The Ontario Securities Commission

OSC Bulletin

November 17, 2016

Volume 39, Issue 46

(2016), 39 OSCB

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)

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

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

Published under the authority of the Commission by:
Thomson Reuters
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

416-609-3800 or 1-800-387-5164

Contact Centre – Inquiries, Complaints: Fax: 416-593-8122
TTY: 1-866-827-1295

Office of the Secretary: Fax: 416-593-2318

The OSC Bulletin is published weekly by Thomson Reuters Canada, under the authority of the Ontario Securities Commission.

Subscriptions to the print Bulletin are available from Thomson Reuters Canada at the price of $868 per year. The eTable of Contents is available from $148 to $155. The CD-ROM is available from $1392 to $1489 and $314 to $336 for additional disks.

Subscription prices include first class postage to Canadian addresses. Outside Canada, the following shipping costs apply on a current subscription:

440 grams	US – $5.41	Foreign – $18.50
860 grams	US – $6.61	Foreign – $10.60
1140 grams	US – $7.64	Foreign – $14.70

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

Thomson Reuters Canada also offers every issue of the Bulletin, from 1994 onwards, fully searchable on S*ecuritiesSource*™, Canada's pre-eminent web-based securities resource. *SecuritiesSource*™ also features comprehensive securities legislation, expert analysis, precedents and a weekly Newsletter. For more information on *SecuritiesSource*™, as well as ordering information, please go to:

http://www.westlawecarswell.com/SecuritiesSource/News/default.htm

or call Thomson Reuters Canada Customer Relations at 1-800-387-5164 (416-609-3800 Toronto & Outside of Canada).

Claims from *bona fide* subscribers for missing issues will be honoured by Thomson Reuters Canada up to one month from publication date.

Space is available in the Ontario Securities Commission Bulletin for advertisements. The publisher will accept advertising aimed at the securities industry or financial community in Canada. Advertisements are limited to tombstone announcements and professional business card announcements by members of, and suppliers to, the financial services industry.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the publisher.

The publisher is not engaged in rendering legal, accounting or other professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

© Copyright 2016 Ontario Securities Commission
ISSN 0226-9325
Except Chapter 7 ©CDS INC.

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

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

Table of Contents

Chapter 1 Notices / News Releases 9361
1.1 Notices 9361
1.1.1 Notice of Correction – Legal & General Investment Management America, Inc. – s. 80 of the CFA 9361
1.1.2 Notice of Correction – TransGlobe Apartment Real Estate Investment Trust 9662
1.1.3 OSC Staff Notice 11-776 – Investor Office Activity Report 2015-2016 9363
1.1.4 CSA Staff Notice 31-347 Guidance for Portfolio Managers for Service Arrangements with IIROC Dealer Members 9365
1.2 Notices of Hearing .... (nil)
1.3 Notices of Hearing with Related Statements of Allegations 9374
1.3.1 William Raymond Malone – ss. 127(1), 127(10) 9374
1.3.2 Michael Patrick Lathigee et al. – ss. 127(1), 127(10) 9378
1.4 News Releases .... (nil)
1.5 Notices from the Office of the Secretary 9385
1.5.1 Optam Holdings Inc. et al. 9385
1.5.2 William Raymond Malone 9385
1.5.3 Michael Patrick Lathigee et al. 9386
1.5.4 MM Café Franchise Inc. et al. 9386
1.6 Notices from the Office of the Secretary with Related Statements of Allegations .... (nil)

Chapter 2 Decisions, Orders and Rulings 9387
2.1 Decisions 9387
2.1.1 AGF Investments Inc. et al. 9387
2.1.2 TELUS Corporation 9398
2.1.3 AGF Investments Inc. 9402
2.1.4 1832 Asset Management L.P. 9407
2.1.5 CI Investments Inc. et al. 9411
2.1.6 National Bank Investments Inc. 9418
2.2 Orders 9425
2.2.1 Legal & General Investment Management America, Inc. [Corrected] – s. 80 of the CFA 9425
2.2.2 Sunovion CNS Development Canada ULC 9434
2.2.3 Logan International Inc. 9435
2.2.4 NB Alternatives Advisers LLC et al. – s. 74 9436
2.2.5 MM Café Franchise Inc. et al. – s. 127 9446
2.3 Orders with Related Settlement Agreements 9448
2.3.1 ICAP Corporates LLC and ICAP Energy LLC – s. 38 9448
2.4 Rulings .... (nil)

Chapter 3 Reasons: Decisions, Orders and Rulings ....
3.1 OSC Decisions .... (nil)
3.2 Director's Decisions 9459
3.2.1 Bruce Power L.P. and Bruce Power Inc. – s. 42 of OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting 9459
3.3 Court Decisions .... (nil)

Chapter 4 Cease Trading Orders 9463
4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders 9463
4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders 9463
4.2.2 Outstanding Management & Insider Cease Trading Orders 9463

Chapter 5 Rules and Policies .... (nil)

Chapter 6 Request for Comments .... (nil)

Chapter 7 Insider Reporting 9465

Chapter 9 Legislation .... (nil)

Chapter 11 IPOs, New Issues and Secondary Financings 9523

Chapter 12 Registrations 9529
12.1.1 Registrants 9529

Chapter 13 SROs, Marketplaces, Clearing Agencies and Trade Repositories 9531
13.1 SROs .... (nil)
13.2 Marketplaces 9531
13.2.1 Alpha Exchange Inc. – Housekeeping Amendments to TSX Alpha Exchange Trading Policy Manual – Notice of Housekeeping Rule Amendments 9531
13.3 Clearing Agencies .... (nil)
13.4 Trade Repositories .... (nil)

Chapter 25 Other Information 9535
25.1 Approvals 9535
25.1.1 ICPP Funds Ltd. – s. 213(3)(b) of the LTCA 9535

Index 9537

Chapter 1

Notices / News Releases

1.1.1 Notice of Correction – Legal & General Investment Management America, Inc. – s. 80 of the CFA

The decision entitled *Legal & General Investment Management America, Inc.* (2016), 39 OSCB 8589 was published in the October 13, 2016 issue of the Bulletin with an incorrect headnote.

The incorrect headnote read:

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

The headnote should read:

> **Headnote**
>
> Section 80 of the Commodity Futures Act (Ontario) – Foreign adviser exempted from the adviser registration requirement in paragraph 22(1)(b) of the Commodity Futures Act (Ontario) where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (Contracts) for certain investors in Ontario who meet the definition of "permitted client" in NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Contracts are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.
>
> Terms and conditions of exemption correspond to the relevant terms and conditions of the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Exemption also subject to a "sunset clause" condition.
>
> **Statutes Cited**
>
> Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 1(1), 22(1)(b), 80.
> Securities Act, R.S.O. 1990, c. S.5, as am.

The decision is republished in this issue of the Bulletin at page 9425.

1.1.2 Notice of Correction – TransGlobe Apartment Real Estate Investment Trust

There was an error in *TransGlobe Apartment Real Estate Investment Trust* (2016/0566), 39 OSCB 9077, published in the November 3, 2016 issue of the Bulletin.

Québec was inadvertently omitted from this paragraph on page 9077:

(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 Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan, and Yukon.

The paragraph should read:

(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 Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Québec, Saskatchewan, and Yukon.

1.1.3 OSC Staff Notice 11-776 – Investor Office Activity Report 2015-2016

Within the pages of the Investor Office Activity Report is an update on the Office's policy, research, and education and outreach initiatives since its launch last year and outlines its key areas of focus for the coming year.

OSC Staff Notice 11-776 – *Investor Office Activity Report 2015-2016* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

A PDF of OSC Staff Notice 11-776 – *Investor Office Activity Report 2015-2016* can be found online at https://www.osc.gov.on.ca.

This page intentionally left blank

Investor Office Activity Report 2015-16

INVESTOR OFFICE

OSC Staff Notice 11-776

OSC

ONTARIO SECURITIES COMMISSION

We’re invested in people

CONTENTS

2 Director's Message

6 Who We Are

14 The OSC

19 Year in Review

62 Contact Us

Activity in this report covers the period from November 1, 2015 to October 31, 2016.

DIRECTOR'S MESSAGE

Change is constant.

Yet it's never easy. There are always some who will adapt and thrive, and others who will long for the old status quo.

But let's be clear: the status quo is not an option. We live in a world where change increases by the day. Technology is disrupting the traditional ways of delivering financial services. New media platforms are transforming how investors get information. The ongoing shift from defined benefit to defined contribution pension plans – if any pension plan at all – and the long-running low-interest-rate environment are causing policy-makers to consider new ways to strengthen retirement security. Changing demographics, including a rapidly aging population, are presenting their own set of challenges for both regulators and the financial industry.

The Investor Office sits at the leading edge of these changes. And, in many ways, we are ourselves a symbol of change here at the Ontario Securities Commission (OSC).

THE NEW INVESTOR OFFICE

Investor protection is at the core of everything the OSC does. We look out for those people who work hard and play by the rules and provide protection to them from people who don't. The OSC is strongly committed to delivering on its mandate to protect investors and is currently proposing a number of initiatives to enhance investor protection. The creation of the new Investor Office was but one way we have advanced investor interests and made them a priority.

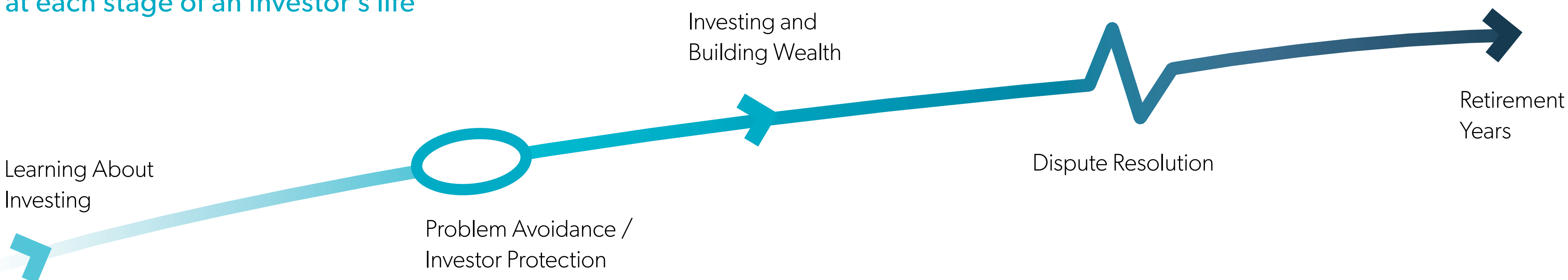
We introduced the new Investor Office one year ago, following the merger of the OSC's former Office of the Investor and the Investor Education Fund. And what a year it's been since then.

The Investor Office launched with an ambitious agenda. We aim to achieve better investor outcomes by expanding and modernizing the OSC's efforts in investor engagement, research, education and outreach, and by bringing new perspectives to the organization's policy-making and operations. The response we've received thus far tells us we're on the right track.

In stakeholder comment letters regarding the OSC's 2016-17 Statement of Priorities, one of the top areas of support was for the work of the Investor Office. The feedback surveys we use consistently come back with high ratings. We've established new partnerships with more than 30 organizations. And as you'll read about in this report, our education and outreach activities have seen double-digit, triple-digit (and sometimes quadruple-digit) percentage increases in use and participation.

We accomplished this while innovating and driving efficiencies that have significantly reduced overall costs, freeing resources for other important investor protection initiatives of the OSC.

We are interested in achieving better outcomes at each stage of an investor's life



LOOKING FORWARD

I'm proud to work with a team that strives for excellence in everything we do. As we like to say, we're not satisfied with simply checking the box; we aim higher. Even given the progress we've made over the last year, we're not distracted from the work ahead.

Over the next 12 months look for us to advance important projects, some of which are outlined in the OSC's 2016-17 Statement of Priorities.

- We will be publishing a paper that examines behavioural finance and behavioural sciences concepts and investigates how they are applied in other jurisdictions, with a view to identifying how they might be incorporated into our own work.
- Our newly established Seniors Expert Advisory Committee gives the OSC access to a multidisciplinary team of experts on issues related to older investors. We will be publishing the OSC's overall seniors strategy and work with this new committee to better meet the unique needs of this growing investor group.
- The Investor Office plays a key role in the oversight of the Ombudsman for Banking Services and Investments (OBSI). As the recent independent evaluation of OBSI makes clear, there are a number of areas that warrant attention from regulators in order to maintain a fair and effective dispute resolution system for investors and the industry.
- With over half of web traffic now occurring on handheld devices, we will be launching a new mobile-friendly **GetSmarterAboutMoney.ca**, our award-winning investor education website visited by millions of Canadians each year. This will make it easier for investors to access information on their desktops, tablets and phones – any way they want to, when they want to.
- The Investor Office represents the OSC on the International Organization of Securities Commissions Committee on Retail Investors (C8) and will be contributing to important projects originating at the international level.
- We will continue to seek input from investors, the investment industry, the Investor Advisory Panel and other stakeholder partners to help ensure that the regulatory solutions we put forward are appropriate, balanced and effective.
- And as the OSC continues to modernize and become an ever more data-driven organization, we will also contribute to the expansion of the OSC's research capabilities while introducing more innovative and effective tools for investors and the industry.

A TEAM EFFORT

When transformational organizational change occurs, one might expect some to resist the adjustments to the routines and expectations they were accustomed to. That's why it has been so heartening to feel the enthusiasm that has greeted our work throughout the entire OSC and amongst stakeholders as we launched and established the Investor Office. All staff at the OSC work to achieve better investor outcomes, not just the Investor Office, and the work that you'll read about in this report is the result of a true team effort.

I would also like to extend our appreciation to our Chair and CEO, Maureen Jensen, former Chair Howard Wetston, Executive Director and CAO Leslie Byberg and the members of the Commission for their vision and leadership in creating a prominent space in the OSC's organizational structure for our new regulatory operations branch dedicated to investor issues. None of what we've accomplished this past year would have been possible without their efforts and ongoing support.

When we launched the new Investor Office last year, I asked in our inaugural report that you all join us as we rolled up our sleeves and got down to business. Well, we're off to the races now, and we look forward to continuing to work with you to keep us on track as we strive forward.

Tyler Fleming
DIRECTOR, INVESTOR OFFICE

35%

Visits to Investor Office resources — 3.56 million to 4.80 million

26%

Visits to Investor Office resources excluding introductory video trilogy — 3.56 million to 4.49 million

1,216%

Participants in OSC in the Community and new teletownhall outreach events — 274 to 3,605

486%

Participants in OSC in the Community outreach events excluding teletownhalls — 274 to 1,605

33%

Investor Office followers on Facebook and Twitter — 6,331 to 8,402

551%

Shares, "likes" and clicks of Investor Office social media communications — 5,297 to 34,460

We accomplished this while innovating and driving efficiencies that have significantly reduced overall costs, freeing resources for other important investor protection initiatives of the OSC. For additional information on recovery of investor education and outreach costs, please see the *OSC Annual Report 2016*.

WHO WE ARE

2

The Ontario Securities Commission (OSC) is Canada's largest securities regulator, with a mandate to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets in which investors can have confidence.

The public interest is at the core of everything the OSC does, including the enforcement of securities laws, product regulation and the oversight of registered firms and individuals.

OUR MISSION

At the Investor Office we're invested in people.

The Investor Office sets the strategic direction and leads the OSC's efforts in investor engagement, education, outreach and research. The Office also brings the investor perspective to policy-making and operations.

The Investor Office plays a key role in the oversight of the Ombudsman for Banking Services and Investments, supports the work of the OSC's independent Investor Advisory Panel and develops the strategy and content for the OSC's award-winning investor site, **GetSmarterAboutMoney.ca**.

OUR STRUCTURE

The Investor Office is organized into three teams reporting to the Director: Policy; Research; and Investor Engagement and Outreach. The Director is a member of the Executive Management Team of the OSC, reporting to the Executive Director of the OSC.

Policy

Provides the investor perspective into the development of OSC policies, rules and operational activities. This team also contributes to initiatives led by other branches, those involving other Canadian Securities Administrators jurisdictions and those initiated at the international level through the International Organization of Securities Commissions Committee on Retail Investors (C8). Team members also participate in engagement with and oversight of the Ombudsman for Banking Services and Investments, and support the work of the Investor Advisory Panel.

Research

Develops research and thought leadership regarding macro trends and regulatory innovation, and the ways retail investors and securities regulation might be affected by these in the future. This team looks into issues such as aging, what will happen when the "digital generation" accumulates significant investable assets and the application of behavioural finance in a regulatory and industry setting. It also provides insights into how the OSC can continue to be a modern, flexible and responsive regulator.

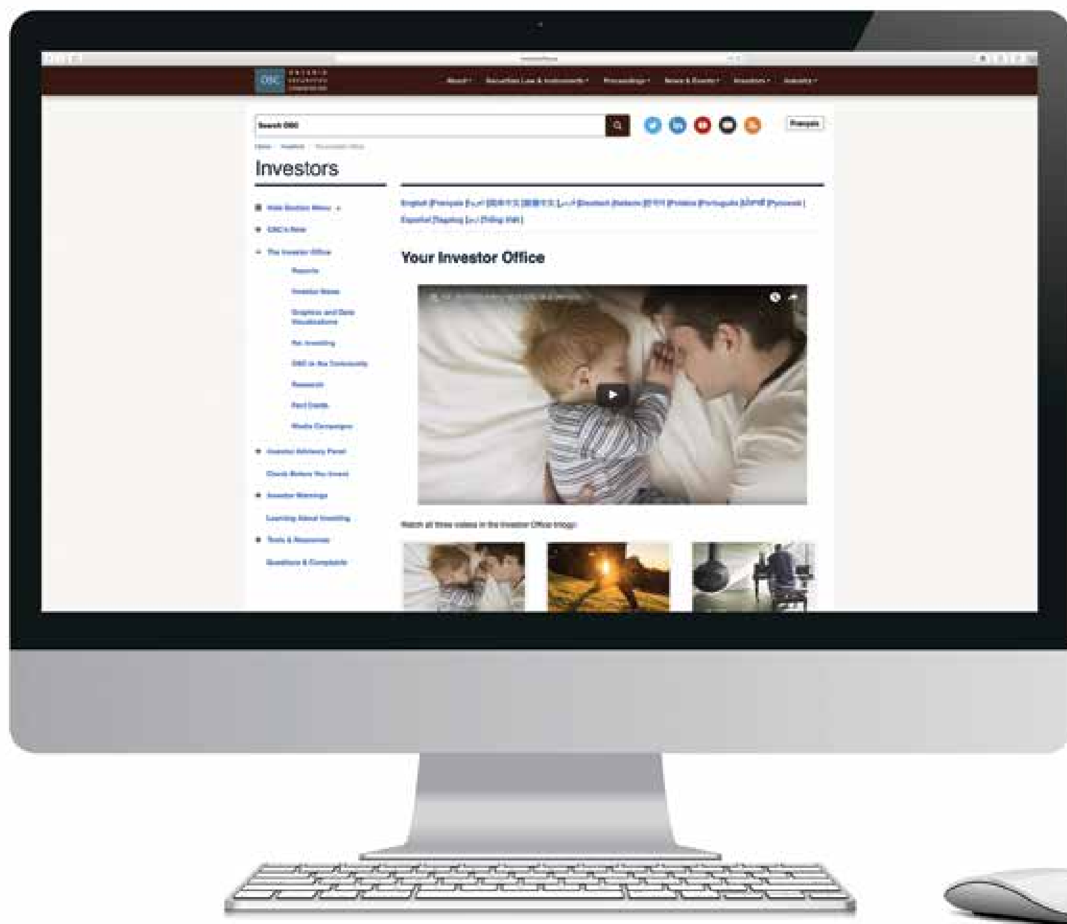
Investor Engagement and Outreach

Leads the Office's investor education initiatives, mainly through the development of innovative and relevant content for the OSC's consumer website, **GetSmarterAboutMoney.ca**. This team also leads the Office's investor outreach activities, including the OSC in the Community program, and is responsible for establishing and strengthening the Office's stakeholder partnerships. Outreach to seniors and vulnerable investors is a key area of focus.

INVESTOR OFFICE LAUNCH

On October 30, 2015, the OSC introduced the new Investor Office.

For the Investor Office launch, we created a new **InvestorOffice.ca** portal, relaunched and expanded the Investor News newsletter, published *The Investor Perspective* (OSC Staff Notice 11-773), created the Re: *Investing* website to receive and answer investor questions, launched a video trilogy (which currently has over 324,000 views) and translated investor information into 17 different languages.



Courtesy of BNN

Courtesy of the Globe and Mail

CLOCKWISE FROM UPPER LEFT:
Investor Office opens the TSX, as seen on TV and in person; Interview with Rob Carrick, *The Globe and Mail*, OSC in the Community presentation; Director Tyler Fleming with Financial Literacy Leader Jane Rooney; Risk Profiling Roundtable

THE TEAM

TYLER FLEMING
DIRECTOR

As the first Director of the new Investor Office, Tyler was responsible for the vision, strategy and execution of the Office's launch in October 2015. He sets the Investor Office's strategic direction and oversees its day-to-day operations and administration.

Tyler has been involved in a number of important projects throughout his career. As Treasurer and Chair of a public-private partnership of the City of Toronto, Tyler helped successfully launch a $100 million capital project that will provide new recreation and sports opportunities in downtown Toronto. As a senior staffer at Queen's Park, he played a role in the creation of the Family Day holiday in Ontario. Tyler also advised on what was the then-largest proposed merger and acquisition transaction in Canadian history, served on the Senior Management Team of the Ombudsman for Banking Services and Investments, and was a member of the City of Toronto Seniors Strategy Expert Panel.

DENISE MORRIS
MANAGER, POLICY

Denise is the Manager of Policy for the Investor Office. Her role includes leading the Investor Office's policy initiatives to address investor protection issues. Denise also helps ensure that investor perspectives are considered and addressed in the development of the OSC's policies and rules as well as operational activities.

Denise's extensive legal career includes experience with financial institutions, investors and the OSC. Prior to joining the Investor Office, Denise worked in the Compliance and Registrant Regulation branch of the OSC and was involved in important policy and operational work. Denise's unique background positions her to provide a balanced perspective on policy matters.

GORDON (GORD) KERR
MANAGER, INVESTOR ENGAGEMENT AND OUTREACH

Gord is the Manager of Investor Engagement and Outreach, whose team develops and executes investor education and outreach programs and initiatives such as **GetSmarterAboutMoney.ca** and OSC in the Community.

Gord's background includes client engagement and outreach within the financial services sector, including digital and social media programming and the delivery of a financial literacy website for a major bank. In addition, Gord helped establish the Parent Engagement Office within the Ontario Ministry of Education.

JAMES (JASON) STEWART
SENIOR ADVISOR

As Senior Advisor in the Investor Office, Jason Stewart provides insights into emerging investor issues and trends, and assists with innovative investor research projects.

Jason's long-standing interest in research and policy includes work at the C.D. Howe Institute, Bank of Canada and Queen's Park. He also spent more than 25 years in financial markets, including as head of government finance at two of Canada's major investment dealers.

Jason's current focus is on behavioural economics and finance concepts, together with lessons from their application in other jurisdictions, and how these offer potential opportunities for securities regulators to improve investor outcomes here in Canada.

(PICTURED FROM LEFT TO RIGHT)

LINA CRETA
SENIOR ADVISOR, POLICY

BETHLEHEM (BETH) DEMISSIE
PROGRAM COORDINATOR

VICTORIA MARN
ADVISOR, ONLINE CONTENT

KEVAN HANNAH
ADVISOR, INVESTOR POLICY COMMUNICATIONS

DOMINI CANALES
PROJECT AND BRANCH COORDINATOR

CHRISTINE (CHRIS) ALLUM
SENIOR ADVISOR, INVESTOR ENGAGEMENT AND STAKEHOLDER PARTNERSHIPS

MICHELLE LA FLECHE
SENIOR ADVISOR, COMMUNICATIONS

JASON DURHAM
SENIOR ADVISOR, DESIGN AND DATA ANALYTICS

THE OSC

3

The Ontario Securities Commission (OSC) is Canada's largest securities regulator, with a mandate to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets in which investors can have confidence.

The OSC contributes to the health and performance of Ontario's economy by using its rule-making and enforcement powers to help safeguard investors, deter misconduct and regulate participants involved in capital markets in Ontario. It regulates firms and individuals who sell securities and provide advice in Ontario. It also regulates public companies, investment funds and marketplaces, such as the Toronto Stock Exchange.

The OSC is a self-funded Crown corporation, accountable to the Ontario Legislature through the Minister of Finance. The OSC operates under the direction of the Commission.

THE COMMISSION

The Commission has two related but independent roles. It serves as the board of directors of the Crown corporation and it performs a regulatory function, which includes making rules and policies and adjudicating administrative proceedings. The Chair is both the Chair of the Commission and the Chief Executive Officer, as set out in the *Securities Act* (Ontario).

The Commission consists of nine to 16 members, called Commissioners. The Chair and Vice-Chairs are full-time members and the other members are part-time. One part-time member is elected by other part-time members to act as Lead Director, whose duties include overseeing the operations of the Commission and its committees.

The Chair, each Vice-Chair and each member are separately appointed for a fixed term by the Lieutenant Governor in Council. Appointments to the Commission are made according to the procedures of the Public Appointments Secretariat of the Government of Ontario.

THE ORGANIZATION

The Commission is supported by an Executive Director and Chief Administrative Officer, and more than 500 employees working in 16 branches and offices.

The Investor Office is one of eight regulatory operational branches that are responsible for the OSC's regulatory and policy-making activities. Several other branches and offices provide ongoing advice and support to the organization across a range of functions.

YOUR OSC TEAM

The Commission is supported by an Executive Director and Chief Administrative Officer (CAO), as well as employees working in 16 branches and offices. The Executive Director and CAO manages and directs the OSC's day-to-day operations to achieve its operational and strategic objectives. The duties of the Executive Director are set out in the *Securities Act* (Ontario) and the *Commodity Futures Act* (Ontario).

All OSC branches and offices work to achieve better investor outcomes, not just the Investor Office. Found here are short descriptions of the work each of them do.

Regulatory Operations

Compliance & Registrant Regulation — responsible for regulating firms and individuals who are in the business of advising on or trading in securities or commodity futures, and firms that manage investment funds in Ontario.

Corporate Finance — responsible for regulating reporting issuers other than investment funds and for leading issuer-related policy initiatives. The OSC establishes the regulatory framework for securities offerings in the public and exempt markets and monitors compliance through ongoing reviews.

Derivatives — responsible for developing a regulatory framework for over-the-counter derivatives trading in Ontario and compliance oversight of derivatives market participants.

Enforcement — responsible for investigating and litigating breaches of the *Securities Act* (Ontario) and seeking orders in the public interest before the Commission and the courts. In addition, the Joint Serious Offences Team investigates and prosecutes violations of the *Securities Act* pursuant to the *Provincial Offences Act* before the Ontario Court of Justice.

Investment Funds & Structured Products— responsible for regulating investment products that offer securities for sale to the public in Ontario, including mutual funds, exchange-traded funds, structured products and scholarship plans.

Investor Office — sets the strategic direction and leads the OSC's efforts in investor engagement, education, outreach and research. The Investor Office also brings the investor perspective to policy-making and operations, and plays a key role in the oversight of the Ombudsman for Banking Services and Investments.

Market Regulation — responsible for regulating market infrastructure entities (including exchanges, alternative trading systems, self-regulatory organizations and clearing agencies) in Ontario, and for developing policy relating to market structure, clearing and settlement.

Office of Mergers & Acquisitions — responsible for overseeing merger and acquisition (M&A) transactions and proxy voting matters involving public companies, and for rule and policy development in the areas of M&A and shareholder rights.

Regulatory Advisory

General Counsel's Office — an in-house legal, policy, strategy and risk-management resource to the OSC. It also oversees organizational integrity and ethical conduct.

Office of the Chief Accountant — supports the OSC in creating and promoting a high-quality framework for financial reporting by market participants.

Office of Domestic & International Affairs — provides advice and support to the OSC in its dealings with other regulators and governments, both in Canada and internationally.

Office of the Secretary to the Commission — supports the members of the Commission in their statutory mandate as regulators and as a board of directors by providing counsel on adjudicative matters, administrative law, corporate law and corporate governance.

Strategy & Operations — leads development of OSC strategic goals and priorities as well as economic and market research initiatives and the OSC's business planning policy prioritization and risk management processes.

Corporate

Communications & Public Affairs — provides strategic advice and services to ensure the timely and effective communication of OSC priorities, policies and actions to external and internal stakeholders.

Corporate Services — supports the effective operation of the OSC through a diverse set of systems and services, including financial management (including planning, reporting and treasury), administration and office services, facilities management, information technology, library and knowledge management, procurement, and records and information management.

Human Resources — provides the OSC with strategic and operational advice and services relating to the planning, acquisition, development and engagement of OSC talent, and the planning and administration of the OSC's total compensation plan, performance management and overall organization development.

4

YEAR IN REVIEW

OMBUDSMAN FOR BANKING SERVICES AND INVESTMENTS

An effective and fair dispute resolution system is an important component of the investor protection framework.

A registered firm is required to document complaints and to effectively and fairly respond to them. The Ombudsman for Banking Services and Investments (OBSI) resolves disputes between investment firms and their customers if they can't solve them on their own. Offering an independent and impartial alternative to the legal system that is free to customers, OBSI can recommend compensation where warranted of up to $350,000.

The Investor Office plays a key role in the oversight of OBSI at the Ontario Securities Commission (OSC).

MEMORANDUM OF UNDERSTANDING

In 2013, in conjunction with amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) that required all registered dealers and advisers outside Québec to offer OBSI's services to their clients, the CSA and OBSI entered into a Memorandum of Understanding (MOU) that creates a framework for oversight and engagement.

The purpose of the oversight framework is to ensure that OBSI continues to meet the following standards set by the CSA: governance; independence and standard of fairness; processes to perform functions on a timely and fair basis; fees and costs; resources; accessibility; systems and controls; core methodologies; information sharing; and transparency. It provides a framework for cooperation and information sharing between OBSI and the CSA, and also requires that OBSI undergo an independent evaluation within two years of the amendments to NI 31-103 coming into force and every five years thereafter.

STANDARDS

1. **Governance** — OBSI's governance structure should provide for fair and meaningful representation on its Board of Directors and Board committees of different stakeholders, promote accountability of the Ombudsman and allow OBSI to manage conflicts of interest.

2. **Independence and standard of fairness** — OBSI should provide impartial and objective dispute resolution services that are independent from the investment industry and that are based on a standard that is fair to both registered firms and investors in the circumstances of each individual complaint. When determining what is fair, OBSI should take into account general principles of good financial services and business practice, and any relevant laws, regulatory policies, guidance, professional standards and codes of practice or conduct.

3. **Processes to perform functions on a timely and fair basis** – OBSI should maintain its ability to perform its dispute resolution on a timely basis and deal with complaints without undue delay and should establish processes that are demonstrably fair to both parties.

4. **Fees and costs** — OBSI should have a fair, transparent and appropriate process for setting fees and allocating costs across its membership.

5. **Resources** — OBSI should have the appropriate resources to carry out its functions and to deal with each complaint thoroughly and competently.

6. **Accessibility** — OBSI should promote knowledge of its services, ensure that investors have convenient, well-identified means of access to its services and provide its services at no cost to investors who have complaints.

7. **Systems and controls** — OBSI should have effective and adequate internal controls to ensure the confidentiality, integrity and competence of its investigative and dispute resolution processes.

8. **Core methodologies** — OBSI should have appropriate and transparent processes for developing its core methodologies for dispute resolution.

9. **Information sharing** — OBSI should share information and cooperate with the participating CSA members through the CSA designates in order to facilitate effective oversight.

10. **Transparency** — OBSI should undertake public consultations in respect of material changes to its operations or services, including material changes to its terms of reference or by-laws.

JOINT REGULATORS COMMITTEE

At the time the MOU was signed, the CSA and OBSI agreed with the Mutual Fund Dealers Association of Canada (MFDA) and the Investment Industry Regulatory Organization of Canada (IIROC) to form the Joint Regulators Committee (JRC).

The role of the JRC is to:

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

The JRC meets regularly with OBSI to discuss operational matters and other significant issues that could influence the effectiveness of the dispute resolution system.

Members of the JRC are representatives from the CSA (currently, CSA-designated representatives are from British Columbia, Alberta, Ontario and Québec), IIROC and the MFDA. The JRC meets regularly with OBSI to discuss operational matters and other significant issues that could influence the effectiveness of the dispute resolution system.

On April 7, the CSA, IIROC and the MFDA jointly published CSA Staff Notice 31-344 *OBSI Joint Regulators Committee Annual Report for 2015* to serve as the second annual report of the Joint Regulators Committee of the Ombudsman for Banking Services and Investments. The report provided an overview of the JRC and highlighted the major activities conducted by the JRC in 2015.

OVERVIEW OF JRC ACTIVITIES IN 2015

As published in CSA Staff Notice 31-344, during the second year of the establishment of the JRC, four meetings were held: in February, May, August and December. The meetings provided the JRC with an opportunity to be updated by OBSI on specific matters, as directed by the MOU.

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

The following matters were considered and advanced by the JRC:

1 Form of quarterly reporting by OBSI to JRC and operational issues

The JRC and OBSI established an enhanced standardized form of quarterly reporting to contribute to the monitoring of complaint trends and patterns, with more detailed information now being provided. One of the data points reported is the length of time it takes OBSI to conclude complaints. OBSI reported that its process enhancements resulted in meeting the 180-day timeline standard set by its Board of Directors (80 per cent of case files closed within 180 days). In addition, in 2015, the backlog that had built up from an increase in OBSI's caseload, arising from the 2008 market conditions, was cleared. Other data points reported include the amounts recommended by OBSI and the actual amounts paid by firms.

2 Compensation refusals

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

3 Systemic issues protocol

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

4 Transitioning of new members to OBSI

The JRC monitored the completion of the transitioning of new members to OBSI.

5 Independent evaluation of OBSI

The MOU requires that an independent review of OBSI's operations and practices on the investment side of OBSI's mandate commence within two years of the amendments to NI 31-103 coming into force (by May 1, 2016). After issuing a request for proposal in October 2015 and evaluating the candidates, OBSI's Board of Directors appointed Deborah Battell of Headway Consulting to be their evaluator. The appointment of her team was approved by the CSA in consultation with the JRC.

INDEPENDENT EVALUATION

As per the MOU, an independent evaluator conducted a review of OBSI's operations and practices under its investment mandate. OBSI made the evaluator's report, ***Independent Evaluation of the Canadian Ombudsman for Banking Services and Investments' (OBSI) Investment Mandate***, public on June 6, 2016.

The report sets out 19 main recommendations (summarized in section 16 of the report). The review found that OBSI meets the requirements of the MOU with the CSA and has performed well within its current mandate. Decisions were found to be fair and consistent, and OBSI was found to be impartial and fair to both firms and investors. The review also found that OBSI had made significant progress since the last review in 2011, particularly with respect to governance, mandate expansion and the elimination of the complaints backlog.

However, the report also included a number of recommendations for change, including:

- **That OBSI be enabled to secure redress for customers, preferably by empowering OBSI to make awards that are binding on the firm, and on the customer if they accept the award, accompanied by an internal review process.**
- **That OBSI include a public policy function within its stakeholder relations team to prepare formal submissions on relevant regulatory or legislative proposals, and respond to regulatory requests for advice on the effectiveness of existing regulation.**
- **That the OBSI Board supports a strategic approach to ombudsmanship, incentivising staff to use the intelligence gained from cases to provide suitable additional services to participating firms and guidance to customers.**

PREVIOUS INDEPENDENT REVIEWS

The 2016 independent review of OBSI is the third one that has taken place, though this time the review was only for OBSI's investment mandate. The Navigator Company (Australia) conducted both the first and second independent reviews in 2007 and 2011, respectively.

Following consideration of the 2011 report and a public consultation process, the CSA amended NI 31-103 to require all registered dealers and advisers to use OBSI as the common dispute resolution service, except in Québec where the mediation regime administered by the Autorité des marchés financiers continues to apply.

Requiring that OBSI's independent dispute resolution services be made available to clients is an important component of the CSA's investor-protection framework. The CSA determined it was appropriate to extend this mandate for exempt market dealers, portfolio managers and scholarship plan dealers, whom CSA members directly oversee. The amendments to NI 31-103 hold all registered dealers and advisers (outside of Québec) to the same requirement. Self-regulatory organizations had already mandated their members to make OBSI's services available to their clients and this requirement continues to apply.

JRC RESPONSE

In response to the release of the independent evaluator's report, the JRC issued a statement in June affirming its members' strong support for OBSI as the dispute resolution service for the investment industry and outlined next steps:

"An effective and fair dispute resolution system is an important component of the investor protection framework. The members of the JRC strongly support OBSI as the dispute resolution service, and expect registrants to abide by their obligations by participating in OBSI's services in a manner consistent with their obligations to deal fairly, honestly and in good faith with their clients.

The Canadian Securities Administrators (CSA) and JRC have now received a copy of the report of the independent evaluators delivered to the OBSI Board, and we thank them for their work on this project. The JRC will be meeting with OBSI staff later in June, and the OBSI Board in September, where we expect to learn more about OBSI's position on the report's findings and recommendations. In the meantime, we will begin analyzing the findings and recommendations, along with other stakeholder input, in considering next steps in response to the report."

RESEARCH

Investor research is key to improving our knowledge and understanding of important investor needs and issues, and the Investor Office has undertaken or participated in a number of research initiatives over the past year.

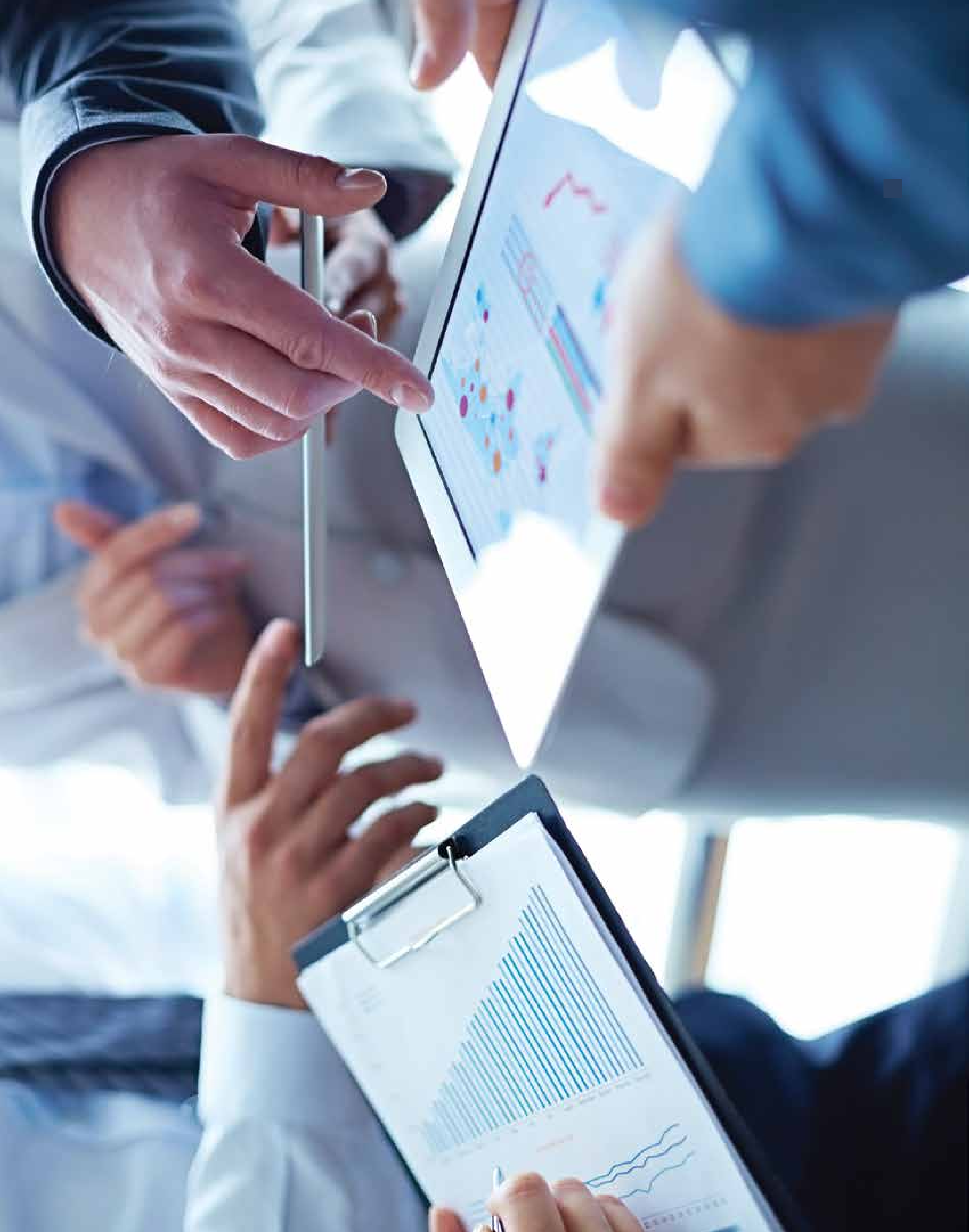
In addition to broad-based studies led by external research experts, we also conduct targeted research using methods such as polling, focus groups and online panels. This gives us a comprehensive understanding of the investor perspective, providing important inputs into the OSC's policy development and our investor education and outreach.

In June, the Investor Office established a new online research panel capability for the OSC. With the OSC now having access to almost 40,000 active survey panelists from across the country, studies can be in the field in as few as 48 hours, with results provided within a week, allowing for much more targeted and timely investor research.

In June, the 2016 CSA Investor Education Study was released by the CSA Investor Education Committee, of which the OSC is a member. The study found that there has been a steady increase since 2006 in the percentage of Canadians working with a financial advisor, from 43 per cent in 2006 up to 56 per cent this year. In addition, when it comes to researching investments, most investors rely primarily on their advisor for information. 70 per cent of investors used their investment advisor as a source when they last looked for investing information, higher than any other information source. Other sources of investing information included media outlets (27 per cent), bank or financial institution websites (26 per cent), and family and friends (26 per cent).

The 2016 CSA Investor Education Study is the fourth survey on investment knowledge, investor behaviour and incidence of investment fraud among Canadians. Previous surveys were conducted in 2006, 2009 and 2012. The 2016 study also included questions around barriers to informed investing behaviour, access to investing information and reviews of risk tolerance.

As outlined in greater detail elsewhere in this report, the Investor Office will be publishing research by the end of fiscal 2016-17 that examines behavioural economics, behavioural finance and behavioural sciences concepts and how they are applied in other jurisdictions, with a view to identifying how they might be incorporated into Canadian securities regulators' own work. As part of the study, the Investor Office will be engaging in interviews of leading behavioural academics and practitioners, as well as engaging with international colleagues who participate with the Director on the International Organization of Securities Commissions Committee on Retail Investors (C8).



In September, the Investor Office released *Retirement Readiness: Canadians 50+*, research that examined issues around retirement readiness and retirement security. The study revisited some of the findings from a similar OSC study released in June 2015 (*Financial Life Stages of Older Canadians*).

Key findings of the 2016 study include:

- In Ontario, nearly half (48 per cent) of pre-retirees 50 years of age and older do not have a plan for retirement savings. This is slightly better than the 56 per cent nationally who indicate they do not have a plan.
- Among Ontario pre-retirees, one in five (17 per cent) have not yet started to save money for retirement. Nationally, 22 per cent of pre-retirees ages 50 and over haven't started to save for retirement.
- Three in 10 (32 per cent) have no idea how much money they will need to save to help fund their retirement. That rises to nearly four in 10 (38 per cent) nationally.

SENIORS

SENIORS STRATEGY

Seniors are an extremely important and growing segment of investors whose needs and issues demand attention. By 2031, the number of seniors will almost double to nine million people, representing close to one quarter of Canada's population[1]. Changing demographics are posing a challenge for regulators and the financial services industry. Canadians are working longer and living longer. The ongoing shift from defined benefit to defined contribution pension plans – if any pension plan at all – and the long-running low-interest-rate environment are causing policy-makers to consider new ways to strengthen retirement security. As well, for many people, aging can be accompanied by health, mobility or cognitive challenges that may impact the way they interact with financial service providers and make them more susceptible to financial abuse.

As part of the OSC's continued efforts to deliver strong investor protection and responsive regulation, the Investor Office is charged with the development of the OSC's seniors strategy.

Protecting older investors is a priority for the OSC, and we are focused on addressing the issues of older investors in a more comprehensive way, including policy, outreach, training and education.

We know that we can't do it alone. In this past year, the Investor Office has made great strides in establishing partnerships with organizations engaging with older investors, to better understand their unique needs and issues. We also commissioned a new study on retirement readiness for Canadians ages 50 and over, which revealed that over half of Canadians do not have a plan for retirement savings, reinforcing the key findings of a study the OSC conducted a year ago. We also want to recognize the efforts of the OSC's Investor Advisory Panel, an independent advisory committee created by the OSC in 2010, for their seniors roundtable in 2014 that brought together experts and stakeholders to develop a common understanding of seniors' issues to help create a stronger environment for protecting senior investors.

In response to the challenges of an aging population, regulators are pursuing different approaches for protecting older investors. Improving outcomes for older investors will require commitment and action from all stakeholders, and we believe that creating a comprehensive strategy requires the right people around the table. As such, the Investor Office and OSC announced the creation of the Seniors Expert Advisory Committee in June.

[1] Government of Canada. National Seniors Council (2016).

SENIORS EXPERT ADVISORY COMMITTEE

The newly created Seniors Expert Advisory Committee (SEAC) serves as a forum to discuss and address older investors' needs.

The SEAC advises staff on securities-related policy and operational developments that impact older investors and provides input on the OSC's related education and outreach activities. The SEAC is constituted for a one-year period and will meet approximately four to six times each year. The committee is chaired by the Director of the Investor Office.

Members of the SEAC represent a variety of disciplines including law, academia, industry, medicine, enforcement and seniors' advocates.

"The Seniors Expert Advisory Committee will give the OSC access to a multidisciplinary team of experts on issues related to older investors, providing us with valuable input on our seniors strategy, an important initiative for the OSC."

Maureen Jensen,
Chair and CEO of the OSC

The first members of the Seniors Expert Advisory Committee are:

Ellen Bessner

Ellen Bessner is a litigator at Babin Bessner Spry LLP with over 25 years of experience working with investment and insurance industry participants. She is also the author of the best-selling book *Advisor at Risk: A Roadmap to Protecting Your Business.*

Jan Dymond

Jan Dymond is the Chair of the Vulnerable Investors Task Force at the Investment Funds Institute of Canada (IFIC) and Vice President, Public Affairs at IFIC, possessing over 35 years of communication and government-related experience.

Arthur Fish

Arthur Fish is a lawyer with over 25 years of experience working with elderly clients in both the public and private sectors. He previously worked with the Mental Competency Clinic at the Baycrest Centre for Geriatric Care, served as Chair of the Ontario Mental Health Foundation, and was a member of the Consent and Capacity Board.

Patricia Fleischmann

Patricia Fleischmann is a retired veteran of the Toronto Police Service who spent the last 16 years of her career as the Vulnerable Persons' Coordinator. She is the co-chair of the National Initiative for the Care of the Elderly's Law and Aging Theme Team. Patricia has served as an elder abuse educator for police and non-law enforcement audiences across Canada and internationally. She is also a founding member of Law Enforcement Agencies Protecting Seniors.

Alan Goldhar

Alan Goldhar has spent almost 20 years as the Chief Investment Officer for Ontario's Office of the Public Guardian and Trustee, managing $1.5 billion in investments for more than 13,000 clients, most of whom are seniors. In 2001, he was awarded with the honour of Fellow of the Financial Planning Standards Council. Alan is also a former member of the OSC's Investor Advisory Panel.

Dr. Amanda Grenier

Dr. Amanda Grenier is an Associate Professor at McMaster University's Department of Health, Aging and Society and Director of the Gilbrea Centre for Studies in Aging. She has collaborated with seniors' councils and service organizations dedicated to improving the lives of older people, including the Hamilton Age-Friendly City Project, as well as the Notre-Dame-de-Grâce Senior Citizen's Council and Black Council on Aging in Montréal.

Neil Gross

Neil Gross is the Executive Director of the Canadian Foundation for Advancement of Investor Rights (FAIR Canada). He has been a lawyer for over 30 years, during which time he has represented investors across Canada in hundreds of disputes involving every major investment product category.

Marta C. Hajek

Marta C. Hajek is the Director of Operations with Elder Abuse Ontario (EAO), an organization mandated to oversee the implementation of the Ontario Strategy to Combat Elder Abuse. Prior to joining EAO, Marta coordinated the rollout of the 211 Information and Referral Service in Ontario and served as the Executive Director of the Ontario Gerontology Association.

Patricia Kloepfer

Patricia Kloepfer is the Vice-President of Compliance and Chief Compliance Officer for Investors Group's mutual funds and securities dealers, which actively monitors regulatory developments related to seniors and vulnerable clients.

Wanda Morris

Wanda Morris is the Chief Operating Officer and Vice-President of Advocacy for CARP. She oversees CARP's advocacy priorities, which include retirement income security and investor protection. Wanda has been a CPA for three decades, including seven years with PriceWaterhouseCoopers in Vancouver and Melbourne, Australia.

Lindsay Rogan

Lindsay Rogan represents the Portfolio Management Association of Canada (PMAC), where she serves on the PMAC Practices and Standards Committee. Lindsay also serves as the Managing Director and Chief Compliance Officer of Rogan Investment Management Limited, where she works with senior clients and their families, often dealing with very complicated family trust, estate and tax issues.

Bonnie Rose

As Chief Executive Officer and Registrar for the Retirement Homes Regulatory Authority, Bonnie Rose leads the organization in administering the Retirement Homes Act for the protection, safety and wellbeing of approximately 55,000 seniors living in over 700 Ontario retirement homes.

Greg Shaw

Greg Shaw is the Director of International and Corporate Relations for the International Federation on Ageing. He has previously held senior management positions within the Australian Commonwealth Department of Health and Ageing, where he was responsible for the regulatory regime associated with quality of care and certification programs in both residential and community care services.

Dr. Samir Sinha

Dr. Samir Sinha is the Director of Geriatrics of the Sinai Health System and University Health Network Hospitals in Toronto. He has consulted and advised governments and health care organizations around the world and is the Architect of the Government of Ontario's Seniors Strategy.

Laura Tamblyn Watts

Laura Tamblyn Watts is a lawyer who focuses on elder law issues. She is a senior fellow at the Canadian Centre for Elder Law and a past long-time national director. She is also the past Chair of the Canadian Bar Association's National Elder Law section. Laura is a board and founding member of the NICE network, a co-facilitator of the World Study Group on Elder Law, a member of the Ombudsman for Banking Services and Investments Board of Directors and former board member of FAIR Canada.

We look forward to our continued progress on the year ahead with the development of the seniors strategy and our work with the SEAC.

Members of the SEAC represent a variety of disciplines including law, academia, industry, medicine, enforcement and seniors' advocates.

BEHAVIOURAL FINANCE

The Investor Office will publish research by the end of fiscal 2016-17 that examines how behavioural economics and finance concepts and insights are applied in other jurisdictions, with a view to identifying how they can best be incorporated into our own work.

The use of behavioural economics among policy-makers and regulators has increased significantly over the past 10 years. Numerous jurisdictions across North America, Europe and Asia have introduced behaviourally-informed policies and regulation initiatives that take a fundamentally different approach to consumer markets.

Behavioural economics combines psychology and economic research to examine the influences that affect how people make decisions. It recognizes that people are often uncertain about their choices and can make mistakes given their biases and the limits of

their rationality, time and willpower. This is especially the case for complex decisions that have long-term consequences that can be tough to assess, such as planning and saving for retirement.

The Investor Office's report will explore how behavioural economics and finance are shaping policy and regulation in major jurisdictions relevant to Ontario. The report will highlight key aspects of both disciplines and examine how leading practitioners are using them to improve policy and regulatory approaches.

Behavioural economics and finance research demonstrates that we are frequently not rational and often make mistakes.

We are often poor predictors of our future behaviour, and our choices are affected by our physiological and emotional states. Being human, we have understandable limits on our thought processes, time available and willpower. Given these limits, we use mental shortcuts or "rules of thumb" for most of our daily and other decisions. Yet traditional economic theory assumes that we are always logical in our behaviour and have rational expectations when making choices. Behavioural economics and finance research demonstrates that we are frequently not rational and can make mistakes, particularly when faced with challenging or complicated decisions that have long-term impacts.

People's thinking often lacks knowledge about the consequences of their choices or feedback about their behaviour. Their decisions are commonly made with uncertainty and are affected by the context in which they make them. People also have significant limits on their attention and are influenced by readily available information, whether that information generates good or bad feelings, and whether they perceive the information as novel or relevant to making a decision.

Academics such as Daniel Kahneman, Richard Thaler, Cass Sunstein and Dan Ariely have shown that people's decision-making abilities are affected by a number of biases and other influences, such as social norms (like fairness and reciprocity) and social environments (like peer pressure). These biases and other factors can often be predicted, and therefore offer useful insights for regulators and others.

INVESTOR ADVISORY PANEL

The Investor Advisory Panel (IAP) – an independent committee funded by the OSC to advocate for retail investors in the development of regulatory policy – plays an important role in ensuring that investor perspectives are considered and addressed. Its mandate is to solicit and represent the views of investors on the OSC's policy- and rule-making initiatives.

The IAP conducts its activities without direction or influence from the OSC. The Investor Office serves as the general liaison between the IAP and the OSC and serves as Secretary to the IAP. The Office provides administrative support to IAP activities and facilitates requests for staff briefings or research information conducted by, or available to, the OSC on specific policy- and rule-making initiatives.

RESEARCH

In November 2015, the IAP published ***Current Practices for Risk Profiling in Canada and Review of Global Best Practices***, independent research prepared by Shawn Brayman, President of PlanPlus Inc., along with co-authors Dr. Michael Finke, Texas Tech University; Ellen Bessner, Babin Bessner Spry LLP; Dr. John E. Grable, University of Georgia; and Dr. Paul Griffin, Humber Institute of Technology and Advanced Learning.

PlanPlus Inc. was engaged by the IAP to perform research into the current practices in the Canadian marketplace that are used to determine a client's risk profile and to evaluate these practices compared to best practices globally.

This report is a summary of the outcomes of that research, which is comprised of: an academic literature review; a regulatory review that included Canadian and international regulators; a review of current solution providers; and a review and analysis of current practices in Canada. The latter included a survey of investment advisors' use of a standard risk assessment questionnaire (responses were received from 338 advisors); a similar survey of firms and their compliance departments; and an analysis of 36 risk profiling questionnaires currently in use by a variety of firms in various sectors of the industry.

"We have seen positive changes at the OSC over the last year and these are most evident in the collaborative relationship that has evolved between the Commission and the Panel, including our work during the year with the newly refocused OSC Investor Office."

- Ursula Menke, IAP Chair, in the release of the IAP's 2015 Annual Report

The research found:

- there is a confusing and universal lack of existence or consistency of the definitions of risk concepts and a lack of understanding of the factors involved in risk profiling.
- almost all regulators surveyed are principles-based and provide little guidance on how a firm or advisor should arrive at the determination of a risk profile. They all recognize and rely on the professional judgment of the advisor and the "process" created by the advisor or firm to determine a consumer's risk profile. No regulator provides clear guidance on how to combine the multiple factors and form a client risk profile.
- risk questionnaires are most widely used in retail channels using mutual funds and less so in wealth management and portfolio manager channels.
- over 53 per cent of respondents to the advisor survey indicated that between 76 and 100 per cent of their clients had completed a risk questionnaire. Almost half of the firms reported that risk questionnaires were developed in-house and another 36 per cent said that advisors could choose their own risk profiling methodology. Only 11 per cent of firms could confirm that their questionnaires were "validated" in some way.
- most of the questionnaires (83.3 per cent) in use by the industry are not fit for purpose: they have too few questions, poorly worded or confusing questions; they use arbitrary scoring or outright poor scoring models; and/or they merge multiple factors (75 per cent) without clarity. 55 per cent had no mechanism to recognize risk-averse clients that should remain only in cash.

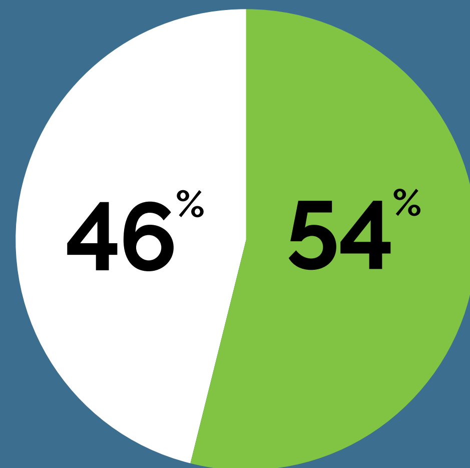
At the request of the IAP, the Investor Office arranged briefings on the research findings to members of the Canadian regulatory community, industry members and representatives and other interested parties to help ensure that these findings were well-known and understood.

ROUNDTABLE

On September 28, 2016, the Investor Office jointly organized a roundtable with the IAP to explore the findings of the risk profiling research with key stakeholders and to provide insights on possible next steps to improve risk profiling used in the retail investment advice process. Led by an independent facilitator, the roundtable saw active discussion with participants from the financial services industry, academia, law, government, regulatory and investor advocacy organizations. Of the participants who provided written feedback about the roundtable, 100 per cent rated the event as "Excellent" or "Very good" (54 per cent "Excellent") in achieving its objectives, and 100 per cent said that the event "Met" or "Exceeded" (67 per cent "Exceeded") their expectations. A facilitator's report summarizing the discussion is expected to be published in late fall.

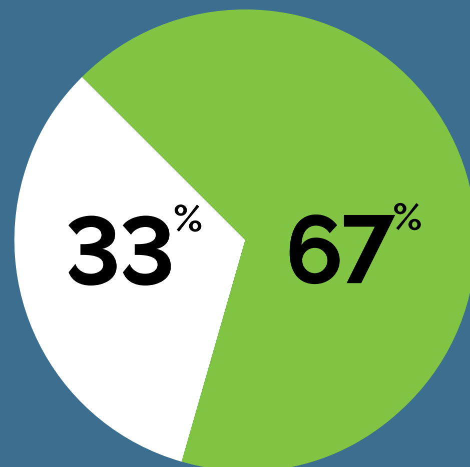
Participant ratings:

EXCELLENT	54%
VERY GOOD	46%
ADEQUATE	0%
INADEQUATE	0%



Met expectations?

EXCEEDED	67%
MET	33%
FELL SHORT	0%



IAP MEMBERS

The IAP currently consists of seven members, including the Panel Chair. Current IAP members are:

Connie Craddock
Connie Craddock has considerable experience with issues related to Canadian investors as the former Vice-President of Public Affairs at the Investment Industry Regulatory Organization of Canada. She also has experience in consulting and communications in both corporate and government settings.

Letty Dewar
Letty Dewar has been active in the financial industry since 1984, having previously served as Chief Compliance Officer for a major mutual fund company and as the Chief Operations Officer for a portfolio management group. She currently sits on the CFA Society Toronto's Portfolio Management Committee.

Harold Geller
Harold Geller is a leader in the Financial Loss Recovery Group of McBride Bond Christian LLP and an expert on legal issues affecting financial advisors. He assists investors with the analysis of claims and the prosecution and settlement of claims in the civil courts and through the Ombudsman for Banking Services and Investments.

Ken Kivenko
Ken Kivenko is a renowned investor advocate and the president and owner of Kenmar Associates, which assists investors with dispute resolution. He has established the well-used website CanadianFundWatch.com and is the Chair of the Advisory Committee of the Small Investor Protection Association.

Alison Knight
Alison Knight is a life member and former board member of the Consumers Council of Canada. She has served on the boards of numerous professional, regulatory and non-profit organizations and held senior executive positions with companies in the financial services sector.

Ursula Menke – Chair
Ursula Menke has more than 30 years of experience in finance, law and regulatory matters, most recently as Commissioner of the Financial Consumer Agency of Canada, where she examined matters relating to federal consumer protection laws and focused on building a competitive marketplace.

Louise Tardif
Louise Tardif spent 22 years as an investment advisor for National Bank Financial, where she was also manager of their Ottawa branch. She currently sits on several boards including the Board of Trustees of OPTrust, a pension plan with over $16 billion in assets.

Complete biographies of IAP members can be found on the OSC's website. As well, visit the IAP **webpage** to read their submissions and **2015 Annual Report.**

Investors and other stakeholders may contact the Panel by email at **iap@osc.gov.on.ca** or by writing to:

Investor Advisory Panel
c/o Investor Office
Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8

IOSCO

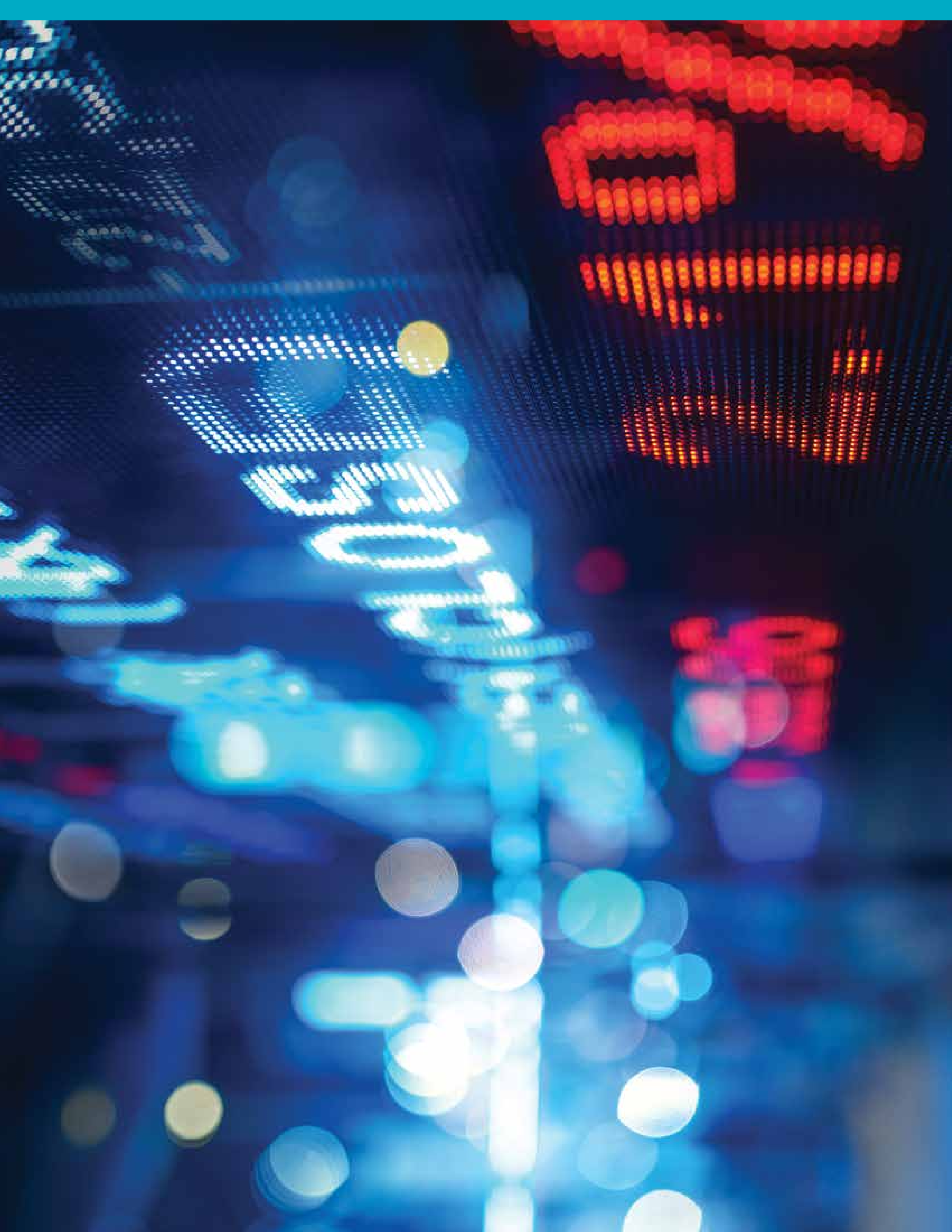
IOSCO COMMITTEE ON RETAIL INVESTORS (C8)

The International Organization of Securities Commissions (IOSCO) Committee on Retail Investors (C8) was formed in June 2013. C8's primary mandate is to conduct IOSCO's policy work on retail investor education and financial literacy. Its secondary mandate is to advise the IOSCO Board on emerging retail investor protection matters and conduct investor protection policy work as directed by the IOSCO Board.

OSC staff led the original development of the C8 strategic framework that sets out IOSCO's role in investor education and financial literacy, a strategy for program development and proposed work streams. C8's work includes developing innovative approaches to investor education and financial literacy programming, and providing opportunities for cooperative approaches among jurisdictions.

The Director of the Investor Office represents Ontario on C8 and is currently participating in several C8 working groups. The Québec Autorité des marchés financiers is the other Canadian jurisdiction on C8. The OSC has previously contributed to the C8 *Outreach to Retail Investors Concerning Regulatory Initiatives* report, as well as its *Sound Practices for Investment Risk Education* report.

C8 meets approximately three times each year. Meetings were held over the past year in London (United Kingdom), Sydney (Australia) and Istanbul (Turkey). The Istanbul meeting was a joint meeting held with the Organisation for Economic Co-operation and Development International Network for Financial Education.



Help us fill in the blanks

INVESTOR EDUCATION

Education is a core responsibility of the Investor Office, and we're modernizing the way we deliver it to investors to reflect the ways people today seek out and receive information. Through resources and initiatives like our award-winning investor education website **GetSmarterAboutMoney.ca**, the bi-weekly Investor News newsletter, improved social media outreach and new tools like Fact Cards, we aim to raise the bar for investor education in Canada.

Over the past year, Investor Office resources, including **GetSmarterAboutMoney.ca**, saw 4.49 million visits from users engaging with a variety of articles and tools, marking a 26 per cent increase over the previous year. This number rises to 4.80 million (35 per cent) when including the introductory video trilogy.

A refreshed and expanded social media strategy has also increased engagement and education among investors and other stakeholders. People who follow Investor Office accounts on Twitter and Facebook increased by 33 per cent from a year ago, rising from 6,331 at the end of October 2015 to 8,402 as of October 31, 2016. The Investor Office's Twitter account also became verified this past September, gaining a blue checkmark that lets people know the account is authentic, encouraging more users to find and connect with the Investor Office.

One of the biggest investor education initiatives this year was the launch of Fact Cards – free digital cards containing unbiased information on investment topics that can be embedded on third-party websites. These cards provide information on recognizing investment fraud, understanding mutual funds, preventing elder financial abuse, checking the registration of a financial advisor, and many other topics that help Canadians make informed decisions about their money.

21 organizations and individuals – from the financial industry, consumer and investor representatives, law enforcement, educational partners and others – partnered with and supported the Investor Office for the launch of Fact Cards. By sharing Fact Cards and encouraging their use across other sectors and industries, the Investor Office has increased Canadians' access to important factual information from a trusted source, while also reducing the need for organizations to produce their own similar content.

Ahead of Ontario's new equity crowdfunding rules that came into effect in early 2016, the Investor Office developed CrowdfundOntario.ca, an interactive guide to help Ontario investors understand how equity crowdfunding works and learn about the risks associated with crowdfunded offerings. Visit **CrowdfundOntario.ca** to see the guide.

Other Investor Office initiatives throughout the year included launching a new TFSA calculator, opening the Toronto Stock Exchange in early September to mark the start of "back to school" season for investors, participating in a series of explanatory videos around Client Relationship Model — Phase 2 (CRM2) amendments with The Globe and Mail's Rob Carrick, and publishing a suite of new articles and resources on **GetSmarterAboutMoney.ca**. Looking ahead, we will be launching a new, mobile-friendly version of **GetSmarterAboutMoney.ca** in early 2017, making it easy for investors to access the site's tools and resources from their tablets and mobile devices.

CSA INVESTOR EDUCATION COMMITTEE

The Investor Office continues to work collaboratively with other provincial and territorial securities regulators across Canada to deliver investor education from coast to coast. Through its participation in the CSA Investor Education Committee, the Investor Office helps contribute to national campaigns and initiatives that address timely topics that have an impact on investors across the country.

In May, the Investor Education Committee met to develop action plans for the upcoming year, including a campaign in conjunction with the CSA Enforcement Committee to alert investors about the risks of binary options trading platforms, a campaign promoting the changes introduced with CRM2, a year-long plan to promote the National Registration Search tool and a check registration campaign during Fraud Prevention Month in March 2017.

OSC ONTARIO SECURITIES COMMISSION

View alternative text version (PDF)

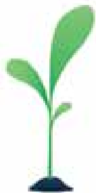
FR

INTRODUCING

Equity Crowdfunding

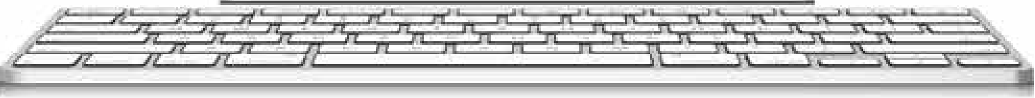
A PRIMER FOR ONTARIO INVESTORS

ABOUT CROWDFUNDING



At its core, crowdfunding is a simple concept: an individual or organization can raise money over the internet by asking a large number of people each for a small contribution. There's a long history of projects and initiatives that have been funded through crowdfunding campaigns, but using this concept as a model for investing is something that's new for Ontario, and it comes with a number of risks and caveats that potential investors need to know about.

You may have participated in a crowdfunding project in the past, but you likely received a gift or some other token of appreciation in exchange for your pledge. That's because there are a few different types of crowdfunding models, and each is distinguished by what (if anything) you received in return for your money.



AVOIDING FRAUD

The Investor Office plays an important role in educating investors about how to better protect themselves against fraud.

A major initiative of ours was the creation and launch of a media campaign that reminded investors to always check the registration of any person or business seeking an investment or offering investment advice.

Created in-house, an advertisement tied to CheckBeforeYouInvest.ca has been running since March, including in *The Globe and Mail*, *Metro* (Toronto and Ottawa) and various other local and cultural newspapers across the province.

As part of the campaign, the Investor Office also refreshed the OSC's CheckBeforeYouInvest.ca website. Our overall Fraud Prevention Month activities in March also included holding two OSC teletownhalls dedicated to protecting against frauds and scams, distribution of OSC anti-fraud Fact Cards, leading the CSA's Fraud Prevention Month activities on the Investor Education Committee, social media campaigns, and the launch of an anti-fraud video in partnership with the Competition Bureau.

INVESTOR OUTREACH

In early 2013, the OSC launched an outreach program that takes its regulatory mandate from Bay Street to Main Street. The OSC in the Community program, now led by the Investor Office with participation of Enforcement staff, brings OSC staff to communities across Ontario to deliver investor seminars and meet with community organizations that are impacted by or have an interest in investor issues.

Aimed primarily at seniors, new Canadians and vulnerable investors, the Investor Office's OSC in the Community events took place in Aberfoyle, Belleville, Cambridge, Fergus, Hamilton, Mississauga, Markham, Owen Sound, Peterborough, Richmond Hill, St. Catharines, Sudbury, Thornhill, Thunder Bay, Toronto (Downtown, Etobicoke, North York, Scarborough), Vaughan and Windsor.

The OSC, together with the Canadian Anti-Fraud Centre, presented a half-day workshop on *How to Protect Your Money* in Thunder Bay. This workshop was also webcast live (and archived) to satellite locations in Nipigon, Sioux Lookout, Fort Hope (Eabametoong First Nation), Geraldton and Thunder Bay.

Many events were organized with new partners including the Competition Bureau, Elder Abuse Ontario and many others.

OSC in the Community doesn't just think of communities as being a geographic concept. At the Investor Office we understand that different forms of community exist and believe in the importance of continuous engagement.

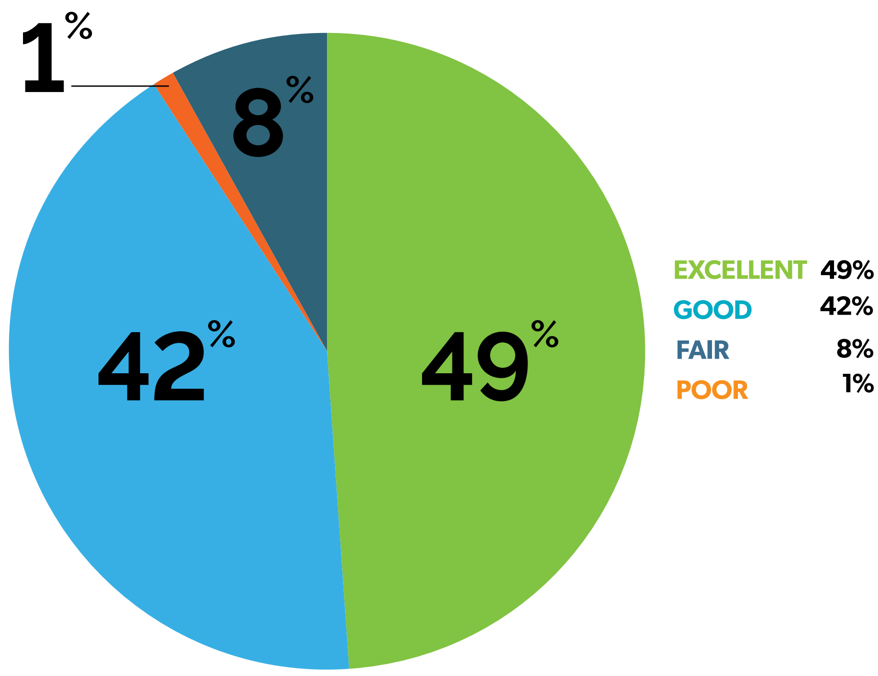
During the Investor Office's first year, the number of people who attended OSC in the Community events increased by 486 per cent over the previous year, from 274 to 1,605.

Over the past year we have also introduced new technologies and approaches to meet investors where they are. In March, we introduced a new teletownhall program, which is similar in format to a call-in radio show, with OSC staff providing information, answering questions and conducting live polls over the course of one hour.

The first two OSC teletownhalls were conducted as part of our Fraud Prevention Month activities, with another two following in June and October for Seniors Month and Investor Education Month, respectively. 80,000 people from all across Ontario received messages informing them that the OSC was hosting the event, and providing the topics and agenda, and details on how to participate. Approximately 2,000 people participated in the first four teletownhalls for a meaningful amount of time. People who asked questions during the teletownhalls came from towns and cities such as Meaford, Beamsville and other places that we haven't yet visited in person as part of our OSC in the Community events.

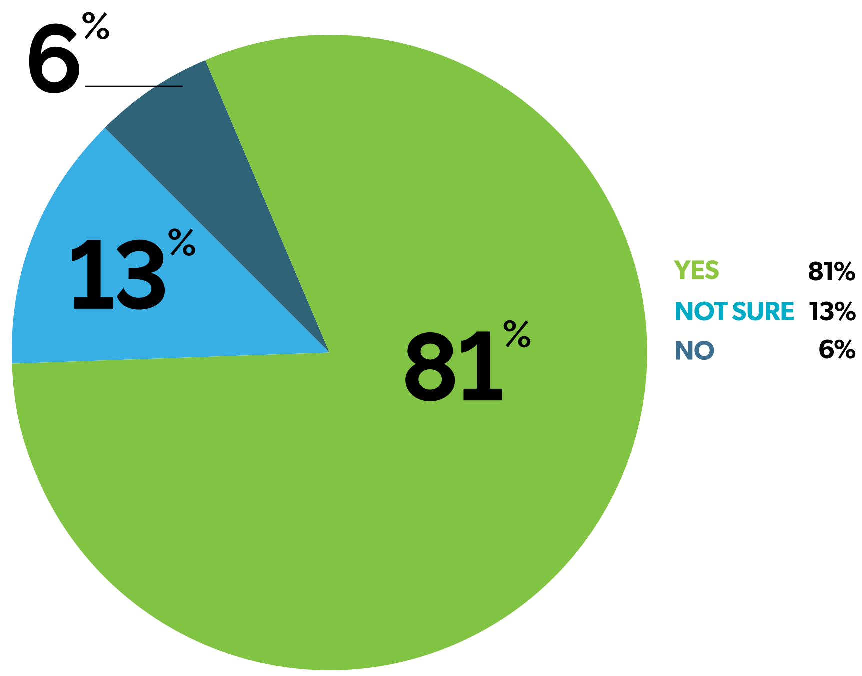
Combined, the Investor Office reached 3,605 people through OSC in the Community and teletownhalls in our first year, an increase of 1,216 per cent over the previous year.

“Please rate today's telephone townhall.”



EXCELLENT	49%
GOOD	42%
FAIR	8%
POOR	1%

“Do you now feel you have more information on what to do if approached about a fraud or scam?”



YES	81%
NOT SURE	13%
NO	6%

INVESTOR NEWS

The Investor Office refreshed and relaunched its Investor News newsletter, substantially increasing the frequency of publication and amount of content in each issue. Almost 6,500 investors, industry participants and other stakeholders are subscribed to stay informed about the latest investor initiatives, educational resources, topical issues, key dates and investor warnings and alerts.

Investors, industry participants and other stakeholders can visit **InvestorOffice.ca** to sign up for Investor News and view past issues.

INVESTOR OFFICE | OSC ONTARIO SECURITIES COMMISSION

Investor News

August 18, 2016

NEWS / TOOLS | RESOURCES | OSCAR'S TIPS

It's the dog days of summer, and what better time is there to get caught up on things you might have missed the first time they ran in *Investor News*. This edition features some of our most popular – and most clicked – articles, tools and information we've published since we launched the new Investor Office last October.

Calculator

Tools and Calculators

In January we introduced our new TFSA Calculator. Our award-winning website GetSmarterAboutMoney.ca has many other popular tools and calculators, such as our Compound Interest Calculator, RRSP Saving Calculator, Mutual Fund Fee Calculator and the RESP Savings Calculator.

Learn more

Resources

Check Before You Invest

The OSC and the Investor Office launched a media campaign reminding people to always check the registration of any person or business trying to sell you an investment or give you investment advice.

Resources

Seniors Resources

Seniors are an extremely important and growing segment of investors whose needs and issues demand attention.

We've announced the creation of the Seniors Expert Advisory

MAUREEN JENSEN
CHAIR AND CEO

"I'm very proud of the work that the Investor Office has accomplished since it re-launched last year. People are talking about the role the Office has been playing. Having an operational branch that's focused on delivering investor research, policy, education and outreach provides our organization with an important understanding of the issues facing investors, which then allows all areas of the OSC to fulfill our mandate to protect investors."

Meet the OSC's new Chair and CEO
(Click here to go to interview)

LESLIE BYBERG
EXECUTIVE DIRECTOR AND CAO

"The OSC is the only securities regulator in Canada to have an office such as the Investor Office prominently established in our organizational structure and taking part in important policy decisions. It's been exciting to see what its team has accomplished this last year."

Meet the OSC's Executive Director and CAO
(Click here to go to interview)

> "If you say that part of your mandate is investor protection, you need to put your resources there. That's why we created the Investor Office..."

Maureen Jensen, Chair and CEO, Ontario Securities Commission

INVESTOR NEWS INTERVIEWS

Over the past year, the Investor Office sat down with many important people whose work impacts investors. In case you missed them, read their interviews. Click the links below to go to the interviews.

Maureen Jensen, Chair & CEO of the OSC

Sarah Bradley, Ombudsman & CEO at OBSI

Tyler Bush, Manager of the OSC Contact and Inquiries Centre

Leslie Byberg, OSC Executive Director and CAO

Debra Foubert, OSC Director of Compliance & Registrant Regulation

Kelly Gorman, Chief of the Office of the Whistleblower

Susan Greenglass, OSC Director of Market Regulation

Neil Gross, Executive Director of FAIR Canada

Monica Kowal, Vice-Chair of the OSC

Naizam Kanji, Director of the OSC Office of Mergers & Acquisitions

Huston Loke, OSC Director of Corporate Finance

John Mountain, OSC Director of Investment Funds and Structured Products

Rozanne Reszel, President and CEO of the Canadian Investor Protection Fund

Grant Vingoe, OSC Vice-Chair and Chair of the OBSI Joint Regulators Committee

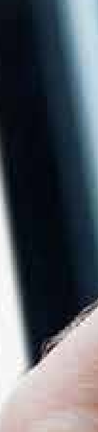
Lisa Wilkins, OSC Chief Human Resources Officer

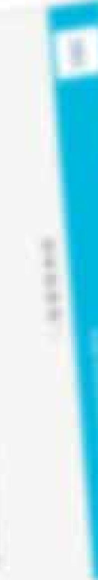
NEW CANADIANS

> "Educating and protecting investors who are potentially vulnerable are priorities for the OSC. It's important that investors have access to the information they need to better protect themselves against fraud, regardless of which language they speak."
>
> **Tyler Fleming, Director, Investor Office**

InvestingIntroduction.ca provides information in 19 different languages on topics such as Canadian investment products and terminology, warning signs of fraud, how to check advisor and firm registrations, the role of the OSC, our investor education website **GetSmarterAboutMoney.ca**, and how to contact the OSC with inquiries or complaints. This information is important for investors, and it's not often provided in multiple languages.

The website was created in recognition of changing demographics in Ontario, and to better engage people who speak languages other than English or French. Visit the website at **InvestingIntroduction.ca**.


Types of prospectus exemptions


Mutual funds: get the Facts

Bonds 101

Mutual funds: get the Facts

STAKEHOLDER PARTNERSHIPS

More than 30 organizations are now supporting and partnering with the Investor Office.

For OSC in the Community, we often partner with groups such as Elder Abuse Ontario, Toronto Public Library and the Ontario Council of Agencies Serving Immigrants to offer seminars around the province.

The following 21 partners supported the February launch of the Investor Office embeddable Fact Cards:

"Offering personal finance tips in an engaging way is an effective means to increase financial know-how. That is why I am thrilled with the step the Ontario Securities Commission is taking with these Fact Cards to deliver money management information to investors in a new and innovative way." **Jane Rooney, Financial Literacy Leader, Financial Consumer Agency of Canada**

"Advocis wholeheartedly supports the launch of the OSC Investor Office's Fact Cards initiative. We believe consumer education is fundamental to the financial well-being of Canadians. Our network of more than 11,000 members is well-positioned to share this valuable information with their clients and online communities." **Greg Pollock, President and CEO, Advocis**

"The Canadian Crime Stoppers Association (CCSA), which represents 108 Canadian Crime Stoppers programs providing Crime Stoppers coverage to over 4,500 communities, is pleased to be a partner of the Ontario Securities Commission Investor Office in providing investors and the general public with important information about not only investing but how to spot and prevent fraudulent activity. The Fact Cards will be embedded on our CCSA website and also on our social media accounts. We will also be encouraging our local programs across the country to include the Fact Cards on their websites." **Ralph Page, President, Canadian Crime Stoppers Association**

"CETFA is pleased with the OSC's Fact Card initiative. We believe targeted information is what investors (and advisors) are looking for, and given the Fact Cards' succinctness, organizations will also be able to use them in partnership with their own presentations on similar topics. This strengthens any message firms are offering investors." **Pat Dunwoody, Executive Director, Canadian ETF Association (CETFA)**

"The Canadian Network for the Prevention of Elder Abuse (CNPEA) is pleased to support OSC Investor Office efforts to develop innovative and user-friendly Fact Cards to raise awareness of financial literacy, fraud and financial abuse prevention. These new tools enhance accessibility of essential resources and information-sharing which aligns with the work of CNPEA and its national Knowledge Sharing Hub, where the Fact Cards will be promoted and available for distribution across Canada." **Raeann Rideout and Pat Power, Canadian Network for the Prevention of Elder Abuse Board Co-Chairs**

"I am thrilled with the step the Ontario Securities Commission is taking with these Fact Cards to deliver money management information to investors in a new and innovative way."

Jane Rooney, Financial Literacy Leader, Financial Consumer Agency of Canada

"Canadian Foundation for Economic Education (CFEE) has worked for many years with many groups in our society and one of the most common money issues we encounter is the anxiety so many Canadians have of being taken advantage of by others and putting their hard earned money at risk by making financial mistakes and misjudgements. We applaud the OSC for taking this initiative to help Canadians better protect their money, and avoid costly mistakes, by providing easy access to such helpful, simple-to-use, resources." **Gary Rabbior, President and CEO, Canadian Foundation for Economic Education (CFEE) and Member of the National Steering Committee on Financial Literacy**

"There is strength in numbers and working together we can all make a difference in the effort to improve the financial literacy of Canadians. The OSC Investor Office 'Fact Card' initiative complements the actions of Chartered Professional Accountants of Canada and other organizations striving to help Canadians gain the skills, understanding and confidence required to make informed financial choices." **Cairine Wilson, vice-president, corporate citizenship, Chartered Professional Accountants of Canada (CPA Canada) and Member of the National Steering Committee on Financial Literacy**

"FAIR Canada strongly supports the OSC's Investor Office in its efforts to bring key investor protection information to the attention of Canadians. The new Fact Cards are an innovative way to disseminate that information, and we hope they will be widely used to benefit the public." **Neil Gross, Executive Director, FAIR Canada**

"The Federation of Mutual Fund Dealers is proud to be able to partner with the OSC in this important initiative that we hope will, through the wide dissemination of this information, go a long way in educating the investing public. A well-educated client is a better investor and a better client. We will encourage our membership whose advisors count in the tens of thousands, to utilize these Fact Cards with their clients." **Sandra Kegie, Executive Director, Federation of Mutual Fund Dealers**

"We are pleased to see the OSC's Investor Office continue to evolve the delivery of its investor education content to best meet the needs of Canadian consumers." **Cary List, President and CEO, Financial Planning Standards Council (FPSC) and Member of the National Steering Committee on Financial Literacy**

"The OSC's Investor Office is providing great leadership in modernizing how we communicate with investors. IFIC and its members especially appreciate the Investor Office's recognition of the important role the mutual funds industry and its network of advisors can play in helping to put these new easy-to-understand materials into the hands of investors." **Joanne De Laurentiis, President and CEO, Investment Funds Institute of Canada (IFIC)**

21

The number of organizations that supported the Fact Cards and encouraged their use

"The features, accessibility and credibility of the OSC Fact Cards make them a useful education tool to gain information and insights on the investing process and financial markets. The Fact Cards will contribute importantly to investor confidence and market participation." **Ian Russell, President and CEO, Investment Industry Association of Canada**

"While investor education alone is not sufficient, it is still necessary in order to achieve better outcomes for investors. The Investor Office has accomplished much in a short period of time, and their multi-pronged efforts to get important information to investors through initiatives such as the Fact Cards are to be commended." **Ursula Menke, Chair, Investor Advisory Panel of the OSC**

"An important component of investor protection is arming consumers with tools to make sound financial decisions. The OSC Fact Cards will be a welcome addition to the resources IIROC provides to help investors make more informed choices and protect their financial interests. We are pleased to support our regulatory partner, the OSC, and applaud its initiative." **Andrew Kriegler, President and CEO, Investment Industry Regulatory Organization of Canada (IIROC)**

"Providing investors with access to meaningful information and enhancing investor knowledge, understanding and engagement are key initiatives under the MFDA's strategic plan. The MFDA will be using the OSC's Fact Cards as part of its investor education communications, and is pleased to be able to collaborate with the OSC in disseminating these resources to Canadian investors." **Mark Gordon, President and CEO, Mutual Fund Dealers Association of Canada (MFDA)**

"This OSC Investor Office initiative is an innovative and pragmatic step towards financial literacy for Canadian investors. Industry can adopt these Fact Cards as part of their informational process of engaging investors, not only as a service for their clients, but to assist them in their clients' lifelong path of becoming savvy investors." **Cora Pettipas, Vice-President, National Exempt Market Association (NEMA)**

"Ontario's police leaders applaud the Ontario Securities Commission Investor Office initiative to make their new Fact Cards available to Ontario's police services and the communities we serve. Educating the public on smart investing of their money and taking steps to prevent fraud are key to this initiative." **Ron G. Bain, Executive Director, Ontario Association of Chiefs of Police (OACP)**

"The new investor education Fact Cards represent a timely addition to Ontario educators' financial literacy education toolkits. They will help to build greater understanding of the possibilities and pitfalls related to investments." **Francine LeBlanc-Lebel, President, Ontario Teachers' Federation**

"PMAC applauds innovative and robust tools that promote financial literacy, raise awareness of investment topics and support our members' communication with their clients. PMAC members can use the OSC's new Fact Cards in communication with their own clients in promoting their general awareness and understanding of investment issues." **Katie A. Walmsley, President, Portfolio Management Association of Canada (PMAC)**

"The Private Capital Markets Association of Canada is pleased to support the OSC Investor Office in its efforts to share clear, thoughtful and relevant financial information with investors. The strength of our capital markets lies in our people, those who build and grow our companies, those who make investments or help others with investment decisions, and all of us as investors who rely on fair and efficient capital markets to support our economy, our families and our future." **Georgina Blanas, Executive Director, Private Capital Markets Association of Canada (PCMA)**

"Preventing, detecting and deterring crimes that affect the Canadian economy is a priority for the RCMP. Our employees work vigorously to track down those who take advantage of Canadians, stealing their hard-earned money. We also strive to raise awareness about ongoing scams – which is an important part of fraud prevention – by collaborating with our many partners, including the OSC's Investor Office, to provide information to Canadian businesses and investors in new and innovative ways. We look forward to promoting the Fact Cards." **Assistant Commissioner Todd Shean, Federal Policing Special Services, Royal Canadian Mounted Police (RCMP)**

CROSS-BRANCH COLLABORATION

In addition to our own projects, Investor Office staff have contributed to a number of important initiatives led by other branches of the OSC. We drew on our understanding of user behaviour and user experience to help develop the Office of the Whistleblower intake forms, the OSC's Exempt Market website, various human resources recruitment and engagement materials as well as numerous other projects.

OSC Exempt Market website

Whistleblower Program intake form

Human Resources

5

CONTACT US

The Investor Office sets the strategic direction and leads the Ontario Securities Commission's efforts in investor engagement, education, outreach and research. The Office also brings the investor perspective to policy-making and operations.

We want to hear from you.

THERE ARE MANY WAYS YOU CAN ENGAGE WITH THE OSC AND YOUR INVESTOR OFFICE

Subscribe to our **Investor News newsletter**

Email us at **InvestorOffice@osc.gov.on.ca**

Chat with us over social media. On Twitter, we're at **@smarter_money**. On Facebook we're at **GetSmarterAboutMoney.ca**.

Attend an OSC in the Community event. Not only do we provide information that is relevant to investors on fraud and working with advisors, but we have staff experts on hand to help answer your questions.

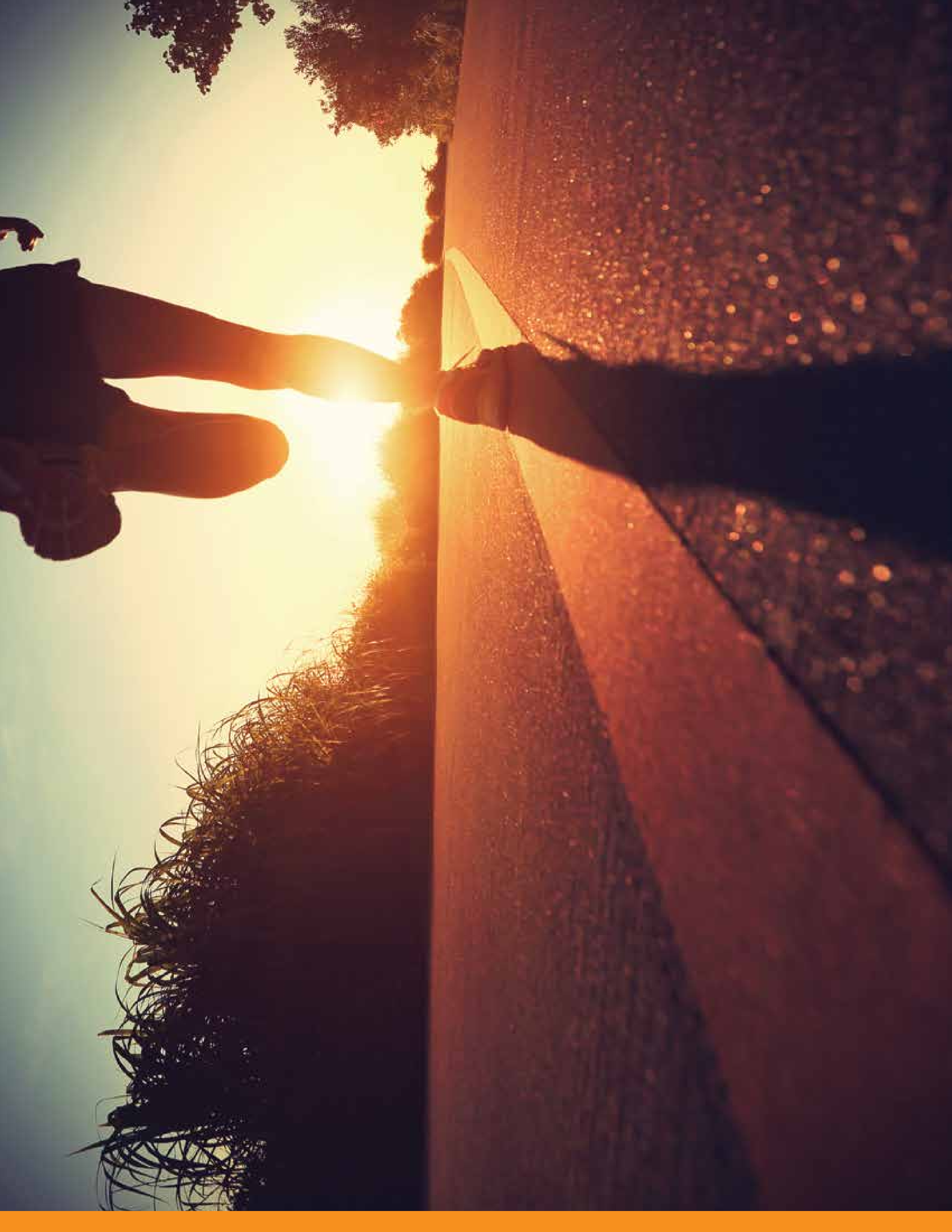
Get in touch through the OSC's Contact Centre.

By phone:
Local (Toronto): 416-593-8314
Toll-free (North America): 1-877-785-1555
TTY: 1-866-827-1295

By fax: 416-593-8122
(questions and complaints)

By email: **inquiries@osc.gov.on.ca**

Stay on top of the latest OSC news and information by following us at **@OSC_news** on Twitter or on LinkedIn at **Ontario Securities Commission.**



If you have any questions or comments about this report, please contact:

Tyler Fleming
Director

Investor Office
tfleming@osc.gov.on.ca
416-593-8092

Ontario Securities Commission
Investor Office
20 Queen Street West, 20th Floor
Toronto, ON M5H 3S8

416-593-8314
1-877-785-1555

Ontario Securities Commission

Investor Office

20 Queen Street West
20th Floor
Toronto, ON M5H 3S8

416-593-8314
1-877-785-1555

OSC

1.1.4 CSA Staff Notice 31-347 Guidance for Portfolio Managers for Service Arrangements with IIROC Dealer Members

CSA Staff Notice 31-347
Guidance for Portfolio Managers for Service Arrangements with IIROC Dealer Members

November 17, 2016

Introduction

This Notice provides information and guidance to registered portfolio managers (**PMs**) that enter into service arrangements with dealer members (**DMs**) of the Investment Industry Regulatory Organization of Canada (**IIROC**). Under these Portfolio Manager – Dealer Member Service Arrangements (**PMDSAs**), a DM typically holds an investor's cash and securities (**Investments**) in an account over which a PM has discretionary trading authority, and executes and settles the investor's trades in the account based on instructions from the PM. The investor is thus a client of both the PM and the DM.

Since the PM and the DM have different roles and responsibilities to the shared client, they have different regulatory obligations to the client. However, each has a regulatory obligation to deliver statements of Investment positions and trades (**Statements**) to the shared client, as well as to maintain their own records of each client's Investment positions and trades. Nonetheless, practices have developed whereby some PMs operating with PMDSAs look to the delivery of a Statement by a DM to satisfy the PM's Statement delivery obligation, and rely on a DM's records to satisfy the PM's books and records obligation. These practices have raised some regulatory concerns.

Substance and purpose

Staff of the Canadian Securities Administrators (**CSA staff** or **we**) believe that PMDSAs can benefit investors, PMs and DMs, and may be maintained, so long as they are executed in a manner consistent with regulatory requirements. This Notice describes current PMDSAs and provides guidance from CSA staff about acceptable practices when PMs enter into these arrangements so they can comply with their obligations in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), including when the only Statements delivered to the shared client come from the DM.

The guidance in this Notice replaces the interim guidance on PM client account statement practices developed by CSA staff that was published in section 4.3.3 of OSC Staff Notice 33-742 – *2013 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers*. We encourage PMs to use the information and guidance in this Notice as a self-assessment tool to strengthen their compliance when they have PMDSAs.

Key points on PMDSAs

- A PM must maintain its own records of its clients' Investment positions and trades, and may not rely on a DM's records as a substitute for its own records.
- We expect the PM and DM to have a written agreement on the PMDSA, which includes the key terms, and the roles and responsibilities of the PM and DM.
- We expect the PM to provide written disclosure to its clients on the PMDSA, which summarizes its purpose and material terms, including the key services provided, and key obligations owed by the PM and DM to the client.
- A PM that holds any Investments for a client must prepare and deliver its own Statements to the client.
- If all of the Investments that a PM is authorized to trade for a client are held by a DM, we are of the view that the PM may satisfy its Statement delivery obligations in NI 31-103 if the DM delivers a Statement to the shared client (covering the same Investment positions and trades) that is compliant with the requirements in IIROC Dealer Member Rules, provided that the PM takes the appropriate steps outlined in this Notice to verify that the DM's Statement is complete, accurate and delivered on a timely basis.

Background on PMDSAs

Currently, there are many PMDSAs in place where a DM provides custody, trading and potentially other services to a PM and its clients, such as assistance with client reporting. For example:

- Some DMs have a line of business to service many PMs.
- A PM may have one or more PMDSAs.
- Some PMs have arrangements with one DM for efficiency and simplicity.
- Some PMs have arrangements with two or more DMs due to client choice, or business reasons such as competition for fees and service, addressing counterparty risk, and to benefit from different service offerings by DMs. In these cases, typically each client of a PM will use the services and be a client of only one DM.

Although PMDSAs may differ, they generally operate as follows:

- An investor enters into an investment management agreement with a PM to give the PM discretionary trading authority to manage their Investments held at a DM, and thus becomes a client of the PM. The PM also collects and documents the client's Know Your Client information so that it can make suitable investments.
- The PM facilitates their client's opening of one or more custodial/trading accounts at a DM by sending the DM's completed account-opening forms to the DM. Upon the DM's review and approval, the PM client also becomes a client of the DM.
- Each client's account at the DM is opened on a fully-disclosed basis where the DM acting as custodian holds the client's Investments in a separate account for the client and knows the client's name and address. This allows the DM to directly send the client a Statement.
- The DM executes, clears and settles trades for the client in their account based on trading instructions from the PM. The DM does not make any trade recommendations to the client, and does not have suitability or annual account performance reporting obligations to the client; rather, these are obligations of the PM.

PMDSAs do not include service arrangements:

- that a PM (also registered as an investment fund manager) enters into with service providers for investment funds it manages, or
- with custodians that are not DMs.

In recent years, PMDSAs have become more widespread. They have also changed from PM client Investments typically being held at DMs on an omnibus basis to typically being held on a fully-disclosed basis. This has resulted in DMs maintaining records of Investment positions and trades for each PM client. Further, client Investments managed by a domestic PM that are held on a fully-disclosed basis at a DM are generally protected within specified limits by the Canadian Investor Protection Fund in the event of the bankruptcy of the DM.

We have identified a number of concerns (**Identified Concerns**) with PMDSAs, including:

- some PMs relying on the DM's records for their clients' Investment positions and trades instead of maintaining their own separate records;
- inadequate or inconsistent agreements between the PM and DM;
- inadequate or inconsistent disclosure to clients; and
- some PMs using the DM's preparation and delivery of Statements to their clients to meet their regulatory obligation to prepare and deliver their own Statements, without taking adequate steps to ensure the DM's Statements are complete and accurate.

Regulatory requirements

PMDSAs are not governed by a specific regulatory framework, but there are a number of regulatory requirements that affect them. While not exhaustive, this section summarizes applicable provisions discussed in this Notice, with a focus on requirements for PMs.

Books and records

Under section 11.5 [*general requirements for records*] of NI 31-103, registered firms must maintain records to accurately record their business activities, financial affairs, and client transactions, and demonstrate the firm's compliance with applicable securities legislation. These include records to:

- permit the identification and segregation of client cash, securities and other property
- identify all transactions conducted on behalf of the firm and each of its clients
- provide an audit trail for client instructions and orders and each trade transmitted or executed for a client
- permit the generation of account activity reports for clients, and
- document the opening of client accounts, including any agreements with clients.

Client statements

Under section 14.14 [*account statements*] of NI 31-103, a PM that holds a client's cash or securities in an account for a client, or makes a transaction for a client during the reporting period, must deliver an account statement to the client at least quarterly (or monthly if applicable). The account statement must contain the information required by the instrument. Also, position cost information as outlined in section 14.14.2 of NI 31-103 must be provided to the client at least quarterly and may be included in the account statement or in a separate document.

Further, under section 14.14.1 [*additional statements*] of NI 31-103, a PM that has trading authority over a client's account in which their cash or securities are held or transacted (but does not hold the cash or securities) must deliver an additional statement to the client at least quarterly (or monthly if applicable). The additional statement must contain the information required by the instrument. Also, position cost information as outlined in section 14.14.2 of NI 31-103 must be provided to the client at least quarterly and may be included in the additional statement or in a separate document.

Please refer to NI 31-103 and its Companion Policy for further information on client statements.

Meanwhile, DMs are subject to client statement requirements for their clients under IIROC Dealer Member Rules, which are materially harmonized with the client statement requirements in NI 31-103. IIROC Dealer Member Rule 200 *Minimum Records* covers client account statements in section 200.2(d). IIROC Dealer Member Rules require position cost information to be included in the client account statements at least quarterly.

The Investment positions, trades and other information that are to be included on account statements and additional statements are to be reported separately for each account of the client. The Statements required by NI 31-103 may not be reported on a consolidated basis where information from two or more separate accounts are combined together into a single summary statement as if they were one account or portfolio (**Consolidated Statement**). Of course, Statements for more than one account may be delivered together in one document or package. However, where appropriate, PMs may provide Consolidated Statements to clients in addition to Statements for each of their accounts. For example, it may be appropriate to do this when the client requests this information or consents to this practice, and it helps the client to better understand their overall investment portfolio. In addition, adequate disclosure should be provided with the Consolidated Statement. For example, a heading stating that it is a "consolidated" or "summary" Statement can be used, together with an explanation of the information being presented, and which accounts are included.

Under most PMDSAs, a PM does not hold any of its clients' cash or securities. Instead, the PM clients' cash and securities are held by a DM in accounts over which the PM has trading authority. In these cases, a PM is to prepare and deliver a Statement to each of its clients which includes a list of cash and securities that are held by the DM (under section 14.14.1) and the transactions (including purchases and sales of securities) the PM made for the client (under section 14.14). Thus, the Statement that is to be issued by the PM is a hybrid of an additional statement (for reporting the client's Investment positions held at the DM) and an account statement (for reporting transactions the PM made for the client, such as trade orders they placed with the DM). In the rest of this Notice, we refer to this Statement as a "**PM Statement**". Meanwhile, the DM must also send a Statement to the same investor, as they are also a client of the DM. The DM is to prepare and deliver an account statement which must include prescribed information about the cash and securities they hold for the client and the transactions they made for the client

(under IIROC Dealer Member Rule 200, section 200.2(d)). In the rest of this Notice, we refer to this Statement as a "**DM Statement**".

We believe investors served under a PMDSA can benefit by receiving both a PM Statement and a DM Statement, since it can be helpful to reconcile the two and in so doing, confirm the content and status of the Investments in their portfolio. A single Statement prepared and delivered jointly on behalf of both the PM and the DM under both firms' names is not an option because of investor protection fund concerns with a "joint" Statement. We are not aware of any firms operating with PMDSAs that follow this practice. As noted above, we are aware of the common practice of PMs operating under PMDSAs to look to the delivery of the DM Statement to also satisfy the PM Statement obligation. We believe that this can be an acceptable practice if the PM takes the appropriate steps outlined in section 5 below titled *How a PM may satisfy its PM Statement obligation to a client when the DM prepares and delivers a DM Statement to the client*.

In the rest of this Notice, we provide information and our guidance on PMDSAs to:

- address the Identified Concerns,
- add consistency and clarity, and
- assist PMs in satisfying the applicable regulatory requirements.

Requirements and CSA staff's expectations for PMDSAs

1. PM must maintain its own records of its clients' Investment positions and trades

Some PMs operating with a PMDSA do not maintain their own books and records for their clients' Investment positions and trades and instead rely entirely on a DM's records (which they have online, read-only access to) as a substitute for the PM maintaining its own books and records.

As indicated above, this is not an acceptable practice. Under section 11.5 of NI 31-103, a PM must maintain books and records to accurately record its clients' cash, securities and other property, and transactions conducted for each of its clients. Although it may outsource elements of the compilation of books and records to an agent, a PM is responsible to verify the completeness and accuracy of the information and maintain it in an accessible form. Further, a PM may not outsource its books and records maintenance to a DM that acts as custodian for its clients because to do so would effectively create an introducing broker – carrying broker arrangement. Under IIROC Dealer Member Rule 35 *Introducing Broker / Carrying Broker Arrangements*, this is only permitted between two DMs and not between a PM and a DM.

As part of maintaining its own books and records of its clients' Investment positions and trades, a PM may use information provided from market participants and service providers, including DMs, financial institution custodians and financial information vendors, provided that the PM takes active steps to ensure that the information is complete and accurate. This should be accomplished, in the case of information on clients' Investment positions and trades, by the PM reviewing and reconciling the information against its other records, such as clients' trade orders and trade confirmations, and by making reconciling adjustments when differences are identified. For example, if the PM's and DM's records for a shared client's Investment positions or trades differ, the PM should research the difference, determine if an adjusting entry is needed, and if so, either make an adjustment to the PM's records or notify the DM so they may adjust their records. It is not an acceptable practice for a PM to simply download or copy information from a DM's or other party's system to its own books and records system, as the PM is responsible for ensuring that its records are complete and accurate.

Note that where a PM makes use of information from DMs or other parties in producing PM Statements or other client disclosure documents, the PM may not include disclaimers as to the completeness or accuracy of the information in the Statement or other disclosure document. The PM is solely responsible for the content of the documents it is required to deliver to clients under NI 31-103.

2. PM to have agreement with DM

We expect all PMs that enter into PMDSAs to have an executed, written agreement with their DM counterparts, as is generally done already. This is consistent with the obligation in section 11.5 of NI 31-103 for a registered firm to maintain records to accurately record its business activities, and with expectations in Part 11 of the Companion Policy to NI 31-103 to have written, legally binding contracts with service providers.

At a minimum, we expect the key terms of the PMDSA to be included in the agreement, along with the roles and responsibilities of the PM and DM under the arrangement. Particularly when signing a standard form agreement with a DM, a PM should ensure that the terms and representations are applicable and accurately describe the arrangement and each party's roles and responsibilities under their specific circumstances.

3. PM to provide disclosure to clients

We expect PMs to prepare and provide each of their clients served under a PMDSA with written disclosure that clearly and concisely explains the arrangement. The disclosure should include:

- the purpose and material terms of the PMDSA,
- the key services provided by the PM and DM to the client, and
- the key obligations owed by the PM and DM to the client.

The PMDSA disclosure is an extension of a PM's obligation in section 14.2 of NI 31-103 to provide relationship disclosure information (**RDI**) to its clients, including a description of:

- the products and services offered to clients, and
- the content and frequency of reporting for each account or portfolio of a client.

Providing this disclosure will help investors to understand who is responsible for each activity or service.

In cases where a PM does not deliver a PM Statement to a client when the client receives a DM Statement (and the PM takes the appropriate steps in this Notice), we expect the PM to inform the client of this practice as part of the PMDSA disclosure to the client. The disclosure should also:

- state that both the PM and DM are responsible for ensuring the information in the client's DM Statement is complete and accurate, and
- provide details for contacting the PM if the client has any questions about information in the DM Statement.

We expect the disclosure to be drafted so that clients receive consistent, complete and accurate information from their PM. If a PM has two or more PMDSAs, we expect the disclosure to be tailored to each arrangement. Also, to avoid investors having to locate and review information from multiple documents, and to help them better understand the PMDSA, we suggest that the PMDSA disclosure be summarized in one document that is provided separately or as part of other RDI.

The disclosure is to be provided to each client before the PM-client relationship begins. When there are any material changes to the PMDSA, we expect the PM to revise the disclosure and notify the client in a timely manner of the changes.

CSA staff have not previously published an indication of our expectation that PMs should provide a client with a summary disclosure of a PMDSA that applies to their account. For clients that are already served under existing PMDSAs, we expect that PMs will take steps to provide this disclosure to their clients in a timely manner (for example within one year of the publication date of this Notice), either separately or as part of another communication to clients.

4. PM must deliver account statements to a client if they hold any of the client's Investments

Typically, most PMs do not hold any of their clients' Investments. PM client Investments are generally held at a separate entity that provides custodian services, including DMs. However, some PMs hold client Investments, such as cash in a trust account, or share certificates for investments in private companies. A PMDSA will not be applicable to such cases, although there might also be other assets of the same client that are held in an account with a DM that are subject to a PMDSA.

When a PM holds client Investments, it must only do so in accordance with the applicable custody requirements under securities legislation.

Further, a PM that holds client Investments is required under section 14.14 of NI 31-103 to prepare and deliver an account statement to the client at least quarterly (monthly, if requested by the client), which includes information on the Investments held, and transactions made for the client. Section 14.14(7) of NI 31-103 explains when a security is considered to be held by a PM for a client.

5. How a PM may satisfy its PM Statement obligation to a client when the DM prepares and delivers a DM Statement to the client

Many PMs operating with PMDSAs currently issue a PM Statement to their clients, in addition to a DM Statement issued by the DM acting as the client's custodian. This allows the client to reconcile the two Statements and in so doing, confirm the content and status of their Investments. However, as noted above, some PMs do not issue a PM Statement to their clients. It can be argued that this practice avoids unnecessary duplication, since the client receives a DM Statement that typically contains the same information as the PM Statement would when the PM does not hold any of the client's Investments. Nonetheless, the PM is responsible for the timely delivery to each of its clients of complete and accurate information about the Investments that the PM is authorized to trade on behalf of the client. It is therefore essential that a PM adequately discharges that responsibility, regardless of whether it delivers PM Statements (in addition to DM Statements) or the client only receives a DM Statement.

The ways that PMs can meet their PM Statement obligations under a PMDSA include:

i) PMs may continue (or start a practice) to issue a PM Statement to their clients when the DM issues a DM Statement to the client. Under this option, a PM Statement is to be prepared and delivered for each of the client's custody/trading accounts at the DM in which the PM has trading authority over, that includes all of the information required by sections 14.14, 14.14.1 and 14.14.2 of NI 31-103;

ii) PMs may decide to stop issuing (or continue a current practice of not issuing) a PM Statement when the DM issues a DM Statement by taking the appropriate steps below; or

iii) PMs may continue (or start a practice) to issue, where appropriate, a Consolidated Statement to their clients (but not also a PM Statement for each DM account the PM has trading authority over) when the DM issues a DM Statement by taking the appropriate steps below.

If a PM does not issue a PM Statement for each of its clients' DM accounts that it has trading authority over, we expect the PM to take appropriate steps to verify that the client receives complete, accurate and timely account reporting from the DM that meets all applicable regulatory requirements, as explained below.

In CSA staff's view, a PM operating with a PMDSA can satisfy its PM Statement obligation to a client when that client's DM acting as custodian sends a DM Statement to the client (for each of the client's accounts at the DM), provided that the PM takes all of the following steps, which, taken together, we consider to be appropriate for the PM to meet its related regulatory responsibilities:

Appropriate steps for PM to take if not preparing and delivering PM Statements

a) The PM ensures that it does not hold any of the Investments it manages for the client, and verifies that the client's Investments it manages (and has trading authority over) are held at a DM on a fully-disclosed basis for the client (i.e., in a separate account for the client where the DM knows the name and address of the client).

If a PM holds any of the client's Investments, or has trading authority over any of the client's Investments that are not held in the client's account at a DM, then the PM may not rely on the DM Statement to satisfy its Statement delivery obligations in NI 31-103 for that client. In this case, the PM is to issue its own Statements covering all of the client's Investments that it holds or has trading authority over.

b) The PM confirms that, for each of the client's accounts at the DM, a DM Statement is delivered to the client by the DM at the required frequency, and with the required content. This may be done, for example, by the PM receiving a copy of the DM Statement or testing the preparation and delivery practices of the DM.

Note that we would not consider a DM to have delivered a Statement to a client if the DM Statement was provided first to the PM for the PM to then send on to the client.

c) The PM takes reasonable steps to verify that the content (such as transaction and Investment position information, including position cost and market values) of the DM Statements issued to its clients are complete and accurate, including by regularly reconciling its books and records of client Investment positions and trades against the DM's records, and maintaining evidence of the reconciliations.

d) The PM includes in its written disclosure to the client on the PMDSA:

- a statement indicating that the PM does not deliver PM Statements to the client since the client receives a DM Statement;
- a statement that both the PM and DM are responsible for ensuring the information in the DM Statement is complete and accurate; and
- details for contacting the PM if the client has any questions about information in the DM Statement.

e) The PM ensures that it complies with any existing or future client requests or agreements to receive PM Statements from the PM, supplemental to a DM Statement from the DM.

f) The PM ensures that the market value data it uses in the preparation of the client's annual investment performance report under section 14.18 of NI 31-103 is the same as the data presented in the relevant DM Statements delivered to the client.

If a PM does not take all of the appropriate steps a) to f) enumerated above when it does not prepare and deliver its own PM Statements, then CSA staff would take the view that the PM is inappropriately relying on the delivery of DM Statements to satisfy its own obligation to deliver PM Statements.

If a PM decides to satisfy its PM Statement obligation by taking the above appropriate steps, we would expect the PM to establish reasonable written policies and procedures for ensuring that it takes those steps (initially and on a periodic basis) and adequately documents their execution, so that it can demonstrate to CSA staff how it is meeting its obligation.

Other PM client reporting obligations

The discussion above applies to PMs for their PM Statement obligations when they have entered into a PMDSA. It does not deal with a PM's obligations under sections 14.17 and 14.18 of NI 31-103 to issue to its clients an annual report on charges and other compensation and an annual investment performance report, which came into effect on July 15, 2016. These reports should be issued by PMs under the PM firm's name.

A DM operating with a PMDSA will not be required to provide an investment performance report in respect of the securities subject to the PMDSA. Paragraph 14.18(5)(b) of NI 31-103 provides an exemption from the investment performance report delivery requirement where a DM only executes trades directed by a PM. A DM operating with a PMDSA may be required to provide a report on charges and other compensation to the client, depending on how the DM is compensated for its services under the PMDSA.

In any event, to discharge their RDI obligations, we expect both the PM and DM to take reasonable steps to ensure that the client understands the compensation arrangements associated with the PMDSA as it relates to their account. PMs and DMs may also find it helpful to include explanatory notes or reminders in reports on charges and other compensation, if they are concerned that disclosure of payments relating to a PMDSA has the potential to be confusing to a client.

Next steps

Through ongoing compliance reviews of PMs, CSA staff will continue to review PMDSAs, including books and records, client statement practices, agreements and disclosure. CSA staff will apply the information and guidance in this Notice when assessing compliance by PMs with their obligations in NI 31-103.

Questions

Please refer your questions to any of the following:

Trevor Walz
Senior Accountant
Compliance and Registrant Regulation
Ontario Securities Commission
416-593-3670
twalz@osc.gov.on.ca

Edwin Leong
Senior Compliance Analyst
British Columbia Securities Commission
604-899-6682 and 1-800-373-6393
eleong@bcsc.bc.ca

Paula White
Deputy Director, Compliance and Oversight
The Manitoba Securities Commission
204-945-5195 and 1-800-655-5244 (Toll Free (Manitoba only))
paula.white@gov.mb.ca

To-Linh Huynh
Senior Analyst, Securities
Financial and Consumer Services Commission (New Brunswick)
506-643-7856
to-linh.huynh@fcnb.ca

Éric Jacob
Directeur des services d'inspection
Autorité des marchés financiers
514-395-0337, extension 4741
eric.jacob@lautorite.qc.ca

Curtis Brezinski
Compliance Auditor, Capital Markets
Securities Division
Financial and Consumer Affairs Authority of Saskatchewan
306-787-5876
curtis.brezinski@gov.sk.ca

Chris Pottie
Manager, Compliance and SRO Oversight
Nova Scotia Securities Commission
902-424-5393
chris.pottie@novascotia.ca

Reid Hoglund
Regulatory Analyst
Alberta Securities Commission
403-297-2991
reid.hoglund@asc.ca

Craig Whalen
Manager of Licensing, Registration and Compliance
Office of the Superintendent of Securities
Newfoundland and Labrador
709-729-5661
cwhalen@gov.nl.ca

Tom Hall
Superintendent of Securities
Office of the Superintendent of Securities, Northwest Territories
867-767-9305
tom_hall@gov.nt.ca

Rhonda Horte
Securities Officer
Office of the Yukon Superintendent of Securities
867-667-5466
rhonda.horte@gov.yk.ca

Steven Dowling
Acting Director
Government of Prince Edward Island
Superintendent of Securities
902-368-4551
sddowling@gov.pe.ca

Jeff Mason
Superintendent of Securities
Department of Justice, Government of Nunavut
867-975-6591
jmason@gov.nu.ca

1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 William Raymond Malone – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
WILLIAM RAYMOND MALONE

NOTICE OF HEARING
(Subsections 127(1) and 127(10) of the Securities Act)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on December 1, 2016 at 11:00 a.m., or as soon thereafter as the hearing can be held;

TO CONSIDER whether, pursuant to subsection 127(1) and paragraph 4 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against William Raymond Malone ("Malone") that:

    a. Malone resign any positions that he holds as a director or officer of any issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;

    b. Malone be prohibited from becoming or acting as a director or officer of any issuer, pursuant to paragraph 8 of subsection 127(1) of the Act; and

    c. Malone be prohibited from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

    until the later of:

    i. the date that Malone successfully completes a course of study satisfactory to the British Columbia Securities Commission's (the "BCSC") Executive Director concerning the duties and responsibilities of directors and officers;

    ii. the date that Malone pays to the BCSC the administrative penalty ordered in subparagraph 25(2) of the BCSC's Order dated October 3, 2016 (the "BCSC Order"); and

    iii. October 3, 2023;

2. such other order or orders as the Commission considers appropriate.

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated November 8, 2016, and by reason of the BCSC Order, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on December 1, 2016 at 11:00 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168 and section 5.1 of the *Statutory Powers Procedure Act*, RSO 1990, c S.22, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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

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

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

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

DATED at Toronto this 9th day of November, 2016.

"Grace Knakowski"
Secretary to the Commission

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

AND

IN THE MATTER OF
WILLIAM RAYMOND MALONE

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission (“Staff”) allege:

I. OVERVIEW

1. William Raymond Malone (“Malone” or the “Respondent”) is subject to an order made by the British Columbia Securities Commission (the “BCSC”) dated October 3, 2016 (the “BCSC Order”) that imposes sanctions, conditions, restrictions or requirements upon him.

2. In its findings on liability dated August 3, 2016 (the “Findings”), a panel of the BCSC (the “BCSC Panel”) found that Malone breached the terms of a previous settlement agreement between Malone and the BCSC, which prohibited Malone from acting as a director or officer of any issuer and engaging in investor relations activities.

3. Staff are seeking an inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5 (the “Act”).

II. THE BCSC PROCEEDINGS

The BCSC Findings

4. The conduct for which Malone was sanctioned took place between 2010 and 2013 (the “Material Time”).

5. As of the date of the Findings, Malone was a resident of Richmond, British Columbia.

6. On January 29, 2009, Malone entered into a settlement agreement with the BCSC relating to a different matter. The resulting order (the “January 2009 Order”) prohibited Malone from acting as a director or officer of any issuer and from engaging in investor relations activities before the later of January 29, 2012, or the date Malone successfully completed a course of study satisfactory to the BCSC’s Executive Director concerning the duties and responsibilities of directors and officers.

7. As of January 26, 2015, Malone confirmed to the BCSC that he had not completed a course of study as required by the terms of the January 2009 Order. Therefore, the terms of the January 2009 Order remained in effect until at least January 26, 2015.

8. In March 2010, Malone incorporated a British Columbia company named Lion King Resources Inc. (“Lion King”). As of the date of the Findings, Lion King was not a reporting issuer in British Columbia. Lion King’s business was to promote and develop an iron ore property in the Atacama region in Chile.

9. Lion King had several directors during the Material Time, including Malone’s son. The BCSC Panel found, however, that Malone made most, if not all, operational decisions on behalf of the company. While the terms of the January 2009 Order were still in effect, Malone was responsible for various aspects of Lion King’s operations, including, among other things, having signing authority over Lion King’s bank accounts, and negotiating contracts with respect to Lion King’s acquisition of interests in mining properties in Chile. Malone also participated in the only formal meeting of the board of Lion King held in March 2013.

10. In early 2013, Lion King engaged in negotiations with a third party with respect to a joint venture. The BCSC Panel found that correspondence at the time between Lion King board members suggested they viewed Malone as a key member of the mind and management of Lion King and its business activities.

11. The BCSC Panel also found that Malone breached the January 2009 Order by soliciting a British Columbia resident to purchase securities in Lion King during the Material Time. Malone introduced the investor to the opportunity to

purchase securities of Lion King, and even provided him with samples of sand containing iron ore taken from Lion King's Chilean property. In July 2010, the investor purchased 33,333 shares of Lion King for $5,000.

12. In its Findings, the BCSC Panel concluded that:

    a. Malone breached the January 2009 Order while it was in effect by conducting investor relations activities in British Columbia with respect to the sale of Lion King shares; and

    b. Malone breached the January 2009 Order by acting as a de facto director and/or officer of Lion King.

The BCSC Order

13. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Malone:

    a. under sections 161(1)(d)(i) through (v) of the British Columbia Securities Act, RSBC 1996, c 418 (the "BC Act"):

        1. Malone resign any positions that he holds as, and is prohibited from becoming or acting as, a director or officer of any issuer;

        2. Malone is prohibited from becoming or acting as a registrant or promoter;

        3. Malone is prohibited from acting in a management or consultative capacity in connection with activities in the securities market; and

        4. Malone is prohibited from engaging in investor relations activities,

        until the later of:

        a) the date that Malone successfully completes a course of study satisfactory to the BCSC's Executive Director concerning the duties and responsibilities of directors and officers;

        b) the date that Malone pays to the BCSC the amount in paragraph 13(a)(5) below; and

        c) October 3, 2023;

        5. under section 162 of the BC Act, that Malone pay to the BCSC an administrative penalty of $60,000.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

14. The Respondent is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon him.

15. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.

16. Staff allege that it is in the public interest to make an order against the Respondent.

17. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

18. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission Rules of Procedure.

DATED at Toronto, this 8th day of November, 2016.

1.3.2 Michael Patrick Lathigee et al. – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
MICHAEL PATRICK LATHIGEE,
EARLE DOUGLAS PASQUILL,
FIC REAL ESTATE PROJECTS LTD.,
FIC FORECLOSURE FUND LTD. and
WBIC CANADA LTD.

NOTICE OF HEARING
(Subsections 127(1) and 127(10) of the Securities Act)

TAKE NOTICE THAT the Ontario Securities Commission (the “Commission”) will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the “Act”), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on November 30, 2016 at 10:00 a.m., or as soon thereafter as the hearing can be held;

TO CONSIDER whether, pursuant to subsection 127(1) and paragraph 4 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against Michael Patrick Lathigee (“Lathigee”) that:

   a. trading in any securities or derivatives by Lathigee cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act, except trades that are made for his own account through a registrant who has been first given a copy of the British Columbia Securities Commission’s Order dated March 16, 2015 (the “BCSC Order”), and a copy of the Order of the Commission in this proceeding, if granted;

   b. the acquisition of any securities by Lathigee be prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act, except acquisitions that are made for his own account through a registrant who has been first given a copy of the BCSC Order, and a copy of the Order of the Commission in this proceeding, if granted;

   c. any exemptions contained in Ontario securities law do not apply to Lathigee permanently, pursuant to paragraph 3 of subsection 127(1) of the Act, except for those exemptions necessary for him to trade or acquire securities for his own account;

   d. Lathigee resign any positions he holds as a director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;

   e. Lathigee be prohibited permanently from becoming or acting as a director of officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, except that he may act as a director or officer of one issuer whose securities are solely owned by him or by him and his immediate family members (being: Lathigee’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, or brother or sister-in-law); and

   f. Lathigee be prohibited permanently from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

2. against Earle Douglas Pasquill (“Pasquill”) that:

   a. trading in any securities or derivatives by Pasquill cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act, except trades that are made his own account through a registrant who has been first given a copy of the BCSC Order, and a copy of the Order of the Commission in this proceeding, if granted;

   b. the acquisition of any securities by Pasquill be prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act, except aquisitions that are made for his own account through a registrant who has been first given a copy of the BCSC Order, and a copy of the Order of the Commission in this proceeding, if granted;

c. any exemptions contained in Ontario securities law do not apply to Pasquill permanently, pursuant to paragraph 3 of subsection 127(1) of the Act, except for those exemptions necessary for him to trade or acquire securities for his own account;

d. Pasquill resign any positions he holds as a director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;

e. Pasquill be prohibited permanently from becoming or acting as a director of officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act; and

f. Pasquill be prohibited permanently from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

3. against each of FIC Real Estate Projects Ltd., FIC Foreclosure Fund Ltd. and WBIC Canada Ltd. (collectively, the "Corporate Respondents") that:

   a. trading in any securities of the Corporate Respondents cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;

   b. trading in any securities or derivatives by the Corporate Respondents cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;

   c. the acquisition of any securities by the Corporate Respondents be prohibited permanently, pursuant to paragraph 2.1 of the Act; and

   d. any exemptions contained in Ontario securities law do not apply to the Corporate Respondents permanently, pursuant to paragraph 3 of subsection 127(1) of the Act.

4. such other order or orders as the Commission considers appropriate.

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated November 8, 2016, and by reason of the BCSC Order and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on November 30, 2016 at 10:00 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168 and section 5.1 of the *Statutory Powers Procedure Act*, RSO 1990, c S.22, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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

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

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

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

DATED at Toronto this 9th day of November, 2016.

"Grace Knakowski"
Secretary to the Commission

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

AND

IN THE MATTER OF
MICHAEL PATRICK LATHIGEE,
EARLE DOUGLAS PASQUILL,
FIC REAL ESTATE PROJECTS LTD.,
FIC FORECLOSURE FUND LTD. and
WBIC CANADA LTD.

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("Staff") allege:

I. OVERVIEW

1. Michael Patrick Lathigee ("Lathigee"), Earle Douglas Pasquill ("Pasquill"), FIC Real Estate Projects Ltd. ("FIC Projects"), FIC Foreclosure Fund Ltd. ("FIC Foreclosure") and WBIC Canada Ltd. ("WBIC") (collectively, the "Respondents") are subject to an order made by the British Columbia Securities Commission (the "BCSC") dated March 16, 2015 (the "BCSC Order") that imposes sanctions, conditions, restrictions or requirements upon them.

2. In its findings on liability dated July 8, 2014 (the "Findings"), a panel of the BCSC (the "BCSC Panel") found that each of the Respondents perpetrated a fraud in contravention of section 57(b) of the British Columbia *Securities Act*, RSBC 1996, c 418 (the "BC Act"). Further, Lathigee, Pasquill and FIC Foreclosure were found to have perpetrated a second fraud in contravention of section 57(b) of the BC Act.

3. Staff are seeking an inter-jurisdictional enforcement order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, RSO 1990, c S.5 (the "Act").

II. THE BCSC PROCEEDINGS

Background

4. The conduct for which the Respondents were sanctioned took place between approximately February and August of 2008 (the "Material Time").

5. During the Material Time, Lathigee and Pasquill were residents of British Columbia. Lathigee and Pasquill jointly directed and controlled a group of companies called Freedom Investment Club ("FIC Group"). Lathigee and Pasquill were the sole individuals directing the affairs of the FIC Group, which included FIC Projects, FIC Foreclosure, WBIC (collectively, the "Corporate Respondents").

6. Lathigee and Pasquill were directors and officers of all of the companies in the FIC Group, including the Corporate Respondents. Further, Lathigee and Pasquill were, respectively, the CEO and president of FIC Projects and WBIC, and the president and secretary of FIC Foreclosure.

7. FIC Group was Lathigee's concept. The idea was to educate investors about the investment and provide opportunities to investors to participate in FIC Group offerings. The meetings typically had a so-called educational component accompanied by a presentation, typically made by Lathigee about current investment opportunities.

8. FIC Group's primary business was real estate development. Several different FIC Group companies were involved in various development projects. FIC Group's largest development project was Genesis on the Lakes ("Genesis"), a residential development near Edmonton, Alberta. Genesis was being developed in two phases. The first phase was divided into two sub-phases, 1A and 1B. Phase 1A of the Genesis project was financed by credit facilities and loans from the Toronto-Dominion Bank ("TD") to an FIC Group company called Genesis on the Lakes Ltd.

The TD Credit Facility

9. FIC Group's credit facility at TD totalled $22.1 million. Security for the facility included a $22.1 million first mortgage against the Genesis project lands, an assignment of an investment portfolio held by a FIC Group company called 0760838 BC Ltd ("076") and an assignment of $3 million of FIC Group term deposits and credit balances.

10. FIC Group was required to maintain the market value of the 076 investment portfolio at a minimum market value of $9 million for the life of the Genesis project. The TD credit facility also required that no subsequent encumbrances be filed on the Genesis lands subject to the mortgage.

11. At the end of January 2008, the market value of the 076 portfolio was $7.1 million, a deficiency of nearly $2 million. By the end of May 2008, the market value had fallen to $4.9 million, a deficiency of over $4 million. The evidence indicated that only on one day during the Material Time was the portfolio value close to the $9 million requirement.

12. On February 7, 2008, contractors registered builders' liens totalling $5 million against Phase 1 of the Genesis project.

13. From March to May of 2008, Lathigee, Pasquill and other members of the FIC Group management team repeatedly expressed concern over the status of the credit facility.

14. The BCSC Panel found that the sustained material shortfall in the market value of the 076 investment portfolio and filed liens were a material default of the requirements under the TD credit facility. The BCSC Panel further found that the FIC Group was exposed to the significant risk that TD might decide to call the loans immediately, and if it had done so, the FIC Group would have immediately become insolvent.

Genesis Project Status

15. At the end of January 2008, the FIC Group combined financial statements showed that Genesis contractors were owed $9.6 million for work completed to that date. By the end of February 2008, the Genesis contractor had billed at least $8 million for work done ahead of the project budget schedule, relating to the second phase of the project, whereas the TD credit facility was only for the first phase. There was no funding for phase two, and the contractor was looking for payment.

16. FIC Group management repeatedly expressed their concerns about this cost overrun. Lathigee proposed an offering to FIC Group members for equity participation in Genesis. The equity idea was not pursued.

17. The BCSC Panel found that Genesis incurred $10 million in cost overruns that FIC Group could not account for, and that there was no other source to fund the $8 million in contractor invoices that did not qualify for funding under the TD credit facility. Further, the BCSC Panel found that the profit expectations for Genesis were diminished, with no profit expectation for the first phase of the Genesis project, and that the expectations for the second phase were cut in half, and could have been zero.

Cash Flow Problems

18. Starting in January 2008, FIC Group management began to express concerns over the FIC Group's cash flow position. Up to July 2008, FIC Group's management repeatedly expressed concern through a series of e-mail exchanges over incoming liabilities and their inability to meet their financial obligations.

19. Starting in February 2008, FIC Group management raised funds through FIC Foreclosure. Starting in March 2008, funds were raised through a FIC Projects distribution, and a further distribution commenced in April 2008 through WBIC.

20. As funds from the distributions made by the FIC Group entities flowed in, Lathigee and Pasquill diverted them towards meeting FIC Group's existing liabilities, including funding the 076 investment portfolio deficiency. Funds were distributed among other FIC Group entities according to where cash was needed through a web of inter-company loan arrangements.

21. Despite the persistent cash shortfall during the Material Time, Lathigee sought further funds to invest in foreclosures.

22. The BCSC Panel found that the FIC Group was experiencing severe cash flow problems during the Material Time, and that management had given their close attention to the cash flow issues throughout the Material Time, demonstrating concern and crisis through their communications.

Important Facts

23. The BCSC Panel found that the defaults on the TD credit facility, the Genesis project status and cash flow problems in the FIC Group entities were each important facts. In combination, these facts further revealed the important fact that there was a reasonable possibility that FIC Group could become insolvent during the Material Time.

The FIC Projects and WBIC Distributions

24. On March 7, 2008, Lathigee held a conference call and webcast to promote a distribution by FIC Projects, describing it as a “cash flow opportunity”.

25. During that conference call, Lathigee stated that the FIC Group had over $100 million in real estate assets and was seeking to raise $10 million. The promissory notes offered paid annual interest of 12 to 15 percent depending on the investment amount. Lathigee further told conference call participants that the purpose of the distribution was to enable FIC to more quickly develop its Edmonton real estate projects.

26. The reference to the $100 million in assets did not account for encumbrances associated with those assets, which were approximately $50 million at the time.

27. There was no mention of the FIC Group’s financial condition, namely its severe cash flow problems during the conference call. Nor was there any disclosure of the FIC Group’s financial condition in the offering memorandum for the WBIC distribution.

28. In March, April and July of 2008, FIC Projects issued promissory notes to 267 investors for proceeds of $9.8 million.

29. In April and May of 2008, WBIC issued Class A shares to 100 investors for proceeds of $2 million.

30. The BCSC Panel found that none of the funds raised from the FIC Projects distribution were used towards anything that would produce cash flow for investors. Instead, $5 million was used to top up the 076 investment portfolio and to pay Genesis contractors to remove the liens, $3.4 million was split between funds returned to FIC Foreclosure and funds held in reserve to meet interest payments on the promissory notes themselves, with the remaining $1.6 million going to overhead and third-party payments.

Misuse of Funds by FIC Foreclosure

31. From February to April 2008, FIC Foreclosure raised $1.5 million through the distribution of Class A shares to 39 investors under the accredited investor exemption. From April to June 2008, FIC Foreclosure raised another $8.4 million through the distribution of Class A shares to another 292 investors under the offering memorandum exemption.

32. In the subscription agreements, offering memorandum and conference call held by Lathigee, investors were told that FIC Foreclosure was formed expressly for the purpose of investing in foreclosure properties in the US residential real estate market. Lathigee further told investors that there were large inventories available and FIC Foreclosure had to act quickly and also that FIC Foreclosure was ready to act and on the verge of making a number of acquisitions.

33. Lathigee also told investors during the conference call that FIC Foreclosure could earn an annualized rate of return of 132% over a period of six months.

34. Of the $9.9 million raised, only $1.4 million was spent on foreclosure properties and another $751,000 on rental properties and tax liens. The funds were never used for their stated purpose. Most of the funds, about $7.8 million, were transferred to other FIC Group companies in order to, among other things, pay existing liabilities and overhead expenses of the FIC Group.

The BCSC Findings

35. In its Findings, the BCSC Panel concluded that:

    a. Lathigee, Pasquill, FIC Foreclosure, FIC Projects and WBIC perpetrated a fraud, contrary to section 57(b) of the BC Act when they raised $21.7 million from 698 investors without disclosing to those investors the important fact of FIC Group’s financial condition; and

    b. Lathigee, Pasquill and FIC Foreclosure perpetrated a fraud, contrary to section 57(b) of the BC Act when they raised $9.9 million from 331 investors in FIC Foreclosure for the purpose of investing in foreclosure properties and instead used most of the funds to make unsecured loans to other FIC Group companies.

The BCSC Order

36. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon the Respondents:

a. upon the Corporate Respondents:

i. under sections 161(1)(b)(i), (d)(v) and (c) of the BC Act, respectively:

1. all persons permanently cease trading in, and be permanently prohibited from purchasing, any securities or exchange contracts of the Corporate Respondents;

2. the Corporate Respondents are permanently prohibited from engaging in investor relations activities;

3. the exemptions set out in the BC Act, the regulations or any decision as defined in BC Act, do not apply to the Corporate Respondents permanently;

ii. under section 161(1)(g) of the BC Act, that:

1. FIC Projects pay to the BCSC $9.8 million;

2. FIC Foreclosure pay to the BCSC $9.9 million; and

3. WBIC pay to the BCSC $2 million;

b. upon Lathigee:

i. under sections 161(1)(d)(i), (b)(ii), (d)(ii) to (v) and (c) of the BC Act, respectively:

1. Lathigee resign any position he holds as a director or officer of an issuer or registrant;

2. Lathigee cease trading in, and be permanently prohibited from purchasing, any securities or exchange contracts, except that he may trade and purchase them for his own account through a registrant if he gives the registrant a copy of the BCSC Order;

3. Lathigee is permanently prohibited from becoming or acting as a director or officer of any issuer or registrant, except that he may act as a director or officer of one issuer whose securities are solely owned by him or by him and his immediate family members;

4. Lathigee is permanently prohibited from becoming or acting as a promoter;

5. Lathigee is permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market;

6. Lathigee is permanently prohibited from engaging in investor relations activities; and

7. except for those exemptions necessary to allow Lathigee to trade or purchase securities and exchange contracts for his own account, the exemptions set out the in the BC Act, the regulations or any decision as defined in the BC Act, do not apply to Lathigee permanently;

ii. under section 161(1)(g) of the BC Act, that Lathigee pay to the BCSC $21.7 million; and

iii. under section 162 of the BC Act, that Lathigee pay to the BCSC an administrative penalty of $15 million;

c. upon Pasquill;

i. under sections 161(1)(d)(i), (b)(ii), (d)(ii) to (v) and (c) of the BC Act, respectively:

1. Pasquill resign any position he holds as a director or officer of an issuer or registrant;

2. Pasquill cease trading in, and be permanently prohibited from purchasing, any securities or exchange contracts, except that he may trade and purchase them for his own account through a registrant if he gives the registrant a copy of the BCSC Order;

3. Pasquill is permanently prohibited from becoming or acting as a director or officer of any issuer or registrant;

4. Pasquill is permanently prohibited from becoming or acting as a promoter;

5. Pasquill is permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market;

6. Pasquill is permanently prohibited from engaging in investor relations activities; and

7. except for those exemptions necessary to allow Pasquill to trade or purchase securities and exchange contracts for his own account, the exemptions set out the in the BC Act, the regulations or any decision as defined in the BC Act, do not apply to Pasquill permanently;

ii. under section 161(1)(g) of the BC Act, that Pasquill pay to the BCSC $21.7 million; and

iii. under section 162 of the BC Act, that Pasquill pay to the BCSC an administrative penalty of $15 million;

d. FIC Projects, Lathigee and Pasquill be jointly and severally liable for $9.8 million ordered under section 161(1)(g) of the BC Act and that no amount in excess of $9.8 million be paid by them under the BCSC Order;

e. FIC Foreclosure, Lathigee and Pasquill be jointly and severally liable for $9.9 million ordered under section 161(1)(g) of the BC Act and that no amount in excess of $9.9 million be paid by them under the BCSC Order; and

f. WBIC, Lathigee and Pasquill be jointly and severally liable for $2 million ordered under section 161(1)(g) of the BC Act and that no amount in excess of $2 million be paid by them under the BCSC Order.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

37. The Respondents are subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon them.

38. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.

39. Staff allege that it is in the public interest to make an order against the Respondents.

40. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

41. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission *Rules of Procedure*.

DATED at Toronto, this 8th day of November, 2016.

1.5 Notices from the Office of the Secretary

1.5.1 Optam Holdings Inc. et al.

FOR IMMEDIATE RELEASE
November 14, 2016

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

AND

IN THE MATTER OF
OPTAM HOLDINGS INC.,
INFINIVEST MORTGAGE
INVESTMENT CORPORATION,
and WADE ROBERT CLOSSON

TORONTO – Take notice that the hearing in the above named matter scheduled to be heard on November 16, 2016 at 10:00 a.m., will be heard on November 16, 2016 at 11:00 a.m.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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 William Raymond Malone

FOR IMMEDIATE RELEASE
November 14, 2016

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

AND

IN THE MATTER OF
WILLIAM RAYMOND MALONE

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to Subsections 127(1) and 127(10) of the *Securities Act* setting the matter down to be heard on December 1, 2016 at 11:00 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated November 9, 2016 and Statement of Allegations of Staff of the Ontario Securities Commission dated November 8, 2016 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.3 Michael Patrick Lathigee et al.

FOR IMMEDIATE RELEASE
November 15, 2016

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

AND

IN THE MATTER OF
MICHAEL PATRICK LATHIGEE,
EARLE DOUGLAS PASQUILL,
FIC REAL ESTATE PROJECTS LTD.,
FIC FORECLOSURE FUND LTD. and
WBIC CANADA LTD.

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to Subsections 127(1) and 127(10) of the *Securities Act* setting the matter down to be heard on November 30, 2016 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated November 9, 2016 and Statement of Allegations of Staff of the Ontario Securities Commission dated November 8, 2016 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.4 MM Café Franchise Inc. et al.

FOR IMMEDIATE RELEASE
November 15, 2016

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

AND

IN THE MATTER OF
MM CAFÉ FRANCHISE INC.,
TECHOCAN INTERNATIONAL CO. LTD.,
1727350 ONTARIO LTD.,
MARIANNE GODWIN,
DAVE GARNET CRAIG and
HAIYAN (HELEN) GAO JORDAN

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

1. Jordan, Techocan and 1727350 shall provide to Staff and the other respondents their witness lists and witness summaries, and Godwin shall provide to Staff and the other respondents her witness list by December 15, 2016;

2. Jordan, Techocan and 1727350 shall provide a response, if any, to Staff's proposed Agreed Statement of Facts by December 15, 2016;

3. the hearing on the merits shall commence on April 19, 2017 at 10:00 a.m., and continue thereafter on April 20, 21, 27 and 28, May 1, 3, 4, 5, 8, 9, 10, 23, 24, 26, 30 and 31 and June 1 and 2, 2017; and

4. the Third Appearance shall be continued at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario, on December 15, 2016 at 9:30 a.m., or as soon thereafter as the hearing can be held.

A copy of the Order dated November 15, 2016 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
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)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 AGF Investments Inc. et al.

Headnote

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

Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 59(1), 147.
National Instrument 41-101 General Prospectus Requirements, s.19.1.
Form 41-101F2 Information Required in an Investment Fund Prospectus, Item 36.2.
National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s.6.1.

October 21, 2016

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

AND

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

AND

**IN THE MATTER OF
AGF INVESTMENTS INC.
(the Filer)**

AND

**QUANTSHARES ENHANCED CORE CANADIAN EQUITY ETF,
QUANTSHARES ENHANCED CORE US EQUITY ETF,
QUANTSHARES ENHANCED CORE INTERNATIONAL EQUITY ETF,
QUANTSHARES ENHANCED CORE EMERGING MARKETS EQUITY ETF,
QUANTSHARES GLOBAL EQUITY ROTATION ETF,
QUANTSHARES MULTIASSET ALLOCATION ETF,
QUANTSHARES MULTIASSET INCOME ALLOCATION ETF
(collectively, the Proposed Funds)**

DECISION

Background

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

(a) exempts the Filer and each Fund from the requirement to include a certificate of an underwriter in a Fund's prospectus (the **Underwriter's Certificate Requirement**);

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

(c) exempts a person or company purchasing ETF Securities in the normal course through the facilities of the TSX or another Marketplace from the Take-Over Bid Requirements (as defined below)

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

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

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

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

Interpretation

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

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

Authorized Dealer means a registered dealer that has entered, or intends to enter, into an agreement with the manager of a Fund authorizing the dealer to subscribe for, purchase and redeem Creation Units from one or more Funds on a continuous basis from time to time.

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

ETF Facts means a prescribed summary disclosure document required pursuant to amendments to the Legislation made after the date of this decision, in respect of one or more classes or series of ETF Securities being distributed under a prospectus.

ETF Security means a listed security of a Fund.

Marketplace means a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* that is located in Canada.

Net Asset Value per Unit means in relation to a particular Fund, the net asset value per ETF Security (of a class or series) of the Fund.

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

Prescribed Number of ETF Securities means the number of ETF Securities of a Fund determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Prospectus Delivery Decision means a decision granting relief from the Prospectus Delivery Requirement to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer dated August 24, 2015 and any subsequent decision granted to a Designated Broker, Authorized Dealer, Affiliate Dealer or Other Dealer that grants similar relief.

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

Securityholders means beneficial and registered holders of ETF Securities.

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

Take-Over Bid Requirements means the requirements applicable to take-over bids in Part 2 of National Instrument 62-104 *Take-Over Bids and Issuer Bids*.

TSX means the Toronto Stock Exchange.

Representations

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

1. The Filer is a corporation incorporated under the laws of the Province of Ontario, with its head office located at Toronto-Dominion Bank Tower, 31st Floor, 66 Wellington Street West, Toronto, Ontario, M5K 1E9.

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

3. The Filer, or an affiliate of the Filer, is or will be the manager of the Funds. The Funds are or will be mutual fund trusts governed by the laws of the Province of Ontario and each Fund will be a reporting issuer under the laws of all of the Jurisdictions. Each Fund offers or will offer one or more classes or series of ETF Securities.

4. Subject to any exemption that may be granted by the applicable securities regulatory authorities, the Funds will be subject to NI 81-102 and Securityholders of each Fund will have the right to vote at a meeting of Securityholders of the Fund in respect of matters prescribed by NI 81-102.

5. The ETF Securities of each Fund will be listed on the TSX or another Marketplace.

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

7. The Filer is registered as an investment fund manager in the provinces of Ontario, Alberta, British Columbia, Newfoundland and Labrador and Quebec, a portfolio manager in each of the provinces and territories, a mutual fund dealer in the provinces of Ontario, British Columbia and Quebec and an exempt market dealer and commodity trading manager in the province of Ontario.

8. ETF Securities will be distributed on a continuous basis in one or more of the Jurisdictions under a prospectus. A Prescribed Number of ETF Securities (a **Creation Unit**) may generally only be subscribed for or purchased directly from the Funds by Authorized Dealers or Designated Brokers that have entered into an agreement with the Filer. Generally, subscriptions or purchases may only be placed for a Prescribed Number of ETF Securities (or a multiple thereof) on any day when there is a trading session on the TSX or other Marketplace. Authorized Dealers or Designated Brokers subscribe for Creation Units for the purpose of facilitating investor purchases of ETF Securities on the TSX or another Marketplace.

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

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

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

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

Exemption from Take-Over Bid Requirements

13. As equity securities that will trade on the TSX or another Marketplace, it is possible for a person or company to acquire such number of ETF Securities so as to trigger the application of the Take-Over Bid Requirements. However,

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

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

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

14. The application of the Take-Over Bid Requirements to the Funds would have an adverse impact on the liquidity of the ETF Securities because they could cause Designated Brokers and other large Securityholders to cease trading ETF Securities once the Securityholder has reached the prescribed threshold at which the Take-Over Bid Requirements would apply.

Exemption from Underwriter's Certificate Requirement

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

16. The Filer will generally conduct its own marketing, advertising and promotion of the Funds.

17. Authorized Dealers and Designated Brokers that have entered into an agreement with the Filer will not be involved in the preparation of a Fund's prospectus, will not perform any review or any independent due diligence of the contents of a Fund's prospectus and will not incur any marketing costs or receive any underwriting fees or commissions from the Funds or the Filer in connection with the distribution of ETF Securities. The Authorized Dealers and Designated Brokers that have entered into an agreement with the Filer generally seek to profit from their ability to create and redeem ETF Securities by engaging in arbitrage trading to capture spreads between the trading prices of ETF Securities and their underlying securities and by making markets for their clients to facilitate client trading in ETF Securities.

Exemption from Prospectus Form Requirement

18. Securities regulatory authorities have previously advised that they take the view that the first re-sale of a Creation Unit on the TSX or another Marketplace will generally constitute a distribution of Creation Units under the Legislation and that the Authorized Dealers, Designated Brokers and Affiliate Dealers are subject to the Prospectus Delivery Requirement in connection with such re-sales. Re-sales of ETF Securities in the secondary market that are not Creation Units would not ordinarily constitute a distribution of such ETF Securities.

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

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

21. The Filer will prepare and file with the applicable Jurisdictions on the System for Electronic Document Analysis and Retrieval (**SEDAR**) a Summary Document for each class or series of ETF Securities and will make available to the applicable Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers, the requisite number of copies of the Summary Document for the purpose of facilitating their compliance with the Prospectus Delivery Decision within the timeframe necessary to allow Authorized Dealers, Designated Brokers, Affiliate Dealers and Other Dealers to effect delivery of the Summary Document as contemplated in the Prospectus Delivery Decision.

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

Generally

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

Decision

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

1. The decision of the principal regulator is that the Exemption Sought in respect of the Underwriter's Certificate Requirement and Prospectus Form Requirement is granted, provided that the Filer will be in compliance with the following conditions:

   (a) the Filer files with the applicable Jurisdictions on SEDAR the Summary Document for each class or series of ETF Securities concurrently with the filing of the final prospectus for that Fund;

   (b) the Filer displays on its website in a manner that would be considered prominent to a reasonable investor the Summary Document for each class or series of ETF Securities for each Fund;

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

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

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

   (ii) Each Proposed Fund's prospectus, pro forma prospectus or any amendment thereto will, and each Future Fund's preliminary prospectus, pro forma prospectus, prospectus or any amendment thereto will, contain the disclosure referred to in paragraph 22 above; and

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

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

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

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

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

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

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

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

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

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

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

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

3. The decision of the principal regulator is that the Exemption Sought in respect of the Take-Over Bid Requirements is granted.

As to the Exemption Sought from the Underwriter's Certificate Requirement:

"AnneMarie Ryan"
Commissioner
Ontario Securities Commission

"William Furlong"
Commissioner
Ontario Securities Commission

As to the Exemption Sought from the Prospectus Form Requirement and the Take-Over Bid Requirements:

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

APPENDIX A

Contents of Summary Document

General Instructions:

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

2. *Terms defined in National Instrument 81-102 Investment Funds, National Instrument 81-105 Mutual Fund Sales Practices or National Instrument 81-106 Investment Fund Continuous Disclosure and used in this Summary Document have the meanings that they have in those national instruments.*

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

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

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

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

Item 1 – Introduction

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

(a) the title “Summary Document”;

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

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

(d) the date of the document.

Item 2 – Cautionary Language

Include a statement in italics in substantially the following form:

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

Item 3 – Fund Details

Include the following disclosure:

(a) ticker symbol;

(b) fund identification code(s);

(c) index ticker (as applicable);

(d) exchange;

(e) currency;

(f) inception date;

(g) RSP eligibility;

(h) DRIP eligibility;

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

(j) management expense ratio, if available; and

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

Item 4 – Investment Objectives

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

INSTRUCTIONS:

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

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

(b) the key investment strategies of the fund.

Item 5 – Investments of the Fund

1. Include a table disclosing:

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

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

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

INSTRUCTIONS:

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

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

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

Item 6 – Risk

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

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

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

Item 7 – Fund Expenses

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

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

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

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

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

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

INSTRUCTIONS:

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

Item 8 – Trailing Commissions

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

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

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

Item 9 – Other Fees

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

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

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

INSTRUCTIONS:

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

(b) Provide a brief description of each fee disclosing the amount to be paid as a percentage (or, if applicable, a fixed dollar amount) and state who charges the fee.

Item 10 – Statement of Rights

State in substantially the following words:

Under securities law in some provinces and territories, you have:

- *the right to cancel your purchase within 48 hours after you receive confirmation of the purchase, or*
- *other rights and remedies if this document or the fund's prospectus contains a misrepresentation. You must act within the time limit set by the securities law in your province or territory.*

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

Item 11 – Past Performance

If the fund includes past performance:

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

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

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

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

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

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

3. Show the

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

      (i) 10 years, or

      (ii) the time since inception of the fund, and

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

INSTRUCTIONS:

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

Item 12 – Benchmark Information

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

2.1.2 TELUS Corporation

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 62-104 Take-Over Bids and Issuer Bids, s. 6.1 – An employee benefit plan trust wants relief from the issuer bid requirements in Part 2 of NI 62-104 to purchase shares under a normal course issuer bid – The issuer is making a normal course issuer bid accepted by the exchange; the filer is a trust formed by the issuer that will purchase a portion of shares under the normal course issuer bid for distribution to employees of the issuer; all purchases of shares under the normal course issuer bid by the issuer and the filer will be made in accordance with exchange rules; the issuer formed the filer solely for tax reasons.

Applicable Legislative Provisions

National Instrument 62-104 Take-Over Bids and Issuer Bids, Part 2 and s. 6.1.

November 9, 2016

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

AND

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

AND

**IN THE MATTER OF
AN EMPLOYEE BENEFIT PLAN TRUST ESTABLISHED BY
TELUS CORPORATION
FOR THE BENEFIT OF EMPLOYEES OF
TELUS CORPORATION AND ITS SUBSIDIARIES
(the Filer)**

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the requirements applicable to issuer bids (the Issuer Bid Requirements) in Part 2 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* (NI 62-104) for purchases by the Filer of common shares (Common Shares) of TELUS Corporation (TELUS) under TELUS' normal course issuer bid occurring prior to December 31, 2016 (the Exemptive Relief Requested).

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

(a) the British Columbia Securities Commission is the principal regulator for this application,

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

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

Interpretation

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

Representations

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

1. TELUS is a corporation governed by the *Business Corporations Act* (British Columbia);

2. the head office and registered office of TELUS is located at 7th Floor, 510 W. Georgia St., Vancouver, British Columbia;

3. TELUS is a reporting issuer in each of the provinces of Canada and the Common Shares are listed for trading on the Toronto Stock Exchange (the TSX) and the New York Stock Exchange (the NYSE) under the symbols "T" and "TU", respectively; TELUS is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer;

4. the authorized share capital of TELUS consists of 4,000,000,000 shares, divided into: (i) 2,000,000,000 Common Shares without par value; (ii) 1,000,000,000 First Preferred shares without par value; and (iii) 1,000,000,000 Second Preferred shares without par value. As of October 21, 2016, 591,375,741 Common Shares, no First Preferred Shares and no Second Preferred Shares were issued and outstanding;

5. TELUS established the Filer under the laws of the Province of British Columbia under an Employee Benefit Plan and Trust Agreement made as of November 2, 2016 between TELUS and a third party trustee for the benefit of non-executive employees of TELUS and its subsidiaries;

6. under a "Notice of Intention to Make a Normal Course Issuer Bid" (the Notice) that was submitted to, and accepted by, the TSX, effective September 30, 2016, up to 8,000,000 Common Shares, representing 1.35% of TELUS' public float of Common Shares as of the date specified in the Notice, subject to a maximum aggregate purchase price consideration of $250 million excluding brokerage costs and commission, may be purchased under a normal course issuer bid (the Normal Course Issuer Bid);

7. the Notice provides that up to one-quarter of the maximum number of Common Shares to be purchased under the Normal Course Issuer Bid may be purchased by the Filer for distribution to non-executive employees of TELUS and its subsidiaries; in accordance with the Notice, the Normal Course Issuer Bid is being, and will be, conducted through the facilities of the TSX, the NYSE or alternative Canadian trading platforms (including Alpha ATS, Pure Trading, Chi-X, Omega ATS and MATCH Now), or such other means as may be permitted by the TSX or a securities regulatory authority, in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the TSX NCIB Rules), including by way of off market purchases under exemption orders issued by a securities regulatory authority;

8. on October 1, 2016, TELUS entered into an automatic repurchase plan (the ARP) with a broker providing for automatic purchases of Common Shares, to be conducted by the broker on the TSX or alternative Canadian trading platforms within pre-determined parameters as part of the Normal Course Issuer Bid, during internal trading blackout periods, including regularly scheduled quarterly blackout periods, when TELUS would not otherwise be permitted to trade in its Common Shares (each such time, a Blackout Period);

9. under the ARP, at times it is not subject to blackout restrictions, TELUS may, but is not required to, instruct the designated broker to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ARP; such purchases under the ARP will be determined by the designated broker in its sole discretion based on parameters established by TELUS prior to the applicable Blackout Period in accordance with TSX rules, applicable securities laws and the terms of the agreement between the broker and TELUS; the ARP was approved by the TSX and is in compliance with the TSX rules and applicable securities laws;

10. TELUS wishes to distribute up to 25 per cent of the Common Shares purchased under the Normal Course Issuer Bid to non-executive employees of TELUS and its subsidiaries and has determined to contribute sufficient funds to the Filer to enable the Filer to purchase such number of Common Shares under the Normal Course Issuer Bid;

11. TELUS and the Filer will enter into one or more agreements with the broker appointed under TELUS' Normal Course Issuer Bid, to contemplate the ability of TELUS to specify that a portion of the Common Shares to be

purchased under the Normal Course Issuer Bid will be purchased by the Filer with the remainder to be purchased by TELUS; the Filer will not purchase Common Shares under the Normal Course Issuer Bid through the ARP and no Common Shares will be purchased by the Filer during a Blackout Period;

12. all Common Shares purchased by TELUS under the Normal Course Issuer Bid will be cancelled; Common Shares purchased by the Filer will be distributed to employees of TELUS and its subsidiaries prior to December 31, 2016; any Common Shares held by the Filer in excess of the number of Common Shares needed for distribution to employees of TELUS and its subsidiaries will be delivered by the Filer to TELUS as an in kind return of contribution and such Common Shares will then be cancelled;

13. the purchases of Common Shares under the Normal Course Issuer Bid will be made in accordance with the requirements of exemptions from the Issuer Bid Requirements set out in section 4.8 of NI 62-104 (such exemptions, the NCIB Exemptions);

14. the purchase of Common Shares by the Filer will constitute an indirect "issuer bid" by TELUS for the purposes of NI 62-104 to which the Issuer Bid Requirements would apply;

15. the Filer will be a "joint actor" with TELUS and the Issuer Bid Requirements would apply to purchases of Common Shares by the Filer, unless an exemption is available; however the NCIB Exemptions are available only to the "issuer", and for purposes of such exemptions, "issuer" does not include the Filer;

16. but for the fact that the Common Shares will be purchased by the Filer, TELUS could otherwise acquire Common Shares to distribute to non-executive employees of TELUS and its subsidiaries in reliance on the NCIB Exemptions;

17. the purchase of Common Shares by TELUS and the Filer under the Normal Course Issuer Bid will not adversely affect TELUS or the rights of any of TELUS' security holders and it will not materially affect control of TELUS;

18. to the best of TELUS' knowledge, as of October 21, 2016, the "public float" of the Common Shares represented more than 99.87% of all issued and outstanding Common Shares for the purposes of the TSX NCIB Rules;

19. the Common Shares are "highly liquid securities" within the meaning of section 1.1 of Ontario Securities Commission Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules; and

20. the Filer will not purchase, in the aggregate, more than one-quarter of the maximum number of Common Shares that TELUS can purchase under its Normal Course Issuer Bid, such one-quarter being equal to 2,000,000 Common Shares as of the date of this decision.

Decision

4 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 Exemptive Relief Requested is granted provided that:

(a) Common Shares purchased by the Filer will be taken into account by TELUS when calculating the maximum annual aggregate limit that is imposed upon the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the maximum aggregate limit that is imposed upon TELUS in accordance with the exemption from the Issuer Bid Requirements set out in subsection 4.8(3) of NI 62-104;

(b) all purchases of Common Shares under the Normal Course Issuer Bid, whether by TELUS or by the Filer, are made in accordance with the TSX NCIB Rules and any by-laws, rules, regulations or policies of any published markets upon which purchases are carried out, as applicable;

(c) TELUS will report purchases of such Common Shares by TELUS and the Filer to the TSX under the TSX NCIB Rules; and

(d) the Filer does not purchase, in the aggregate, more than one-quarter of the maximum number of Common Shares TELUS can purchase under the Normal Course Issuer Bid, such one-quarter being equal to, as of the date of this decision, 2,000,000 Common Shares.

"Nigel P. Cave"
Vice Chair
British Columbia Securities Commission

2.1.3 AGF Investments Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from subsection 2.1(1) and paragraphs 2.2(1)(a), 2.5(2)(a), (c) and (e) of National Instrument 81-102 Investment Funds to allow mutual funds to invest in ETFs in Canada and the United States, and to allow the top funds to pay brokerage commissions for the purchase and sale of the securities of the underlying ETFs – Underlying ETFs are subject to NI 81-102 or the United States Investment Company Act of 1940 – Investments in U.S. ETFs limited to 10% of net asset value – Relief subject to terms and conditions based on investment restrictions of NI 81-102 such that top funds cannot do indirectly via investment in underlying ETFs what they cannot do directly under NI 81-102.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1), 2.2(1)(a), 2.5(2)(a), (c) and (e), 19.1.

November 2, 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
AGF INVESTMENTS INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer on behalf of mutual funds subject to National Instrument 81-102 *Investment Funds* (**NI 81-102**) that it currently manages (the **Existing Funds**) and such mutual funds as the Filer, or an affiliate of the Filer, may manage in the future (the **Future Funds**, and together with the Existing Funds, the **Funds** and each, a **Fund**) for a decision under the securities legislation of the principal regulator (the **Legislation**) that exempts the Filer and each Fund from the following provisions of NI 81-102 (the **Exemption Sought**) in order to permit the Funds to invest in securities of exchange-traded funds that are not index participation units (the **Underlying ETFs**):

(a) subsection 2.1(1) of NI 81-102 (the **Concentration Restriction**) to permit each Fund to purchase securities of an Underlying ETF or enter into a specified derivatives transaction with respect to an Underlying ETF even though, immediately after the transaction, more than 10% of the net asset value (**NAV**) of the Fund would be invested, directly or indirectly, in securities of the Underlying ETF (the **Concentration Relief**);

(b) paragraph 2.2(1)(a) of NI 81-102 (the **Control Restriction**) to permit each Fund to purchase securities of an Underlying ETF such that, after the purchase, the Fund would hold securities representing more than 10% of:

  (i) the votes attaching to the outstanding voting securities of the Underlying ETF; or

  (ii) the outstanding equity securities of the Underlying ETF (the **Control Relief**);

(c) paragraph 2.5(2)(a) of NI 81-102 to permit each Fund to invest in securities of Underlying ETFs that do not offer securities under a simplified prospectus in accordance with National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) and that may not be subject to NI 81-102;

(d) paragraph 2.5(2)(c) of NI 81-102 to permit each Fund to invest in securities of U.S. Underlying ETFs (as defined below); and

(e) paragraph 2.5(2)(e) of NI 81-102 to permit each Fund to pay brokerage fees in relation to its purchase and sale of securities of a Related Underlying ETF (the **Brokerage Fee Relief**).

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

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

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

Interpretation

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

Canadian Underlying ETF means an Underlying ETF whose securities are listed for trading on a stock exchange in Canada.

Related Underlying ETF means an Underlying ETF that is managed by the Filer or an affiliate of the Filer.

U.S. Underlying ETF means an Underlying ETF whose securities are listed for trading on a stock exchange in the United States.

Representations

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

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

2. The Filer is registered as an investment fund manager in the provinces of Ontario, Alberta, British Columbia, Newfoundland and Labrador and Quebec, a portfolio manager in each of the provinces and territories, a mutual fund dealer in the provinces of Ontario, British Columbia and Quebec and an exempt market dealer and commodity trading manager in the province of Ontario.

3. The Filer or an affiliate is, or will be, the manager of the Funds.

4. Neither the Filer nor the Existing Funds are in default of securities legislation in any of the Jurisdictions.

The Funds

5. The Funds are, or will be, open-ended mutual funds or exchange-traded open-ended mutual funds organized and governed by the laws of a jurisdiction of Canada.

6. Each Fund distributes, or will distribute, its securities pursuant to a simplified prospectus prepared pursuant to NI 81-101 and Form NI 81-101F1 *Contents of Simplified Prospectus* (**Form 81-101F1**) or a long form prospectus prepared pursuant to National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) and Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**) and is, or will be, governed by the applicable provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities.

7. The Funds are, or will be, reporting issuers in one or more province and territory of Canada in which their securities are distributed.

8. Each Fund is, or will be, subject to National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**).

9. The Funds may, from time to time, wish to invest in Underlying ETFs.

The Underlying ETFs

10. An Underlying ETF will not meet the definition of index participation unit (IPU) as set out in NI 81-102 because it will not:

    (a) hold securities that are included in a specified widely quoted index in substantially the same proportion as those securities are reflected in that index; or

    (b) invest in a manner that causes the Underlying ETF to replicate the performance of that index.

11. The securities of an Underlying ETF are, or will be, listed on a recognized exchange in Canada or the United States and the market for them is, or will be, liquid because it is, or will be, supported by designated brokers. As a result the Filer expects a Fund to be able to dispose of such securities through market facilities in order to raise cash, including to fund the redemption requests of its securityholders.

12. No Underlying ETF will hold more than 10% of its NAV in securities of another investment fund unless (a) the other investment fund is a clone fund or money market fund, as defined in NI 81-102; or (b) securities of the other investment fund are IPUs.

13. No Fund will pay management or incentive fees which, to a reasonable person, would duplicate a fee payable by an Underlying ETF for the same service.

14. Absent the Exemption Sought, an investment by a Fund in an Underlying ETF would be prohibited by paragraph 2.5(2)(a) of NI 81-102 because the Underlying ETFs do not offer securities under a simplified prospectus in accordance with NI 81-101, and in the case of the U.S. Underlying ETFs, are not subject to NI 81-102. An investment by a Fund in an Underlying ETF would not qualify for the exception in paragraph 2.5(3)(a) of NI 81-102 because the securities of the Underlying ETF are not IPUs.

The Canadian Underlying ETFs

15. Each Canadian Underlying ETF is, or will be, an open-ended mutual fund subject to NI 81-102, subject to any exemption therefrom that may be granted by the securities regulatory authorities.

16. Securities of each Canadian Underlying ETF are, or will be:

    (a) distributed pursuant to a long form prospectus prepared pursuant to NI 41-101 and Form 41-101F2 or a simplified prospectus prepared pursuant to NI 81-101 and Form 81-101F1; and

    (b) listed on the Toronto Stock Exchange (**TSX**) or another “recognized exchange” in Canada, as that term is defined in securities legislation.

17. Because securities of each Canadian Underlying ETF are, or will be, distributed pursuant to a long form prospectus prepared pursuant to NI 41-101 and Form 41-101F2 or a simplified prospectus pursuant to NI 81-101 and Form 81-101F1, each Canadian Underlying ETF is, or will be, a reporting issuer in the provinces and territories of Canada in which its securities are, or will be, distributed.

18. Each Canadian Underlying ETF is, or will be, subject to NI 81-107 generally and in respect of conflict of interest matters to which NI 81-107 applies.

19. The Filer, or an affiliate of the Filer, may qualify for distribution securities of the Related Underlying ETFs whose securities do not meet the definition of IPU, as set out in NI 81-102. The Funds may, from time to time, wish to invest in such Related Underlying ETFs.

20. Each Related Underlying ETF will be a Canadian Underlying ETF or U.S. Underlying ETF.

The U.S. Underlying ETFs

21. Each U.S. Underlying ETF is, or will be, a publicly offered mutual fund subject to the United States *Investment Company Act of 1940* (the **Investment Company Act**).

22. The Filer has concluded that it could not currently gain exposure to applicable asset classes, sectors and/or markets entirely through existing Canadian fund alternatives. Currently, the U.S. Underlying ETFs provide significantly broader exposure to asset classes, sectors and markets than those available from existing Canadian fund alternatives. As the

Canadian market for actively-managed exchange-traded funds and fund alternatives evolves, the Filer may consider such products as a vehicle to achieve the investment objectives of a Fund.

23. Absent the Exemption Sought, an investment by a Fund in a U.S. Underlying ETF would be prohibited by paragraph 2.5(2)(c) of NI 81-102 because such U.S. Underlying ETF is not a reporting issuer in the local jurisdiction.

24. The Filer submits that having the option to allocate a very limited portion of each Fund's assets to U.S. Underlying ETFs will increase diversification opportunities and improve a Fund's overall risk/reward profile.

25. A key benefit of investing in the Underlying ETFs, including the U.S. Underlying ETFs, is improved portfolio diversification and potentially enhanced returns. For example:

    (a) an investment in the Underlying ETFs will provide the Funds with access to specialized knowledge, expertise and/or analytical resources of the investment adviser to the Underlying ETFs;

    (b) the Underlying ETFs provide a potentially better risk profile and improved liquidity/tradability than direct holdings of asset classes to which the Underlying ETFs provide exposure; and

    (c) the investment strategies of the U.S. Underlying ETFs offer significantly broader exposure to asset classes, sectors and markets than those available in the existing Canadian exchange-traded fund market.

The Concentration Relief and Control Relief

26. An investment in an Underlying ETF by a Fund is an efficient and cost effective alternative to administering one or more investment strategies similar to that of the Underlying ETF.

27. An investment in an Underlying ETF by a Fund should pose limited investment risk to the Fund because each Underlying ETF will be subject to NI 81-102 or the Investment Company Act, subject to any exemption therefrom that may in the future be granted by the securities regulatory authorities.

28. Due to the potential size disparity between the Funds and the Underlying ETFs, it is possible that a relatively small investment, on a percentage of NAV basis, by a relatively larger Fund in securities of an Underlying ETF could result in such Fund holding securities representing more than 10% of: (i) the votes attaching to the outstanding voting securities of the Underlying ETF; or (ii) the outstanding equity securities of that Underlying ETF, contrary to the Control Restriction.

29. An investment by a Fund in securities of an Underlying ETF will not qualify for the exemptions set out in:

    (a) paragraph 2.1(2)(d) of NI 81-102 from the Concentration Restriction; and

    (b) paragraph 2.2(1.1)(b) of NI 81-102 from the Control Restriction;

    because securities of the Underlying ETFs are not IPUs.

30. The material difference between the securities of an Underlying ETF and the securities of a conventional mutual fund is the method of distribution and disposition.

The Brokerage Fee Relief

31. The trades conducted by a Fund may not be of the size necessary for the Fund to be eligible to purchase or exchange securities of a Related Underlying ETF directly from the Related Underlying ETF at its NAV per security. Trades in securities of a Related Underlying ETF are therefore likely to be conducted by a Fund in the secondary market through the facilities of a recognized exchange. Absent the Brokerage Fee Relief, paragraph 2.5(2)(e) of NI 81-102 would not permit a Fund to pay brokerage fees incurred in connection with a Related Underlying ETF.

32. All brokerage fees related to trades in securities of Related Underlying ETFs will be borne by the Funds in the same manner as any other portfolio transactions made on an exchange.

33. If a Fund trades in securities of a Related Underlying ETF with or through an affiliate or associate of the Filer acting as dealer, the Filer will comply with its obligations under NI 81-107 in respect of any proposed related party transactions. These related party transactions will be disclosed to securityholders of the applicable Fund in its management report of fund performance.

The Other ETF Decision

34. The Funds previously received exemptive relief on November 8, 2010 (the **Other ETF Decision**) to permit the Funds to invest in securities of Leveraged ETFs, Inverse ETFs, Leveraged Gold ETFs and Leveraged Silver ETFs (as such terms are defined in the Other ETF Decision, collectively, the **Other ETFs**) that are not IPUs.

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 investment by a Fund in securities of an Underlying ETF is in accordance with the investment objectives of the Fund;

(b) in respect of a Fund's purchase of securities of Underlying ETFs other than Related Underlying ETFs, a Fund does not purchase securities of such Underlying ETFs if, immediately after the purchase, more than 30% of the NAV of the Fund in aggregate, taken at market value at the time of purchase, would consist of securities of such Underlying ETFs;

(c) a Fund does not purchase securities of a U.S. Underlying ETF (including a U.S. Underlying ETF that is a Related Underlying ETF) if, immediately after the purchase, more than 10% of the NAV of the Fund in aggregate, taken at market value at the time of the purchase, would consist of securities of U.S. Underlying ETFs;

(d) a Fund does not short sell securities of an Underlying ETF;

(e) an Underlying ETF is not a commodity pool as defined in National Instrument 81-104 *Commodity Pools* or under applicable U.S. laws and its investment adviser is not required to register as a commodity pool operator in the United States in connection with the U.S. Underlying ETFs;

(f) the Canadian Underlying ETF does not rely on exemptive relief from the requirements of:

  (i) section 2.3 of NI 81-102 regarding the purchase of physical commodities;

  (ii) sections 2.7 and 2.8 of NI 81-102 regarding the purchase, sale or use of specified derivatives; or

  (iii) paragraphs 2.6(a) and 2.6(b) of NI 81-102 with respect to the use of leverage;

(g) securities of each Underlying ETF are listed on a recognized exchange in Canada or the United States;

(h) each U.S. Underlying ETF is, immediately before the purchase by a Fund of securities of that U.S. Underlying ETF, an investment company subject to the Investment Company Act in good standing with the United States Securities and Exchange Commission;

(i) a Fund does not purchase securities of an Underlying ETF if, immediately after the purchase, more than 10% of the NAV of the Fund in aggregate, taken at market value at the time of the purchase, would consist of a combination of securities of Underlying ETFs and Other ETFs that provide leverage exposure, further to the Other ETF Decision; and

(j) the prospectus of each Fund discloses, or will disclose in the next renewal of its prospectus following the date of this decision, in the investment strategy section, the fact that the Fund has obtained the Exemption Sought to permit investments in Underlying ETFs on the terms described in this decision.

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

2.1.4 1832 Asset Management L.P.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from sections 2.5(2)(a) and 2.5(2)(c) of National Instrument 81-102 – Investment Funds to permit mutual funds to invest up to 10% of net asset value in Gold ETFs traded on Canadian or U.S. stock exchanges.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.5(2)(a), 2.5(2)(c), 19.1.

November 10, 2016

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

AND

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

AND

IN THE MATTER OF
1832 ASSET MANAGEMENT L.P.
(the Filer)

DECISION

BACKGROUND

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), pursuant to section 19.1 of National Instrument 81-102 *Investment Funds* (**NI 81-102**), exempting all current and future mutual funds, managed and/or advised by the Filer or an affiliate of the Filer, other than money market funds, (each, a **Fund**) from:

(a) section 2.5(2)(a) of NI 81-102 to permit the Funds to invest in Gold ETFs (as defined below); and

(b) section 2.5(2)(c) of NI 81-102 to permit the Funds to invest in Gold ETFs that are not qualified for distribution in any jurisdiction in Canada but are listed and traded on stock exchanges in the United States.

(collectively, the **Requested Relief**).

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

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

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

INTERPRETATION

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

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

Gold ETFs means exchange-traded funds that are traded on a stock exchange in Canada or the United States and that hold or seek to replicate the performance of gold, permitted gold certificates or specified derivatives, of which the underlying interest is gold or permitted gold certificates, on an unlevered basis;

Prior Relief means collectively the 1993 Prior Relief, the 2008 Prior Relief, the 2009 Prior Relief, the 2011 Prior Relief and the 2013 Prior Relief;

1993 Prior Relief means the relief granted in the August 6, 1993 decision to Dynamic Precious Metals Fund *Re Dynamic Precious Metals Fund* whereby Dynamic Precious Metals Fund obtained relief to invest in excess of 10% of the fund's total assets in gold in the form of bullion, coins or certificates representing same;

2008 Prior Relief means the relief granted in the June 12, 2008 decision *Goodman & Company, Investment Counsel Ltd. (Re)*, (2008) whereby the following fourteen mutual funds managed by the Manager obtained relief to invest up to 5% of the net assets of each fund, taken at the market value thereof at the time of investment, in each of silver and platinum (or the equivalent in certificates or specified derivatives of which the underlying interest is silver and platinum): Dynamic Dividend Fund, Dynamic Dividend Income Fund, Dynamic Power Small Cap Fund, Dynamic Power Canadian Growth Fund, Dynamic Power Balanced Fund, Dynamic Diversified Real Asset Fund, Dynamic American Value Fund, Dynamic Global Discovery Fund, Dynamic Global Dividend Fund (formerly, Dynamic Global Dividend Value Fund), Dynamic Global Asset Allocation Fund (formerly, Dynamic Global Value Balanced Fund), Dynamic Global Discovery Class, Dynamic Dividend Income Class, Dynamic Power Canadian Growth Class and Dynamic Global Dividend Class (formerly, Dynamic Global Dividend Value Class);

2009 Prior Relief means the relief granted in the July 13, 2009 decision *Goodman & Company, Investment Counsel Ltd. and Dynamic Strategic Gold Class (Re)*, (2009) whereby Dynamic Global Strategic Gold Class obtained relief to invest up to 100% of its net asset value, taken at the market value at the time of investment, in gold and/or permitted gold certificates and up to 5% of its net asset value, taken at the market value at the time of investment, in each of silver, platinum and palladium (or the equivalent in certificates or specified derivatives of which the underlying interest is silver, platinum or palladium);

2011 Prior Relief means the relief granted in the November 15, 2011 decision to Dynamic Strategic Resource Class *Goodman & Company, Investment Counsel Ltd. and Dynamic Strategic Resource Class (Re)*, (2011) whereby Dynamic Strategic Resource Class obtained relief to, among other things, invest up to an aggregate of 10% of its net assets, taken at the market value thereof at the time of investment, in gold, silver, platinum or palladium (or the equivalent in certificates or specified derivatives of which the underlying interest is gold, silver, platinum or palladium) or standardized futures with underlying interests in oil or gas for non-hedging purposes; and

2013 Prior Relief means the relief granted in the October 31, 2013 decision *1832 Asset Management L.P. (Re)*, (2013) whereby existing and future mutual funds for which the Manager or an affiliate of the Manager acts as manager (other than the funds that obtained the 1993 Prior Relief, the 2008 Prior Relief, the 2011 Prior Relief and money market funds) obtained relief to invest up to 10% of its net assets, taken at the market value thereof at the time of investment, in gold and silver (or the equivalent in certificates or specified derivatives of which the underlying interest is gold or silver).

REPRESENTATIONS

This decision is based on the following facts represented by the Filer in respect of the Filer and the Funds:

The Manager

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

2. The Filer is registered as: (i) a portfolio manager in all of the provinces of Canada and in the Northwest Territories and the 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, Québec, Newfoundland and Labrador and the Northwest Territories; and (iv) a commodity trading manager in Ontario.

3. The Filer or an affiliate of the Filer acts or will act as the manager and/or portfolio advisor of the Funds.

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

5. The Filer and certain Funds have received Prior Relief to permit the Funds to invest in gold, silver, platinum and/or palladium. In respect of these Funds, the Filer will continue to rely on the Prior Relief in addition to the Requested Relief.

The Funds

6. Each of the Funds is or will be established as an open-ended mutual fund trust, limited partnership or class of shares of a mutual fund corporation, in each case established or governed under the laws of the Province of Ontario or the laws of Canada.

7. Each of the Funds is or will be a "reporting issuer" (as defined in the Act) in one or more of the Jurisdictions. The securities of each Fund are or will be qualified for distribution in one or more of the Jurisdictions pursuant to a simplified prospectus and annual information form that has been or will be filed in accordance with the securities legislation of each of the relevant Jurisdictions.

8. No Fund is in default of securities legislation in any Jurisdiction.

9. In accordance with its fundamental investment objectives and investment strategies, each Fund is or will be permitted generally to invest in other investment funds, including exchange-traded funds.

Investment in Gold ETFs

10. In addition to investing in ETFs the securities of which qualify as index participation units (**IPUs**), as defined in NI 81-102, the Funds wish to invest in Gold ETFs, the securities of which are not IPUs.

11. In the absence of the Requested Relief, an investment by a Fund in a Gold ETF will be prohibited by section 2.5(2)(a) of NI 81-102 because none of the Gold ETFs are or will be subject to both National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* (**NI 81-101**) and NI 81-102.

12. In the absence of the Requested Relief, an investment by a Fund in a Gold ETF will be prohibited by section 2.5(2)(c) of NI 81-102 because some of the Gold ETFs are not qualified for distribution in Canada.

13. In addition, an investment by a Fund in a Gold ETF would not qualify for the exemption from sections 2.5(2)(a) and 2.5(2)(c) of NI 81-102 that is contained in section 2.5(3)(a) of NI 81-102 because the securities of the Gold ETF are not IPUs.

14. A Fund will only invest in Gold ETFs in accordance with its fundamental investment objectives and investment strategies.

15. A Fund will not invest in leveraged Gold ETFs.

16. The Filer believes that it would be in the best interests of each Fund to have the flexibility to obtain exposure, from time to time, to gold, permitted gold certificates or specified derivatives, the underlying interest of which is gold or permitted gold certificates, by investing a portion of its assets in Gold ETFs.

17. Where appropriate, the Filer intends to invest in Gold ETFs as part of a Fund's overall gold strategy in accordance with the fundamental investment objectives and strategies of the Fund. The Filer also intends to invest in Gold ETFs as a defensive strategy in adverse market, economic, political or other circumstances. The Filer considers Gold ETFs to be a viable alternative to holding cash or cash equivalents in such markets. Permitting the investments in Gold ETFs will give each Fund increased liquidity, improved execution ability and additional flexibility to increase gains in certain market conditions, which may otherwise cause the Fund to have significant cash positions and therefore deter from its ability to achieve its fundamental investment objectives.

18. Any regulatory concerns, such as undue risk, liquidity concerns or lack of transparency, in connection with investing in Gold ETFs are mitigated by the following facts:

    a. Gold ETFs trade on a Canadian or U.S. exchange, which means that there will be clear disclosure about Gold ETFs readily available in the marketplace, and are generally relatively liquid;

    b. the amount of loss that can result from an investment by a Fund in a Gold ETF will be limited to the amount invested by the Fund in securities of the Gold ETF;

    c. in accordance with the investment strategies of the Funds, no more than 10% of the net asset value of a Fund will be invested in Gold ETFs taken at market value at the time of purchase; and

d. the simplified prospectus of the Funds will disclose: (i) in the investment strategy section the fact that the Fund obtained relief to invest in securities of Gold ETFs and may indirectly invest in gold; and (ii) to the extent applicable, the risks associated with such investments.

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

DECISION

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

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

(a) the investment by a Fund in securities of a Gold ETF is in accordance with the fundamental investment objectives of the Fund;

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

(c) for Dynamic Precious Metals Fund and Dynamic Strategic Gold Class, each Fund will not purchase securities of a Gold ETF if, immediately after such purchase, more than 10% of its net assets, taken at the market value thereof at the time of investment, would consist of Gold ETFs;

(d) except for Dynamic Precious Metals Fund and Dynamic Strategic Gold Class, immediately after entering into a purchase, derivative or other transaction providing exposure to gold (whether direct or indirect, including through Gold ETFs), each Fund's aggregate market value exposure to gold (whether direct or indirect, including through Gold ETFs) does not exceed 10% of the net asset value of the Fund, taken at market value at the time of the transaction; and

(e) the simplified prospectus of each Fund that intends to rely on Requested Relief discloses or will disclose the next time it is renewed

  (i) in the investment strategy section, the fact that the Fund obtained relief to invest in securities of Gold ETFs and may indirectly invest in gold, and

  (ii) to the extent applicable, the risks associated with such investments and strategies.

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

2.1.5 CI Investments Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund mergers – approval required because merger does not meet the criteria for pre-approved reorganizations and transfers in National Instrument 81-102 – the fundamental investment objectives of the terminating funds and the continuing funds are not substantially similar for certain mergers – certain mergers not a "qualifying exchange" or a tax-deferred transaction under the Income Tax Act (Canada) – securityholders of terminating funds are provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

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

November 11, 2016

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

AND

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

AND

IN THE MATTER OF
CI INVESTMENTS INC.
(the Manager)

AND

SIGNATURE SELECT GLOBAL FUND,
CI U.S. EQUITY PLUS FUND,
RED SKY CANADIAN EQUITY CORPORATE CLASS,
CI SHORT-TERM ADVANTAGE CORPORATE CLASS
(the Terminating Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Manager on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**) approving the proposed mergers described below (the **Mergers**) of the Terminating Funds into the Continuing Funds (defined below) pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Approval Sought**).

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

1. the Ontario Securities Commission is the principal regulator for this application; and

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

Interpretation

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

Continuing Fund means each of CI Global Fund, Cambridge American Equity Fund, Cambridge Canadian Growth Companies Fund and CI Short-Term Corporate Class;

Continuing Trust Fund means each of CI Global Fund, Cambridge American Equity Fund and Cambridge Canadian Growth Companies Fund;

Corporate Class Fund means each of Red Sky Canadian Equity Corporate Class, CI Short-Term Advantage Corporate Class and CI Short-Term Corporate Class;

Corporation means CI Corporate Class Limited;

Fund or **Funds** means, individually or collectively, the Terminating Funds and the Continuing Funds;

IRC means the independent review committee for the Funds;

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

Terminating Trust Fund means each of Signature Select Global Fund and CI U.S. Equity Plus Fund; and

Trust Fund means each of the Terminating Trust Funds and the Continuing Trust Funds.

Representations

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

The Manager

1. The Manager is a corporation amalgamated under the laws of Ontario. The Manager is registered in all provinces as an adviser in the category of portfolio manager, as an exempt market dealer, commodity trading counsel, commodity trading manager and investment fund manager in Ontario, and as a non-resident investment fund manager in Quebec and Newfoundland and Labrador.

2. The Manager is the investment fund manager of each Fund.

The Funds

3. Each Trust Fund is an open-end mutual fund trust governed by a declaration of trust.

4. Each Corporate Class Fund is an open-end mutual fund comprised of two or more classes of convertible special shares of the Corporation.

5. The Manager and each Fund are not in default of securities legislation in any Jurisdiction, except with respect to a registration matter in certain Jurisdictions for which registration applications have since been filed.

6. Each Fund is a reporting issuer (or the equivalent) under the securities legislation of each Jurisdiction and is subject to the requirements of NI 81-102 and National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

7. Each of the Funds follows the standard investment restrictions and practices established under the securities legislation of the Jurisdictions except to the extent that the Funds have received an exemption from the securities regulatory authority of a Jurisdiction to deviate therefrom.

8. Signature Select Global Fund and CI Short-Term Advantage Corporate Class currently distribute their securities in all the Jurisdictions pursuant to a simplified prospectus and an annual information form, each dated July 27, 2016, as amended.

9. Securities of CI U.S. Equity Plus Fund were previously offered and distributed in all Jurisdictions pursuant to a simplified prospectus and an annual information form, each dated July 26, 2012. Securities of CI U.S. Equity Plus Fund are no longer in distribution.

10. Securities of Red Sky Canadian Equity Corporate Class were previously offered and distributed in all Jurisdictions pursuant to a simplified prospectus and an annual information form, each dated July 29, 2014. Securities of Red Sky Canadian Equity Corporate Class are no longer in distribution.

11. Each Continuing Fund currently distributes its securities in all the Jurisdictions pursuant to a simplified prospectus and an annual information form, each dated July 27, 2016, as amended.

12. Each Fund calculates its net asset value at 4:00 p.m. (Toronto time) on each business day.

The Proposed Mergers

13. The Manager intends to merge each Terminating Fund into the Continuing Fund shown opposite its name in the table below:

Merger #	***Terminating Fund***	***Continuing Fund***
1.	Signature Select Global Fund	CI Global Fund
2.	CI U.S. Equity Plus Fund	Cambridge American Equity Fund
3.	Red Sky Canadian Equity Corporate Class	Cambridge Canadian Growth Companies Fund
4.	CI Short-Term Advantage Corporate Class	CI Short-Term Corporate Class

14. In accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, the proposed Mergers were announced in:

    (a) a press release dated September 23, 2016;

    (b) a material change report dated September 26, 2016; and

    (c) an amendment dated September 30, 2016 to the prospectuses of Signature Select Global Fund, CI Short-Term Advantage Corporate Class and the Continuing Funds,

    each of which has been filed on SEDAR.

15. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds*, the Manager presented the terms of the Mergers to the IRC for its review. The IRC determined that the Mergers, if implemented, will achieve a fair and reasonable result for each of the Funds.

16. The Manager is convening a special meeting (each, a **Meeting** and, collectively, the **Meetings**) of the securityholders of each Terminating Fund in order to seek the approval of the securityholders of each Terminating Fund to complete its Merger, as required by paragraph 5.1(1)(f) of NI 81-102. The Meetings will be held on or about November 24, 2016.

17. In connection with the Meetings, the Manager sent to securityholders of the Terminating Funds a management information circular, a related form of proxy and the fund facts document of the applicable Continuing Fund (collectively, the **Meeting Materials**) on November 3, 2016. The Meeting Materials were filed on SEDAR on November 3, 2016.

18. The tax implications of the Mergers, as well as a comparison of the investment objectives and fee structures of the Terminating Funds and the Continuing Funds, and the IRC's recommendation regarding the Mergers are described in the Meeting Materials so that the securityholders of the Terminating Funds may consider this information before voting on the Mergers. The Meeting Materials also describe the various ways in which investors can obtain a copy of the simplified prospectus, annual information form and fund facts document for each Continuing Fund and its most recent interim and annual financial statements and management reports of fund performance.

19. The Manager has concluded that none of the Mergers will be material to their Continuing Funds and, accordingly, there is no intention to convene meetings of the securityholders of the Continuing Funds to approve their Mergers pursuant to paragraph 5.1(1)(g) of NI 81-102.

20. If all required approvals for a Merger are obtained, it is intended that the Merger will occur after the close of business on or about December 2, 2016 (the **Effective Date**). The Manager therefore anticipates that each securityholder of a Terminating Fund will become a securityholder of its Continuing Fund after the close of business on the Effective Date. Each Terminating Fund will be wound-up as soon as reasonably possible following its Merger.

21. The cost of effecting the Mergers (consisting primarily legal and regulatory fees, proxy solicitation, and printing and mailing, as applicable) will be borne by the Manager.

22. No sales charges will be payable by securityholders of the Funds in connection with the Mergers.

23. Securities of the applicable Continuing Funds received by securityholders of the Terminating Funds as a result of the Mergers will have the same sales charge option and, for securities purchased under a deferred sales charge option, the same remaining deferred sales charge schedule, as their securities in the Terminating Funds.

24. The investment portfolio and other assets of each Terminating Fund to be acquired by the applicable Continuing Fund in order to effect the Mergers are currently, or will be, acceptable, on or prior to the effective date of the Mergers, to the portfolio manager(s) of the applicable Continuing Fund and are, or will be, consistent with the investment objective of the applicable Continuing Fund.

25. Securityholders of each Terminating Fund will continue to have the right to redeem their securities of the Terminating Fund at any time up to the close of business on the Effective Date. Following each Merger, all optional plans (including pre-authorized purchase programs, automatic withdrawal plans, systematic switch programs and automatic rebalancing services) which were established with respect to the Terminating Fund will be re-established in comparable plans with respect to its Continuing Fund unless securityholders advise otherwise.

Merger Steps

26. Due to the different structures of the Funds, the procedures for implementing the Mergers will vary. The specific steps (taking into account the particular features of each Fund) to implement each Merger are as follows:

    (a) With respect to the Merger of a Terminating Trust Fund into a Continuing Trust Fund (i.e., Mergers #1 and #2):

        (i) Prior to the Merger, if required, each Terminating Trust Fund will sell any securities in its portfolio that do not meet the investment objectives and investment strategies of the applicable Continuing Trust Fund. As a result, the Terminating Trust Funds may temporarily hold cash or money market instruments and may not be fully invested in accordance with their investment objectives for a brief period of time prior to the Merger being effected.

        (ii) The value of the Terminating Trust Fund's investment portfolio and other assets will be determined at the close of business on the Effective Date in accordance with the constating documents of the Terminating Trust Fund.

        (iii) Each of the Terminating Trust Fund and the Continuing Trust Fund will declare, pay and automatically reinvest a distribution to its securityholders of net realized capital gains and net income, if any, to ensure that it will not be subject to tax for its current tax year.

        (iv) The Terminating Trust Fund will transfer substantially all of its assets to the Continuing Trust Fund. In return, the Continuing Trust Fund will issue to the Terminating Trust Fund units of the Continuing Trust Fund having an aggregate net asset value equal to the value of the assets transferred to the Continuing Trust Fund.

        (v) Each Continuing Trust Fund will not assume liabilities of the applicable Terminating Trust Fund and the Terminating Trust Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Effective Date.

        (vi) Immediately thereafter, units of the Continuing Trust Fund received by the Terminating Trust Fund will be distributed to securityholders of the Terminating Fund in exchange for their securities in the Terminating Fund on a dollar-for-dollar and class-by-class basis.

        (vii) The Terminating Trust Fund will be wound-up within 30 days following its Merger.

    (b) With respect to the Merger of Red Sky Canadian Equity Corporate Class into Cambridge Canadian Growth Companies Fund (i.e., Merger #3):

        (i) Prior to the Merger, if required, the Corporation will sell any securities in the portfolio underlying Red Sky Canadian Equity Corporate Class that do not meet the investment objectives and investment strategies of Cambridge Canadian Growth Companies Fund. As a result, the portfolio underlying Red Sky Canadian Equity Corporate Class may temporarily hold cash or money market instruments and

may not be fully invested in accordance with their investment objectives for a brief period of time prior to the Merger being effected.

(ii) The value of Red Sky Canadian Equity Corporate Class's investment portfolio and other assets will be determined at the close of business on the Effective Date in accordance with the constating documents of Red Sky Canadian Equity Corporate Class.

(iii) The Corporation may declare, pay and automatically reinvest ordinary dividends or capital gains dividends to securityholders of Red Sky Canadian Equity Corporate Class, as determined by the Manager at the time of the Merger. Cambridge Canadian Growth Companies Fund will declare, pay and automatically reinvest a distribution to its securityholders of net realized capital gains and net income, if any, to ensure that Cambridge Canadian Growth Companies Fund will not be subject to tax for its current tax year.

(iv) The Corporation will transfer substantially all of the assets attributed to Red Sky Canadian Equity Corporate Class to Cambridge Canadian Growth Companies Fund. In return, the Cambridge Canadian Growth Companies Fund will issue to the Corporation units of Cambridge Canadian Growth Companies Fund having an aggregate net asset value equal to the value of the assets transferred to Cambridge Canadian Growth Companies Fund.

(v) Cambridge Canadian Growth Companies Fund will not assume any of the liabilities of the Corporation attributed to Red Sky Canadian Equity Corporate Class. Instead, the Corporation will retain sufficient assets to satisfy Red Sky Canadian Equity Corporate Class's estimated liabilities, if any, as of the date of the Merger.

(vi) Immediately thereafter, units of Cambridge Canadian Growth Companies Fund received by the Corporation will be distributed to securityholders of Red Sky Canadian Equity Corporate Class in exchange for their shares in Red Sky Canadian Equity Corporate Class on a dollar-for-dollar and class-by-class basis, so that securityholders of the Red Sky Canadian Equity Corporate Class become securityholders of Cambridge Canadian Growth Companies Fund.

(vii) As soon as reasonably possible following the Merger, the articles of incorporation, as amended, will be further amended so that the shares of Red Sky Canadian Equity Corporate Class are cancelled.

(c) With respect to the Merger of CI Short-Term Advantage Corporate Class into CI Short-Term Corporate Class (i.e., Merger #4):

(i) Prior to the Merger, if required, the Corporation will sell any securities in the portfolio underlying CI Short-Term Advantage Corporate Class that do not meet the investment objectives and investment strategies of the CI Short-Term Corporate Class. As a result, the portfolio underlying CI Short-Term Advantage Corporate Class may temporarily hold cash or money market instruments and may not be fully invested in accordance with their investment objectives for a brief period of time prior to the Merger being effected.

(ii) The value of CI Short-Term Advantage Corporate Class's investment portfolio and other assets will be determined at the close of business on the Effective Date in accordance with the constating documents of CI Short-Term Advantage Corporate Class.

(iii) The Corporation may declare, pay and automatically reinvest ordinary dividends or capital gains dividends to securityholders of CI Short-Term Advantage Corporate Class and/or the CI Short-Term Corporate Class, as determined by CI at the time of the Merger.

(iv) Each outstanding share of CI Short-Term Advantage Corporate Class will be exchanged for shares of equivalent classes of CI Short-Term Corporate Class based on their relative net asset values.

(v) The assets and liabilities of the Corporation attributed to CI Short-Term Advantage Corporate Class will be reallocated to CI Short-Term Corporate Class.

(vi) As soon as reasonably possible following the Merger, the articles of incorporation of the Corporation, as amended, will be further amended so that all of the issued and outstanding shares of CI Short-Term Advantage Corporate Class will be exchanged for shares of CI Short-Term Corporate Class on a dollar-for-dollar and class-by-class basis, so that securityholders of CI Short-Term Advantage

Corporate Class become securityholders of CI Short-Term Corporate Class and so that the shares of CI Short-Term Advantage Corporate Class are cancelled.

27. Although the procedures for implementing the Mergers will vary, the result of each Merger will be that investors in each Terminating Fund will cease to be securityholders of the Terminating Fund and will become securityholders of its Continuing Fund and the Continuing Funds will continue as publicly-offered open-end mutual funds.

Benefits of the Mergers

28. In the opinion of the Manager, the Mergers will be beneficial to securityholders of the Funds for the following reasons:

    (a) it is expected that the Mergers will result in a more streamlined and simplified product line-up that is easier for investors to understand;

    (b) the Mergers will eliminate similar fund offerings across product line-ups, reducing duplication and redundancy;

    (c) following the Mergers, each Continuing Fund will have more assets, thereby allowing for increased portfolio diversification opportunities and a smaller proportion of assets set aside to fund redemptions; and

    (d) each Continuing Fund will benefit from its larger profile in the marketplace.

29. In respect of the Merger of Signature Select Global Fund into CI Global Fund, and the Merger of Red Sky Canadian Equity Corporate Class into Cambridge Canadian Growth Companies Fund, securityholders of the applicable Terminating Fund will also benefit by moving to a mutual fund with a much larger net asset value (approximately $387.96 million versus $159.09 million in the case of Signature Select Global Fund and approximately $489.81 million versus $1.11 million in the case of Red Sky Candian Equity Corporate Class, both as at September 30, 2016), while retaining a substantially similar investment mandate and an identical fee structure.

30. In respect of the Merger of CI U.S. Equity Plus Fund into Cambridge American Equity Fund, securityholders of CI U.S. Equity Plus Fund will benefit:

    (a) by moving to a mutual fund with a much larger net asset value (approximately $259.17 million versus $18.90 million as at September 30, 2016); and

    (b) due to the broader investment mandate of Cambridge American Equity Fund. As noted above, Cambridge American Equity Fund's investment objective does not restrict it to medium and large U.S. companies, which presents Cambridge American Equity Fund with a broader universe of securities from which to select.

31. In respect of the Merger of CI Short-Term Advantage Corporate Class into CI Short-Term Corporate Class, securityholders of CI Short-Term Advantage Corporate Class will also benefit by moving, on a tax-deferred basis, to a mutual fund with a much larger net asset value (approximately $181.17 million versus $18.15 million as at September 30, 2016), a similar investment mandate and an identical fee structure.

Reasons for Approval Sought

32. Regulatory approval of the Mergers is required because each Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102. In particular,

    (a) in respect of the Merger of (i) CI U.S. Equity Plus Fund into Cambridge American Equity Fund, and (ii) CI Short-Term Advantage Corporate Class into CI Short-Term Corporate Class, a reasonable person may not consider the Terminating Fund to have substantially similar fundamental investment objectives as its corresponding Continuing Fund; and

    (b) other than the Merger of CI Short-Term Advantage Corporate Class into CI Short-Term Corporate Class, no Merger will be a "qualifying exchange" within the meaning of section 132.2 of the Tax Act or a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the Tax Act.

33. The fundamental investment objective of CI Short-Term Advantage Corporate Class explicitly permits the Fund to invest in money market instruments issued in developed countries (Canada or otherwise). However, the fundamental investment objective of CI Short-Term Corporate Class states that the Fund will primarily invest in Canadian money market instruments. Therefore, a reasonable person may not consider the fundamental investment objectives of CI Short-Term Advantage Corporate Class and CI Short-Term Corporate Class to be *substantially* similar.

34. The fundamental investment objective of CI U.S. Equity Plus Fund states that the Fund will invest a majority of its assets in common stocks of medium and large U.S. companies. The fundamental investment objective of Cambridge American Equity Fund, however, states that the Fund invests primarily in equity and equity-related securities of companies in the United States, with no reference to the size of the companies. Therefore, a reasonable person may not consider the fundamental investment objectives of CI U.S. Equity Plus Fund and Cambridge American Equity Fund to be *substantially* similar.

35. In respect of the Merger of (i) Signature Select Global Fund into CI Global Fund, and (ii) CI U.S. Equity Plus Fund into Cambridge American Equity Fund, each Continuing Fund has loss carryforwards for tax purposes that will be lost if these Mergers are implemented on a tax-deferred basis. Consequently, each Merger will be effected on a taxable basis so that such Continuing Funds will preserve their unutilized loss carryforwards for use to shelter income and capital gains realized by the Continuing Funds in future years.

36. In respect of the Merger of Red Sky Canadian Equity Corporate Class into Cambridge Canadian Growth Companies Fund, under current tax laws, the Merger cannot be effected on a tax-deferred basis. However, CI anticipates that immediately prior to effecting the Merger, the portfolio attributed to Red Sky Canadian Equity Corporate Class will have sufficient realized and unrealized losses and loss carryforwards or insignificant unrealized net capital gains to enable the Corporation to transfer those portfolio assets to Cambridge Canadian Growth Companies Fund at their current market value without triggering any material adverse tax consequences to the Corporation.

37. Other than as described above, the Mergers comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

Decision

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

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

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

2.1.6 National Bank Investments Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from sections 2.7(1), 2.7(4) and 6.1(1) of National Instrument 81-102 Investment Fundsto permit mutual funds to enter into swap transactions that are cleared through a clearing corporation, subject to certain conditions – relief required because of new U.S. and European requirements to clear over-the-counter derivatives including swaps – relief from sections 2.8(1)(d) and 2.8(1)(f)(i) of National Instrument 81-102 to permit mutual funds that open or maintain a long position in a standardized future or forward contract or enter into or maintain a swap position and during the periods when the funds are entitled to receive payments under the swap, to use as cover, a right or obligation to sell an equivalent quantity of the underlying interest of the standardized future, forward or swap, subject to certain conditions – relief from section 2.1(1) of National Instrument 81-102 to permit global fixed income mutual funds to invest more than 10% of net asset value in debt securities issued by a foreign government or permitted supranational agency, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.1(1) 2.7(1), 2.7(4), 2.8(1)(d), 2.8(1)(f)(i), 6.1(1), 19.1.

[Translation]

November 11, 2016

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

AND

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

AND

**IN THE MATTER OF
NATIONAL BANK INVESTMENTS INC.
(the Filer)**

<u>DECISION</u>

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**), pursuant to section 19.1 of *Regulation 81-102 respecting Investment Funds* (c. V-1.1, r.39) (**Regulation 81-102**), exempting the NB Funds (as defined below), as specified below:

(a) with respect to each NB Fund that enters into Cleared Swaps (as defined below):

(i) from the requirement in subsection 2.7(1) of Regulation 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 (A) the option, debt-like security, swap or contract has a designated rating or (B) the equivalent debt of the counterparty, or of a person or company that has fully and unconditionally guaranteed the obligations of the counterparty in respect of the option, debt-like security, swap or contract, has a designated rating;

(ii) from the limitation in subsection 2.7(4) of Regulation 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 Regulation 81-102 shall not exceed, for a period of 30 days or more, 10% of the net asset value of the mutual fund; and

(iii) from the requirement in subsection 6.1(1) of Regulation 81-102 to hold all portfolio assets of an investment fund under the custodianship of one custodian in order to permit each NB Fund to deposit cash and other portfolio assets directly with a Futures Commission Merchant (as defined below) and indirectly with a Clearing Corporation (as defined below) as margin,

(collectively, the **Cleared Swaps Relief**);

(b) with respect to each NB Fund, from the cover requirement in paragraph 2.8(1)(d) and subparagraph 2.8(1)(f)(i) of Regulation 81-102 in order to permit each of the NB Funds to use as cover a right or obligation to sell an equivalent quantity of the underlying interest of the standardized future, forward or swap when it:

(i) opens or maintains a long position in a debt-like security that has a component that is a long position in a forward contract or in a standardized future or forward contract; or

(ii) enters into or maintains a swap position and during the periods when the NB Fund is entitled to receive payments under the swap,

(collectively, the **Derivative Cover Relief**); and

(c) with respect to each NB Bond Fund (as defined below), from the concentration restriction of subsection 2.1(1) of Regulation 81-102 in order to permit each NB Bond Fund to invest up to:

(i) 20% of its net asset value at the time of the transaction in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction in Canada or the government of the United States of America and are rated “AA” by Standard & Poor’s Rating Services (Canada) (**S&P**) or its DRO affiliate or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates; and

(ii) 35% of its net asset value at the time of the transaction in evidences of indebtedness of any one issuer if those securities are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction in Canada or the government of the United States of America and are rated “AAA” by S&P or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates (the evidences of indebtedness in (i) and (ii), collectively, Foreign Government Securities),

(collectively, the **Sovereign Government and Supranational Entity Concentration Relief**).

The Cleared Swaps Relief, the Derivative Cover Relief and the Sovereign Government and Supranational Entity Concentration Relief are, collectively, the **Exemptions Sought**.

The Filer has also applied to revoke the Previous Cleared Swaps Relief (as defined below) (the **Revocation**).

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

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

(b) the Filer has provided notice that subsection 4.7(1) of *Regulation 11-102 respecting Passport System* (c. V-1.1, r.1) (**Regulation 11-102**) is intended to be relied upon in the jurisdictions of Canada other than the Jurisdictions; 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 Regulation 81-102, *Regulation 14-101 respecting Definitions* (c. V-1.1, r.3) and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined. Capitalized terms used in this decision have the following meanings:

CFTC means the U.S. Commodity Futures Trading Commission

Cleared Swap means any OTC derivative transaction that can be entered into on a cleared basis, whether or not such derivative is subject to a clearing determination or a clearing obligation issued by the CFTC or ESMA, as the case may be

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 recognized or exempt from recognition in a Jurisdiction, as the case may be, where the NB 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

Existing NB Funds means the NB Funds that are relying on the Previous Cleared Swaps Relief as at the date of this decision

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

NB Bond Funds means National Bank Global Tactical Bond Fund, National Bank U.S. $ Global Tactical Bond Fund and NBI Unconstrained Fixed Income Fund

NB Funds means (i) the Existing NB Funds, (ii) the NB Bond Funds, and (iii) as applicable, all other current and future mutual funds managed by the Filer that are subject to Regulation 81-102

OTC means over-the-counter

Portfolio Manager means each portfolio manager retained from time to time by the Filer to manage the investment portfolio of one or more NB Funds

Previous Cleared Swaps Relief means the relief granted to the Existing NB Funds pursuant to a decision document dated December 3, 2014 from the requirements in subsections 2.7(1), 2.7(4) and 6.1(1) of Regulation 81-102 to permit the Existing NB Funds to enter into cleared swaps that are, or will be, subject to a clearing determination issued by the CFTC

Representations

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

The Filer and the NB Funds

1. The Filer is, or will be, the investment fund manager of each NB Fund. The Filer is registered as an investment fund manager in each of the Provinces of Québec, Ontario and Newfoundland and Labrador and as a mutual fund dealer in each of the jurisdictions of Canada. The head office of the Filer is in Montreal, Québec.

2. Each NB Fund is, or will be, a mutual fund created under the laws of the Province of Ontario or under the laws of the Province of Québec and is, or will be, subject to the provisions of Regulation 81-102.

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

4. Neither the Filer nor the NB Funds in existence as of the date hereof are in default of securities legislation in any jurisdiction of Canada.

Previous Cleared Swaps Relief

5. The Previous Cleared Swaps Relief, in accordance with its terms, terminates on December 3, 2016.

6. The Filer is seeking the Cleared Swaps Relief in order to revoke the Previous Cleared Swaps Relief and to permit NB Funds to also enter into Cleared Swaps.

Reasons supporting the Cleared Swaps Relief

7. The investment objective and investment strategies of each NB Fund that enters into, or will enter into, Cleared Swaps permit, or will permit, the NB Fund to enter into derivative transactions, including Cleared Swaps.

8. Dodd-Frank requires that certain OTC derivatives be cleared through a Futures Commission Merchant at a Clearing Corporation.

9. EMIR also requires that certain OTC derivatives be cleared through a central counterparty authorized to provide clearing services for purposes of EMIR.

10. In addition to clearing swaps that are mandated to be cleared under Dodd-Frank and/or EMIR, many of the Clearing Corporations offer clearing services in respect of other types of derivative transactions. Many global derivative end-users enter into Cleared Swaps on both a voluntary and a mandatory basis.

11. In the absence of the Cleared Swaps Relief, each Portfolio Manager will need to structure the derivative transactions entered into by the applicable NB Funds so as to avoid clearing, including 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 NB Funds and their securityholders for a number of reasons, as set out below.

12. The Filer wishes that the NB Funds have the ability to enter into Cleared Swaps in order to benefit from the pricing benefits and reduced trading costs that each Portfolio Manager is often able to achieve through its trade execution practices and from the reduced costs associated with Cleared Swaps as compared to other OTC trades.

13. A Portfolio Manager may use common trade execution practices for all of its accounts, including the NB Funds. If these practices involve the use of Cleared Swaps and if the NB Funds are unable to employ these trade execution practices, then the Portfolio Manager would have to create separate trade execution practices only for the NB Funds and would have to execute trade for the NB Funds on a separate basis. This would increase the operational risk for the NB Funds and would prevent the NB Funds from benefitting from the pricing benefits and reduced trading costs that a Portfolio Manager may be able to achieve through common practices for its advised 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 Cleared Swaps.

14. In accordance with the Filer's standard of care owed to the NB Funds pursuant to applicable legislation, the Filer has determined that central clearing represents the best choice for the securityholders of the NB Funds to mitigate the legal, operational and back office risks faced by investors in the global swap markets.

15. 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 NB Funds. The Filer respectfully submits that the NB Funds should be encouraged to comply with the robust clearing requirements established by the CFTC and under EMIR by granting them the Cleared Swaps Relief.

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

Reasons supporting the Derivative Cover Relief

17. Paragraph 2.8(1)(d) and subparagraph 2.8(1)(f)(i) of Regulation 81-102 do not permit covering a long position in a standardized future or forward contract or a position in a swap for a period when a mutual fund is entitled to receive payments under the swap, in whole or in part with a right or obligation to sell an equivalent quantity of the underlying interest of the future, forward or swap. Accordingly, these provisions of Regulation 81-102 do not permit the use of put options or short future, forward or swap positions to cover long future, forward or swap positions.

18. By not recognizing the hedging properties of options for long positions evidenced by standardized futures or forwards or in respect of swaps where a mutual fund is entitled to receive payments from the counterparty, Regulation 81-102 effectively imposes the requirement to overcollateralize, since the maximum liability to the mutual fund under this scenario is equal to the difference between the market value of the long position and the exercise price of the option. Overcollateralization imposes a cost on a mutual fund.

19. Paragraph 2.8(1)(c) of Regulation 81-102 permits a mutual fund to write a put option and cover it with buying a right or obligation to sell an equivalent quantity of the underlying interest of the written put option. This position has similar risks as a debt-like security that has a component that has a long position in a forward or a standardized future or forward contract as contemplated by paragraph 2.8(1)(d) or a swap as contemplated by subparagraph 2.8(1)(f)(i) and therefore, the Filer submits that the NB Funds should be permitted to cover a long position in a future, forward or swap with a put option or an offsetting short position.

20. The Filer submits that the Derivative Cover Relief would enable the NB Funds to more effectively manage any exposure they may have under specified derivatives and to have the flexibility to enhance yield.

Reasons supporting the Sovereign Government and Supranational Entity Concentration Relief

21. The investment objective of National Bank Global Tactical Bond Fund is to generate income and capital growth, while focusing on capital preservation. To achieve its investment objective, National Bank Global Tactical Bond Fund invests directly, or indirectly through investments in securities of other mutual funds or through the use of derivatives, in a diverse portfolio mainly composed of bonds and other foreign fixed-income securities with various maturities and credit ratings.

22. The investment objective of National Bank U.S. $ Global Tactical Bond Fund is to generate U.S. dollar income and capital growth while focusing on capital preservation. To achieve its investment objective, National Bank U.S. $ Global Tactical Bond Fund invests directly, or indirectly through investments in securities of other mutual funds or through the use of derivatives, in a diversified portfolio mainly composed of foreign bonds and other fixed-income securities with various maturities and credit ratings.

23. The NBI Unconstrained Fixed Income Fund filed a preliminary prospectus on October 17, 2016 and its proposed investment objective is to maximize total return, consistent with preservation of capital. To achieve its investment objective, NBI Unconstrained Fixed Income Fund invests, directly or indirectly through investments in securities of other mutual funds or through the use of derivatives, in a diversified portfolio composed mainly of fixed-income securities of foreign issuers with various maturities and credit ratings.

24. As part of the investment strategies of each NB Bond Fund, each applicable Portfolio Manager would like to invest a portion of the NB Bond Fund's assets in Foreign Government Securities. Depending on market conditions, the NB Bond Fund's Portfolio Manager seeks the discretion to gain exposure to any one issuer of Foreign Government Securities in excess of the concentration restriction under subsection 2.1(1) of Regulation 81-102

25. Subsection 2.1(1) of Regulation 81-102 prohibits a NB Bond Fund from purchasing a security of an issuer, other than a "government security" as defined in Regulation 81-102, if, immediately after the purchase, more than 10% of the net asset value of the NB Bond Fund would be invested in securities of the issuer.

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

27. In Policy Statement to Regulation 81-102, the Canadian Securities Administrators state their views on various matters relating to Regulation 81-102. Subsection 3.1(4) of the Policy Statement to Regulation 81-102 indicates that relief from paragraph 2.04(1)(a) of National Policy Statement No. 39, which was replaced by section 2.1 of Regulation 81-102, has been provided to mutual funds generally under the following circumstances:

    (i) the mutual fund has been permitted to invest up to 20% of its net asset value in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction or the government of the United States of America and are rated "AA" by S&P or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates; and

    (ii) the mutual fund has been permitted to invest up to 35% of its net asset value in evidences of indebtedness of any one issuer, if those securities are issued, or fully guaranteed as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction, or the government of the United States of America and are rated "AAA" by S&P or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates.

28. The Filer believes that the Sovereign Government and Supranational Entity Concentration Relief will better enable each NB Bond Fund to achieve its fundamental investment objective.

29. For the reasons provided above, the Filer submits that it would not be detrimental to the protection of investors to grant the Exemptions Sought to the NB Funds.

Decision

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

The decision of the Decision Makers under the Legislation is that the Revocation is granted and the Exemptions Sought are granted provided that:

1. in the case of the Cleared Swaps Relief, 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, as the case may be, where the applicable NB 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% of the net asset value of the NB 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% of the net asset value of the NB Fund as at the time of deposit;

2. in the case of the Derivative Cover Relief:

    (a) when a NB Fund enters into or maintains a swap position for periods when the NB Fund would be entitled to receive fixed payments under the swap, the NB Fund holds:

        (i) cash cover in an amount that, together with margin on account for the swap and the market value of the swap, is not less than, on a daily mark-to-market basis, the underlying market exposure of the swap;

        (ii) a right or obligation to enter into an offsetting swap on an equivalent quantity and with an equivalent term and cash cover that together with margin on account for the position is not less than the aggregate amount, if any, of the obligations of the NB Fund under the swap less the obligations of the NB Fund under such offsetting swap; or

        (iii) a combination of the positions referred to in clauses (i) and (ii) that is sufficient, without recourse to other assets of the NB Fund, to enable the NB Fund to satisfy its obligations under the swap;

    (b) when a NB Fund opens or maintains a long position in a debt-like security that has a component that is a long position in a forward contract, or in a standardized future or forward contract, the NB Fund holds:

        (i) cash cover in an amount that, together with margin on account for the specified derivative and the market value of the specified derivative, is not less than, on a daily mark-to-market basis, the underlying market exposure of the specified derivative;

        (ii) a right or obligation to sell an equivalent quantity of the underlying interest of the future or forward contract, and cash cover that together with margin on account for the position, is not less than the

aggregate amount, if any, by which the price of the future or forward contract exceeds the strike price of the right or obligation to sell the underlying interest; or

(iii) a combination of the positions referred to in clauses (i) and (ii) that is sufficient, without recourse to other assets of the NB Fund, to enable the NB Fund to satisfy its obligations under the future or forward contact; and

(c) a NB Fund will not (i) purchase a debt-like security that has an option component or an option, or (ii) purchase or write an option to cover any positions under paragraphs 2.8(1)(b), (c), (d), (e) and (f) of Regulation 81-102, if immediately after the purchase or writing of such option, more than 10% of the net asset value of the NB Fund, taken at market value at the time of the transaction, would be in the form of (1) purchased debt-like securities that have an option component or purchased options, in each case, held by the NB Fund for purposes other than hedging, or (2) options used to cover any positions under paragraphs 2.8(1)(b), (c), (d), (e) and (f) of Regulation 81-102;

3. in the case of the Sovereign Government and Supranational Entity Concentration Relief:

(a) sub-paragraphs (i) and (ii) of the Sovereign Government and Supranational Entity Concentration Relief cannot be combined for any one issuer;

(b) any security that may be purchased by the NB Bond Funds pursuant to the Sovereign Government and Supranational Entity Concentration Relief is traded on a mature and liquid market;

(c) the acquisition of the securities purchased pursuant to this decision is consistent with the fundamental investment objective of each NB Bond Fund;

(d) the simplified prospectus of the NB Bond Funds will disclose the additional risks associated with the concentration of net asset value of a fund in securities of fewer issuers, such as the potential additional exposure to the risk of default of the issuer in which the fund has so invested and the risks, including foreign exchange risks, of investing in the country in which the issuer is located; and

(e) the simplified prospectus of the NB Bond Funds will include a summary of the nature and terms of the Sovereign Government and Supranational Entity Concentration Relief along with the conditions imposed and the type of securities covered by this decision.

This decision with respect to the Cleared Swaps Relief will terminate on the coming into force of any revisions to the provisions of Regulation 81-102 that address the clearing of OTC derivatives.

"Hugo Lacroix"
Senior Director, Investment Funds
Autorité des marchés financiers

2.2 Orders

2.2.1 Legal & General Investment Management America, Inc. [Corrected] – s. 80 of the CFA

[Editor's Note: This order was originally published with an incorrect headnote. The order below completely replaces the original publication in (2016), 39 OSCB 8589 on October 13, 2016.]

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Foreign adviser exempted from the adviser registration requirement in paragraph 22(1)(b) of the Commodity Futures Act (Ontario) where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (Contracts) for certain investors in Ontario who meet the definition of "permitted client" in NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Contracts are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.

Terms and conditions of exemption correspond to the relevant terms and conditions of the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Exemption also subject to a "sunset clause" condition.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 1(1), 22(1)(b), 80.
Securities Act, R.S.O. 1990, c. S.5, as am.

October 4, 2016

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

AND

**IN THE MATTER OF
LEGAL & GENERAL INVESTMENT MANAGEMENT AMERICA, INC.**

**ORDER
(Section 80 of the CFA)**

UPON the application (the **Application**) of Legal & General Investment Management America, Inc. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 80 of the CFA that the Applicant and any individuals engaging in, or holding themselves out as engaging in, the business of advising others as to trading in Contracts (as defined below) on the Applicant's behalf (the **Representatives**) be exempt, for a specified period of time, from the adviser registration requirement in paragraph 22(1)(b) of the CFA, subject to certain terms and conditions;

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

AND WHEREAS for the purposes of this Order:

"CFA Adviser Registration Requirement" means the requirement in the CFA that prohibits a person or company from acting as an adviser with respect to trading in Contracts unless the person or company is registered in the appropriate category of registration under the CFA;

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

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"Foreign Contract" means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

"International Adviser Exemption" means the exemption set out in section 8.26 of NI 31-103 from the OSA Adviser Registration Requirement;

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

"NI 31-103" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, as amended from time to time;

"OSA" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended from time to time;

"OSA Adviser Registration Requirement" means the requirement in the OSA that prohibits a person or company from acting as an adviser with respect to investing in, buying or selling securities unless the person or company is registered in the appropriate category of registration under the OSA;

"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, except that for purposes of this Order such definition shall exclude a person or company registered under the securities or commodities legislation of a jurisdiction of Canada as an adviser or dealer;

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

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

"United States" means the United States of America; and

"United States Advisers Act" means the *Investment Advisers Act of 1940* of the United States, as amended from time to time.

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a company incorporated under the laws of the State of Delaware. Its principal place of business is located in Chicago, Illinois.

2. The Applicant provides investment management services on a fully discretionary basis to its clients. It offers these services to clients (a) through separately managed accounts; (b) as an adviser to provide funds; (c) as a sub-adviser to a collective investment trust; (d) as a sub-adviser to seven SEC-registered investment companies; and (e) as a sub-adviser to other advisers and their institutional clients, funds and platforms.

3. The Applicant is currently (a) registered with the SEC as an investment adviser under the United States Advisers Act; (b) registered with the CFTC as a commodity trading advisor and is an exempt commodity pool operator; and (c) a member of the NFA.

4. The Applicant is not registered in any capacity under the CFA. The Applicant is registered as a portfolio manager under the OSA and the securities legislation of Québec.

5. The Applicant is not in default of securities legislation, commodity futures legislation or derivatives legislation of any jurisdiction in Canada. The Applicant is in compliance in all material respects with securities laws, commodity futures laws and derivatives laws of the United States.

6. In Ontario, certain institutional investors that are Permitted Clients seek to engage the Applicant as a discretionary investment manager for purposes of implementing certain specialized investment strategies.

7. The Applicant seeks to act as a discretionary commodity futures advisory manager for Canadian institutional investors that are Permitted Clients. The Applicant's advisory services to Permitted Clients would primarily include the use of specialized investment strategies employing Foreign Contracts.

8. Were the proposed advisory services limited to securities (as defined in subsection 1(1) of the OSA) the Applicant would be able to rely on the International Adviser Exemption and carry out such activities for Permitted Clients on a basis that would be exempt from the OSA Adviser Registration Requirement.

9. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption. Consequently, in order to advise Permitted Clients as to trading in Foreign Contracts, in the absence of this Order, the Applicant would be required to satisfy the CFA Adviser Registration Requirement by applying for and obtaining registration in Ontario as an adviser under the CFA in the category of commodity trading manager.

10. To the best of the Applicant's knowledge, the Applicant confirms that there are currently no regulatory actions of the type contemplated by the *Notice of Regulatory Action* attached as Appendix "B".

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to make this Order;

IT IS ORDERED, pursuant to section 80 of the CFA, that the Applicant and its Representatives are exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA in respect of providing advice to Permitted Clients as to the trading of Foreign Contracts provided that:

(a) the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise any Permitted Client as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;

(b) the Applicant's head office or principal place of business remains in the United States;

(c) the Applicant is registered in a category of registration, or operates under an exemption from registration, under the applicable securities or commodity futures legislation of the United States that permits it to carry on the activities in the United States that registration under the CFA as an adviser in the category of commodity trading manager would permit it to carry on in Ontario;

(d) the Applicant continues to engage in the business of an adviser (as defined in the CFA) in the United States;

(e) as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships (excluding the gross revenue of an affiliate or affiliated partnership of the Applicant if the affiliate or affiliated partnership is registered under securities legislation, commodities legislation or derivatives legislation of a jurisdiction of Canada) was derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada (which, for greater certainty, includes both securities-related and commodity-futures-related activities);

(f) before advising a Permitted Client with respect to Foreign Contracts, the Applicant notifies the Permitted Client of all of the following:

(i) the Applicant is not registered in Ontario to provide the advice described in paragraph (a) of this Order;

(ii) the foreign jurisdiction in which the Applicant's head office or principal place of business is located;

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

(iv) 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;

(g) 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";

(h) the Applicant notifies the Commission of any regulatory action initiated after the date of this Order with respect to the Applicant or any predecessors or the specified affiliates of the Applicant by completing and filing Appendix "B" within 10 days of the commencement of each such action, provided that the Applicant may also satisfy this condition by filing with the Commission,

(i) within 10 days of the date of this Order, a notice making reference to and incorporating by reference the disclosure made by the Applicant pursuant to federal securities laws of the United States that is identified on the Investment Adviser Public Disclosure website, and

(ii) promptly, a notification of any Form ADV amendment and/or filing with the SEC that relates to legal and/or regulatory actions; and

(i) if the Applicant is not registered under the OSA and does not rely on the International Adviser Exemption, 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 Ontario Securities Commission Rule 13-502 *Fees* as if the Applicant relied on the International Adviser Exemption; and

IT IS FURTHER ORDERED that this Order will terminate on the earliest of:

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

(b) 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 ability of the Applicant to act as an adviser to a Permitted Client; and

(c) five years after the date of this Order.

DATED at Toronto, Ontario, this 4th day of October, 2016.

"Garnet W. Fenn"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
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

2.2.2 Sunovion CNS Development Canada ULC

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).

November 10, 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
SUNOVION CNS DEVELOPMENT CANADA ULC
(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 Alberta and British Columbia.

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.

"Jo-Anne Matear"
Manager, Corporate Finance
Ontario Securities Commission

2.2.3 Logan International Inc.

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – Issuer deemed to no longer be a reporting issuer under securities legislation.

Applicable Legislative Provisions

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

Citation: Re Logan International Inc., 2016 ABASC 274

November 9, 2016

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

AND

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

AND

**IN THE MATTER OF
LOGAN INTERNATIONAL INC.
(the Filer)**

ORDER

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (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 dual application):

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

(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, Manitoba and Québec; and

(c) this order is the order 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* or 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

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

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

“Denise Weeres”
Manager, Legal
Corporate Finance

2.2.4 NB Alternatives Advisers LLC et al. – s. 74

Headnote

Application for relief from the investment fund manager registration requirement and the dealer registration requirement in order to provide certain current “senior-level” employees of a global investment firm with the opportunity to voluntarily participate in investment opportunities alongside other employees, globally – the filers are related entities – each of the investment funds advised by the filers are or will be established outside of Canada – each of the filers’ head office or principal place of business is in the United States or United Kingdom, as applicable, and each of the filers are appropriately registered in the United States or United Kingdom, as applicable – the filers distribute to no more than 10 “Qualified Employees” – the filers shall not receive any trade-based compensation – the participation in an investment opportunity by a “Qualified Employee” is voluntary – the filers are subject to the standard conditions applicable to a non-registered exempt international firm – the filers granted relief from the investment fund manager registration requirement on conditions analogous to the permitted client exemption in section 4 of Multilateral Instrument 32-102 Registration Exemptions for Non-Resident Investment Fund Managers.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 25(4), 74(1).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 8.16, 8.18.
Multilateral Instrument 32-102 Registration Exemptions for Non-Resident Investment Fund Managers, ss. 1, 4.
National Instrument 45-106 Prospectus Exemptions, ss. 1.1, 2.3.

November 11, 2016

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

AND

**IN THE MATTER OF
NB ALTERNATIVES ADVISERS LLC (“NBAA LLC”),
NEUBERGER BERMAN EUROPE LIMITED (“NBEL”),
NEUBERGER BERMAN INVESTMENT ADVISERS LLC (“NBIA LLC”),
NEUBERGER BERMAN LLC (“NB LLC”), AND
NB ALTERNATIVE INVESTMENT MANAGEMENT LLC (“NBAIM LLC” and,
together with NBAA LLC, NBEL, NBIA LLC and NB LLC, the “Filers”, and each a “Filer”)**

**ORDER
(Section 74 of the Act)**

Background

The Commission has received an application for an order pursuant to subsection 74(1) of the Act:

(a) from each of the Filers, for an exemption from the investment fund manager registration requirement under subsection 25(4) of the Act (the **Investment Fund Manager Relief**) in respect of it acting as an investment fund manager for the Funds (as defined below) where all securities of the Funds distributed in Ontario are distributed:

i. under an exemption from the prospectus requirement to a Permitted Client; or

ii. under the Accredited Investor Exemption (as defined below) to a Qualified Employee (as defined below) employed by NB LLC; and

(b) from NB LLC, for an exemption from the dealer registration requirement under subsection 25(1) of the Act (the **Dealer Relief**) in respect of it distributing securities of the Funds and other collective investment vehicles that do not meet the definition of an “investment fund” under applicable securities laws (collectively, the **Collective Investment Vehicles**) under the Accredited Investor Exemption to Qualified Employees employed by NB LLC.

Interpretation

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

The term **Permitted Client** has the same meaning as in section 1 of Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* (**MI 32-102**).

Representations

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

The Filers

1. Neuberger Berman Group LLC is a holding company, which through its subsidiaries (collectively, **Neuberger Berman**), including the Filers, provides a broad range of global investment solutions – equity, fixed income and alternatives – to institutions and individuals through, among other things, customized separately managed accounts and collective investment vehicles (including non-redeemable investment funds).

2. NB LLC is a limited liability company formed pursuant to the laws of the state of Delaware in the United States, with a head office located in New York, United States.

3. NBAIM LLC is a limited liability company formed pursuant to the laws of the state of Delaware in the United States, with a head office located in New York, United States.

4. NBAA LLC is a limited liability company formed pursuant to the laws of the state of Delaware in the United States with a head office located in Dallas, United States.

5. NBIA LLC is a limited liability company formed pursuant to the laws of the state of Delaware in the United States with a head office located in Chicago, United States.

6. NBEL is a company incorporated under the laws of England with a head office located in London, England.

7. NB LLC currently maintains an office in Toronto, Ontario. None of the other Filers maintain a physical office in Canada.

8. Each of the Filers is registered as an investment adviser with the United States Securities and Exchange Commission (the **SEC**).

9. NBEL is also authorised and regulated by the Financial Conduct Authority (the **FCA**) in the United Kingdom. NBEL is authorized to carry on certain regulated activities in the U.K., including the following: (a) advising on investments, (b) arranging (bringing about) deals in investments, (c) arranging safeguarding and administration of assets, (d) dealing in investments as agent, (e) establishing, operating or winding up a regulated collective investment scheme, (f) establishing, operating or winding up an unregulated collective investment scheme, (g) making arrangements with a view to transactions in investments, and (h) managing investments.

10. NB LLC is also registered as a broker-dealer with the SEC and applicable United States state regulators and is a member of the United States Financial Industry Regulatory Authority (**FINRA**).

11. NBAA LLC and NBAIM LLC are also registered as commodity pool operators with the United States Commodity Futures Trading Commission (the **CFTC**). NBIA LLC is also registered with the CTFC as a commodity pool operator and a commodity trading advisor. NB LLC is also registered with the CTFC as a commodity pool operator, commodity trading advisor and futures commission merchant. In these capacities, NBAA LLC, NBIA LLC, NB LLC and NBAIM LLC are members of the United States National Futures Association (the **NFA**).

12. NB LLC relies on the international dealer exemption in section 8.18 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), as well as the international adviser exemption in section 8.26 of NI 31-103, in each Canadian province. NB LLC also relies on the "permitted clients" investment fund manager registration exemption in section 4 of MI 32-102 (the **Permitted Clients Exemption**) in Ontario and Québec.

13. NBAIM LLC relies on the international adviser exemption in section 8.26 of NI 31-103 in Ontario.

14. NBAA LLC relies on the Permitted Clients Exemption in Ontario and Québec, and the international adviser exemption in section 8.26 of NI 31-103.

15. NBIA LLC relies on the Permitted Clients Exemption in Newfoundland and Labrador, Ontario and Québec, and the international adviser exemption in section 8.26 of NI 31-103 in each Canadian province.

16. NBEL relies on the Permitted Clients Exemption in Ontario and Québec.

17. Each of NB LLC, NBAA LLC, NBIA LLC and NBEL solicit, through NB LLC, Permitted Clients to purchase securities of certain Funds.

18. The Filers are not registered under the securities legislation in any jurisdiction of Canada in any capacity.

19. The Filers are not in default of securities legislation, commodity futures legislation or derivatives legislation of any jurisdiction in Canada. The Filers are in compliance in all material respects with securities laws, commodity futures laws and derivatives laws of the United States.

20. For Canadian purposes, each of the Filers acts as investment fund manager for one or more investment funds that are offered to individual or institutional investors (the **Funds**).

21. Each of the Filers act as the investment adviser, as defined under United States securities law, for the Collective Investment Vehicles (including the Funds), which may be offered to individual or institutional investors.

22. The Collective Investment Vehicles advised by the Filers are or will be established outside of Canada.

The Proposed Investment Opportunity and Qualified Employees

23. Neuberger Berman provides certain eligible employees and their family members the opportunity to invest in the Collective Investment Vehicles (each an **Investment Opportunity**). For each Investment Opportunity, the offering made to eligible employees is subject to the same terms as other individual or institutional investors in the Fund, except that each Filer may waive any management fees, incentive fees and performance allocations, and minimum investment amounts may be reduced.

24. Each Investment Opportunity is or will be offered solely to an employee that has the job title of Managing Director or Senior Vice President, or are fund directors, Neuberger Berman equity owners or employees who have otherwise established to the satisfaction of Neuberger Berman that they have sufficient sophistication and assets to participate in the Investment Opportunity, subject to the rules and regulations of the local jurisdiction (the **Qualified Employees**).

25. Each Investment Opportunity is made to Qualified Employees globally, subject to the rules and regulations of the local jurisdiction.

26. Participation in an Investment Opportunity by a Qualified Employee is voluntary, and the Qualified Employee will not be induced to participate in an Investment Opportunity by expectation of employment or continued employment.

27. Only Qualified Employees who are "accredited investors" as defined in Regulation D under Section 4(2) of the United States *Securities Act of 1933*, as amended, (and, in the case of certain funds, “qualified purchasers” or “knowledgeable employees” under the United States *Investment Company Act of 1940*, as amended, or “qualified clients” under the United States *Investment Advisers Act of 1940*, as amended) are eligible to invest in the Collective Investment Vehicles.

28. Each Qualified Employee shall also qualify as an "accredited investor" as such term is defined under National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**). It is not certain that all Qualified Employees would be "permitted clients" as defined under NI 31-103 or MI 32-102.

29. The “accredited investor” prospectus exemption under section 2.3 of NI 45-106 (the **Accredited Investor Exemption**) will be relied upon in connection with a distribution to a Qualified Employee.

30. As a registered broker-dealer and member of FINRA, NB LLC shall take reasonable steps to ensure that, before it makes a recommendation to or accepts an instruction from a Qualified Employee to buy or sell a security of a Collective Investment Vehicle pursuant to an Investment Opportunity, the purchase or sale is suitable for the Qualified Employee.

31. Currently, there are no stated limits on how much a Qualified Employee can invest in an Investment Opportunity. However, Neuberger Berman seeks to ensure that no Qualified Employee invests more than 10% of his or her liquid net worth in any single Collective Investment Vehicle.

32. No trade based fees or commission are charged to Qualified Employees by any of the Filers, including NB LLC, in connection with participation in an Investment Opportunity.

33. In the event a Qualified Employee is interested in an Investment Opportunity, the applicable Filers will provide to the Qualified Employee an investor kit relating to the Fund in which the Qualified Employee wishes to invest. This investor kit generally includes a welcome letter, the investment fund's prospectus or offering memorandum, subscription agreement, subscription instructions and limited partnership agreement (if applicable), as well as the applicable Filer's privacy policy and Part 2A of the applicable Filer's Form ADV (which is the disclosure document included by the Filer in its application to register as an investment adviser with the SEC). In addition, the portfolio management team for each Collective Investment Vehicle generally hosts an information session at which they discuss their investment approach and process, the terms of the offering and potential risks. If a Qualified Employee cannot attend, the information session and any presentation materials are, subject to applicable law, available to be viewed at any time on a webpage dedicated to the Investment Opportunities on Neuberger Berman's internal intranet site.

Why is the relief needed?

34. NB LLC currently employs three persons in Toronto.

35. Currently, NB LLC believes that only one of the employees in the Toronto office meets the requirements to be a Qualified Employee and is, therefore, able to participate in the Investment Opportunities. NB LLC anticipates that, in the future, all employees in the Toronto office that meet the requirements to be a Qualified Employee will also be invited to participate in the Investment Opportunities.

36. In light of the Investment Opportunities, NBAA LLC, NBEL, NBIA LLC and NB LLC will be unable to continue relying on the Permitted Clients Exemption in Ontario because not all securities of the Funds managed by them and distributed in Ontario will be distributed to Permitted Clients. Although the Qualified Employees all qualify as "accredited investors", not all of them are Permitted Clients. The Investment Fund Manager Relief is required to permit each of NBAA LLC, NBEL, NBIA LLC and NB LLC to continue soliciting Permitted Clients resident in Ontario to invest in Funds through NB LLC.

37. NB LLC has also applied for Dealer Relief in connection with these distributions. There is no exemption from the dealer registration requirement available to NB LLC. The "plan administration exemption" set out in section 8.16 of NI 31-103 is not available because, amongst other things, the securities being issued pursuant to an Investment Opportunity are not being issued pursuant to a "plan of the issuer". Furthermore, because the Qualified Employees do not all qualify as "permitted clients" under NI 31-103, the "international dealer" exemption set out in section 8.18 of NI 31-103 is also not available.

38. The Filers submit that there would be minimal regulatory benefit to requiring each of them to register as an investment fund manager and/or dealer, as applicable, for the limited purpose of the distribution described above.

Decision

In the opinion of the Commission it is not prejudicial to the public interest to make this Order.

It is ordered by the Commission pursuant to section 74 of the Act that the Investment Fund Manager Relief is granted provided that:

1. All securities of the Funds distributed in Ontario by a Filer are distributed:

   (a) under an exemption from the prospectus requirement to a Permitted Client; or

   (b) under the Accredited Investor Exemption to a Qualified Employee employed by NB LLC.

2. Securities of the Funds shall be distributed to no more than 10 Qualified Employees in Ontario.

3. Where required by law, each Filer is registered as an investment adviser with the SEC.

4. NBEL is authorised and regulated by the FCA.

5. NB LLC is registered as a broker-dealer with the SEC and is a member of FINRA.

6. Where required by law, each of NBAA LLC, NBIA LLC, NB LLC and NBAIM LLC are registered as a commodity pool operator, commodity trading advisor, and/or futures commission merchant, as applicable, and each is a member of the NFA.

7. Each Filer does not have its head office or its principal place of business in Canada.

8. Each Filer is incorporated, formed or created under the laws of a foreign jurisdiction.

9. None of the Funds are a reporting issuer in any jurisdiction of Canada.

10. Each Filer has submitted to the Ontario Securities Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service for International Investment Fund Manager* in the form attached as Appendix "A" hereto.

11. Each Filer has notified each Permitted Client or Qualified Employee in writing of all of the following:

    (a) the Filer is not registered in Ontario to act as an investment fund manager;

    (b) the foreign jurisdiction in which the head office or principal place of business of the Filer is located;

    (c) all or substantially all of the assets of the Filer may be situated outside of Canada;

    (d) there may be difficulty enforcing legal rights against the Filer because of the above; and

    (e) the name and address of the agent for service of process of the Filer in Ontario.

12. If a Filer relied on the Investment Fund Manager Relief during the 12 month period preceding December 1 of a year, it must notify the Ontario Securities Commission, by December 1 of that year, of the following:

    (a) the fact that it relied upon the Investment Fund Manager Relief; and

    (b) for all Funds for which it acts as an investment fund manager, the total assets under management expressed in Canadian dollars, attributable to securities beneficially owned by residents of Ontario as at the most recently completed month.

13. Each Filer files with the Ontario Securities Commission, a completed *Notice of Regulatory Action* in the form attached as Appendix "B" hereto within 10 days of the date on which the Filer begins relying on the Investment Fund Manager Relief.

14. Each Filer must notify the Ontario Securities Commission, of any change to the information previously submitted in the *Notice of Regulatory Action* in the form attached as Appendix "B" hereto within 10 days of the change.

15. Each Filer complies with the filing and fee payment requirements applicable to an unregistered investment fund manager under Ontario Securities Commission Rule 13-502 *Fees* (**OSC Rule 13-502**).

It is ordered by the Commission pursuant to section 74 of the Act that the Dealer Relief is granted provided that:

1. Securities of the Collective Investment Vehicles shall be distributed to no more than 10 Qualified Employees in Ontario.

2. NB LLC will not receive any trade-based compensation for the distributions made to Qualified Employees.

3. Participation in an Investment Opportunity by a Qualified Employee is voluntary, and the Qualified Employee will not be induced to participate in an Investment Opportunity by expectation of employment or continued employment.

4. NB LLC shall take reasonable steps to ensure that, before it makes a recommendation to or accepts an instruction from a Qualified Employee to buy or sell a security of a Collective Investment Vehicle pursuant to an Investment Opportunity, the purchase or sale is suitable for the Qualified Employee.

5. Where required by law, NB LLC is registered as an investment adviser with the SEC.

6. NB LLC is registered as a broker-dealer with the SEC and is a member of FINRA, that registration permitting it to distribute securities of the Collective Investment Vehicles to the Qualified Employees.

7. Where required by law, NB LLC is registered as a commodity pool operator, commodity trading advisor and futures commission merchant with the CFTC and is a member of the NFA.

8. NB LLC has submitted to the Ontario Securities Commission a completed Submission to Jurisdiction and Appointment of Agent for Service in the form attached as Appendix "A" hereto.

9. NB LLC has notified each Qualified Employee in writing of all of the following:

   (a) NB LLC is not registered in Ontario to make the trade;

   (b) the foreign jurisdiction in which the head office or principal place of business of NB LLC is located;

   (c) all or substantially all of the assets of NB LLC may be situated outside of Canada;

   (d) there may be difficulty enforcing legal rights against NB LLC because of the above; and

   (e) the name and address of the agent for service of process of NB LLC in Ontario.

10. NB LLC files with the Ontario Securities Commission, a completed *Notice of Regulatory Action* in the form attached as Appendix "B" hereto within 10 days of the date on which NB LLC begins relying on the Dealer Manager Relief.

11. NB LLC must notify the Ontario Securities Commission, of any change to the information previously submitted in the *Notice of Regulatory Action* in the form attached as Appendix "B" hereto within 10 days of the change.

12. If NB LLC does not rely on the international dealer exemption in section 8.18 of NI 31-103, NB LLC complies with the filing and fee payment requirements applicable to an unregistered exempt international firm under OSC Rule 13-502 as if it relied on the international dealer exemption in section 8.18 of NI 31-103.

DATED at Toronto, Ontario this 11th day of November, 2016.

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"William Furlong"
Commissioner
Ontario Securities Commission

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

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. Details of the exemption order that the International Firm is relying on (the **Relief Order**), including the date of the Relief Order:

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 International Firm 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 affiliates 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

2.2.5 MM Café Franchise Inc. et al. – s. 127

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

AND

IN THE MATTER OF
MM CAFÉ FRANCHISE INC.,
TECHOCAN INTERNATIONAL CO. LTD.,
1727350 ONTARIO LTD.,
MARIANNE GODWIN,
DAVE GARNET CRAIG and
HAIYAN (HELEN) GAO JORDAN

ORDER
(Section 127 of the Securities Act)

WHEREAS

1. on March 23, 2016, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5 (the "Act") in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on March 23, 2016, to consider whether it is in the public interest to make certain orders against MM Café Franchise Inc. ("MMCF"), DCL Healthcare Properties Inc. ("DCL"), Culturalite Media Inc. ("Culturalite"), Café Enterprise Toronto Inc. ("CET"), Techocan International Co. Ltd. ("Techocan"), 1727350 Ontario Ltd. ("1727350"), Marianne Godwin ("Godwin"), Dave Garnet Craig ("Craig"), Frank DeLuca ("DeLuca"), Elaine Concepcion ("Concepcion") and Haiyan (Helen) Gao Jordan ("Jordan");

2. the Notice of Hearing set April 21, 2016 as the hearing date in this matter;

3. on April 21, 2016, counsel for Staff and counsel for DCL, CET, Techocan, 1727350, Godwin, Craig, DeLuca and Jordan appeared before the Commission and made submissions and no one appeared on behalf of MMCF, Concepcion and Culturalite, although properly served;

4. on April 21, 2016, the Commission ordered that:

   (a) Staff shall disclose to the respondents documents and things in the possession or control of Staff that are relevant to the hearing by May 20, 2016;

   (b) Staff shall provide to the respondents its witness list and witness summaries, and indicate any intent to call an expert witness including the name of the expert witness and the issue on which the expert will be giving evidence by August 25, 2016; and

   (c) this proceeding is adjourned to a Second Appearance to be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on September 6, 2016 at 3:30 p.m., or as soon thereafter as the hearing can be held;

5. on April 29, 2016, Staff filed with the Commission an Amended Statement of Allegations;

6. on June 9, 2016, the Commission ordered that the hearing date scheduled for September 6, 2016 be vacated and the hearing be held on September 13, 2016 at 3:30 p.m.;

7. on July 26, 2016, Staff filed with the Commission:

   (a) a Notice of Withdrawal withdrawing the allegations against DCL, Culturalite, CET, DeLuca and Concepcion; and

   (b) an Amended Amended Statement of Allegations withdrawing certain allegations against Jordan;

8. on September 13, 2016, counsel for Staff, Jordan, Techocan, 1727350, Godwin and Craig appeared before the Commission and made submissions and no one appeared on behalf of MMCF;

9. on September 13, 2016, Staff and the remaining respondents submitted that there may be facts that are not in dispute, and the parties indicated they will make best efforts to prepare an Agreed Statement of Facts prior to the next appearance with a view to advancing the proceeding in an effective and efficient manner;

10. on September 13, 2016, the Commission ordered that this proceeding is adjourned to a Third Appearance to be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on November 14, 2016 at 9:00 a.m., or as soon thereafter as the hearing can be held;

11. on November 14, 2016, counsel for Staff, Jordan, Techocan, 1727350 and Godwin, and Craig appearing for himself, all appeared before the Commission and made submissions and no one appeared on behalf of MMCF;

12. on November 14, 2016, Staff advised the Commission that it provided the respondents with a proposed Agreed Statement of Facts, to which Craig and Godwin responded and to which Jordan, Techocan and 1727350 have not yet responded; and

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

IT IS ORDERED that:

1. Jordan, Techocan and 1727350 shall provide to Staff and the other respondents their witness lists and witness summaries, and Godwin shall provide to Staff and the other respondents her witness list by December 15, 2016;

2. Jordan, Techocan and 1727350 shall provide a response, if any, to Staff's proposed Agreed Statement of Facts by December 15, 2016;

3. the hearing on the merits shall commence on April 19, 2017 at 10:00 a.m., and continue thereafter on April 20, 21, 27 and 28, May 1, 3, 4, 5, 8, 9, 10, 23, 24, 26, 30 and 31 and June 1 and 2, 2017; and

4. the Third Appearance shall be continued at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario, on December 15, 2016 at 9:30 a.m., or as soon thereafter as the hearing can be held.

DATED at Toronto this 15th day of November, 2016.

"Janet Leiper"

2.3 Rulings

2.3.1 ICAP Corporates LLC and ICAP Energy LLC – s. 38

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. As introducing broker, 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.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22, 33 38.
Securities Act, R.S.O. 1990, c. S.5, as am.

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 Act)

AND

IN THE MATTER OF
ICAP CORPORATES LLC AND ICAP ENERGY LLC

RULING & EXEMPTION
(Section 38 of the Act)

UPON the application (the **Application**) of ICAP Corporates LLC and ICAP Energy LLC (collectively, the **Filers** and each, a **Filer**) to the Ontario Securities Commission (the **Commission**) for:

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

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

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

(i) the following terms shall have the following meanings:

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

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

"Exchange-Traded Futures" means commodity futures contracts or commodity futures options 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;

"IB" means an Introducing Broker registered with the CFTC;

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

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

"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 Act" means the provisions of section 33 of the Act 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 Act;

(ii) terms used in the Decision that are defined in the *Securities Act* (Ontario) (**OSA**), and not otherwise defined in the Decision or in the Act, 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 Filers having represented to the Commission as follows:

ICAP Corporates LLC

1. ICAP Corporates LLC (**ICAP Corporates**) is a limited liability company formed under the laws of the state of Delaware of the United States of America. The head office of the Filer is located in Jersey City, New Jersey, United States of America.

2. ICAP Corporates is an indirect, wholly owned subsidiary of ICAP plc (**ICAP**). ICAP's shares are listed on the London Stock Exchange and it is a FTSE 100 company. ICAP is registered in England no. 3611426.

3. ICAP Corporates is not a reporting issuer in any jurisdiction in Canada.

4. ICAP Corporates is not registered in any capacity under the Act or the OSA. ICAP Corporates relies on an exemption from registration as a dealer under the OSA pursuant to the international dealer exemption in section 8.18 of NI 31-103 to trade foreign securities with Canadian Permitted Clients.

5. ICAP Corporates is a broker-dealer registered with the SEC, a member of FINRA, registered as an IB with the CFTC, and is a member of the NFA.

6. ICAP Corporates holds memberships at the following exchanges: International Securities Exchange (ISE), ISE Gemini LLC, Nasdaq PHLX Inc, NASDAQ Stock Market, NYSE Arca, CME Group (CME, CBOT, NYMEX, COMEX), ICE (ICE Futures US and ICE Futures Europe), Nodal Exchange, Nasdaq Futures Exchange, and NGX.

7. ICAP Corporates is not in default of securities legislation in any jurisdiction in Canada or under the CFA. ICAP Corporates is in compliance in all material respects with U.S. securities and commodity futures laws.

ICAP Energy

8. ICAP Energy LLC (**ICAP Energy**) is a limited liability company formed under the laws of the state of Kentucky of the United States of America. The head office of the Filer is located in Louisville, Kentucky, United States of America.

9. ICAP Energy is also an indirect, wholly owned subsidiary of ICAP. ICAP Corporates and ICAP Energy are affiliates.

10. ICAP Energy is not a reporting issuer in any jurisdiction in Canada.

11. ICAP Energy is not registered in any capacity under the Act or the OSA and does not rely on any exemption from registration in Canada.

12. ICAP Energy is registered as an IB with the CFTC and is a member of the NFA.

13. ICAP Energy is not a broker-dealer registered with the SEC and does not conduct a securities business in the U.S.

14. ICAP Energy is an IB for CME Group (CME, CBOT, NYMEX, COMEX), ICE (ICE Futures US and ICE Futures Europe), Nodal Exchange, Nasdaq Futures Exchange, and NGX.

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

Activities

16. Each of the Filers solicits and accepts orders for trades in Exchange-Traded Futures and either: (a) introduces them to another broker for execution and clearing or (b) executes (under a sponsored access arrangement) and submits for clearing trades in Exchange-Traded Futures for customers on exchanges globally through affiliated or unaffiliated member firms on other exchanges.

17. Pursuant to its registrations and memberships, each of the Filers is authorized to solicit, accept, and execute customer orders, and otherwise act as a futures execution-only broker, in the United States. Each of the Filers is also authorized to solicit and accept customer orders and introduce them to an executing broker registered as a futures commission merchant in the United States. Rules of the CFTC and NFA require each of the Filers to maintain adequate capital levels, make and keep specified types of records relating to customer accounts and transactions including confirmations and statements, 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 and best execution. These rules do not permit a Filer to treat Permitted Clients materially differently from such Filer's United States customers. In respect of Exchange-Traded Futures, neither Filer provides clearing services or is authorised to receive or hold client money in any jurisdiction.

18. Each Filer proposes to offer certain of its Permitted Clients in Ontario the ability to trade in Exchange-Traded Futures through such Filer, in its role as introducing broker.

19. Each Filer will solicit and accept orders for trades in Exchange-Traded Futures on behalf of Permitted Clients in Ontario in the same manner that it solicits and accepts orders for Exchange-Traded Futures on behalf of its United States clients, all of which are "Eligible Contract Participants" as defined in the United States *Commodity Exchange Act*. Such Filer will follow the same know-your-customer procedures and order handling that it follows in respect of its United States clients. Permitted Clients will be afforded the benefits of compliance by such Filer with the statutory and other requirements of applicable securities regulators, self-regulatory organizations and exchanges located in the United States. Permitted Clients in Ontario will have the same contractual rights against such Filer as United States clients of such Filer.

20. Neither Filer will maintain an office, sales force or physical place of business in Ontario.

21. Each Filer will solicit and accept orders for trades in Exchange-Traded Futures in Ontario only from persons who qualify as Permitted Clients.

22. Permitted Clients in Ontario of a Filer will be offered the ability to effect trades in Exchange-Traded Futures on Non-Canadian Exchanges.

23. 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, energy, currency, bond, agricultural and other commodity products.

24. Permitted Clients of a Filer in Ontario will be able to trade Exchange-Traded Futures through such Filer by communicating with such Filer's authorized Representatives or via such Filer's proprietary electronic order routing system. Permitted Clients may also be able self-execute trades in Exchange-Traded Futures electronically via an independent service vendor and/or other electronic trading order routing systems.

25. Each Filer may execute a customer's order on the relevant Non-Canadian Exchange in accordance with the rules and customary practices of the exchange, or engage an executing broker registered as a futures commission merchant to assist in the execution of orders. Such Filer will remain responsible for all executions. As such Filer will only perform the execution of a Permitted Client's contract order and "give-up" the transaction for clearance to the Permitted Client's

carrying broker or clearing broker (each, a **Clearing Broker**), such broker will also be required to comply with any relevant regulatory requirements, including requirements under the Act as applicable. Each Clearing Broker will represent to the applicable Filer 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 orders will be executed and/or cleared. Each Filer will not enter into a give-up agreement with any carrying broker or clearing broker located in the United States unless such broker is registered with the CFTC and SEC.

26. 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 submitted to the exchange in the name of the Clearing Broker or the applicable Filer or, on exchanges where such Filer is not a member, in the name of another carrying broker. The Permitted Client of a Filer is responsible to the Clearing Broker for payment of daily mark-to-market variation margin and/or proper margin to carry open positions and the Clearing Broker is in turn responsible to the clearing corporation/division for payment.

27. Permitted Clients will pay commissions for trades to the applicable Filer for its role as introducing broker and Permitted Clients shall be responsible to pay any commissions to their Clearing Broker directly, if applicable.

28. The trading restrictions in the Act 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 Act.

29. If the Filers were registered under the Act as a “futures commission merchant”, each of them could rely upon certain exemptions from the trading restrictions in the Act to effect trades in Exchange-Traded Futures to be entered into on certain Non-Canadian Exchanges.

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

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

(a) each customer effecting trades of Exchange-Traded Futures is a Permitted Client;

(b) the executing broker and the clearing broker have each represented and covenanted to the applicable Filer, and the applicable Filer has taken reasonable steps to verify, that the broker is or will be appropriately registered under the Act, or has been granted exemptive relief from registration under the Act, in connection with the Permitted Client effective trades in Exchange-Traded Futures;

(c) such Filer only execute trades in Exchange-Traded Futures for Permitted Clients on Non-Canadian Exchanges;

(d) at the time trading activity is engaged, such Filer:

  (i) has its head office or principal place of business in the United States;

  (ii) is registered as an Introducing Broker with the CFTC in good standing;

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

  (iv) engages in the business of an Introducing Broker in Exchange-Traded Futures in the United States; and

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

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

  (ii) a statement specifying the location of such Filer’s head office or principal place of business;

  (iii) a statement that all or substantially all of such Filer’s assets may be situated outside of Canada;

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

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

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

(g) such Filer notifies the Commission of any regulatory action initiated after the date of this ruling in respect of such Filer, or any predecessors or specified affiliates of such Filer, by completing and filing with the Commission Appendix "B" hereto within ten days of the commencement of any such action; provided that:

(i) where the Filer is ICAP Corporates, such Filer may satisfy this condition by filing with the Commission within ten days of the date of this decision, a notice making reference to and incorporating by reference the disclosure made by such Filer pursuant to U.S. federal securities laws that is identified in the FINRA BrokerCheck system, as the case may be, and any updates to such disclosure that may be made from time to time and by providing notification, in a manner reasonably acceptable to the Director, of any filing of a Form BD 'Regulatory Action Disclosure Reporting Page', and

(ii) where the Filer is ICAP Energy, such Filer may satisfy this condition by filing with the Commission (A) a copy of any notice filed by the Filer 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 (B) on a quarterly basis, (1) a copy of the regulatory actions appearing on the Filer's NFA Background Affiliation Status Information Center (BASIC) page and (2) a copy of any disclosures that would be required to be reported by the Filer in the Regulatory Disclosures section of the Filer's Annual Registration Update to the NFA;

(h) if such Filer does not rely on the international dealer exemption in section 8.18 of NI 31-103 (the IDE), by December 31st of each year, such Filer 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 such Filer relied on the IDE;

(i) by December 1st of each year, such Filer notifies the Commission of its continued reliance on the exemption from the dealer registration requirement granted pursuant to this Decision; and

(j) this Decision shall terminate on the earliest of:

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

(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 Act) or Ontario securities law (as defined in the OSA) that affects the dealer registration requirements in the Act or the trading restrictions in the Act; and

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

AND IT IS FURTHER RULED, pursuant to section 38 of the Act, that a Permitted Client is not subject to the dealer registration requirement in the Act or the trading restrictions in the Act in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges where a Filer acts in connection with trades in Exchange-Traded Futures on behalf of the Permitted Clients pursuant to the above ruling.

November 8, 2016

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Janet Leiper"
Commissioner
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	

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

Yes _____ No _____

[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*.

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

This page intentionally left blank

Chapter 3

Reasons: Decisions, Orders and Rulings

3.2 Director's Decision

3.2.1 Bruce Power L.P. and Bruce Power Inc. – s. 42 of OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting

Headnote

OSC Rule 91-507 – derivatives trade reporting obligations – filers seeking relief from derivatives data reporting obligations in respect of power market contracts entered into with U.S. power systems operators – relief granted from the requirement to report over-the-counter (OTC) derivative transactions in the primary electricity transmission rights market that are executed between the filers and the Independent System Operators and Regional Transmission Operators (ISO/RTOs) of which it is a market participant, subject to conditions.

DIRECTOR'S EXEMPTION

IN THE MATTER OF
BRUCE POWER L.P. AND BRUCE POWER INC.

DECISION
(Section 42 of Ontario Securities Commission Rule 91-507 Trade Repositories and Derivatives Data Reporting)

WHEREAS Financial Transmission Rights, Transmission Congestion Contracts, Virtual Transactions, and Bookouts (each as defined below, each a "**Financial Contract**" and collectively, "**Financial Contracts**") are derivatives (as such term is defined in Section 1 of the Ontario *Securities Act* (the "**Act**")) and are therefore subject to reporting obligations under Ontario Securities Commission (the "OSC" or the "Commission") Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (**OSC Rule 91-507**);

AND UPON the application of Bruce Power L.P ("**BPLP**") and Bruce Power Inc. ("**BP**", and together with BPLP, the "**Applicants**") to the Director (as such term is defined in Section 1 of the Act) for an order pursuant to Section 42 of OSC Rule 91-507 exempting the Applicants' transactions in Financial Contracts in the Financial Market (as defined below) from the reporting requirements under Part 3 of OSC Rule 91-507;

AND UPON the Applicants having represented to the Director that:

Background:

1. BP is a corporation incorporated under the *Business Corporations Act* (Ontario);

2. BPLP is an all-Canadian limited partnership established under the *Limited Partnerships Act* (Ontario) and BPLP's sole general partner is BP;

3. the objects of BPLP include trading electricity in the United States, which involves trading in over-the-counter energy-related derivatives;

4. the New York Independent System Operator, Inc. ("**NYISO**"), the PJM Interconnection, LLC ("**PJM**") and the Midcontinent Independent System Operator, Inc. ("**MISO**") are independent system operators and regional transmission operators (each individually, an "**ISO/RTO**" and collectively, the "**ISO/RTOs**"). The ISO/RTOs are authorized by the United States *Federal Power Act* ("**FPA**") and the regulations made thereunder by the Federal Energy Regulatory Commission ("**FERC**") to create and administer wholesale electricity markets in their respective jurisdictions within the United States;

5. FERC Order No. 2000 empowers and requires the ISO/RTOs to implement comprehensive codified sets of rules, tariffs, rate schedules, protocols, processes and policies to govern the wholesale electricity markets in their respective jurisdictions ("**Market Rules**");

6. the wholesale electricity markets established, administered and operated by the ISO/RTOs in accordance with the FPA and the regulations thereunder, consist of both physical and financial markets;

7. each ISO/RTO establishes, administers and operates a physical market which governs the real-time operation of power systems, allowing load and generation to be balanced, flows on the transmission systems to be within limits, and voltage and frequency to be maintained (each a "**Physical Market**");

8. in addition to the Physical Market, each ISO/RTO establishes, administers and operates a financial market for the trading of financial contracts linked to the Physical Market (each a "**Financial Market**", together with the same ISO/RTO's Physical Market, a "**Market**");

9. all persons participating in an ISO/RTO's Market must be approved in advance by the ISO/RTO as authorized market participants in accordance with the applicable Market Rules and are required to meet financial thresholds that are at least equal to those to be applied under OSC Rule 45-501 dealing with "accredited investors" ("**Authorized Market Participants**");

10. BP is an Authorized Market Participant in each ISO/RTO's Market;

11. financial contracts traded in the Financial Markets may be linked to locational price differences across transmission paths and to price differences between the day-ahead energy market, which is the ISO/RTOs' advanced scheduling and commitment of resources required to meet the next day's level of physical electricity demand (the "**Day-Ahead Energy Market**"), and the real-time energy market, which is the ISO/RTOs' scheduling and commitment of resources in the current day, for the same specified locations and time periods (the "**Real-Time Energy Market**");

12. a financial transmission right is a financial contract available to Authorized Market Participants in the Financial Markets administered by MISO and PJM to offset potential costs related to the congestion price risk of delivering energy to the grid when the grid is congested in the Day-Ahead Energy Market ("**Financial Transmission Right**");

13. payments under a Financial Transmission Right are based on the difference between the price of electricity determined on an ISO/RTO's Physical Market at a specified injection point into the ISO/RTO's energy grid and a specified point where the electricity is deemed to have been withdrawn from the ISO/RTO's energy grid;

14. under an obligation-type Financial Transmission Right, the holder may be entitled to receive a payment or obligated to make a payment whereas under an option-type Financial Transmission Right, the holder may be entitled to receive a payment but is under no obligation to make payments;

15. a transmission congestion contract is a financial contract available to Authorized Market Participants in NYISO's Markets to hedge price fluctuations of transmission congestion by providing the holder a right to collect, or an obligation to pay, congestion rents in the Day-Ahead Energy Market for energy associated with transmission between specified points of injection and withdrawal ("**Transmission Congestion Contract**");

16. a virtual transaction is a financial contract available to Authorized Market Participants of the ISO/RTOs for the purchase or sale of electricity in the Day-Ahead Energy Market that is not backed by physical assets such as load or generation resources at a specified location and where settlement occurs financially through an offsetting position which is automatically taken in the Real-Time Energy Market at the same specified location (a "**Virtual Transaction**");

17. a bookout is a contract available to Authorized Market Participants of the ISO/RTOs for the purchase or sale of electricity in the Day-Ahead Energy Market with a feature that operates to offset the purchase or sale in the Day-Ahead Market prior to physical delivery or curtailment, with a transaction of equal and opposite volume for the same delivery period and location in the Real-Time Energy Market (a "**Bookout**");

18. the provisions of the Market Rules are complete codes, covering the form and content of all the transactions in a ISO/RTO's Market, including the Financial Market;

19. Financial Contracts are issued by the ISO/RTOs to Authorized Market Participants in the Financial Markets in accordance with the Market Rules (the "**Primary Market**");

20. the Market Rules may allow for the resale of Financial Contracts between Authorized Market Participants (the "**Secondary Market**");

Regulatory Oversight

21. the Applicants are not in default of securities legislation in any jurisdiction in Canada or the United States;

22. BP operates pursuant to the license granted to it by the Ontario Energy Board (the "**OEB**") under the Ontario Energy Board Act, 1998 (the "**OEB Licence**");

23. each ISO/RTO's Market is subject to monitoring and oversight by FERC in accordance with the Market Rules, FERC Order No. 2000, FERC Order No. 719 and FERC Regulation 35.47;

24. BP operates in each ISO/RTO's Market pursuant to the market-based rate authority FERC Electric Tariff, Docket No. ER07-907-000, issued to it by FERC;

25. FERC is the principal regulatory body under the FPA vested with the powers to oversee the ISO/RTOs, including the ISO/RTO-administered Financial Markets;

26. FERC Order No. 719 requires: (i) each ISO/RTO to establish an internal market monitoring department ("**MMU**") and to provide the MMU with full and free access to all market data collected by the ISO/RTO and (ii) the MMU to report directly to the ISO/RTO's board of directors and to make a market surveillance report public at least quarterly;

27. FERC conducts real-time monitoring of each of the ISO/RTOs' Markets and analyses reports from each MMU;

28. FERC has broad investigative powers into the conduct of the ISO/RTOs and the authority to impose penalties, order disgorgement of ill-gotten profits and to impose criminal liability for willful violations of the FPA;

29. all transactions, including the Financial Contracts, concluded within the Markets must conform to the applicable ISO/RTO's Market Rules;

30. the regulation of each Market by the ISO/RTOs and FERC is comprehensive and consistent with the purposes of the Act; and

31. by Final Order 78 FR 19879 (2013), the United States Commodity Futures Trading Commission (the "**CFTC**"), in response to a petition from certain regional transmission equivalents and independent system operators, including the ISO/RTOs, exempted the Financial Contracts from the application of certain provisions of the United States *Commodity Exchange Act*, including the swap transaction reporting obligations therein ("**CFTC Order**");

AND UPON the Director being satisfied that exempting the Applicants from the reporting requirements under Part 3 of OSC Rule 91-507, in relation to Financial Contracts executed in the RTO/ISOs' Financial Markets, would not be prejudicial to the public interest;

IT IS THE DECISION of the Director that pursuant to section 42 of OSC Rule 91-507 that transactions in Financial Contracts executed by the BPLP or by BP, in its capacity as general partner of BPLP, with the ISO/RTOs in the Primary Market are exempt from the reporting requirements under Part 3 of OSC Rule 91-507;

PROVIDED THAT:

a. BP continues to operate pursuant to a valid OEB Licence;

b. BP continues to operate pursuant to a valid FERC Electric Tariff;

c. the Applicants remain in compliance with the Market Rules;

d. transactions in the Financial Contracts continue to be excluded from CFTC swap data reporting requirements under the CFTC Order;

e. each Financial Contract is linked to, and the aggregate volume of Financial Contracts for any period of time is limited by, the physical capability of the electricity transmission system operated by the ISO/RTO offering the Financial Contract, for such period;

f. the Applicants promptly comply with requests from the Commission, on an as-needed basis, to share (i) positional data, (ii) transactional data, (iii) valuation data and (iv) clearing account data, within the Applicants'

possession in respect of the Financial Contracts, including any information or documentation concerning such data, in a form acceptable to the Commission; and

g. the Applicants shall not disclose to any person or company any request by the Commission for data, information, or documentation and shall maintain the confidentiality of the request and any response to it. Where disclosure may be required by law, the Applicants will, to the extent permitted by law, inform the Commission of the disclosure requirement.

DATED November 11, 2016

"Kevin Fine"
Director, Derivatives
Ontario Securities Commission

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
Starrex International Ltd.	14 November 2016	25 November 2016			

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
AlarmForce Industries Inc.	19 September 2016	30 September 2016	30 September 2016		
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		
Starrex International Ltd.	30 December 2015	11 January 2016	11 January 2016		
Starrex International Ltd.	14 November 2016	25 November 2016			

This page intentionally left blank

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:
Acasta Enterprises Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated November 11, 2016
NP 11-202 Receipt dated November 11, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Acasta Capital Inc.
Project #2551884

Issuer Name:
Advantagewon Oil Corp.
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated November 9, 2016
NP 11-202 Receipt dated November 10, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2550224

Issuer Name:
Euromax Resources Ltd.
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 10, 2016
NP 11-202 Receipt dated November 14, 2016
Offering Price and Description:
$35,000,000.00 – * Units
Price: $* per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Echelon Wealth Partners Inc.
Promoter(s):
-
Project #2551603

Issuer Name:
Falco Resources Ltd.
Principal Regulator – Quebec
Type and Date:
Preliminary Short Form Prospectus dated November 7, 2016
NP 11-202 Receipt dated November 8, 2016
Offering Price and Description:
$32,501,030.00 – 21,029,000 Units and 7,812,500 Flow-Through Common Shares
Price: $1.07 per Unit and $1.28 per Flow-Through Share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
BMO NESBITT BURNS INC.
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
BEACON SECURITIES LIMITED
M PARTNERS INC.
Promoter(s):
-
Project #2547467

Issuer Name:
Fidelity Canadian Short Term Fixed Income Investment Trust
Fidelity Global Growth Equity Class
Fidelity Global Growth Equity Currency Neutral Class
Fidelity Global Growth Equity Investment Trust
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectuses dated November 4, 2016
NP 11-202 Receipt dated November 9, 2016
Offering Price and Description:
Series O Units, Series A, B, T5, T8, S5, S8, F, F5, F8, E1, E1T5, P1 and P1T5 Shares
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Promoter(s):
Fidelity Investments Canada ULC
Project #2549749

Issuer Name:
MEG Energy Corp.
Principal Regulator – Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated November 10, 2016
NP 11-202 Receipt dated November 11, 2016
Offering Price and Description:
Cdn.$1,500,000,000.00
Common Shares
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2551552

Issuer Name:
Power Corporation of Canada
Principal Regulator – Quebec
Type and Date:
Preliminary Base Shelf Prospectus dated November 14, 2016
NP 11-202 Receipt dated November 14, 2016
Offering Price and Description:
$2,000,000,000.00
Debt Securities (unsecured)
Subordinate Voting Shares
First Preferred Shares
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2552319

Issuer Name:
Power Financial Corporation
Principal Regulator – Quebec
Type and Date:
Preliminary Base Shelf Prospectus dated November 14, 2016
NP 11-202 Receipt dated November 14, 2016
Offering Price and Description:
$3,000,000,000.00
Debt Securities (unsecured)
Common Shares
First Preferred Shares
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2552317

Issuer Name:
Saputo Inc.
Principal Regulator – Quebec
Type and Date:
Preliminary Short Form Prospectus dated November 11, 2016
NP 11-202 Receipt dated November 11, 2016
Offering Price and Description:
$300,625,000.00 – 6,500,000 Common Shares
Price: $46.25 per Common Share
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
MERRILL LYNCH CANADA INC.
Promoter(s):
-
Project #2550538

Issuer Name:
Uranium Participation Corporation
Principal Regulator – Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated November 14, 2016
NP 11-202 Receipt dated November 14, 2016
Offering Price and Description:
$200,000,000.00
Common Shares
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2552221

Issuer Name:
Redwood Emerging Markets Dividend Fund
Redwood U.S. Preferred Share Fund
Redwood Unconstrained Bond Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectuses dated November 4, 2016
NP 11-202 Receipt dated November 10, 2016
Offering Price and Description:
Series A, F and ETF Securities
Underwriter(s) or Distributor(s):
Redwood Asset Management Inc.
Promoter(s):
Redwood Asset Management Inc.
Project #2548888

Issuer Name:
Vanguard Canadian Corporate Bond Index ETF
Vanguard Canadian Government Bond Index ETF
Vanguard Canadian Long-Term Bond Index ETF
Vanguard Canadian Short-Term Government Bond Index ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated November 4, 2016
NP 11-202 Receipt dated November 9, 2016
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Vanguard Investments Canada Inc.
Project #2550162

Issuer Name:
Canadian Pacific Railway Limited
Principal Regulator – Alberta
Type and Date:
Final Base Shelf Prospectus dated November 10, 2016
NP 11-202 Receipt dated November 10, 2016
Offering Price and Description:
US$1,500,000,000
Common Shares
First Preferred Shares
Second Preferred Shares
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2546965

Issuer Name:
Franklin Bissett Canadian Government Bond Fund
Franklin Quotential Fixed Income Portfolio
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated November 8, 2016
NP 11-202 Receipt dated November 10, 2016
Offering Price and Description:
Series A, F, O and PF units
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp.
FTC Investors Services Inc.
Franklin Templeton Investments Corp.
Promoter(s):
Franklin Templeton Investments Corp.
Project #2535927

Issuer Name:
Next Edge AHL Fund
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated November 7, 2016
NP 11-202 Receipt dated November 11, 2016
Offering Price and Description:
Class A Units, Class F Units, Class H Units, Class J Units, Class K Units, Class L Units and Class M Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2542265

Issuer Name:
Park Lawn Corporation
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated November 14, 2016
NP 11-202 Receipt dated November 14, 2016
Offering Price and Description:
$40,000,000.00 – 2,500,000 Common Shares
Price: $16.00 per Common Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
TD Securities Inc.
Acumen Capital Finance Partners Limited
Cormark Securities Inc.
Clarus Securities Inc.
GMP Securities L.P.
Promoter(s):
-
Project #2547266

Issuer Name:
Pilot Gold Inc.
Principal Regulator – British Columbia
Type and Date:
Final Short Form Prospectus dated November 9, 2016
NP 11-202 Receipt dated November 9, 2016
Offering Price and Description:
C$12,540,000.00
20,900,000 UNITS
Price C$0.60 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
Haywood Securities Inc.
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #2545106

Issuer Name:
Sentry All Cap Income Fund (Series A, B, F, O and I)
Sentry Canadian Income Class* (Series A, B, F, O and I)
Sentry Canadian Income Fund (Series A, B, F, O and I)
Sentry Diversified Equity Class* (Series A, B, F, O and I)
Sentry Diversified Equity Fund (Series A, B, F, O and I)
Sentry Global Growth and Income Class* (Series A, B, F, O and I)
Sentry Global Growth and Income Fund (Series A, B, F, O and I)
Sentry Global Infrastructure Fund (Series A, B, F, O and I)
Sentry Global Mid Cap Income Fund (Series A, B, F, O and I)
Sentry Growth and Income Fund (Series A, T8, B, B8, F, FT8, O, O8 and I)
Sentry Small/Mid Cap Income Class* (Series A, B, F, O and I)
Sentry Small/Mid Cap Income Fund (Series A, B, F, O and I)
Sentry U.S. Growth and Income Class* (Series A, B, F, O and I)
Sentry U.S. Growth and Income Currency Neutral Class* (Series A, B, F, O and I)
Sentry U.S. Growth and Income Fund (Series A, B, F, O and I)
Sentry Canadian Resource Class* (Series A, B, F, O and I)
Sentry Energy Fund (Series A, B, F, O and I)
Sentry Global REIT Class* (Series A, T8, B, B8, F, FT8, O, O8 and I)
Sentry Global REIT Fund (Series A, T8, B, B8, F, FT8, O, O8 and I)
Sentry Precious Metals Class* (Series A, B, F, O and I)
Sentry Precious Metals Fund (Series A, B, F, O and I)
Sentry Alternative Asset Income Fund (Series A, B, F, O and I)
Sentry Conservative Balanced Income Class* (Series A, B, F, O and I)
Sentry Conservative Balanced Income Fund (Series A, B, F, O and I)
Sentry Conservative Monthly Income Fund (Series A, B, F, O and I)
Sentry Global Monthly Income Fund (Series A, B, F, O and I)
Sentry U.S. Monthly Income Fund (Series A, B, F, O and I)
Sentry Canadian Bond Fund (Series A, B, F, O and I)
Sentry Corporate Bond Class* (Series A, B, F, O and I)
Sentry Corporate Bond Fund (Series A, B, F, O and I)
Sentry Global High Yield Bond Class* (Series A, B, F, O and I)
Sentry Global High Yield Bond Fund (Series A, B, F, O and I)
Sentry Money Market Class* (Series A, B, F, O and I)
Sentry Money Market Fund (Series A, B, F, O and I)
Sentry Growth Portfolio* (Series A, T4, T6, B, B4, B6, F, FT4, FT6, O and I)
Sentry Growth and Income Portfolio* (Series A, T4, T6, B, B4, B6, F, FT4, FT6, O and I)
Sentry Balanced Income Portfolio* (Series A, T5, T7, B, B5, B7, F, FT5, FT7, O and I)
Sentry Conservative Income Portfolio* (Series A, T5, T7, B, B5, B7, F, FT5, FT7, O and I)
Sentry Canadian Equity Income Private Pool Class* (Series A, F and O)
Sentry Canadian Equity Income Private Trust (Series I and Z)
Sentry Global Equity Income Private Pool Class* (Series A, F and O)
Sentry International Equity Income Private Pool Class* (Series A, F and O)
Sentry International Equity Income Private Trust (Series I and Z)
Sentry U.S. Equity Income Private Pool Class* (Series A, F and O)
Sentry U.S. Equity Income Currency Neutral Private Pool Class* (Series A, F and O)
Sentry U.S. Equity Income Private Trust (Series I and Z)
Sentry Energy Private Trust (Series I and Z)
Sentry Global Infrastructure Private Trust (Series I and Z)
Sentry Global Real Estate Private Trust (Series I and Z)
Sentry Precious Metals Private Trust (Series I and Z)
Sentry Balanced Yield Private Pool Class* (Series A, F and O)
Sentry Global Balanced Yield Private Pool Class* (Series A, F and O)
Sentry Canadian Fixed Income Private Pool (A, F, O and S)
Sentry Canadian Core Fixed Income Private Trust (Series I and Z)
Sentry Global High Yield Fixed Income Private Trust (Series I and Z)
Sentry Global Investment Grade Private Pool Class* (Series A, F and O)
Sentry Global Tactical Fixed Income Private Pool (Series A, F and O)
Sentry Real Growth Pool Class* (Series A, F and O)
Sentry Real Long Term Income Pool Class* (Series A, F and O)
Sentry Real Mid Term Income Pool Class* (Series A, F and O)
Sentry Real Short Term Income Pool Class* (Series A, F and O)
Sentry Real Income1941-45 Class* (Series A, F and O)
Sentry Real Income 1946-50 Class* (Series A, F and O)
Sentry Real Income1951-55 Class* (Series A, F and O)
Principal Regulator – Ontario

Type and Date:
Amendment No. 2 dated October 26, 2016 (amendment no. 2) to the Simplified Prospectuses and Amendment No. 3 dated October 26, 2016 to the Annual Information Form (together with amendment no. 2, "amendment No. 3") dated June 14, 2016NP 11-202 Receipt dated November 11, 2016

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
Sentry Investments Inc.

Promoter(s):
Sentry Investments Inc.

Project #2475733

Issuer Name:
Sprott Focused Global Balanced Class
Sprott Focused Global Dividend Class
Sprott Focused U.S. Balanced Class
Sprott Focused U.S. Dividend Class
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectuses dated November 10, 2016
NP 11-202 Receipt dated November 11, 2016
Offering Price and Description:
Series A, Series A1, Series F, Series FI, Series I, Series P, Series PF, Series Q and Series QF Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
SPROTT ASSET MANAGEMENT LP
Project #2536070

Issuer Name:
Superior Plus Corp.
Principal Regulator – Ontario
Type and Date:
Final Base Shelf Prospectus dated November 9, 2016
NP 11-202 Receipt dated November 10, 2016
Offering Price and Description:
$1,500,000,000.00
Common Shares
Preferred Shares
Warrants
Subscription Receipts
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2547307

Issuer Name:
The Children's Educational Foundation of Canada
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated November 8, 2016
NP 11-202 Receipt dated November 9, 2016
Offering Price and Description:
Units @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Children's Education Funds Inc.
Project #2540834

Issuer Name:
TransCanada Corporation
Principal Regulator – Alberta
Type and Date:
Final Short Form Prospectus dated November 9, 2016
NP 11-202 Receipt dated November 9, 2016
Offering Price and Description:
$3,202,875,000.00
54,750,000 Common Shares
Price: $58.50 per Common Share
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
CREDIT SUISSE SECURITIES (CANADA), INC.
NATIONAL BANK FINANCIAL INC.
CITIGROUP GLOBAL MARKETS CANADA INC.
HSBC SECURITIES (CANADA) INC.
J.P. MORGAN SECURITIES CANADA INC.
WELLS FARGO SECURITIES CANADA, LTD.
BARCLAYS CAPITAL CANADA INC.
MERRILL LYNCH CANADA INC.
GMP SECURITIES L.P.
PETERS & CO. LIMITED
Promoter(s):
-
Project #2546945

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Counsel Portfolio Services Inc.	From: Portfolio Manager and Investment Fund Manager To: Portfolio Manager, Investment Fund Manager and Commodity Trading Manager	November 10, 2016
Name Change	From: Frigate Ventures LP To: Anson Funds Management LP	Investment Fund Manager	September 16, 2016

This page intentionally left blank

Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Alpha Exchange Inc. – Housekeeping Amendments to TSX Alpha Exchange Trading Policy Manual – Notice of Housekeeping Rule Amendments

ALPHA EXCHANGE INC.

NOTICE OF HOUSEKEEPING RULE AMENDMENTS

HOUSEKEEPING AMENDMENTS TO TSX ALPHA EXCHANGE TRADING POLICY MANUAL

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 (the "Protocol"), Alpha Exchange Inc. ("TSX Alpha") has adopted, and the Ontario Securities Commission has approved, amendments (the "Amendments") to the Alpha Trading Policy Manual (the "Trading Policy"). The Amendments are Housekeeping Rules under the Protocol and therefore have not been published for comment. The Ontario Securities Commission ("OSC") has not disagreed with the categorization of the Amendments as Housekeeping Rules.

Reasons for the Amendments

The Amendments are being made to conform to the final guidance published by the Investment Industry Regulatory Organization of Canada ("IIROC") requiring the establishment and operation of price thresholds by all Canadian marketplaces to further reduce short-term, unexplained price volatility.

On August 25, 2015, IIROC published final guidance to establish the operation of specific price thresholds for securities beyond which a marketplace must preclude trading activity (the "Marketplace Thresholds"). Pursuant to this guidance, each marketplace in Canada that has retained IIROC as its regulation services provider must build a mechanism to implement the Marketplace Thresholds. The Marketplace Thresholds requirement is effective on August 25, 2016, but TSX Alpha (along with the other TMX equities marketplaces) was granted an extension to implement the Marketplace Thresholds until the time of TMX's Q4 2016 Trading Enhancements release on November 21, 2016.

Currently, TSX Alpha has established its own price volatility parameters (or "freeze limits") for securities beyond which orders may be suspended from trading. As the Marketplace Thresholds will replace the existing freeze limits on TSX Alpha, TSX Alpha's existing freeze functionality will no longer be applicable.

The references to Marketplace Thresholds is also intended to be consistent between TSX Alpha, TSX Inc. ("TSX") and TSX Venture Exchange Inc. ("TSXV").

Summary of the Amendments

The Trading Policy is being amended to remove references to existing freeze functionality and to make its approach to describing functionality consistent with TSX and TSXV.

The Trading Policy will be amended as follows:

1. Subsection 5.6(1), which describes TSX Alpha's freeze limits, will be deleted. Details relating to TSX Alpha's implementation of Marketplace Thresholds will be set out in the updated Order Type and Functionality Guide for TMX equity markets. This is consistent with the description of Marketplace Thresholds on TSX and TSXV.

2. Section 5.12, which describes the optional Cancel on Disconnect (COD) gateway session feature on Alpha, will be removed from the Trading Policy. Section 5.12 has a reference to Alpha's freeze limits which will no longer be accurate. In addition, COD is described in the Order Type and Functionality Guide and, similar to the approach taken by TSX and TSXV, it is more appropriate to describe the optional COD functionality in the guide rather than in the Trading Policy.

Text of the Amendments

The Amendments will be finalized in the form attached as Appendix A.

Effective Date

The Amendments become effective on November 21, 2016.

APPENDIX A

TEXT OF FINAL AMENDMENTS TO ALPHA TRADING POLICY MANUAL

5.6 PRICE VOLATILITY PARAMETERS

~~(1) Freeze limits are:~~

~~1. configurable for each security and are determined at Alpha's discretion;~~

~~2. established by applying a pre-determined price deviation against the most recent independent Alpha trade or another reference price; and~~

~~3. breached when an order, if executed, will cause the price of the security to exceed the freeze limit, and produce a temporary suspension of trading on the security.~~

~~4. When a security freezes, Alpha staff to assess and determine whether the order will be allowed, and whether to resume trading in the security. While the security is frozen, further order entry is prevented and existing orders cannot be cancelled or modified.~~

~~(2)~~(1) Bid/Ask limits:

1. are configurable across the market based on the security's quoted price, and apply automatically to market and better price limit orders; and

2. limit the number of ticks past the best bid price or best ask price an order can trade through.

If an incoming tradable order hits the bid/ask limit and still has volume remaining, the remaining volume is booked at the bid/ask limit.

5.12 CANCEL ON DISCONNECT (Repealed)

~~Cancel on disconnect (COD) is an optional gateway session feature that will restrict order entry capability of specified session bundles and attempt to cancel all entered outstanding open orders per session upon involuntary loss of connectivity between TMX and the client. Once the COD is triggered, the associated session bundle will be blocked and new orders entered will be rejected on the associated order entry port until session is re-opened and re-established upon client requests. All open orders pertaining to the associated session bundle will be cancelled, with the exception of duration orders (i.e. GTC/GTD) and cancellation due to the stock/stock group state (e.g. stock is frozen, stock sate is inhibited).~~

Repealed

This page intentionally left blank

Chapter 25

Other Information

25.1 Approvals

25.1.1 ICPP Funds Ltd. – s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with no prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be established and managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited:

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

November 1, 2016

Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street West
Toronto, ON, M5H 3Y4

Attention: Michael Taylor

Dear Sirs/Mesdames:

Re: ICPP Funds Ltd. (the "Applicant")

Application under section 213(3)(b) of the Loan and Trust Corporations Act (Ontario) dated July 11, 2016

Application No. 2016/0363

Further to your application dated July 11, 2016 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of ICPP Accumulation Fund and any other future mutual fund trusts that the Applicant may establish and manage from time to time, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II or III of the Bank Act (Canada), or a qualified affiliate of such bank or trust company, the Ontario Securities Commission (the "Commission") makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario), the Commission approves the proposal that the Applicant act as trustee of ICPP Accumulation Fund and any other future mutual fund trusts which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to prospectus exemptions.

Yours truly,

"Judith Robertson"
Commissioner

"Garnet W. Fenn"
Commissioner

This page intentionally left blank

Index

1727350 Ontario Ltd.
Notice from the Office of the Secretary 9386
Order – s. 127 9446

1832 Asset Management L.P.
Decision 9407

AGF Investments Inc.
Decision 9387
Decision 9402

AlarmForce Industries Inc.
Cease Trading Order 9463

Alpha Exchange Inc.
Marketplaces – Housekeeping Amendments to TSX Alpha Exchange Trading Policy Manual – Notice of Housekeeping Rule Amendments 9531

Anson Funds Management LP
Name Change 9539

Bruce Power Inc.
Director's Decision – s. 42 of OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting 9459

Bruce Power L.P.
Director's Decision – s. 42 of OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting 9459

CI Investments Inc.
Decision 9411

CI Short-Term Advantage Corporate Class
Decision 9411

CI U.S. Equity Plus Fund
Decision 9411

Closson, Wade Robert
Notice from the Office of the Secretary 9385

Counsel Portfolio Services Inc.
Change in Registration Category 9539

Craig, Dave Garnet
Notice from the Office of the Secretary 9386
Order – s. 127 9446

CSA Staff Notice 31-347 Guidance for Portfolio Managers for Service Arrangements with IIROC Dealer Members
Notice 9365

FIC Foreclosure Fund Ltd.
Notice of Hearing with Related Statement of Allegations – ss. 127(1), 127(10) 9378
Notice from the Office of the Secretary 9386

FIC Real Estate Projects Ltd.
Notice of Hearing with Related Statement of Allegations – ss. 127(1), 127(10) 9378
Notice from the Office of the Secretary 9386

Frigate Ventures LP
Name Change 9539

Godwin, Marianne
Notice from the Office of the Secretary 9386
Order – s. 127 9446

ICAP Corporates LLC
Ruling and Exemption – s. 38 9448

ICAP Energy LLC
Ruling and Exemption – s. 38 9448

ICPP Funds Ltd.
Approval – s. 213(3)(b) of the LTCA 9535

Infinivest Mortgage Investment Corporation
Notice from the Office of the Secretary 9385

Jordan, Haiyan (Helen) Gao
Notice from the Office of the Secretary 9386
Order – s. 127 9446

Lathigee, Michael Patrick
Notice of Hearing with Related Statement of Allegations – ss. 127(1), 127(10) 9378
Notice from the Office of the Secretary 9386

Legal & General Investment Management America, Inc.
Notice of Correction 9361
Order [Corrected] – s. 80 of the CFA 9425

Logan International Inc.
Order 9435

Malone, William Raymond
Notice of Hearing with Related Statement of Allegations – ss. 127(1), 127(10) 9374
Notice from the Office of the Secretary 9385

MM Café Franchise Inc.
Notice from the Office of the Secretary 9386
Order – s. 127 9446

National Bank Investments Inc.
Decision 9418

NB Alternative Investment Management LLC
Order – s. 74 9436

NB Alternatives Advisers LLC
Order – s. 74 9436

Neuberger Berman Europe Limited
Order – s. 74 9436

Neuberger Berman Investment Advisers LLC
Order – s. 74 9436

Neuberger Berman LLC
Order – s. 74 9436

Optam Holdings Inc.
Notice from the Office of the Secretary 9385

OSC Staff Notice 11-776 – Investor Office Activity Report 2015-2016
Notice 9363

Pasquill, Earle Douglas
Notice of Hearing with Related Statement of Allegations – ss. 127(1), 127(10) 9378
Notice from the Office of the Secretary 9386

Performance Sports Group Ltd.
Cease Trading Order 9463

Quantshares Enhanced Core Canadian Equity ETF
Decision 9387

Quantshares Enhanced Core Emerging Markets Equity ETF
Decision 9387

Quantshares Enhanced Core International Equity ETF
Decision 9387

Quantshares Enhanced Core US Equity ETF
Decision 9387

Quantshares Global Equity Rotation ETF
Decision 9387

Quantshares Multiasset Allocation ETF
Decision 9387

Quantshares Multiasset Income Allocation ETF
Decision 9387

Red Sky Canadian Equity Corporate Class
Decision 9411

Signature Select Global Fund
Decision 9411

Starrex International Ltd.
Cease Trading Order 9463

Sunovion CNS Development Canada ULC
Order 9434

Techocan International Co. Ltd.
Notice from the Office of the Secretary 9386
Order – s. 127 9446

TELUS Corporation
Decision 9398

TransGlobe Apartment Real Estate Investment Trust
Notice of Correction 9662

WBIC Canada Ltd.
Notice of Hearing with Related Statement of Allegations – ss. 127(1), 127(10) 9378
Notice from the Office of the Secretary 9386