace was aware that Svetkoff was acting on Quartz's behalf in the negotiations with Stantive. As Quartz's UDP, Wallace failed to supervise the activities of Quartz relating to Quartz's offering for sale of the securities of Stantive to ensure that these activities complied with the 2012 Settlement Agreement and securities legislation.

PART IV – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

23. By engaging in the conduct referred to above, Quartz admits and acknowledges that it breached the terms of the 2012 Settlement Agreement which was contrary to subsection 122(1)(c) of the Act and contrary to the public interest.

24. As a result of the conduct referred to above, Wallace admits and acknowledges that he failed to carry out the responsibilities of a UDP in breach of section 5.1 of NI 31-103 and that he acted contrary to the public interest.

PART V – RESPONDENTS' POSITION

25. The Respondent Wallace states that:

(a) Wallace has participated in the capital markets for more than 35 years;

(b) Wallace has held senior management position with registrants for more than 25 years;

(c) Prior to this matter, Wallace had no record of securities regulatory proceedings against him;

(d) Wallace's impugned conduct relates to a lack of oversight rather than direct involvement in the marketing of securities;

(e) Since Wallace became aware of Staff's investigation, Wallace voluntarily ceased Quartz's investment operating activities; and

(f) This Settlement Agreement has been reached, with an order of costs, prior to Staff spending money conducting a contested hearing.

26. The Respondent Quartz states that Quartz ceased to employ Russell in September 2014, Svetkoff in December 2014 and Loverock in December 2014.

PART VI – TERMS OF SETTLEMENT

27. The Respondents agree to the terms of settlement listed below and to the Order attached hereto, made pursuant to subsection 127(1) and section 127.1 of the Act that:

(a) the Settlement Agreement be approved;

(b) the registration of Quartz be suspended permanently pursuant to paragraph 1 of subsection 127(1) of the Act;

(c) the registration granted to Wallace under Ontario securities law be suspended for a period of two years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 1 of subsection 127(1) of the Act;

(d) Wallace and Quartz be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

(e) Wallace resign one or more positions that he holds as a director or officer of a registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;

(f) Wallace resign one or more positions that he holds as a director or officer of an issuer pursuant to paragraph 7 of subsection 127(1) of the Act, with the exception that Wallace shall be permitted to continue to act as a

director and officer of NB3 Inc. ("NB3"), Blythco and ST GP Inc. ("ST GP") provided that NB3, Blythco and ST GP shall not raise capital through the issuance of securities during the two year period following the date of the Commission's order approving this Settlement Agreement;

(g) Wallace is prohibited from becoming or acting as a director or officer of any registrant for a period of two years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8.2 of subsection 127(1) of the Act;

(h) Wallace is prohibited from becoming or acting as a director or officer of an investment fund manager for a period of two years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8.4 of subsection 127(1) of the Act;

(i) Wallace is prohibited from becoming or acting as a director or officer of an issuer for a period of two years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8 of subsection 127(1) of the Act, with the exception that Wallace shall be permitted to continue to act as a director and officer of NB3, Blythco and ST GP provided that NB3, Blythco and ST GP shall not raise capital through the issuance of securities during the two year period following the date of the Commission's order approving this Settlement Agreement;

(j) Wallace is prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of two years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

(k) Quartz shall pay costs in the amount of $25,000 pursuant to section 127.1 of the Act; and

(l) Until the entire amount of the payment set out in subparagraph 27(k) is paid in full, the provisions of subparagraphs 27(f) and (i) shall continue in force without the benefit of the stated exceptions.

28. The Respondents undertake to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in paragraph 27(b) to (j) above. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

29. Wallace agrees to attend in person at the hearing before the Commission to consider the Settlement Agreement.

30. Wallace agrees, directly or through Quartz, to make the payment specified in paragraph 27(k) by certified cheque prior to the issuance of any Commission order approving the Settlement Agreement.

31. Wallace acknowledges that failure to pay in full any monetary sanctions and/or costs ordered will result in Wallace's name being added to the list of "Respondents Delinquent in Payment of Commission Orders" published on the OSC website.

32. The Respondents acknowledge that this Settlement Agreement and proposed Order may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondents. The Respondents should contact the securities regulator of any other jurisdiction in which the Respondents may intend to engage in any securities related activities, prior to undertaking such activities.

PART VII – STAFF COMMITMENT

33. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law against the Respondents in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 34 below.

34. If the Commission approves this Settlement Agreement and any of the Respondents fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against that Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

PART VIII – PROCEDURE FOR APPROVAL OF SETTLEMENT

35. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for August 19, 2016 at 2:30 p.m., or on another date agreed to by Staff and the Respondents, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.

36. Staff and the Respondents agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondents' conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

37. If the Commission approves this Settlement Agreement, the Respondents agree to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

38. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

39. Whether or not the Commission approves this Settlement Agreement, the Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART IX – DISCLOSURE OF SETTLEMENT AGREEMENT

40. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

(a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondents before the settlement hearing takes place will be without prejudice to Staff and the Respondents; and

(b) Staff and the Respondents will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

41. The parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. Any obligations of confidentiality shall terminate upon the commencement of the public settlement hearing. If, for whatever reason, the Commission does not approve the Settlement Agreement, the terms of the Settlement Agreement remain confidential indefinitely, unless Staff and the Respondents otherwise agree or if required by law.

PART X – EXECUTION OF SETTLEMENT AGREEMENT

42. This Settlement Agreement may be signed in one or more counterparts which, together, constitute a binding agreement.

43. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

Dated at Toronto this "17th" day of August, 2016

"Peter Wallace"
Quartz Capital Group Ltd.

"Adam Chisholm"
[Name]
Witness

"Peter Wallace"
Peter Lloyd Wallace

"Adam Chisholm"
[Name]
Witness

"James Sinclair"
James Sinclair
Acting Director, Enforcement Branch

Schedule "A"

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

AND

IN THE MATTER OF
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND
QUARTZ CAPITAL GROUP LTD. and
PETER LLOYD WALLACE

ORDER
(Subsections 127(1) and 127.1)

WHEREAS:

1. On August 17, 2016, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") to consider whether it is in the public interest to make orders, as specified therein, against and in respect of Quartz Capital Group Ltd. ("Quartz") and Peter Lloyd Wallace ("Wallace") (the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated August 16, 2016 (the "Statement of Allegations");

2. the Respondents entered into a Settlement Agreement with Staff dated August 17, 2016 (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated August 17, 2016, subject to the approval of the Commission;

3. on August 17, 2016, the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve a settlement agreement entered into between Staff and the Respondents;

4. Quartz has agreed to deliver a certified cheque payable to the Commission in the amount of $25,000 in payment of the costs order at the public hearing to approve the draft settlement agreement;

5. the Respondents acknowledge that failure to pay in full any costs ordered will result in Wallace's name being added to the list of "Respondents Delinquent in Payment of Commission Orders" published on the OSC website;

6. the Respondents acknowledge that this Order may form the basis for parallel orders in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions may allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondents. The Respondents should contact the securities regulator of any other jurisdiction in which the Respondents may intend to engage in any securities related activities, prior to undertaking such activities;

7. the Commission has reviewed the Settlement Agreement, the Notices of Hearing, and the Statement of Allegations of Staff, and heard submissions from counsel for the Respondents and from Staff;

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

IT IS ORDERED THAT:

a. this Settlement Agreement is approved;

b. the registration of Quartz is suspended permanently, pursuant to paragraph 1 of subsection 127(1) of the Act;

c. the registration granted to Wallace under Ontario securities law is suspended for a period of two years commencing on the date of this order approving this Settlement Agreement, pursuant to paragraph 1 of subsection 127(1) of the Act;

d. Wallace and Quartz are reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

e. Wallace shall resign one or more positions that he holds as a director or officer of a registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;

f. Wallace shall resign one or more positions that he holds as a director or officer of an issuer, pursuant to paragraph 7 of subsection 127(1) of the Act, with the exception that Wallace shall be permitted to continue to act as a director and officer of NB3 Inc. ("NB3"), Blythco and ST GP Inc. ("ST GP") provided that NB3, Blythco and ST GP shall not raise capital through the issuance of securities during the two year period following the date of this Order;

g. Wallace is prohibited from becoming or acting as a director or officer of a registrant for a period of two years commencing on the date of this Order, pursuant to paragraph 8.2 of subsection 127(1) of the Act;

h. Wallace is prohibited from becoming or acting as a director or officer of an investment fund manager for a period of two years commencing on the date of this Order, pursuant to paragraph 8.4 of subsection 127(1) of the Act;

i. Wallace is prohibited from becoming or acting as a director or officer of an issuer for a period of two years commencing on the date of this Order, pursuant to paragraph 8 of subsection 127(1) of the Act, with the exception that Wallace be permitted to continue to act as a director and officer of NB3, Blythco and ST GP provided that NB3, Blythco and ST GP shall not raise capital through the issuance of securities during the two year period following the date of this Order;

j. Wallace is prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of two years commencing on the date of this Order, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

k. Quartz shall pay costs in the amount of $25,000, pursuant to section 127.1 of the Act; and

l. Until the entire amount of the payment set out in subparagraph (k) is paid in full, the provisions of subparagraphs (f) and (j) shall continue in force without the benefit of the stated exceptions.

DATED at Toronto, this _____ day of August, 2016

2.4 Rulings

2.4.1 Macquarie Futures USA LLC – s. 38 of the CFA and s. 6.1 of OSC Rule 91-502 Trades in Recognized Options

Headnote

Application to the Commission pursuant to section 38 of the Commodity Futures Act (Ontario) (CFA) for a ruling that the Applicant be exempted from the dealer registration requirement in paragraph 22(1)(a) and the prohibition against trading on non-recognized exchanges in section 33 of the CFA. The Applicant will offer the ability to trade in commodity futures contracts and commodity futures options that trade on exchanges located outside of Canada and cleared through clearing corporations located outside of Canada to certain of its clients in Ontario who meet the definition of "permitted client" in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Application to the Director for an exemption, pursuant to section 6.1 of OSC Rule 91-502 Trades in Recognized Options (Rule 91-502) exempting the Applicant and its Representatives from the proficiency requirements in section 3.1 of Rule 91-502 for trades in commodity futures options on exchanges located outside of Canada.

Applicable Legislative Provisions

Commodity Futures Act , R.S.O. 1990, c. C20, as am., ss. 22, 23, 38.
Securities Act, R.S.O. 1990, c. S.5, as am.

Rule Cited

Ontario Securities Commission Rule 91-502 Trades in Recognized Options, ss. 3.1, 6.1.

Instrument Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.18.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20, AS AMENDED
(the CFA)

AND

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

AND

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 91-502
TRADES IN RECOGNIZED OPTIONS
(Rule 91-502)

AND

IN THE MATTER OF
MACQUARIE FUTURES USA LLC

RULING & EXEMPTION
(Section 38 of the CFA and Section 6.1 of Rule 91-502)

UPON the application (the **Application**) of Macquarie Futures USA LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for:

(a) a ruling of the Commission, pursuant to section 38 of the CFA, that the Applicant is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures (as defined below) on exchanges located outside Canada (**Non-Canadian Exchanges**) where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients (as defined below);

(b) a ruling of the Commission, pursuant to section 38 of the CFA, that a Permitted Client is not subject to the dealer registration requirement or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges, where the Applicant acts in respect of trades in Exchange-Traded Futures on behalf of the Permitted Client pursuant to the above ruling; and

(c) a decision of the Director, pursuant to section 6.1 of Rule 91-502, exempting the Applicant and its salespersons, directors, officers and employees (the **Representatives**) from section 3.1 of Rule 91-502 in connection with trades in Exchange-Traded Futures;

AND WHEREAS for the purposes of this ruling and exemption (collectively, the Decision):

(i) **"CEA"** means the United States Commodity Exchange Act;

"CFTC" means the United States Commodity Futures Trading Commission;

"dealer registration requirements in the CFA" means the provisions of section 22 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 22 of the CFA;

"Exchange-Traded Futures" means a commodity futures contract or a commodity futures option that trades on one or more organized exchanges located outside of Canada and that is cleared through one or more clearing corporations located outside of Canada;

"FINRA" means the Financial Industry Regulatory Authority in the United States;

"NI 31-103" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

"NFA" means the National Futures Association in the United States;

"Permitted Client" means a client in Ontario that is a "permitted client" as that term is defined in section 1.1 of NI 31-103;

"SEC" means the United States Securities and Exchange Commission;

"specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*; and

"trading restrictions in the CFA" means the provisions of section 33 of the CFA that prohibit a person or company from trading in Exchange-Traded Futures unless the person or company satisfies the applicable provisions of section 33 of the CFA; and

(ii) terms used in this Decision that are defined in the OSA, and not otherwise defined in this Decision or in the CFA, shall have the same meaning as in the OSA, unless the context otherwise requires;

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

AND UPON the Applicant having represented to the Commission and the Director as follows:

1. The Applicant is a corporation incorporated under the laws of the State of Delaware. Its head office is located in New York, New York, United States of America.

2. The Applicant provides futures commission merchant (**FCM**) services. FCM services include commodity clearing and execution services to various institutional customers, including affiliates of the Applicant and customers of such affiliates.

3. The Applicant is a wholly-owned indirect subsidiary of Macquarie Group Limited (Macquarie). Macquarie is a bank holding company subject to the regulation and oversight of the Australian Prudential Regulatory Authority.

4. Macquarie Capital Markets Canada Ltd. ("**MCMC**") and Macquarie Infrastructure And Real Assets (Sales) Canada Ltd. ("**MSRASC**") are affiliates of the Applicant. MCMC is registered as an investment dealer in each of the provinces and territories of Canada and is a dealer member of the Investment Industry Regulatory Organization of Canada. MCMC is

also registered as an FCM in Ontario and a Derivatives Dealer in Quebec. MSRASC is registered as an exempt market dealer in each of the provinces of Canada.

5. The Applicant relies on the international dealer exemption in section 8.18 of NI 31-103 in Ontario and is not registered under the OSA.

6. The Applicant relies on discretionary relief under the CFA similar to the relief requested in the Application that is set to expire on August 19, 2016.

7. The Applicant is a FCM registered with the CFTC and a member of the NFA.

8. The Applicant is a direct member of all major U.S. commodity futures exchanges.

9. The Applicant is not a broker-dealer registered with the SEC and does not conduct a securities business in the U.S.

10. The Applicant is not in default of securities legislation in any jurisdiction in Canada or under the CFA. The Applicant is in compliance in all material respects with U.S. commodity futures laws.

11. Pursuant to its registrations and memberships, the Applicant is authorized to handle customer orders and receive and hold customer margin deposits, and otherwise act as a futures broker, in the United States (**U.S.**). Rules of the CFTC and NFA require the Applicant to maintain adequate capital levels, make and keep specified types of records relating to customer accounts and transactions, and comply with other forms of customer protection rules, including rules respecting: know-your-customer obligations, account-opening requirements, suitability requirements, anti-money laundering checks, credit checks, delivery of confirmation statements, clearing deposits and initial and maintenance margins. These rules require the Applicant to treat Permitted Clients materially the same as the Applicant's U.S. customers. In order to protect customers in the event of the insolvency or financial instability of the Applicant, the Applicant is required to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of the Applicant and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes under the CEA and the rules promulgated by the CFTC thereunder (collectively, the **Applicant Approved Depositories**). The Applicant is further required to obtain acknowledgements from any Applicant Approved Depository holding customer funds or securities that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against the Applicant's obligations or debts.

12. The Applicant proposes to offer Permitted Clients in Ontario the ability to trade in Exchange-Traded Futures through the Applicant.

13. The Applicant will execute and clear trades in Exchange-Traded Futures on behalf of Permitted Clients in Ontario in the same manner that it executes and clears trades on behalf of its U.S. clients. The Applicant will follow the same know-your-customer, client classification and segregation of assets procedures that it follows in respect of its U.S. clients. Permitted Clients will be afforded the benefits of compliance by the Applicant with the statutory and other requirements of applicable securities regulators, self-regulatory organizations and exchanges located in the U.S. Permitted Clients in Ontario will generally have the same contractual rights against the Applicant as U.S. clients of the Applicant.

14. The Applicant will not maintain an office, sales force or physical place of business in Ontario.

15. The Applicant will solicit trades in Exchange-Traded Futures in Ontario only from persons who qualify as Permitted Clients.

16. Permitted Clients of the Applicant will be offered the ability to effect trades in Exchange-Traded Futures on Non-Canadian Exchanges.

17. The Exchange-Traded Futures to be traded by Permitted Clients will include, but will not be limited to, Exchange-Traded Futures for equity index, interest rate, foreign exchange, bond, energy, agricultural and other commodity products.

18. Permitted Clients of the Applicant will be able to execute Exchange-Traded Futures orders through the Applicant by contacting the Applicant's applicable execution desks. Permitted Clients may also be able to self-execute Exchange-Traded Futures orders electronically via an independent service vendor and/or other electronic trading routing. Permitted Clients may also be able to execute Exchange-Traded Futures orders through third party brokers and then "give up" the transaction for clearance through the Applicant.

19. The Applicant may execute a Permitted Client's order on the relevant Non-Canadian Exchange in accordance with the rules and customary practices of the exchange, or engage another broker to assist in the execution of orders. The Applicant will remain responsible for all executions.

20. The Applicant may perform both execution and clearing functions for trades in Exchange-Traded Futures or may direct that a trade executed by it be cleared through a carrying broker if the Applicant is not a member of the Non-Canadian Exchange on which the trade is executed. Alternatively, the Permitted Client of the Applicant will be able to direct that trades executed by the Applicant be cleared through clearing brokers not affiliated with the Applicant (each a **Non-Applicant Clearing Broker**).

21. If the Applicant performs only the execution of a Permitted Client's Exchange-Traded Futures order and "gives-up" the transaction for clearance to a Non-Applicant Clearing Broker, such clearing broker will also be required to comply with the rules of the exchanges of which it is a member and any relevant regulatory requirements, including requirements under any applicable legislation. Each such Non-Applicant Clearing Broker will represent to the Applicant, in an industry-standard give-up agreement, that it will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules and the customs and usages of the exchange or clearing house on which the relevant Permitted Client's Exchange-Traded Futures order will be executed and cleared. The Applicant will not enter into a give-up agreement with any Non-Applicant Clearing Broker located in the U.S. unless such clearing broker is registered with the CFTC and/or the SEC, as applicable.

22. As is customary for all trades in Exchange-Traded Futures, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty on all trades in Exchange-Traded Futures and Permitted Client orders that are submitted to the exchange in the name of the Non-Applicant Clearing Broker or the Applicant or, on exchanges where the Applicant is not a member, in the name of another carrying broker. The Permitted Client of the Applicant is responsible to the Applicant for payment of daily mark-to-market variation margin and/or proper margin to carry open positions and the Applicant, the carrying broker or the Non-Applicant Clearing Broker is in turn responsible to the clearing corporation/division for payment.

23. Permitted Clients that direct the Applicant to give up transactions in Exchange-Traded Futures for clearance and settlement by Non-Applicant Clearing Brokers will execute the give-up agreements described above.

24. Permitted Clients will pay commissions for trades to the Applicant. In the event that the Applicant needs to utilize a Non-Applicant Clearing Broker for clearing or execution services in relation to such trades, the Applicant will pay the Non-Applicant Clearing Broker for such services.

25. The trading restrictions in the CFA apply unless, among other things, an Exchange-Traded Future is traded on a recognized or registered commodity futures exchange and the form of the contract is approved by the Director. To date, no Non-Canadian Exchanges have been recognized or registered under the CFA.

26. If the Applicant were registered under the CFA as a "futures commission merchant", it could rely upon certain exemptions from the trading restrictions in the CFA to effect trades in Exchange-Traded Futures to be entered into on certain Non-Canadian Exchanges.

27. Section 3.1 of Rule 91-502 provides that no person shall trade as agent in, or give advice in respect of, a recognized option, as defined in section 1.1 of Rule 91-502, unless he or she has successfully completed the Canadian Options Course (which has been replaced by the Derivatives Fundamentals Course and the Options Licensing Course).

28. All Representatives of the Applicant who trade options in the U.S. have passed the National Commodity Futures Examination (Series 3), being the relevant futures and options proficiency examination administered by FINRA.

AND UPON the Commission and the Director being satisfied that it would not be prejudicial to the public interest to do so;

IT IS RULED, pursuant to section 38 of the CFA, that the Applicant is not subject to the dealer registration requirement set out in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients provided that:

(a) each client effecting trades in Exchange-Traded Futures is a Permitted Client;

(b) if using a Non-Applicant Clearing Broker, the clearing broker has represented and covenanted that the broker is or will be appropriately registered or exempt from registration under the CFA;

(c) the Applicant only executes and clears trades in Exchange-Traded Futures for Permitted Clients on Non-Canadian Exchanges;

(d) at the time trading activity is engaged in, the Applicant:

(i) has its head office or principal place of business in the U.S.;

(ii) is registered as a FCM with the CFTC in good standing;

(iii) is a member in good standing with the NFA;

(iv) engages in the business of a FCM in Exchange-Traded Futures in the U.S.;

(e) the Applicant has provided to the Permitted Client the following disclosure in writing:

(i) a statement that the Applicant is not registered in Ontario to trade in Exchange-Traded Futures as principal or agent;

(ii) a statement that the Applicant's head office or principal place of business is located in New York, New York, United States of America;

(iii) a statement that all or substantially all of the Applicant's assets may be situated outside of Canada;

(iv) a statement that there may be difficulty enforcing legal rights against the Applicant because of the above; and

(v) the name and address of the Applicant's agent for service of process in Ontario;

(f) the Applicant has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A" hereto;

(g) the Applicant notifies the Commission of any regulatory action initiated after the date of this Decision in respect of the Applicant, or any predecessors or specified affiliates of the Applicant, by completing and filing with the Commission Appendix "B" hereto within ten days of the commencement of any such action; provided that the Applicant may satisfy this condition by filing with the Commission (i) a copy of any notice filed by the Applicant pursuant to CFTC Regulation 1.12(k), (l) or (m) at the same time such notice is filed with the CFTC and the NFA, and (ii) on a quarterly basis (A) a copy of the regulatory actions appearing on the Applicant's NFA Background Affiliation Status Information Center (BASIC) page and (B) a copy of any disclosures that would be required to be reported by the Applicant in the Regulatory Disclosures section of the Applicant's Annual Registration Update to the NFA;

(h) if the Applicant does not rely on the international dealer exemption in section 8.18 of NI 31-103 (the **IDE**), by December 31st of each year, the Applicant pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of OSC Rule 13-502 *Fees* as if the Applicant relied on the IDE; and

(i) by December 1st of each year, the Applicant notifies the Commission of its continued reliance on the exemption from the dealer registration requirement granted pursuant to this Decision by filing Form 13-502F4 *Capital Markets Participation Fee Calculation*.

This Decision will terminate on the earliest of:

(i) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA;

(ii) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the dealer registration requirements in the CFA or the trading restrictions in the CFA; and

(iii) five years after the date of this Decision.

AND IT IS FURTHER RULED, pursuant to section 38 of the CFA, that a Permitted Client is not subject to the dealer registration requirement in the CFA or the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures

on Non-Canadian Exchanges where the Applicant acts in connection with trades in Exchange-Traded Futures on behalf of the Permitted Clients pursuant to the above ruling.

August 17, 2016

"Judith N. Robertson"
Commissioner
Ontario Securities Commission

"William J. Furlong"
Commissioner
Ontario Securities Commission

IT IS THE DECISION of the Director, pursuant to section 6.1 of Rule 91-502, that section 3.1 of Rule 91-502 does not apply to the Applicant or its Representatives in respect of trades in Exchange-Traded Futures, provided that:

(a) the Applicant and its Representatives maintain their respective registrations with the CFTC and NFA which permit them to trade commodity futures options in the U.S.; and

(b) this Decision will terminate on the earliest of:

(i) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA;

(ii) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the dealer registration requirements in the CFA or the trading restrictions in the CFA; and

(iii) five years after the date of this Decision.

August 17, 2016

"Marrianne Bridge"
Deputy Director
Ontario Securities Commission

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   ☐ Section 8.18 [*international dealer*]

   ☐ Section 8.26 [*international adviser*]

   ☐ Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service and

    c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

_____
(Signature of the Agent for Service or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

This form, and notice of a change to any information submitted in this form, is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

APPENDIX "B"

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

   Yes _____ No _____

   If yes, provide the following information for each settlement agreement:

Name of Entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

		Yes	No
(a)	Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?	___	___
(b)	Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?	___	___
(c)	Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?	___	___
(d)	Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?	___	___
(e)	Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?	___	___
(f)	Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?	___	___
(g)	Issued an order (other than an exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?	___	___

   If yes, provide the following information for each action:

Name of Entity	
Type of Action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

[1] In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 Registration Information.

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of Entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted through the Ontario Securities Commission's Electronic Filing Portal:

https://www.osc.gov.on.ca/filings

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Aouad Choufi – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
AOUAD CHOUFI

REASONS AND DECISION
(Subsections 127(1) and (10) of the Act)

Hearing:	In writing		
Decision:	August 19, 2016		
Panel:	D. Grant Vingoe	–	Vice-Chair
Submissions By:	Keir D. Wilmut Ruby Egit, Student-at-law	–	For Staff of the Commission
	No submissions were received on behalf of Aouad Choufi		

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REASONS AND DECISION

I. STAFF'S REQUEST

[1] This was an uncontested written hearing before the Ontario Securities Commission (the "**Commission**") to determine whether it is in the public interest to make an order imposing sanctions against Aouad Choufi ("**Choufi**") pursuant to the authority found in subsections 127(1) and (10) of the *Securities Act,* RSO 1990, c S.5 (the "**Act**").

[2] Choufi entered into a Settlement Agreement and Undertaking (the "**Agreement**") with the Alberta Securities Commission (the "**ASC**") and admitted that he:

a. breached subsection 147(3) of the Alberta *Securities Act*, RSA 2000, c S-4 (the "**ASA**") by purchasing shares of Artek Exploration Ltd. ("Artek"), while in a special relationship with it, and with knowledge of a material fact with respect to Artek that had not been generally disclosed;

b. breached subsection 147(4) of the ASA by informing another person, while in a special relationship with Artek, of a material fact with respect to Artek that had not been generally disclosed; and

c. acted contrary to the public interest.

[3] Enforcement Staff of the Commission ("**Staff**") have requested that the Commission consider imposing a protective order in the public interest under the Act as a result of the Alberta proceeding and agreed facts set out in the Agreement. To adequately protect the capital markets in Ontario, Staff seeks to impose terms similar to the sanctions imposed by the ASC, to the extent possible under the Act. Accordingly, Staff requests that the Commission order, pursuant to subsection 127(1) of the Act, that:

(a) trading in any securities or derivatives by Choufi cease until February 10, 2022, pursuant to paragraph 2 of subsection 127(1) of the Act, except that he may:

i. trade in and/or purchase securities or derivatives through a registrant who has been given a copy of the Settlement Agreement, and a copy of the Order of the Commission in this proceeding, if granted, using one Registered Retirement Savings Plan account, one Registered Education Savings Plan, and one Locked in Retirement Account;

ii. participate in Kelt Exploration Ltd.'s ("**Kelt**") Incentive Stock Option Plan and Restricted Share Unit Plan; and

iii. purchase securities in an issuer whose securities are not distributed to the public.

[4] In seeking the order, Staff relies upon paragraph 5 of subsection 127(10) of the Act, which provides that an order under subsection 127(1) may be made in respect of a person or company that has agreed with a securities regulatory authority in any jurisdiction to be made subject to sanctions, conditions, restrictions or requirements.

[5] For the reasons set out below, I find that by entering into the Agreement with the ASC, Choufi agreed with a securities regulatory authority to be made subject to sanctions, conditions, restrictions or requirements thereby meeting the threshold criteria set out in paragraph 5 of subsection 127(10) of the Act and that it is in the public interest to make the order requested by Staff under subsection 127(1).

II. PRELIMINARY MATTERS

[6] The Commission issued a Notice of Hearing dated June 2, 2016 in relation to a Statement of Allegations dated June 1, 2016.

[7] At the first appearance on June 20, 2016, Staff of the Commission brought an application to convert the matter to a written hearing, as permitted by the Commission's *Rules of Procedure*, (2014), 37 OSCB 4168. I heard submissions from Staff on the application to proceed in writing. Choufi did not appear at the first appearance. However, Choufi did provide an email to Staff stating "I take no position" and "Keep me up to date. Thank you."[2] As there was no objection to proceeding by way of a written hearing, I granted the application to proceed in writing and I ordered that Staff deliver its written materials by June 30, 2016, and that Choufi deliver his responding materials, if any, by July 28, 2016.

[8] Staff served and filed its materials as required. Those materials included Written Submissions, a Brief of Authorities and a Hearing Brief that included the Agreement.[3] Choufi did not deliver any responding materials and did not otherwise respond.

[9] The tribunal may proceed in the absence of a party where that party has been given notice of the hearing (Subsection 7(2), *Statutory Powers Procedure Act*, RSO 1990, c S.22 (the "***SPPA***")). The affidavits of service[4] filed in this proceeding establish that Choufi has been served and provided with the Notice of the Hearing, Statement of Allegations, disclosure, the Commission's order dated June 20, 2016 converting this matter to a written hearing, Staff's Written Submissions, Brief of Authorities and Hearing Brief. I am satisfied Choufi was properly served and had notice of the written hearing and that the matter may proceed in the absence of Choufi's participation in accordance with the *SPPA*.

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2 The Affidavit of Service of Lee Cran, Sworn June 15, 2016 was marked as Exhibit 1 at the first appearance and contained at Tab 3 the email of Choufi dated June 3, 2016.

3 The Hearing Brief of Staff of the Ontario Securities Commission is marked as Exhibit 2 for the record of this written hearing.

4 The Affidavit of Service of Lee Cran, Sworn June 23, 2016 is marked as Exhibit 3 for the record of this written hearing.

III. THE LAW

[10] The Act provides for inter-jurisdictional enforcement where a person or company has agreed with a securities regulatory authority in any jurisdiction to be made subject to sanctions, conditions, restrictions or requirements (s. 127(10)5 of the Act). On receiving evidence of the fact that such an agreement has been entered into by a respondent, the Commission must determine whether an order under subsection 127(1) of the Act should be made.

[11] Subsection 127(1) empowers the Commission to make orders where, in its opinion, it is in the public interest to do so. In making this determination, the Commission has regard to the purposes of the Act, which are to provide protection to investors from unfair, improper and fraudulent practices, and to foster fair and efficient capital markets and confidence in capital markets (s. 1.1 of the Act).

[12] The purpose of orders under subsection 127(1) of the Act is "protective and prospective" and such orders are made to restrain potential conduct which could be detrimental to the public interest in fair and efficient capital markets (*Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 SCR 132 ("***Asbestos***") at para 43 cited in *Re JV Raleigh Superior Holdings Inc.* (2013), 36 OSCB 4639 ("***JV Raleigh***") at para 17).

IV. EVIDENCE AND ANALYSIS

A. THE ASC AGREEMENT

[13] Paragraph 3 of the Agreement states that:

> Solely for securities regulatory purposes in Alberta and elsewhere in Canada, and as the basis for the settlement and undertakings referred to in paragraph 25, Choufi agrees to the facts and consequences set out in this Agreement.
>
> [Emphasis added]

[14] By entering the Agreement with the ASC, Choufi agreed with a securities regulatory authority to be made subject to sanctions, conditions, restrictions or requirements, thereby meeting the threshold criteria set out in paragraph 5 of subsection 127(10) of the Act. The Agreement, as approved by the ASC, stands as a determination of fact for the purpose of this Commission's consideration of an application for an inter-jurisdictional order.

[15] The following is a summary of the facts agreed to by Choufi:

- Choufi is a Calgary, Alberta resident. At all material times, he was employed as an Exploitation Engineer at Kelt, which is a publicly traded oil and gas producing company whose shares are listed on the Toronto Stock Exchange ("**TSX**").
- Artek, as of February 2015, was a publicly traded oil and gas producing company with shares listed for trading on the TSX.
- On Monday, February 23, 2015, at 7:00 a.m. EST (the "**February 23 Announcement**") Kelt announced that Artek had entered into an arrangement with Kelt pursuant to which Kelt had agreed to acquire all of the issued and outstanding common shares of Artek. The transaction was completed on April 16, 2015 and Artek was delisted from the TSX on April 21, 2015.
- On January 28, 2015, the President and CEO of Kelt met with the President and CEO of Artek, and Kelt asked if Artek would consider being acquired by Kelt.
- On February 9, 2015, mutual confidentiality agreements were circulated between the two companies. That same day, the Kelt Board of Directors implemented an immediate blackout – prohibiting trading in Artek by all individuals at Kelt with knowledge of the proposed transaction.
- On February 11, 2015, a non-binding letter of intent regarding the proposed transaction was delivered by Kelt to Artek.
- On February 12, 2015, Choufi was made aware of the negotiations and possible transaction between Artek and Kelt.

- On February 19, 2015, Choufi provided an overview of Artek's petroleum and natural gas reserves to an independent committee formed at Kelt to consider the proposed transaction.

- The Investment Industry Regulatory Organization of Canada ("**IIROC**") was alerted to an unusual upwards price movement and an increase in the trading volume of Artek shares prior to the February 23 Announcement. IIROC referred the matter to the ASC for investigation.

- At or around the time of the referral, IIROC received a "Gatekeeper Report" from a member firm's trading surveillance department (the "**Reporting Dealer**"). The Reporting Dealer's Gatekeeper Report related to suspicious purchases of Artek shares by its customer, Choufi, on February 19 and February 20, 2015.

- Choufi admits that as at February 19, 2015:

    - he was in a special relationship with Artek due to his position at Kelt and his knowledge of the negotiations and possible transaction;

    - he knew that the possible transaction had not been generally disclosed; and

    - he knew that the possible transaction was a material fact with respect to Artek.

- On February 19 and 20, 2015, and with this knowledge, Choufi:

    - purchased 26,823 shares of Artek in his direct investment accounts at the Reporting Dealer at an average price per share of $1.695; and

    - purchased 25,700 Artek shares for the benefit of and through the account of another person, at a cost of approximately $42,531.

- At market close on February 23, 2015, one full day of trading following the February 23 Announcement, and using a closing price for Artek of $2.61, a profit before commission of $24,496 would have resulted from the sale of the Artek shares in Choufi's account, and a profit of $24,546 from the sale of Artek shares in the other person's account.

- Choufi admits that in addition to his own trading in Artek shares, he also informed an acquaintance of his in Edmonton (the "**Tippee**") of the negotiations and possible transaction prior to the February 23 Announcement. Choufi was unaware at the time, but is advised and has no reason to dispute that the Tippee purchased 41,500 shares of Artek through a numbered company on February 20, 2015, at a cost of approximately $70,000. These shares were sold days later on February 23 and 25, 2015, for a profit before commissions of $39,868.

[16] Based on the facts set out above, Choufi admitted to breaching subsections 147(3) and (4) of the ASA and acted contrary to the public interest.

B. APPROPRIATE SANCTIONS IN THIS CASE

[17] Having found that the threshold has been met under subsection 127(10)5 of the Act, I must now determine what sanctions, if any, should be ordered against Choufi.

[18] Subsection 127(10) of the Act does not itself empower the Commission to make an order; rather, it provides a basis for an order under subsection 127(1). The Commission must still consider whether it is in the public interest to make an order under subsection 127(1), and if so, what the order ought to be.

[19] The purpose of section 127 of the Act, and the principles that should "animate" its application, were reviewed by the Supreme Court of Canada in Asbestos. The Supreme Court found that when considering whether to make a public interest order, the Commission shall have regard to the purposes of the Act set out in section 1.1 to provide protection to investors from unfair, improper or fraudulent practices; and to foster fair and efficient capital markets and confidence in capital markets (*Asbestos*, *supra* at para 41). Further, the Supreme Court stated that the purpose of section 127 is "neither remedial nor punitive; it is protective and preventive, intended to be exercised to prevent likely future harm to Ontario's capital markets" (*Asbestos*, *supra* at para 42).

[20] While the Commission must make its own determination of what is in the public interest, it is also important that the Commission be aware of and responsive to an interconnected, inter-provincial securities industry. Comity requires that there not be barriers to recognizing and reciprocating the order of other regulatory authorities when the findings of the

other jurisdiction qualify under subsection 127(10) of the Act. For comity to be effective and the public interest to be protected, the threshold for reciprocity must be low (*JV Raleigh*, *supra* at paras 21-26; *New Futures Trading International Corp.* (2013), 36 OSCB 5713 at paras 22-27; and *McLean v British Columbia (Securities Commission)*, [2013] 3 SCR 895 at paras 54 and 69). Further, paragraph 5 of section 2.1 of the Act recognizes the importance of inter-jurisdictional cooperation and states:

> The integration of capital markets is supported and promoted by the sound and responsible harmonization and co-ordination of securities regulation regimes.

[21] Based on Choufi's admissions in the Agreement, the nature of the misconduct engaged in and taking into account the importance of inter-jurisdictional cooperation among securities regulatory authorities in Canada, I conclude that an order ought to be made in the public interest pursuant to the authority provided in subsection 127(1) of the Act. Staff's requested order is appropriate for the following reasons:

- Choufi admitted to breaching Alberta securities law and he acknowledges and agrees in the Agreement that the facts and consequences set out in the Agreement are for securities regulatory purposes in Alberta and elsewhere in Canada;
- the terms of the proposed order align with the sanctions imposed in the Agreement to the extent possible under the Act;
- the sanctions sought by Staff are prospective in nature, and would impact Choufi only if he attempted to participate in the capital markets of Ontario; and
- Choufi has not provided the Commission with any information that would persuade the Commission that Staff's requested order is not appropriate in the circumstances.

V. ORDER

[22] Having found that it is in the public interest to do so, I will issue the following order:

1. trading in any securities or derivatives by Choufi shall cease until February 10, 2022, pursuant to paragraph 2 of subsection 127(1) of the Act, except that he may:
    i. trade in and/or purchase securities or derivatives through a registrant who has been given a copy of the Settlement Agreement, and a copy of the Order of the Commission in this proceeding, using one Registered Retirement Savings Plan account, one Registered Education Savings Plan, and one Locked in Retirement Account;
    ii. participate in Kelt Exploration Ltd.'s Incentive Stock Option Plan and Restricted Share Unit Plan; and
    iii. purchase securities in an issuer whose securities are not distributed to the public.

Dated at Toronto this 19th day of August, 2016.

"D. Grant Vingoe"

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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

THERE IS NOTHING TO REPORT THIS WEEK.

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

THERE IS NOTHING TO REPORT THIS WEEK.

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
DataWind Inc.	06 July 2016	18 July 2016	18 July 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		

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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:
Aritzia Inc.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated August 17, 2016
NP 11-202 Preliminary Receipt dated August 17, 2016
Offering Price and Description:
$ * – * Subordinate Voting Shares
Price: $ * per Subordinate Voting Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
Haywood Securities Inc.
Promoter(s):
-
Project #2520141

Issuer Name:
BMG Silver BullionFund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated August 15, 2016
NP 11-202 Preliminary Receipt dated August 17, 2016
Offering Price and Description:
Class A, Class B1, Class B2, Class B3, Class C1, Class C2, Class C3 and Class F Units
Underwriter(s) or Distributor(s):
Bullion Management Services Inc.
Promoter(s):
Bullion Management Services Inc.
Project #2519282

Issuer Name:
Brookfield Office Properties Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated August 17, 2016
NP 11-202 Preliminary Receipt dated August 18, 2016
Offering Price and Description:
C$1,000,000,000.00
Class AAA Preference Shares
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2520225

Issuer Name:
CanWel Building Materials Group Ltd.
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated August 19, 2016
NP 11-202 Preliminary Receipt dated August 19, 2016
Offering Price and Description:
$60,000,600.00 – 9,091,000 Common Shares
Price: $6.60 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Haywood Securities Inc.
Cormack Securities Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #2518890

Issuer Name:
Chemtrade Logistics Income Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 19, 2016
NP 11-202 Preliminary Receipt dated August 19, 2016
Offering Price and Description:
$125,000,000.00 – 5.00% Convertible Unsecured Subordinated Debentures
Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
RBC DOMINION SECURITIES INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #2519280

Issuer Name:
Enerflex Ltd.
Principal Regulator – Alberta
Type and Date:
Preliminary Short Form Prospectus dated August 22, 2016
NP 11-202 Preliminary Receipt dated August 22, 2016
Offering Price and Description:
$100,037,250.00 – 7,785,000 Common Shares
Price: $12.85 per Common Share

Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
HSBC SECURITIES (CANADA) INC.
ALTACORP CAPITAL INC.
BMO NESBITT BURNS INC.
MERRILL LYNCH CANADA INC.
WELLS FARGO SECURITIES CANADA, LTD.
PETERS & CO. LIMITED
RAYMOND JAMES LTD.
RBC DOMINION SECURITIES INC.
Promoter(s):
-
Project #2519774

Issuer Name:
GreenSpace Brands Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated August 17, 2016
NP 11-202 Preliminary Receipt dated August 17, 2016
Offering Price and Description:
$6,102,000.00 – 5,400,000 Common Shares
Price: $1.13 per Common Share
Underwriter(s) or Distributor(s):
Beacon Securities Limited
Canaccord Genuity Corp.
Cormark Securities Inc.
Promoter(s):
Matthew von Teichman
Project #2518149

Issuer Name:
RBC Retirement 2020 Portfolio
RBC Retirement 2025 Portfolio
RBC Retirement 2030 Portfolio
RBC Retirement 2035 Portfolio
RBC Retirement 2040 Portfolio
RBC Retirement 2045 Portfolio
RBC Retirement 2050 Portfolio
RBC Retirement Income Solution
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectuses dated August 15, 2016
NP 11-202 Preliminary Receipt dated August 17, 2016
Offering Price and Description:
Series A, Advisor Series, Series T5, Series F, Series FT5 and Series O Units
Underwriter(s) or Distributor(s):
RBC Global Asset Management Inc.
Royal Mutual Funds Inc.
RBC Global Asset Management Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #2519732

Issuer Name:
StartMonday Technology Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated August 17, 2016
NP 11-202 Preliminary Receipt dated August 19, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sean Bromley
Ray Gibson
Project #2519863

Issuer Name:
Trilogy Energy Corp.
Principal Regulator – Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated August 18, 2016
NP 11-202 Preliminary Receipt dated August 18, 2016
Offering Price and Description:
$300,000,000.00
Debt Securities
Common Shares
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2520664

Issuer Name:
Anchor Managed Defensive Income Fund
Anchor Managed Dividend Growth Fund
Anchor Managed High Income Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated August 15, 2016
NP 11-202 Receipt dated August 18, 2016
Offering Price and Description:
Class A units, Class F units, Verus Class A units and Verus Class F units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Scotia Managed Companies Administration Inc.
Project #2507975

Issuer Name:
AuRico Metals Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated August 15, 2016
NP 11-202 Receipt dated August 16, 2016
Offering Price and Description:
C$10,000,000.00 – 10,000,000 Common Shares
Price: C$1.00 per Common Share
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
MACKIE RESEARCH CAPITAL CORPORATION
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #2513843

Issuer Name:
Canopy Growth Corporation
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated August 18, 2016
NP 11-202 Receipt dated August 18, 2016
Offering Price and Description:
$30,003,000.00 – 8,220,000 Common Shares
Price: $3.65 per Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
DUNDEE SECURITIES LTD.
INFOR FINANCIAL INC.
PI FINANCIAL CORP.
Promoter(s):
Bruce Linton
Project #2515873

Issuer Name:
John Deere Canada Funding Inc.
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated August 16, 2016
NP 11-202 Receipt dated August 17, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
MERRILL LYNCH CANADA INC.
Promoter(s):
-
Project #2511384

Issuer Name:
Mettrum Health Corp.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated August 19, 2016
NP 11-202 Receipt dated August 22, 2016
Offering Price and Description:
$15,001,650.00 – 5,661,000 Common Shares
Price: $2.65 per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Mackie Research Capital Corporation
GMP Securities L.P.
Clarus Securities Inc.
Dundee Securities Ltd.
Echelon Wealth Partners Inc.
PI Financial Corp.
Promoter(s):
-
Project #2515576

Issuer Name:
Northwest Arm Capital Inc.
Principal Regulator – Nova Scotia
Type and Date:
Final CPC Prospectus dated August 19, 2016
NP 11-202 Receipt dated August 19, 2016
Offering Price and Description:
$300,000.00 (3,000,000 Common Shares)
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
James Davison
Jim Megann
Project #2515201

Issuer Name:
OrganiGram Holdings Inc.
Principal Regulator – New Brunswick
Type and Date:
Final Short Form Prospectus dated August 17, 2016
NP 11-202 Receipt dated August 17, 2016
Offering Price and Description:
$20,020,000.00 – 15,400,000 Common Shares
Price: $1.30 per Share
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
MACKIE RESEARCH CAPITAL CORPORATION
PI FINANCIAL CORP.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #2514108

Issuer Name:
Questrade Fixed Income Core Plus ETF
Questrade Global Total Equity ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated August 15, 2016
NP 11-202 Receipt dated August 16, 2016
Offering Price and Description:
Exchange traded securities at net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2507533

Issuer Name:
Spartan Energy Corp.
Principal Regulator – Alberta
Type and Date:
Final Short Form Prospectus dated August 16, 2016
NP 11-202 Receipt dated August 16, 2016
Offering Price and Description:
$70,278,000.00 – 22,100,000 Common Shares
$3.18 per Common Share
Underwriter(s) or Distributor(s):
PETERS& CO. LIMITED
GMP SECURITIES L.P.
TD SECURITIES INC.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
CLARUS SECURITIES INC.
CORMARK SECURITIES INC.
ALTACORP CAPITAL INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #2514136

Issuer Name:
Steadyhand Small-Cap Equity Fund
Principal Regulator – British Columbia
Type and Date:
Amendment #1 dated August 16, 2016 to Final Simplified Prospectus and Annual Information Form dated February 19, 2016
NP 11-202 Receipt dated August 18, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Steadyhand Investment Funds Inc.
Promoter(s):
-
Project #2426672

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Suspended (Regulatory Action)	Quartz Capital Group Ltd.	Exempt Market Dealer	August 19, 2016

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