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# Chapter 1

## Notices / News Releases

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### 1.1 Notices

#### 1.1.1 OSC Staff Notice 45-715 2017 Ontario Exempt Market Report

*OSC Staff Notice 45-715 2017 Ontario Exempt Market Report* is reproduced on the following separately numbered pages. Bulletin pagination resumes at the end of the report.



ONTARIO  
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COMMISSION

# **OSC STAFF NOTICE 45-715**

## **2017 ONTARIO EXEMPT MARKET REPORT**

June 2017

# OSC Staff Notice 45-715

## 2017 Ontario Exempt Market Report

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## 1. EXECUTIVE SUMMARY

The exempt market is an important component of Ontario's capital market.<sup>1</sup> Investments through the exempt market have increased substantially in the last few years. In 2016, Ontario residents invested approximately \$72 billion in over 2,500 non-investment fund issuers through prospectus-exempt offerings. Canadian issuers accounted for only 37% (or \$27 billion) of the capital raised in Ontario, but represented almost two-thirds of issuers (or approximately 1,600 issuers) participating in Ontario's exempt market in 2016.

Recently, Canadian regulators adopted new prospectus exemptions to facilitate capital raising opportunities in the exempt market, especially for small and medium-sized enterprises (**SMEs**).<sup>2</sup> These new prospectus exemptions also formed the basis of the Ontario Securities Commission's (**OSC**) exempt market reform initiative which were aimed at expanding investment opportunities for all investors, especially retail investors, while maintaining appropriate investor protections. The recently introduced prospectus exemptions included the following:

- Existing security holder exemption – February 11, 2015
- Family, friends and business associates exemption – May 5, 2015
- Offering memorandum exemption – January 13, 2016
- Crowdfunding exemption – January 25, 2016

This report summarizes capital raising activity by non-investment fund issuers in Ontario's exempt market during 2015 and 2016. Additionally, the report examines capital formation by small Canadian issuers in Ontario's exempt market and the impact of the recently introduced prospectus exemptions.

In 2016, there was increased activity in Ontario's exempt market, especially by Canadian issuers. The key findings highlighted in the report include:

- Approximately 57% of Canadian issuers that participated in Ontario's exempt market were small issuers, which we defined as issuers raising less than \$1 million annually. Notwithstanding the large number of small issuers, they only accounted for less than 1% of annual gross proceeds raised by Canadian issuers.
- In 2016, there was a notable increase in both the number of small Canadian issuers (30%) and the gross proceeds raised by these issuers (40%). The increased activity was concentrated among small Canadian issuers in three main industries: natural resources; consumer goods and services; and real estate and mortgage finance.
- Collectively, the new prospectus exemptions have gained traction among a sizeable proportion (25%) of Canadian issuers in the short period that they have been introduced. In 2016, approximately 400 issuers relied on the new prospectus exemptions to raise approximately \$133 million, with close to half of these issuers raising capital in Ontario for the first time since 2014.
- Among issuers relying on the new prospectus exemptions, natural resource issuers represented the largest industry group by number of issuers (37%), whereas real estate and mortgage finance issuers accounted for most of the capital raised (70%).
- Accredited investors, mainly institutional investors, contributed over 90% of the total capital invested in the Ontario exempt market. However, most of the capital was invested in large issuers, primarily foreign-based and consisting of financial entities such as banks, private equity funds and asset-backed structured finance vehicles.
- Within the context of the broader Canadian capital market, Ontario's exempt market accounted for less than one-fifth of the total gross proceeds raised by Canadian issuers domestically and less than one-tenth of gross proceeds raised globally.

<sup>1</sup> For more information about the exempt market, see OSC's "The exempt market" webpage at <http://www.osc.gov.on.ca/en/exempt-market.htm> or the OSC Investor Office's "The exempt market explained" webpage at <http://www.getsmarteraboutmoney.ca/>.

<sup>2</sup> For more information on the new prospectus exemptions and the OSC's exempt market reform initiative, see "Summary of Key Capital Raising Prospectus Exemptions in Ontario," January 28, 2016 at [http://www.osc.gov.on.ca/documents/en/Securities-Category4/ni\\_20160128\\_45-106\\_key-capital-prospectus-exemptions.pdf](http://www.osc.gov.on.ca/documents/en/Securities-Category4/ni_20160128_45-106_key-capital-prospectus-exemptions.pdf).



## 2. INTRODUCTION

### SCOPE OF THE REPORT

With the recent reform of the exempt market regime now complete, the OSC’s focus has shifted to monitoring the reforms and assessing whether they are achieving their expected regulatory outcomes, or if further regulatory responses are needed.<sup>3</sup>

The findings in this report provide a snapshot of the current state of Ontario’s exempt market and a preliminary assessment of the market impact of these recent reforms from a capital raising perspective. The OSC’s compliance and oversight efforts in the exempt market are on-going and outside the scope of this report.<sup>4</sup>

Further, the data and analysis in this report is limited to corporate (non-investment fund) issuers that raised capital from Ontario investors. We excluded investment fund activity to primarily focus on new capital formation by corporate issuers.

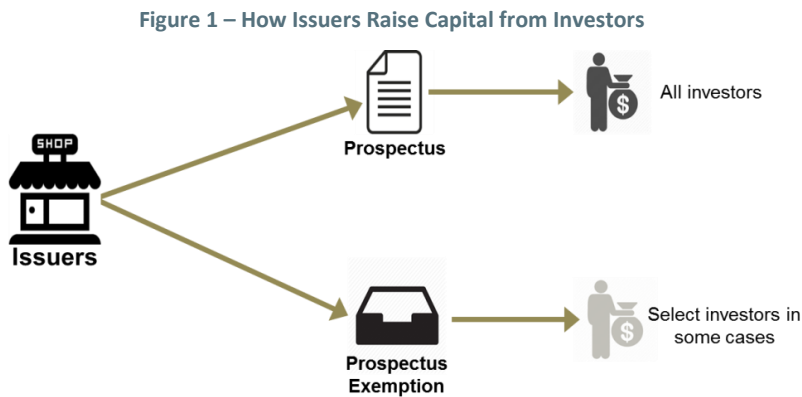
The focus of the report is as follows:

- Summarize Ontario exempt market activity and how it compares to the broader Canadian capital market
- Estimate capital formation by small Canadian issuers
- Assess the impact of recently introduced prospectus exemptions

### WHAT IS THE EXEMPT MARKET?

A company seeking to raise capital from investors may, generally, distribute securities either:

- under a prospectus, or
- without a prospectus, in reliance on a prospectus exemption.



One of the key principles of Canadian securities law is that securities may not be distributed unless a prospectus is filed with a Canadian securities regulator. A prospectus is a comprehensive disclosure document that sets out detailed information about an issuer and describes the securities being issued and the risks associated with purchasing those securities. An issuer that obtains a receipt from a Canadian securities regulator for a prospectus becomes a reporting issuer and can then use the prospectus to offer and sell securities to the public (i.e. all investors). Companies that are reporting issuers must regularly make certain information about their activities and financial status available to the public. These reporting issuers may also choose to publicly list their securities on a Canadian stock exchange such as the Toronto Stock Exchange (TSX).

<sup>3</sup> See OSC Notice 11-775 *Notice of Statement of Priorities for Financial Year to End March 31, 2017* at <[http://www.osc.gov.on.ca/en/SecuritiesLaw\\_sn\\_20160609\\_11-775\\_sop-end-2017.htm](http://www.osc.gov.on.ca/en/SecuritiesLaw_sn_20160609_11-775_sop-end-2017.htm)> and OSC Notice 11-777 *Statement of Priorities – Request for Comments Regarding Statement of Priorities for Financial Year to End March 31, 2018* at <<http://www.osc.gov.on.ca/en/53722.htm>>.

<sup>4</sup> The OSC’s Compliance and Registrant Regulation Branch has recently completed an initial sweep of compliance reviews of exempt market dealers that have facilitated the distribution of securities in reliance on the new offering memorandum and family, friends and business associates exemptions. Please refer to OSC Staff Notice 33-748 *2017 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers* (forthcoming) for more information about this sweep.

In certain cases, securities may be offered without a prospectus, in reliance on certain prospectus exemptions. The "exempt market" describes the segment of our capital markets where securities can be sold without the protections afforded by a prospectus. Such offerings are sometimes also referred to as private placements or exempt distributions. Most exemptions from the prospectus requirement are set out in Part XVII of the *Securities Act* (Ontario) (the **Act**), OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (**OSC Rule 45-501**) and National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**). Each prospectus exemption has its own rules about who can sell securities and who can buy securities under the specified exemption.

Generally speaking, each prospectus exemption is premised on a specific policy rationale that justifies not requiring a prospectus and, consequently, the distribution may be limited to certain classes of investors with specific attributes. These prospectus exemptions can help an issuer raise money without incurring the time and expense of preparing a prospectus. Investors who buy securities through prospectus exemptions generally do not have the benefit of ongoing information about the issuer or the security that they are investing in. As well, they often do not have the ability to easily resell the security.

Companies that are reporting issuers may also rely on prospectus exemptions to raise capital.

## MARKET PARTICIPANTS

There are three key stakeholders in the exempt market: issuers, investors and, in some transactions, intermediaries such as underwriters or dealers that assist in brokering transactions between issuers and investors. Issuers across all sectors and from both Canadian and foreign jurisdictions can access Ontario's exempt market.

Among investor types, institutional investors (e.g. pension funds and asset management firms) and other non-individual entities (e.g. investment trusts and corporations) typically account for most of the invested capital in the exempt market. The remaining investors are considered to be retail investors, comprised of mostly high-net-worth individuals, angel investors or individuals related to the issuer.

In some exempt market offerings, intermediaries such as underwriters, investment dealers or exempt market dealers may be involved.<sup>5</sup> Traditionally, the intermediary role was delegated to an individual or group of individuals; however, more recently, a few registered on-line portals have also been facilitating these exempt market offerings.

## DATA UNDERLYING THE ANALYSIS

The data underlying the analysis in this report is collected from Form 45-106F1 *Report of Exempt Distribution* ("**the Report**") filed with the OSC by non-investment fund issuers that raised capital from Ontario investors. Generally, issuers are required to file the Report within 10 days of the first distribution date. Therefore, an issuer in continuous distribution over a period longer than 10 days is required to file multiple Reports to cover the distribution period.

Only certain prospectus exemptions trigger a requirement to file a Report and so the information gathered from the filings does not represent all exempt market activity. For more information on which exemptions require the filing of a Report, see Part 6 of NI 45-106. For example, issuers with fewer than 50 investors (excluding current and former employees) can rely on the private issuer exemption under subsection 73.4(2) of the Act to raise capital and would not be required to file a Report.<sup>6</sup>

<sup>5</sup> Companies that rely on prospectus exemptions to distribute securities commonly rely on registered dealers to distribute the securities to investors. A company that seeks to distribute securities to investors without registered dealer involvement may itself be required to register as a dealer. For additional guidance on when companies and intermediaries need to be registered, see Companion Policy to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

<sup>6</sup> However, in some cases, written offering materials may be considered an "offering memorandum" and subject to a requirement to deliver the written offering materials to the OSC. See Part 5 of OSC Rule 45-501.

The version of the Report in effect prior to June 30, 2016 ("**Prior Report**") required limited information about the issuer. Further, the data was collected in a less structured format than is the case for the current Report that became effective on June 30, 2016.<sup>7</sup>

The findings in this report incorporate a number of interpretations and assumptions by OSC staff based on knowledge of the Ontario exempt market and experience analyzing the reported information. The information analyzed was obtained from both the Prior Report and the current Report and was provided by filers at a point in time and may have been updated over time to reflect filer amendments.

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<sup>7</sup> For more information on the Prior Report and current Report, see *CSA Notice of Amendments to National Instrument 45-106 Prospectus Exemptions relating to Reports of Exempt Distribution*, April 7, 2016 at <[http://www.osc.gov.on.ca/en/SecuritiesLaw\\_csa\\_20160407\\_45-106\\_amd\\_prospectus-exemptions.htm](http://www.osc.gov.on.ca/en/SecuritiesLaw_csa_20160407_45-106_amd_prospectus-exemptions.htm)>.

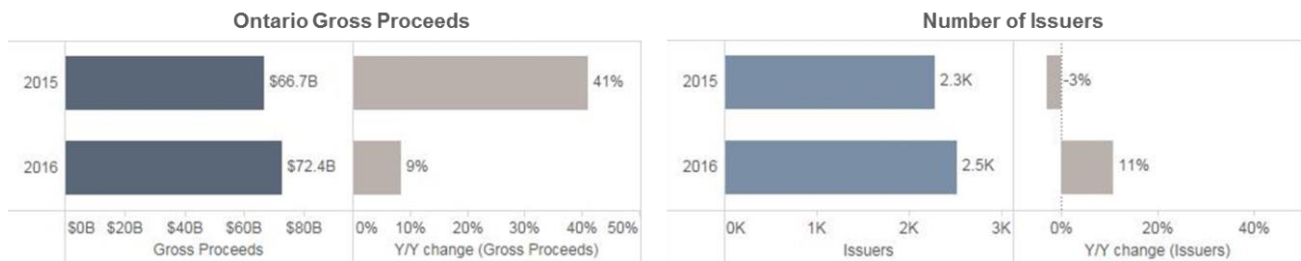
### 3. ONTARIO EXEMPT MARKET ACTIVITY

In this section, we provide an overview of capital raising activity in Ontario for 2015 and 2016, identify the types of issuers that have accessed the exempt market, discuss characteristics of prospectus-exempt offerings and assess trends over the period. Lastly, we provide some context to better understand how Ontario’s exempt market fits within the broader Canadian capital market.

#### MARKET SIZE

Annual gross proceeds raised from Ontario investors have continued to grow in the last few years. In 2015, annual gross proceeds increased by approximately 40% to \$67 billion. In 2016, annual gross proceeds grew by an additional 9% to approximately \$72 billion. Despite the large dollar increase in 2015, the number of issuers accessing Ontario’s exempt market dropped slightly by 3%, whereas in 2016 there was an 11% increase in issuer participation.

Figure 2 – Summary of 2015 and 2016 Activity

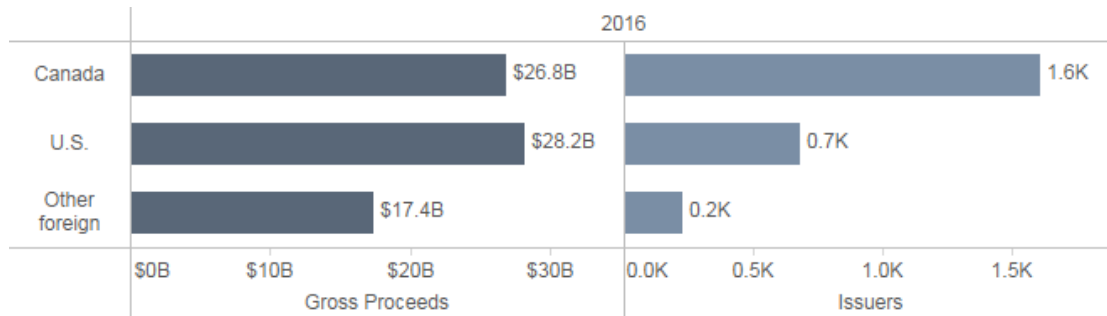


There are several key factors that drive capital raising activity in general, with business or economic sentiment being one of the most important. The large increase in gross proceeds in 2015 was primarily driven by larger U.S. deal activity, whereas in 2016, there appears to have been an increase in the number of Canadian issuers accessing the exempt market. Economic growth expectations were higher in the U.S. than other regions throughout much of 2015.<sup>8</sup> In addition, there were record debt issuances in the U.S prompted by expectations that the Federal Reserve would start raising interest rates by late 2015.<sup>9</sup> In Canada, overall growth has been muted over the last two years with pockets of growth in certain sectors, such as real estate and mining.

#### ISSUER LOCATION

Ontario’s exempt market is accessed by both Canadian and foreign issuers. Almost two-thirds of issuers are headquartered in Canada, but a diverse set of foreign issuers are also very active in raising capital from Ontario investors. U.S. based issuers represent the second largest group of exempt market issuers in Ontario. Foreign issuers raised the majority of capital in the Ontario exempt market, and U.S. based issuers accounted for the largest share.

Figure 3 – Head Office Location (2016)



<sup>8</sup> See for example, Fleming, Sam. “Strengthening US economy bolsters case for rate rise.” *Financial Times*. July 26, 2015. Web. May 2017; See also, “Better than it looks.” *The Economist*. June 13, 2015. Web. May 2017.

<sup>9</sup> See for example, Platt, Eric and Joe Rennison. “Dash for debt ahead of US rate rise.” *Financial Times*. November 8, 2015. Web. May 2017; See also Alloway, Tracy. “Last Year Was a Big One for the Corporate Bond Market.” *Bloomberg Markets*. 8 January, 2016. Web. May 2017.

In 2016, approximately 1,600 Canadian issuers raised capital from Ontario investors representing a 22% increase from the previous year. Despite this increase, annual gross proceeds raised over the last two years remained relatively flat, indicating a drop in the average offering size of Canadian issuers.

In contrast, foreign issuers experienced an increase in annual gross proceeds raised (13%) while the number of foreign issuers fell slightly by approximately 4% over the same period. Most foreign-based issuers are established businesses or multinationals capable of attracting international investment dollars. Among the non U.S.-based foreign issuers, many were financial entities headquartered in popular off-shore financial centers such as Luxembourg, Jersey and the Cayman Islands.

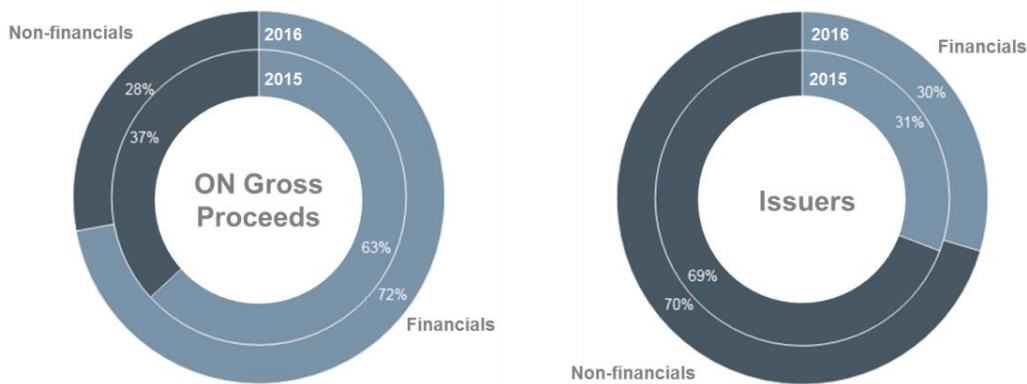
Figure 4 – Foreign Issuers’ Head Office Countries (excl. U.S) in 2014-2015



INDUSTRY GROUPS

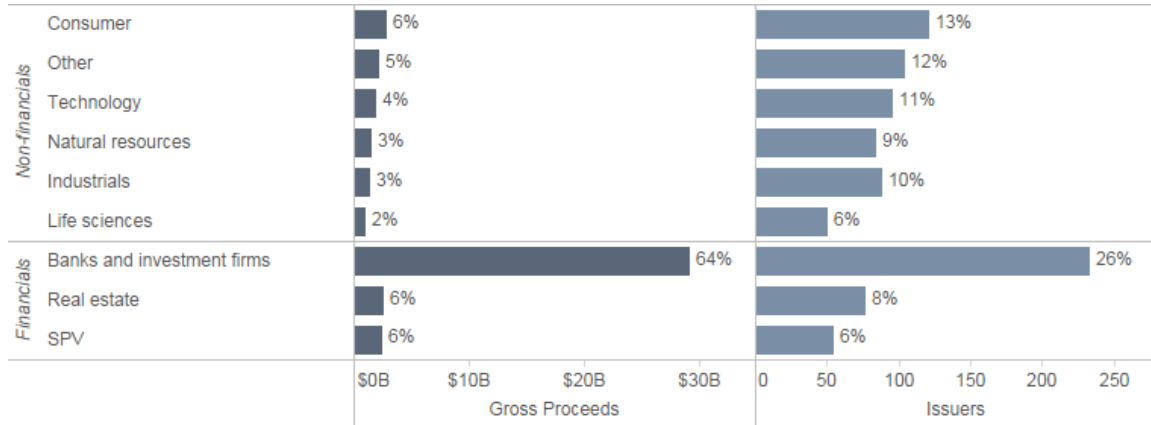
Financial issuers represented less than one-third of all issuers that raised capital in Ontario’s capital market in 2016, but accounted for over 70% of the gross proceeds raised. Not surprisingly, the average or median offering size for financial issuers was several times larger than for non-financial issuers. This breakdown between financial and non-financial issuers is consistent across issuers based in Canada and abroad, in both exempt and public markets.

Figure 5 – Financial vs Non-financial Issuers (2015-2016)



Among foreign issuers, financial issuers consisting primarily of banks and investment firms (like private equity funds) were the most predominant industry group.<sup>10</sup> This industry group represented over a quarter of all foreign issuers and accounted for almost \$30 billion, or 64% of total gross proceeds raised by foreign issuers. The total capital raised across other foreign industry groups was significantly smaller, although in aggregate they account for a disproportionately larger number of issuers.

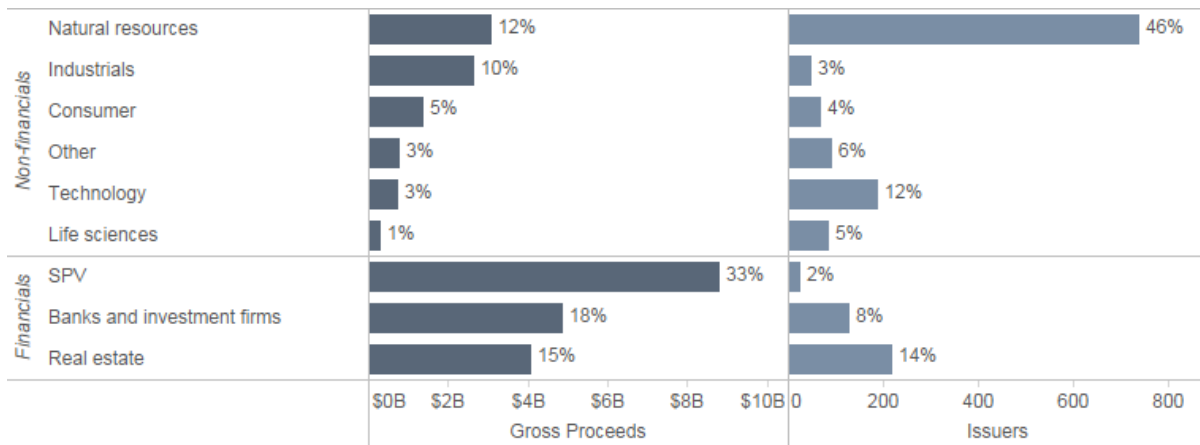
Figure 6 - Foreign Issuer Industry Groups (2016)



Ontario’s exempt market is an important financing source for Canadian issuers, especially those in the junior mining industry. In 2016, more than 700 mining and energy (“**natural resources**”) issuers raised approximately \$3 billion from Ontario investors. Issuers in the natural resources sector (predominantly mining) accounted for almost half of all Canadian issuers in Ontario’s exempt market and raised more capital than other non-financial sectors, but had the lowest average and median offering sizes of any industry group. Technology, media and telecom (“**technology**”) and healthcare, biotech and pharmaceutical (“**life sciences**”) issuers were also quite active by number of issuers, accounting for almost 20% of Canadian issuers but raised less than 5% of gross proceeds in 2016.

For Canadian issuers, special purpose vehicles and similar financing entities (“**SPV**”) raised the most capital, approximately \$9 billion or 33% of total gross proceeds in 2016. Examples of these issuers include asset-securitization vehicles that primarily structured large debt offerings backed by consumer auto loans and credit card receivables. SPV issuers accounted for less than 2% of all Canadian issuers in 2016, and therefore raised the highest average and median offerings amounts compared to Canadian issuers in other industry groups.

Figure 7 - Canadian Issuer Industry Groups (2016)



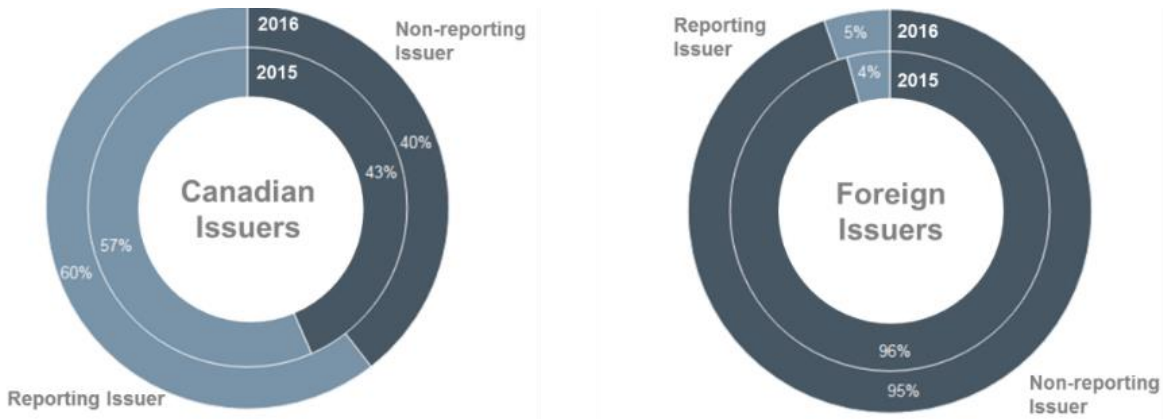
<sup>10</sup> Private equity funds raise large pools of capital to ultimately acquire or invest directly in operating businesses or real estate assets. Distribution data from private equity funds and similar issuers may lead to double counting of gross proceeds since the corporate beneficiary of the proceeds may have to file similar reports for any securities distributed under a prospectus exemption.

The unprecedented growth in Canadian property prices and low interest rates have fueled much of the investment activity in real estate and mortgage finance (“**real estate**”) issuers in recent years. Real estate issuers raised approximately \$4 billion or 15% of gross proceeds in 2016 and were the second largest group of Canadian issuers (14%) in the exempt market in 2016. Most of these real estate issuers were real estate investment trusts (**REITs**) or mortgage investment entities (**MIEs**).

REPORTING ISSUERS

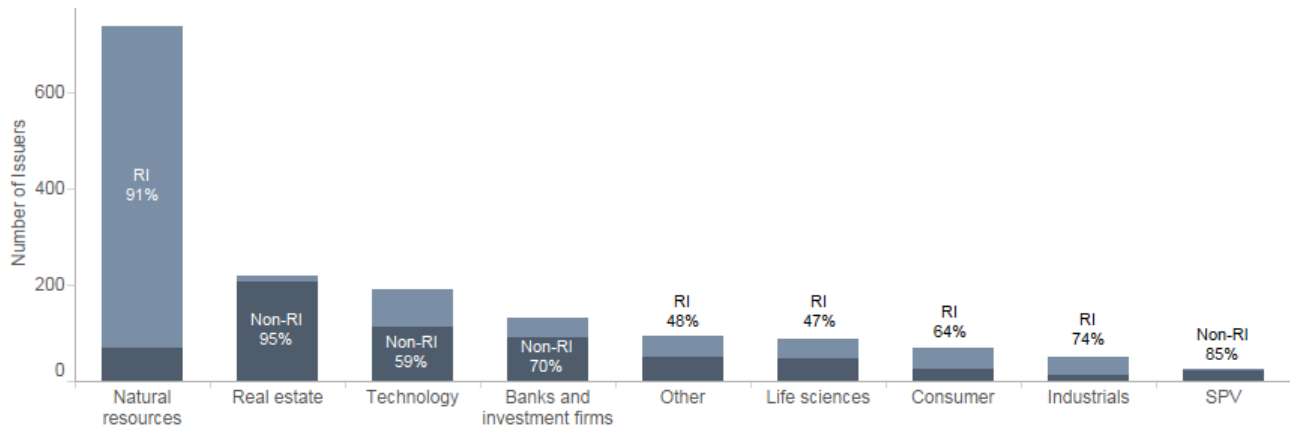
Although most reporting issuers are listed on one of three Canadian stock exchanges and can access capital through prospectus offerings, they account for 60% of exempt market activity by Canadian issuers. Although 95% of foreign issuers participating in Ontario’s exempt market are non-reporting in Canada, some are publicly listed entities in their home jurisdictions and have associated reporting obligations.

Figure 8 - Reporting Issuers by Location



Reporting issuers, especially those listed on the TSX Venture (**TSXV**) exchange have commonly relied on the exempt market for secondary or follow-on financings. In 2016, approximately 70% of Canadian reporting issuers that raised capital in the exempt market were in the natural resources industry. Within industry groups, reporting issuers accounted for the majority (90%) of all Canadian natural resources issuers in Ontario’s exempt market and also a sizable proportion of issuers in other non-financial industry groups. However, most Canadian financial issuers that raised capital in Ontario’s exempt market, especially in the real estate industry, were non-reporting issuers.

Figure 9 – Proportion of Reporting Issuers (RI) in Canadian Issuer Industry Groups (2016)



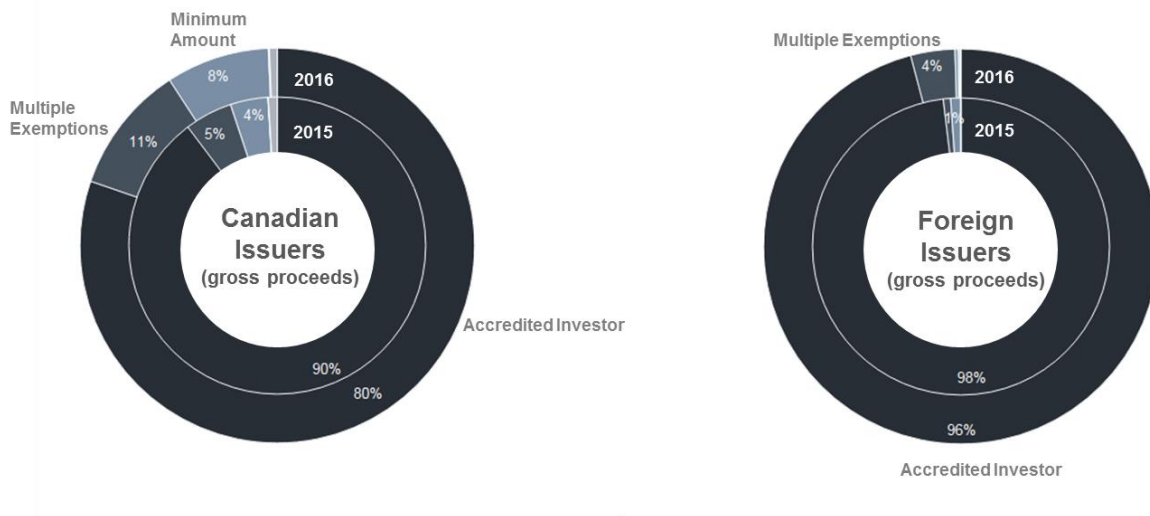
PROSPECTUS EXEMPTION RELIED ON

An investor may need to satisfy certain criteria in order to invest under a specific prospectus exemption. For example, the family, friends and business associates exemption allows issuers to raise capital from investors who qualify as family members, close personal friends or close business associates of the principals of the issuer. Alternatively, the accredited investor exemption is limited to persons who qualify as accredited investors<sup>11</sup>. Accredited investors are a vital funding source for issuers in the exempt market and represent a wide spectrum of investors, from high income or high net-worth individual investors to institutional investors such as pension funds, insurance firms and asset management firms.

Foreign issuers have predominantly raised capital under the accredited investor exemption. Canadian issuers have also primarily used the accredited investor exemption which accounts for approximately 90% of gross proceeds raised in Ontario. The minimum amount exemption was relied on to raise the second highest amount of capital (approximately \$2 billion or 8% of gross proceeds in 2016) among Canadian issuers. All other exemptions account for less than 2% of capital raised in the exempt market by Canadian issuers. However, when analyzing the proportion of issuers that relied on these prospectus exemptions, the recently introduced family, friends and business associates exemption was the second most relied on exemption after the accredited investor exemption.

An issuer can rely on more than one exemption to raise capital either from investors within the same jurisdiction or across Canada. In 2016, about 30% of Canadian issuers relied on multiple prospectus exemptions which accounted for about 11% of gross proceeds raised. Among these issuers, the accredited investor exemption was predominantly used and also accounted for most of the capital raised under multiple prospectus exemptions.

Figure 10 - Prospectus Exemption Use by Issuer Location



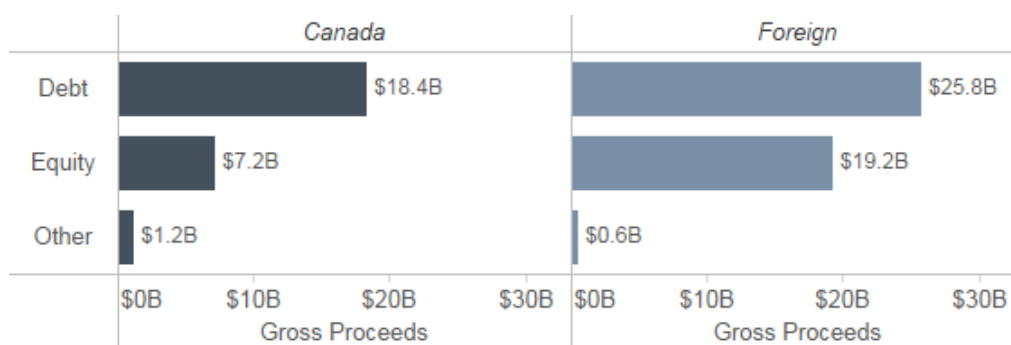
<sup>11</sup> See definition of “accredited investor” under Part 1 of NI 45-106.



## TYPE OF SECURITIES OFFERED

In recent years, low interest rates have made debt a much more attractive financing option for issuers.<sup>12</sup> For both Canadian and foreign issuers, debt offerings raised more capital than equity offerings. This is commonly observed within the broader capital markets as well (see below). According to the pecking order theory, certain firms tend to prefer debt over equity to finance their business.<sup>13</sup> Although the choice is inherently more complex for most issuers, some empirical evidence supports this theory, especially among larger firms with less volatile earnings and net positive cash flows.<sup>14</sup> For small issuers, especially in the high-growth and knowledge-based industries, obtaining debt capital is more challenging than equity capital.<sup>15</sup>

Figure 11 – Gross Proceeds Raised by Security Type<sup>16</sup> and Issuer Location (2016)



Financial issuers raised the largest share of debt capital proceeds through notes, bonds and debentures of varying rates, seniority and maturities. Many institutional investors, especially pension plans and insurance firms, allocate a sizeable proportion of their investments to fixed income securities which provide income-paying assets that match their long-term liabilities.<sup>17</sup>

Given the heavy concentration of junior mining issuers, it is not surprising that most Canadian issuers distributed equity securities. Excluding mining issuers, three out of four Canadian issuers raised capital by issuing some form of equity security in 2016. Less than 10% of Canadian issuers offered debt securities, but these issuers raised the most capital (68% or \$18.2 billion) in 2016. SPV issuers were responsible for approximately \$9 billion or 50% of the debt proceeds raised by Canadian issuers over the same period.

Similarly, among foreign issuers, debt was offered by financial issuers such as banks and insurance firms, followed closely by large multinationals and blue chip issuers from a range of non-financial industry groups. Close to half of all foreign issuers that raised equity capital were private equity firms and similar investment entities. The remaining foreign issuers that distributed equity represented a mix of non-financial industries.

<sup>12</sup> See for example, Platt, Eric. "Corporates lead surge to record \$6.6tn debt issuance." *Financial Times*. 27 December 2016. Web. May 2017.

<sup>13</sup> See Myers, Steward C. "The capital structure puzzle," *Journal of Finance*, vol. 39, pp. 575-592, July 1984; See also Myers, Steward and Nicholas Majluf. "Corporate financing and investment decisions when firms have information markets do not have." *Journal of Financial Economics*, vol. 13, no. 2, July 1984.

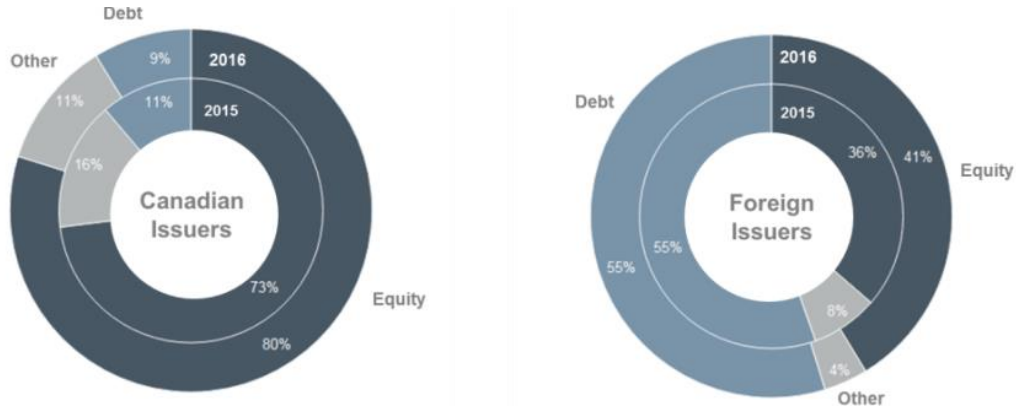
<sup>14</sup> Issuers with credit ratings have easier access to debt capital markets and most issuers with credit ratings tend to be larger firms. See for example, Lemmon, Michael L. and Jaime F. Zender. "Debt Capacity and Tests of Capital Structure Theories." *The Journal of Financial and Quantitative Analysis* Vol. 45, No. 5, October 2010, pp. 1161-1187. See also, Frank, Murray Z. and Vidhan K. Goyal. "Trade-Off and Pecking Order Theories of Debt." December 8, 2007. Available at SSRN: < <https://ssrn.com/abstract=670543>>.

<sup>15</sup> See for example, Nassr, Iota K and Gert Wehinger. "Non-bank debt financing for SMEs: The role of securitisation, private placements and bonds." *OECD Journal Financial Market Trends*, Vol 1, 2014; See also, Berger, Allen N. and Gregory F. Udell. "The Economics of Small Business Finance: The Roles of Private Equity and Debt Markets in the Financial Growth Cycle." *Journal of Banking Finance*, Vol. 22, 1998.

<sup>16</sup> The "Other" category included securities that could not be classified as either debt or equity related securities and also instances where multiple security types were issued.

<sup>17</sup> See for example, "Annual Survey of Large Pension Funds and Public Pension Reserve Funds - Report on pension funds' long - term investments." *OECD*, 2015 at < <http://www.oecd.org/daf/fin/private-pensions/2015-Large-Pension-Funds-Survey.pdf>>. May 2017.

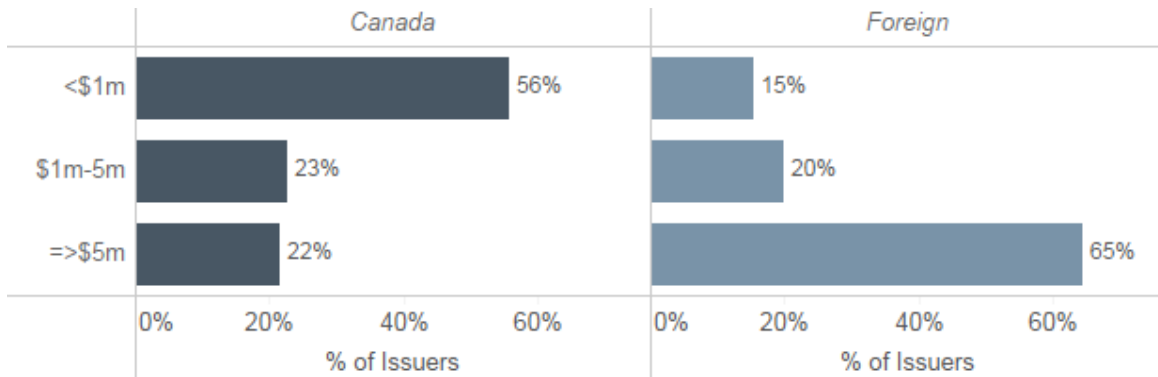
Figure 12 - Security Breakdown by Number of Issuers (2015-2016)



FINANCING SIZE

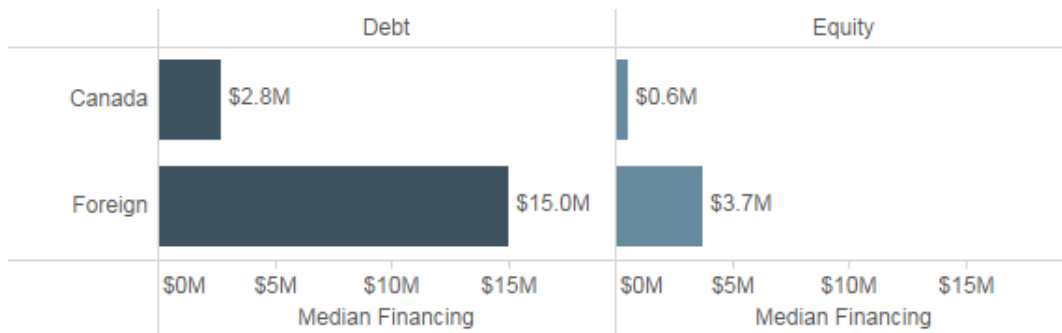
A comparison of issuers' average annual offering sizes further confirms that most foreign issuers in the exempt market raised more capital than Canadian issuers. Over the last two years, approximately 65% of foreign issuers raised an annual average of at least \$5 million compared to just 22% of Canadian issuers. Furthermore, over half of all Canadian issuers in the exempt market raised on average under \$1 million annually compared to just 15% of foreign issuers.

Figure 13 - Issuer Proceeds by Location (2015-2016)



The lower average and median financing sizes of Canadian issuers compared to foreign issuers was consistent across debt and equity offerings as well. The median financing size of Canadian debt issuers was five times lower than the median financing size of foreign issuers. Similarly, half of all equity offerings by Canadian issuers were less than \$600,000, whereas the median financing size for foreign issuers was closer to \$4 million.

Figure 14 – Deal size by Issuer Location and Security Type (2015-2016)



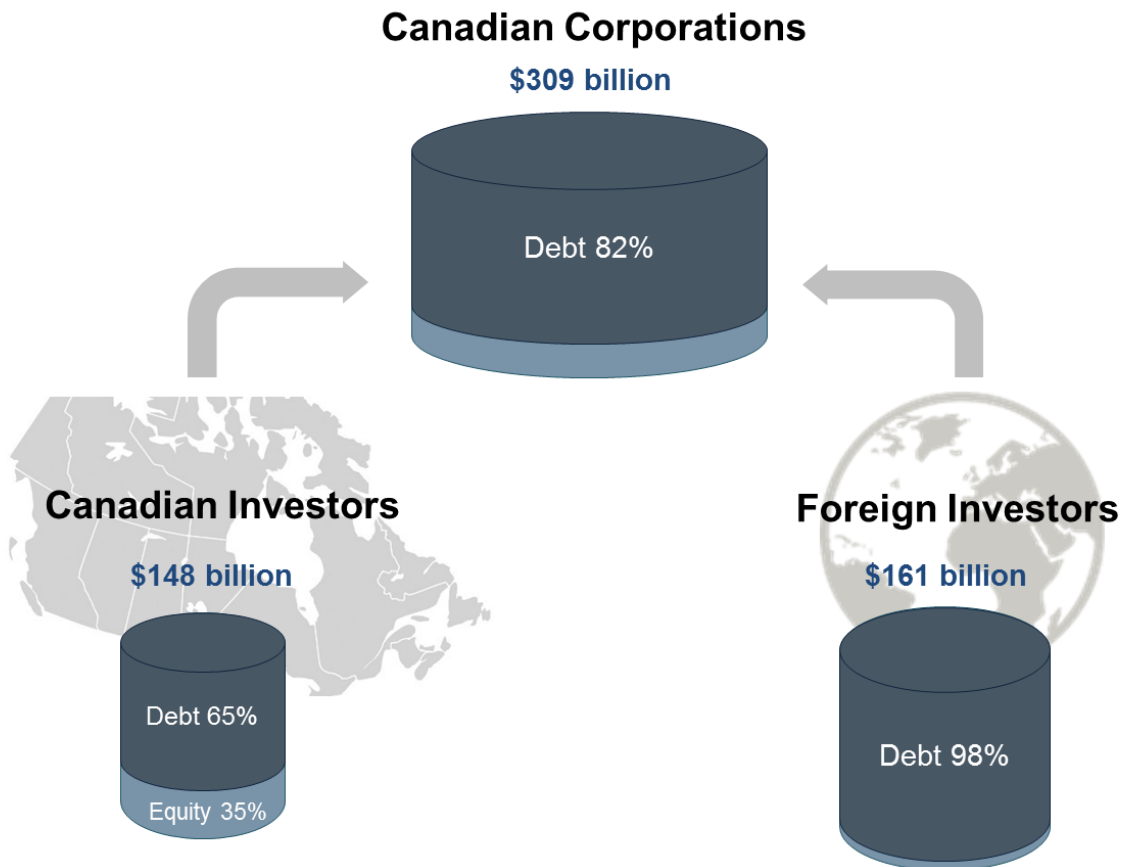
COMPARISONS WITH THE BROADER CANADIAN CAPITAL MARKET

Canadian corporations issued approximately \$309 billion in securities through both private (which includes the exempt market) and public market offerings in 2016.<sup>18</sup> Canadian investors accounted for less than half of that amount or approximately \$148 billion, with the remainder coming from foreign investors. In comparison, Ontario residents invested approximately \$27 billion in Canadian issuers in 2016 through exempt market offerings that triggered a filing requirement with the OSC.<sup>19</sup>

Hence, the Ontario exempt market accounted for less than 20% of the gross proceeds raised by Canadian issuers domestically and less than 10% of gross proceeds raised by Canadian issuers globally. The difference of approximately \$121 billion (\$148 billion - \$27 billion) in domestic proceeds raised by Canadian issuers can be attributed to the following three components:

- public market offerings;
- exempt market offerings in other Canadian jurisdictions; and
- senior debt issued by Canadian financial institutions which are carved out of prospectus and reporting requirements.<sup>20</sup>

Figure 15 – OSC Estimate of 2016 Canadian Capital Market Activity



Source: OSC estimate based on data from Bank of Canada and obtained from Statistics Canada, CANSIM Table 176-0034. Accessed on May 29, 2017.

<sup>18</sup> OSC estimate based on data from Bank of Canada and obtained from Statistics Canada, CANSIM Table 176-0034 at <<http://www5.statcan.gc.ca/cansim/a26>>. Accessed on May 29, 2017. CANSIM Table 176-0034 covers all public issues as well as most private placements of Canadian corporations with an original term to maturity of more than one year. For more information see CANSIM Table 176-0034 footnotes.

<sup>19</sup> See Part 6 of NI 45-106 for more information on which capital raising prospectus exemptions trigger a filing requirement.

<sup>20</sup> See sections 73 and 73.1 of the Act for a similar exemption to the specified debt exemption at section 2.34 of NI 45-106.

Debt issued by financial institutions represents a significant proportion of the capital raised in both the Ontario exempt market and the broader Canadian capital market.<sup>21</sup> It is important to note that the Canada-wide statistics are captured through the reporting obligations of intermediaries (i.e. underwriters and dealers) and, therefore, would mostly capture large to medium-sized offerings. Smaller transactions in the broader Canadian exempt market would not be captured in the Statistics Canada data but may be required to be reported under certain prospectus exemptions.

Lastly, as discussed above, there is a portion of exempt market activity that remains unknown because insubstantial amounts were raised or the offerings involved closely-held issuers with fewer than 50 investors (excluding current and former employees). These issuers would not be captured in the data we have presented.

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<sup>21</sup>The majority (82%) of capital raised by Canadian issuers originates from the debt market which is heavily concentrated in bank and non-bank financial issuers. See also, "The Canadian Fixed Income Market – 2014." OSC, 2015 at <<http://www.osc.gov.on.ca/documents/en/Securities-Category2/20150423-fixed-income-report-2014.pdf>>.

## 4. CAPITAL FORMATION BY SMALL CANADIAN ISSUERS

Facilitating capital formation for issuers, particularly small issuers, has been an important priority for the OSC. Capital allocation, especially in the exempt market, is largely opaque. Further, the information gap is worse for small businesses because there are limited or no reporting requirements and financing sources are highly fragmented.<sup>22</sup> In this section, we focus further on Canadian issuer activity and estimate the scope of capital formation by small Canadian issuers.

### ESTIMATING SMALL CANADIAN ISSUERS

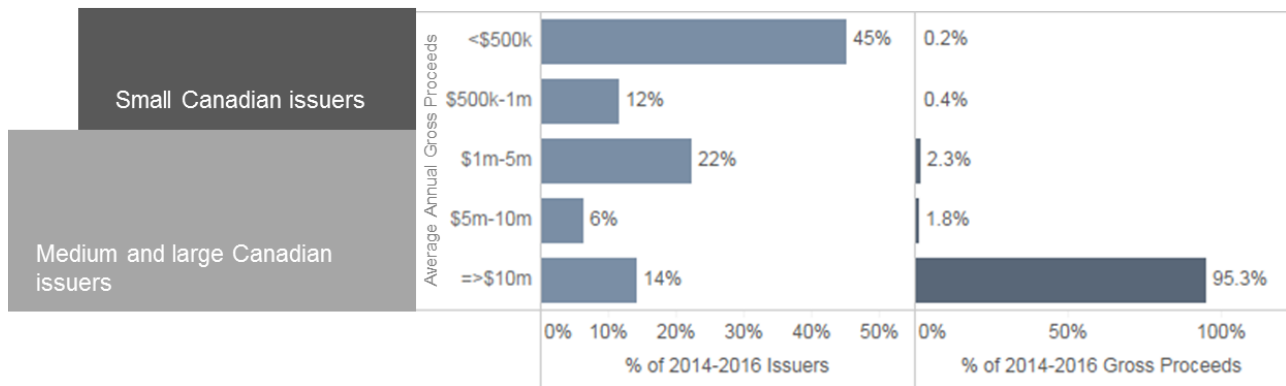
Industry Canada estimates that as of December 2015, there were approximately 1.17 million businesses with employees and approximately 98% of these businesses were small businesses.<sup>23</sup> Industry Canada has traditionally identified businesses with fewer than 500 employees as SMEs. Small businesses are identified as having between 5 and 100 employees and micro-businesses as having fewer than 5 employees. Statistics Canada uses a combination of employment size thresholds that are identical to Industry Canada, but also includes revenues to define SMEs.

In the absence of these metrics, we rely on the annual amounts raised by an issuer as a proxy for issuer size.<sup>24</sup> Intuitively and based on our observations, the relative size of an issuer has been found to broadly correlate with how much capital an issuer raises. Although, there may be some instances of issuers raising amounts outside their typical range, the overall correlation between issuer size and offering size appears to be strong, especially for offerings of under \$1 million. Issuers raising proceeds under \$1 million were predominantly small businesses. Transaction costs for capital market offerings increase as firms grow larger and become more complex; therefore, offering sizes of below \$1 million may not be feasible or even sufficient to cover transaction cost of most large issuers. Accordingly, for the purposes of our analysis, we consider Canadian issuers to be “small” issuers if they raised less than \$1 million annually.<sup>25</sup>

### SMALL CANADIAN ISSUERS IN ONTARIO’S EXEMPT MARKET

We estimate that between 2014 and 2016, approximately 57% of Canadian issuers in Ontario’s exempt market were small issuers. However, these issuers represented less than \$300 million or 1% of gross proceeds raised in Ontario’s exempt market by Canadian issuers annually.

Figure 16 – Estimating Canadian Issuer Size (2014-2016)



<sup>22</sup> For example, issuers with less than 50 investors (excluding current and former employees) can rely on the private issuer exemption under subsection 73.4(2) of the Act in Ontario, which does not require reporting to the OSC. Additionally, many small businesses may rely on other funding sources such as loans, grants and donations.

<sup>23</sup> See Industry Canada, Canadian Industry Statistics Glossary: Employment size category at <[https://www.ic.gc.ca/eic/site/cis-sic.nsf/eng/h\\_00005.html#employment\\_size\\_category](https://www.ic.gc.ca/eic/site/cis-sic.nsf/eng/h_00005.html#employment_size_category)>. Accessed May 2017.

<sup>24</sup> Effective June 30, 2016, all Reports require issuers to provide number of employees and approximate size of assets which will be used to update these estimates in the future.

<sup>25</sup> More specifically, small issuers were identified as those that raised average gross proceeds of under \$1 million annually from 2014 to 2016.

There has been a notable increase in small Canadian issuer activity within the Ontario exempt market in 2016 after experiencing a relative drop in 2015. In 2016, the number of small Canadian issuers that obtained exempt market financings increased by almost 30% and gross proceeds raised also jumped by approximately 40% year-over-year.

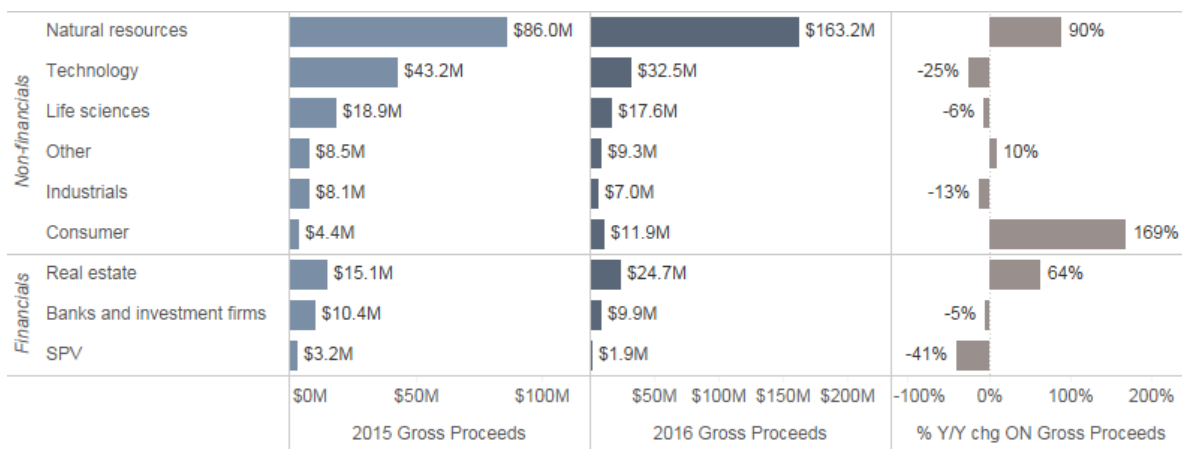
Figure 17 - Activity across Issuer's Average Annual Gross Proceeds

<i>Issuers</i>				<i>Gross Proceeds</i>			
	2014	2015	2016		2014	2015	2016
<\$1m	798	693	887	<\$1m	\$0.22B	\$0.20B	\$0.28B
=>\$1m	598	619	710	=>\$1m	\$21.58B	\$26.16B	\$26.53B

The industry breakdown of these small Canadian issuers is very similar to that of the junior Canadian exchanges particularly the TSXV exchange. This is not surprising since approximately 70% of the small Canadian issuers identified above were found to be reporting issuers. Similar to the TSXV exchange, there is a high concentration of issuers from the natural resources industry followed by issuers in the technology and life sciences industry groups.

The increased level of exempt market offerings by small Canadian issuers in 2016 was mainly concentrated among issuers in the natural resources, consumer goods and services (“**consumer**”) and real estate industries. All other industry groups either experienced a decline or a nominal change in the number of issuers and the amount of capital raised in the exempt market.

Figure 18 - Gross Proceeds by Industry Group



## 5. IMPACT OF RECENTLY INTRODUCED PROSPECTUS EXEMPTIONS

Collectively, the new prospectus exemptions have gained traction among a sizeable proportion of Canadian issuers in the short period that they have been introduced. In this section, we highlight the impact of these new exemptions.

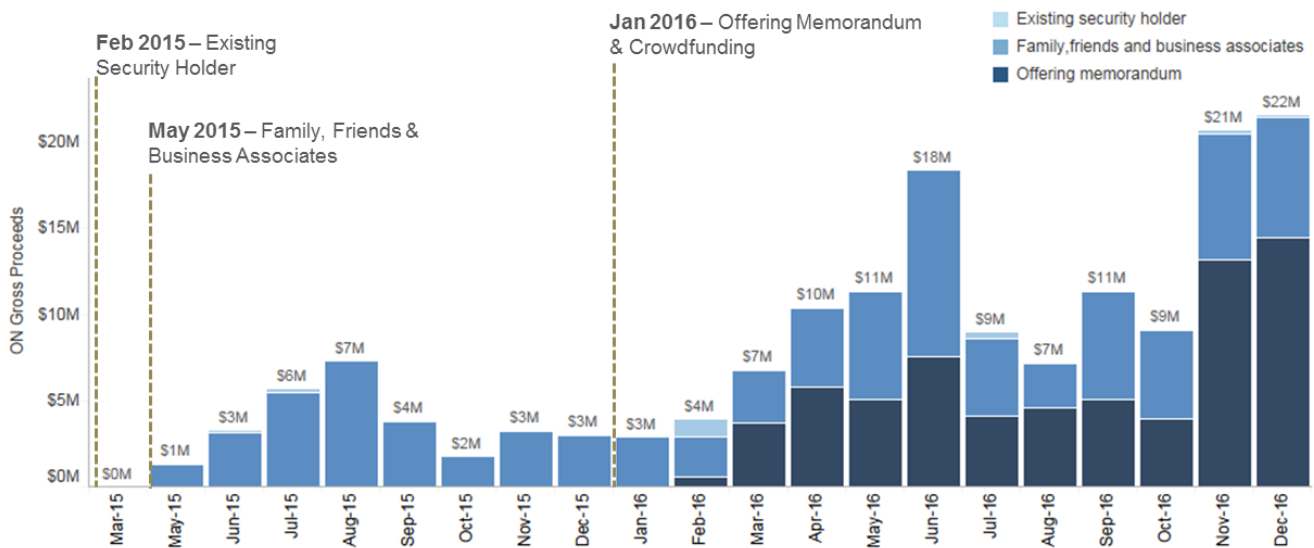
### ACTIVITY UNDER THE NEW EXEMPTIONS

From the date they became effective to December 31, 2016, the new exemptions have been used to raise a total of \$163 million. However, most of this activity occurred in 2016, when approximately \$133 million was raised under the new prospectus exemptions in Ontario by 401 issuers. More specifically, the number of issuers and capital raised under the new exemptions in 2016 are as follows:<sup>26</sup>

- The family, friends and business associates exemption was used by 302 issuers that raised gross proceeds of approximately \$63 million.
- The offering memorandum exemption was used by 103 issuers that raised gross proceeds of approximately \$68 million.
- The existing security holder exemption was used by 24 issuers that raised gross proceeds of approximately \$2 million.

Among the new prospectus exemptions, the family, friends and business associates exemption was relied on the most by issuers in Ontario’s exempt market. In 2016, the family, friends and business associates exemption was the second most used exemption in Ontario by number of issuers after the accredited investor exemption. The existing security holder exemption, which was targeted at reporting issuers listed on specified Canadian exchanges, has seen a much lower adoption rate. Although there has been no reported use of the crowdfunding exemption as of December 2016, there has been “crowdfunding” in the broader sense given that a small number of issuers have used online funding portals to raise proceeds under the accredited investor or offering memorandum exemption. Moreover, a number of portals registered in the exempt market dealer or restricted dealer category have indicated they may facilitate issuers relying on the crowdfunding exemption in the future.

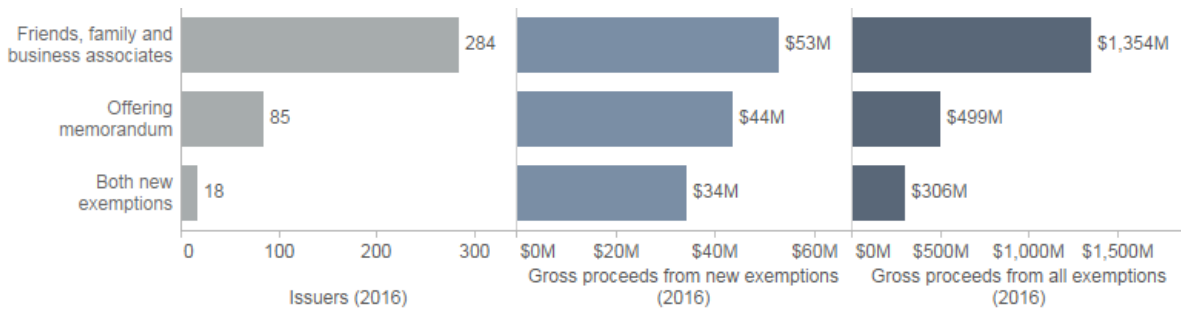
**Figure 19 - Timeline of Activity (1/2015 - 12/2016)**



<sup>26</sup> The count of issuers by prospectus exemptions is not mutually exclusive since some issuers may have relied on more than one of the new prospectus exemptions to raise capital over the same period.

In 2016, the family, friends and business associates exemption and offering memorandum exemption together were relied on by 387 issuers or almost a quarter of all Canadian issuers that raised capital in the Ontario exempt market. However, the total amount raised under these new exemptions accounted for less than 1% of gross proceeds. In some instances, issuers relied on both the offering memorandum exemption and the family, friends and business associates exemption. For most issuers, these new exemptions supplemented considerably larger amounts raised under the accredited investor exemption. Prior to the adoption of these new exemptions in Ontario, we observed that a sizeable proportion of issuers that raised capital under the accredited investor exemption in Ontario had relied on the family, friends and business associates exemption or offering memorandum exemption in other Canadian jurisdictions where it was already available.

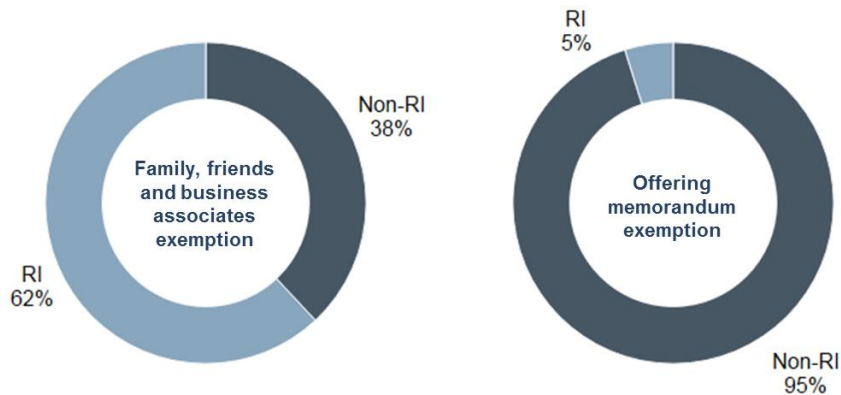
**Figure 20 - Issuer Proceeds under new exemptions compared to gross proceeds from all exemptions**



**ISSUER CHARACTERISTICS**

The family, friends and business associates and offering memorandum exemptions have been predominantly used by Canadian issuers (98%), although there are notable differences in the composition of the issuer groups that relied on these two exemptions. Almost two-thirds of the issuers that relied on the family, friends and business associates exemption were reporting issuers, whereas the majority (95%) of issuers that relied on the offering memorandum exemption were non-reporting issuers.

**Figure 21 - Reporting Issuers (RI) under the new prospectus exemptions**



Junior mining issuers, most of which were also reporting issuers, represented approximately half of all issuers that used the family, friends and business associates exemption. Real estate issuers represented the second largest industry group that relied on the family, friends and business associates exemption and also accounted for the majority (53%) of the gross proceeds raised under that exemption. Real estate issuers have also been the predominant industry group among issuers that relied on the offering memorandum exemption in Ontario. They accounted for approximately 70% of the number of issuers and close to 90% of gross proceeds raised under the offering memorandum exemption in 2016.



Figure 22 – 2016 Industry Groups (Number of Issuers)

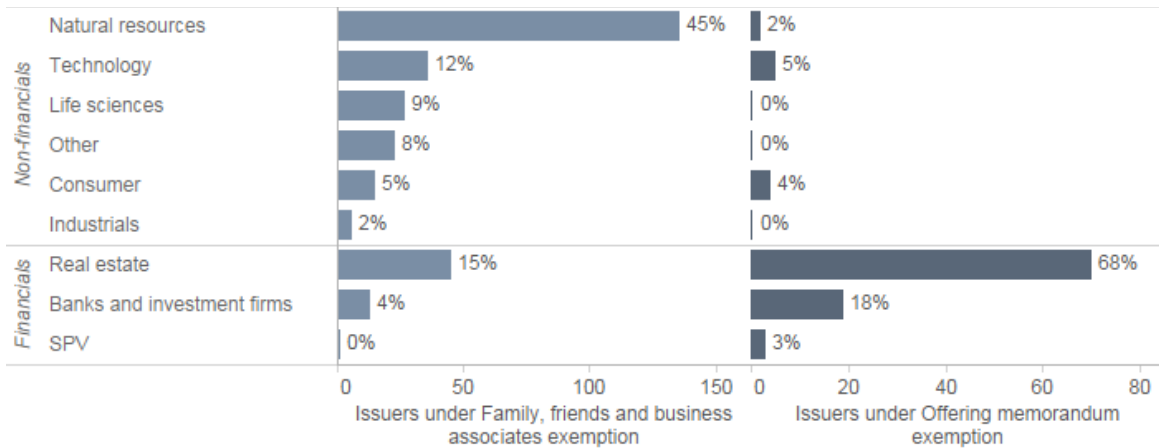
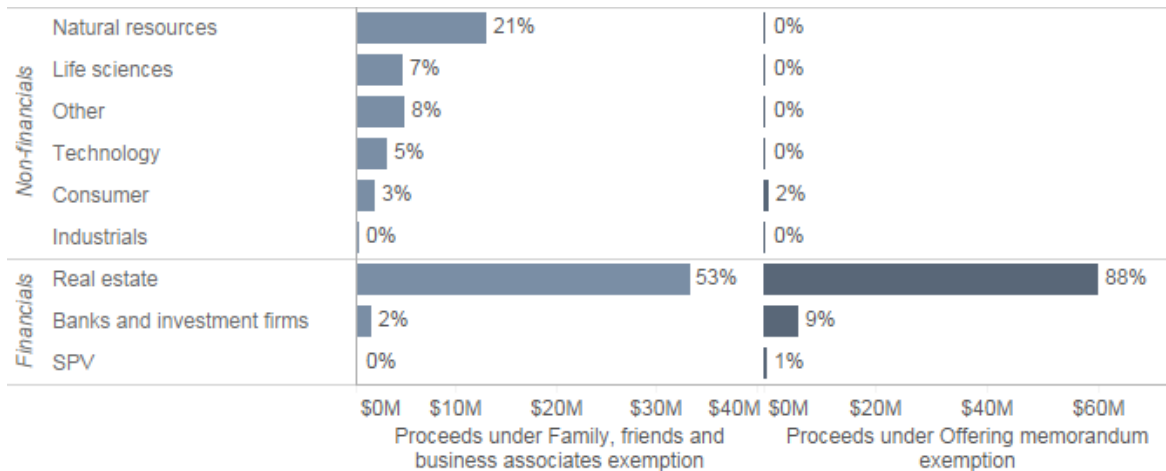
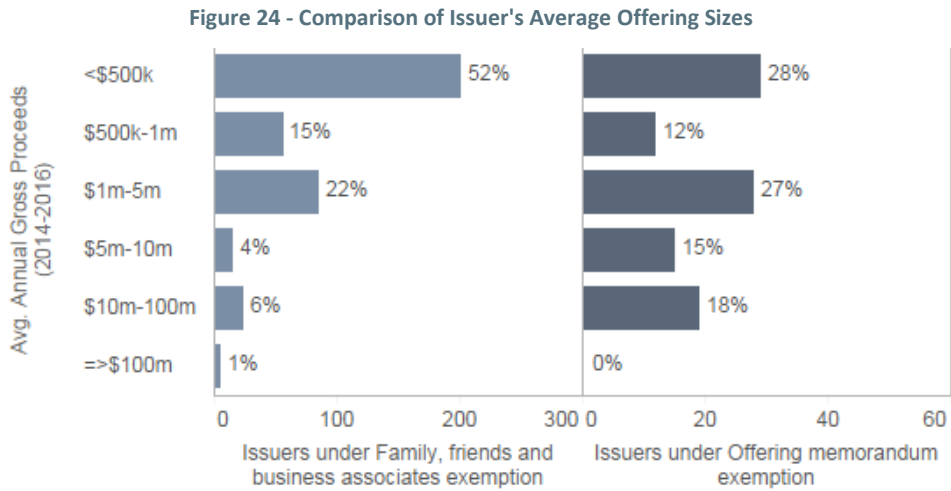


Figure 23 – 2016 Industry Groups (Gross Proceeds)



In 2016, the family, friends and business associates exemption was relied on by three times as many issuers as the offering memorandum exemption, but most issuers relying on the family, friends and business associates exemption raised significantly smaller amounts of capital. Issuers relying on the offering memorandum exemption raised more capital since they incur higher transaction costs associated with preparing an offering memorandum document than is the case under the family, friends and business associates exemption.

Since most issuers relying on the family, friends and business associates exemption or offering memorandum exemption also raised capital under other prospectus exemptions, particularly the accredited investor exemption, it is necessary to examine the issuers’ total offering sizes across all exemptions when assessing the impact of these new exemptions on small issuers. Approximately 60% of issuers that relied on the offering memorandum exemption raised average gross proceeds of \$1 million or higher annually. In contrast, close to 70% of issuers that relied on the family, friends and business associates exemption raised average gross proceeds of under \$1 million annually. The family, friends and business associates exemption has mainly been used by smaller issuers, whereas the offering memorandum exemption has primarily been used by larger issuers to raise capital.



Lastly, we analyzed past exempt market activity by issuers that relied on the family, friends and business associates exemption or offering memorandum exemption to estimate whether these new exemptions have attracted new issuers to Ontario’s exempt market. Our preliminary estimates indicate that roughly half of the issuers that relied on the new exemptions had not previously raised capital in Ontario since 2014. In particular, 40% of issuers that relied on the family, friends and business associates exemption and 58% of issuers that relied on the offering memorandum exemption accessed Ontario’s exempt market for the first time since 2014.

## 6. QUESTIONS

Please refer your questions to any of the following OSC staff:

Kevin Yang  
Senior Research Analyst, Strategy and Operations Branch  
Ontario Securities Commission  
416-204-8983  
kyang@osc.gov.on.ca

Jo-Anne Matear  
Manager, Corporate Finance Branch  
Ontario Securities Commission  
416-593-2323  
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Yan Kiu Chan  
Legal Counsel, Corporate Finance Branch  
Ontario Securities Commission  
416-204-8971  
ychan@osc.gov.on.ca

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1.5 Notices from the Office of the Secretary

1.5.1 Eda Marie Agueci et al.

**FOR IMMEDIATE RELEASE**  
June 9, 2017

**IN THE MATTER OF  
EDA MARIE AGUECI,  
DENNIS WING,  
SANTO IACONO,  
JOSEPHINE RAPONI,  
KIMBERLEY STEPHANY,  
HENRY FIORILLO,  
GIUSEPPE (JOSEPH) FIORINI,  
JOHN SERPA,  
IAN TELFER,  
JACOB GORNITZKI and  
POLLEN SERVICES LIMITED**

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

A copy of the Order dated June 9, 2017 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

For media inquiries:

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

For investor inquiries:

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

1.5.2 TCM Investments Ltd. carrying on business as OptionRally et al.

**FOR IMMEDIATE RELEASE**  
June 13, 2017

**IN THE MATTER OF  
TCM INVESTMENTS LTD.  
carrying on business as OPTIONRALLY,  
LFG INVESTMENTS LTD.,  
AD PARTNERS SOLUTIONS LTD., and  
INTERCAPITAL SM LTD.**

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

1. the hearing of Staff's Application is adjourned, to continue on a date to be fixed by the Registrar but no later than July 7, 2017, should Staff elect to continue the Application; and
2. pursuant to subsection 127(7) of the Act, the Temporary Order is extended until July 7, 2017, or the date on which the hearing of Staff's Application resumes, whichever is earlier.

A copy of the Order dated June 13, 2017 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

For media inquiries:

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

For investor inquiries:

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

1.5.3 Nelson Peter Bradbury

**FOR IMMEDIATE RELEASE**  
June 13, 2017

**IN THE MATTER OF  
NELSON PETER BRADBURY**

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

A copy of the Order dated June 12, 2017 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

For media inquiries:

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

For investor inquiries:

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

1.5.4 Jonathan Financial Inc. and Gregory Frederick Hilderman

**FOR IMMEDIATE RELEASE**  
June 13, 2017

**IN THE MATTER OF  
JONATHAN FINANCIAL INC. and  
GREGORY FREDERICK HILDERMAN**

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

A copy of the Order dated June 12, 2017 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
GRACE KNAKOWSKI  
SECRETARY TO THE COMMISSION

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

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

## Chapter 2

# Decisions, Orders and Rulings

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### 2.1 Decisions

#### 2.1.1 Sionna Investment Managers Inc.

##### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the conflict of interest restrictions in the Securities Act (Ontario) to permit fund-of-fund structures between pooled funds under common management subject to conditions.

##### Applicable Legislative Provisions

Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(2)(c), 111(4), 113.

June 2, 2017

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  
SIONNA INVESTMENT MANAGERS INC.  
(the Filer)

AND

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

DECISION

##### Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of each of the Filer, Sionna Canadian Balanced Fund (the **Initial Top Fund**), and one or more investment funds which are not reporting issuers under the securities legislation of the principal regulator (the **Legislation**) and which are established, advised or managed by the Filer in the future (the **Future Top Funds**, and together with the Initial Top Fund, the **Top Funds**) for a decision under the Legislation in respect of the Fund-of-Fund Structure (as defined below) exempting the Filer and the Top Funds from:

- (a) the restriction in the Legislation that prohibits an investment fund from knowingly making an investment in any person or company in which the investment fund, alone or together with one or more related investment funds, is a substantial security holder;
- (b) the restriction in the Legislation that prohibits an investment fund from knowingly making an investment in an issuer in which:

- (i) any officer or director of the investment fund, its management company or distribution company or an associate of any of them, or
- (ii) any person or company who is a substantial securityholder of the investment fund, its management company or its distribution company,  
has a significant interest; and
- (c) the restriction in the Legislation that prohibits an investment fund, its management company or its distribution company from knowingly holding an investment described in paragraph (a) or (b) above (collectively, the **Investment Restrictions**),

to permit the Filer to cause the Top Funds to invest in the Underlying Funds (as defined below) (the **Requested Relief**).

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

- a) the Ontario Securities Commission (the "**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 respect of the Requested Relief in Alberta.

### **Interpretation**

Unless otherwise defined herein, terms in this decision have the respective meanings given to them in National Instrument 14-101 *Definitions* and MI 11-102.

### **Representations**

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

#### The Filer

1. The Filer is a corporation existing under the laws of Canada with its head office in Toronto, Ontario.
2. The Filer is registered with the Commission in the categories of investment fund manager, portfolio manager and exempt market dealer. The Filer is also registered as: (i) a portfolio manager in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Saskatchewan and Yukon, (ii) an exempt market dealer and portfolio manager in Newfoundland and Labrador, and (iii) a portfolio manager and investment fund manager in Québec;
3. The Filer is not a reporting issuer in any jurisdiction and is not in default of securities legislation of any jurisdiction of Canada, except as noted in paragraphs 13 and 15, below.

#### Top Funds

4. The Initial Top Fund is organized under the laws of Ontario as a trust. Each Future Top Fund will be organized as a trust under the laws of Ontario or another jurisdiction in Canada.
5. Each Top Fund is or will be a "mutual fund" for the purposes of the Legislation.
6. The Initial Top Fund is not, and each Future Top Fund will not be, a reporting issuer in any province or territory of Canada.
7. The Filer is, or will be, the investment fund manager and the portfolio manager of the Initial Top Fund and each of the Future Top Funds.
8. State Street Trust Company Canada acts as the trustee for the Initial Top Fund. State Street Trust Company Canada or another qualified third party will act as trustee of a Top Fund.
9. Securities of the Initial Top Fund and each Future Top Fund are, or will be, offered on a private placement basis to qualified investors pursuant to available exemptions from the prospectus requirements under Canadian securities legislation.



10. The investment objective of the Initial Top Fund is to generate long-term total returns and offer downside protection through a combination of capital growth, dividends and interest income. The Fund will invest in equity and fixed income securities and strive to achieve its objective by active security selection and strategic asset mix management.
11. The Initial Top Fund is not in default of securities legislation in any province or territory of Canada, except as noted in paragraphs 13 and 15.
12. The Initial Top Fund's strategy contemplates exposure of 0% to 10% with a target of 5% of its net asset value in non-Canadian equity markets.
13. On September 30, 2013, the Filer established Sionna Focused U.S. Value Fund (the **Initial Underlying Fund**). On September 30, 2015, the Filer decided it was in the best interests of the Initial Top Fund to replace the Initial Top Fund's non-Canadian exposure through its investment in a mutual fund managed by a party other than the Filer with an investment in the Initial Underlying Fund, which was managed by the Filer, and thereby inadvertently made an investment which required the Requested Relief.
14. There was no duplication in fees between the Initial Top Fund and the Initial Underlying Fund.
15. The need for the Requested Relief was realized when the Filer decided to replace the Initial Top Fund's non-Canadian exposure through its investment in the Initial Underlying Fund with an investment in the recently established Sionna Global Equity Fund (the **Subsequent Underlying Fund**), which was also managed by the Filer. As soon as the requirement to seek the Requested Relief came to the Filer's attention, the Filer initiated the process of seeking the Requested Relief and has strengthened its internal control systems to ensure future compliance with applicable laws and regulations. The Initial Top Fund does not currently hold any units of the Subsequent Underlying Fund.

Underlying Funds

16. The Initial Underlying Fund and the Subsequent Underlying Fund are not, and each investment fund that is established, managed, or advised by the Filer in the future (the **Future Underlying Funds**, and together with the Initial Underlying Fund and Subsequent Underlying Fund, the **Underlying Funds**) will not be, a reporting issuer in any province or territory of Canada.
17. Each of the Initial Underlying Fund and Subsequent Underlying Fund is organized as a trust under the laws of the Province of Ontario.
18. The investment objective of the Initial Underlying Fund is to generate long-term capital appreciation and offer downside protection by investing in a portfolio of quality U.S. companies across the capitalization range.
19. The investment objective of the Subsequent Underlying Fund is to generate long-term capital appreciation and offer downside protection by investing in a portfolio of quality global companies across the capitalization range.
20. Each Future Underlying Fund will be organized as a trust under the laws of the Province of Ontario or another jurisdiction in Canada. Each of the Initial Underlying Fund and Subsequent Underlying Fund is a "mutual fund" for the purposes of the Legislation.
21. Securities of each Underlying Fund will be offered to qualified investors resident in Canada, including the Top Funds, on a private placement basis pursuant to available exemptions from the prospectus requirements under applicable securities legislation.
22. The Filer is the investment fund manager and portfolio manager of the Initial Underlying Fund and Subsequent Underlying Fund and will be the investment manager and the portfolio manager of each of the Future Underlying Funds.
23. Both the Filer and a substantial security holder of the Filer, who is also an officer and director of the Filer, have a significant interest in the Initial Underlying Fund, and the Initial Top Fund is a substantial security holder of the Initial Underlying Fund.
24. This substantial security holder of the Filer also has a significant interest in the Subsequent Underlying Fund.
25. If the Initial Top Fund invests the targeted 5% of its current net asset value in the Subsequent Underlying Fund in accordance with the strategy referred to in paragraph 12, above, the Initial Top Fund will become a substantial security holder of the Subsequent Underlying Fund based on the current net asset value of the Subsequent Underlying Fund.

26. The Underlying Funds will primarily hold publicly traded securities and will not hold greater than 10% of their assets in "illiquid assets", as defined in National Instrument 81-102 *Investment Funds* ("NI 81-102").

*Fund-of-Fund Structure*

27. The Top Funds will invest directly in a portfolio of securities that is consistent with each Top Funds' investment strategy, but there may be circumstances where the Filer determines it would be in the best interests of the Fund to invest a portion of its portfolio in an Underlying Fund for diversification (the **Fund-of-Fund Structure**). The Filer believes that the Fund-of-Fund Structure provides an efficient and cost-effective manner of pursuing portfolio diversification on behalf of the Top Funds rather than through the direct purchase of securities.
28. No Underlying Fund will be a Top Fund.
29. Implementing diversification in a Top Fund by investing in an Underlying Fund provides economies of scale, allows the Top Fund to achieve its investment objectives in a cost efficient manner and will not be detrimental to the interests of other securityholders of an Underlying Fund.
30. An investment in an Underlying Fund by a Top Fund will be effected at an objective price. According to the Filer's policies and procedures, an objective price for this purpose, will be the net asset value (**NAV**) per security of the applicable class or series of the applicable Underlying Fund, calculated in accordance with section 14.2 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**).
31. The amounts invested, from time to time, in an Underlying Fund by one or more of the Top Funds, may exceed 20% of the outstanding voting securities of any single Underlying Fund. Accordingly, each Top Fund could, either alone or together with Future Top Funds, become a substantial security holder of an Underlying Fund.
32. Each Underlying Fund has, or is expected to have, other investors in addition to the Top Funds.
33. Securities of the Top Funds and their corresponding Underlying Funds have, or will have, matching daily redemption dates and matching daily valuation dates.
34. In addition, the Fund-of-Fund structure may result in a Top Fund investing in an Underlying Fund (i) in which an officer or director of the Top Fund, of the Filer or of an associate of any of them has a significant interest, and/or (ii) where a substantial security holder of the Top Fund or the Filer has a significant interest.
35. The Top Funds and Underlying Funds will prepare annual audited financial statements and interim financial reports in accordance with NI 81-106 and will otherwise comply with the requirements of NI 81-106.
36. In the absence of the Requested Relief, the Top Funds would be precluded by the Investment Restrictions from implementing the Fund-of-Fund Structure. Specifically, a Top Fund would be prohibited from: (i) becoming a substantial security holder of an Underlying Fund, either alone or together with related investment funds, and from (ii) investing in an Underlying Fund in which an officer or director of the Filer has a significant interest and/or in an Underlying Fund in which a substantial security holder of the Top Fund or the Filer has a significant interest.
37. The Fund-of-Fund Structure represents the business judgment of responsible persons as of the date hereof, uninfluenced by considerations other than the best interests of the Top Funds. The "responsible persons" of the Filer with respect to the Fund-of-Fund Structure are the executive committee of the Filer, which includes the substantial security holder of the Filer referred to in paragraphs 23 and 24, above, other executive officers of the Filer, and the lead portfolio managers for the applicable Top Fund(s) and Underlying Fund(s).

**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) securities of a Top Fund are distributed in Canada solely pursuant to exemptions from the prospectus requirement under applicable securities legislation;
- (b) an investment by a Top Fund in an Underlying Fund is consistent with the fundamental investment objectives and strategy of the Top Fund;

- (c) an investment in an Underlying Fund by a Top Fund will be effected at an objective price, calculated in accordance with section 14.2 of NI 81-106;
- (d) a Top Fund will not invest in an Underlying Fund, unless the Underlying Fund complies with the provisions of NI 81-106 that apply to a “mutual fund in Ontario” as defined in the *Securities Act* (Ontario);
- (e) no Top Fund will purchase or hold a security of an Underlying Fund unless at the time of purchasing securities of the Underlying Fund, the Underlying Fund holds no more than 10% of its NAV in securities of other mutual funds, unless the Underlying Fund:
  - (i) is a clone fund (as defined in NI 81-102);
  - (ii) purchases or holds securities of a ‘money market fund’ (as defined in NI 81-102); or
  - (iii) purchases or holds securities that are “index participation units” (as defined by NI 81-102) issued by an investment fund;
- (f) no management fees or incentive fees are payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service;
- (g) no sales fee or redemption fees are payable by a Top Fund in relation to its purchases or redemptions of securities of an Underlying Fund that, to a reasonable person, would duplicate a fee payable by an investor in the Top Fund, other than brokerage fees incurred for the purchase or sale of an index participation unit issued by an investment fund;
- (h) the Filer does not cause the securities of an Underlying Fund held by a Top Fund to be voted at any meeting of the holders of such securities, except that the Filer may arrange for the securities the Top Fund holds in the Underlying Fund to be voted by the beneficial owners of the securities of the Top Fund, who are not the Filer or an officer, director or substantial security holder of the Filer;
- (i) when purchasing and/or redeeming securities of an Underlying Fund, the Filer shall as investment fund manager of the applicable Top Fund and Underlying Fund act honestly, in good faith and in the best interests of the Top Fund and the Underlying Fund, respectively, and shall exercise the care and diligence that a reasonably prudent person would exercise in comparable circumstances;
  - (j) a disclosure document, including an offering memorandum where available, of a Top Fund shall be provided to each investor in a Top Fund prior to the time of the investor’s investment, and shall disclose:
    - (i) that the Top Fund may purchase securities of an applicable, identified Underlying Fund and that if the Top Fund decides to purchase securities of an Underlying Fund that is not identified in the disclosure document, the Top Fund will notify investors of the Top Fund at the time of the purchase;
    - (ii) that the Filer is the investment fund manager and portfolio manager of both the Top Fund and the Underlying Fund;
    - (iii) the approximate or maximum percentage of net assets of the Top Fund that is intended be invested in securities of Underlying Funds;
    - (iv) the fees, expenses and any performance or special incentive distributions payable by an Underlying Fund in which the Top Fund invests;
    - (v) the process or criteria used to select an Underlying Fund;
    - (vi) for each officer, director and/or substantial security holder of the Filer, or of a Top Fund, that has a significant interest in an applicable Underlying Fund, and for the officers and directors and substantial security holders who together in aggregate hold a significant interest in an applicable Underlying Fund, the approximate amount of the significant interest they hold, on an aggregate basis, expressed as a percentage of the applicable Underlying Fund’s NAV, and the potential conflicts of interest which may arise;
    - (vii) that investors are entitled to receive from the Filer, on request and free of charge, a copy of the offering memorandum or other similar disclosure document of each Underlying Fund, if available;

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- (viii) that investors are entitled to receive from the Filer, on request and free of charge, the annual audited financial statements and interim financial reports relating to each Underlying Fund in which the Top Fund invests; and
- (k) the Filer shall annually inform investors in a Top Fund of their right to receive from the Filer, on request and free of charge, a copy of the offering memorandum or other similar disclosure document of each Underlying Fund, if available, and the annual audited financial statements and interim financial reports relating to each Underlying Fund in which the Top Fund invests.

“Philip Anisman”  
Commissioner  
Ontario Securities Commission

“Grant Vingoe”  
Vice-Chair  
Ontario Securities Commission

## 2.1.2 Minister of Energy (Ontario) and Hydro One Limited

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Aggregation relief granted to the Province of Ontario as represented by the Minister of Energy and provincial government entities for the purposes of the take-over bid, early warning, insider reporting, and control block distribution requirements, provided all investments decisions concerning Hydro One Limited and Hydro One Inc. are made independently – Relief granted to provincial government entities, other than the Province of Ontario as represented by the Minister of Energy, from trading restrictions imposed by section 2.2 of OSC Rule 48-501.

### Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74, 121(2)(a)(ii).  
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.  
National Instrument 51-102 Continuous Disclosure Obligations.  
National Instrument 62-103 The Early Warning System and Related Take-over Bid and Insider Reporting Issues.  
National Instrument 62-104 Take-Over Bids and Issuer Bids.  
OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions.

June 6, 2017

**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  
HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO,  
AS REPRESENTED BY THE MINISTER OF ENERGY**

**AND**

**HYDRO ONE LIMITED (the Filers)**

**DECISION**

### BACKGROUND

The principal regulator in the Jurisdiction has received an application from Her Majesty the Queen in Right of Ontario (the **Province**), as represented by the Minister of Energy, and Hydro One Limited (**Hydro One**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), and subject to the conditions specified below under the heading “Passport Decision”, granting:

- (a) the TOB/EW Relief (as defined below) to each Non-Aggregated Holder in respect of voting or equity securities of Hydro One and securities convertible into voting or equity securities of Hydro One;
- (b) the Primary Insider Reporting Requirement Relief and the Supplementary Insider Reporting Requirement Relief (each as defined below) to each Non-Aggregated Holder in respect of securities of Hydro One and debt securities of Hydro One Inc. (HOI);
- (c) the Control Person Relief (as defined below) to each Non-Aggregated Holder (other than the Minister of Energy) in respect of securities of Hydro One and debt securities of HOI; and

- (d) the CD Relief (as defined below) to Hydro One in respect of securities beneficially owned or controlled by any Non-Aggregated Holder,

(collectively, the **Passport Exemptions**).

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 for the Passport Exemptions, and
- (b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System (MI 11-102)* is intended to be relied upon in each of Non-Principal Jurisdictions (as defined below).

The Ontario Securities Commission has also received an application from the Province, as represented by the Minister of Energy, and Hydro One for a decision pursuant to section 5.1 of Rule 48-501 (as defined below) granting relief from section 2.2 of Rule 48-501 to each Non-Aggregated Holder other than the Minister of Energy, in respect of the Common Shares (as defined below), subject to the conditions specified below under the heading “Non-Passport Decision” (the **Non-Passport Exemption**).

## 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 terms “**applicable definitions**”, “**applicable provisions**”, “**control**”, “**owns**”, “**owned**”, “**ownership**” and similar terms in respect of a security, have the meanings given to those terms in NI 62-103.

**CD Relief** means relief pursuant to section 13.1 of National Instrument 51-102 – Continuous Disclosure from any requirement to report beneficial ownership or control or direction over securities in an information circular or annual information form;

**Common Shares** means common shares of Hydro One;

**Control Person Relief** means relief pursuant to section 74(1) of the Legislation from the prospectus requirement;

**Electricity Act** means the *Electricity Act, 1998* (Ontario);

**Governance Agreement** means the governance agreement dated as of November 5, 2015 by and between the Province and Hydro One;

**Minister of Energy** means the Minister of Energy in his or her capacity as a holder of securities of Hydro One on behalf of the Province under the Electricity Act or such other member of the Executive Council as may be assigned as a holder of securities of Hydro One on behalf of the Province from time to time;

**NI 55-104** means National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*;

**NI 62-103** means National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*;

**NI 62-104** means National Instrument 62-104 – *Take-over Bids and Issuer Bids*;

**Non-Aggregated Holder** means each of:

- (A) the Minister of Energy;
- (B) OPG, in respect of itself and the ONFA Funds; and
- (C) any (A) agency of the Crown in right of Ontario, (B) corporation that is owned, operated or controlled by the Crown in right of Ontario, within the meaning of section 1.4 of NI 62-104, or (C) board, commission, authority or incorporated body of the Crown in right of Ontario, in each case that may acquire, dispose, hold or vote Hydro One or HOI securities from time to time, provided that any decisions with respect to the acquisition, disposition, holding or voting of Hydro One or HOI securities are made in all circumstances by such entity or by a third party investment manager.

**Non-Principal Jurisdictions** means each of the provinces and territories of Canada, except Ontario;

**OBCA** means the *Business Corporations Act* (Ontario);

**OFA** means the Ontario Financing Authority;

**OPG** means Ontario Power Generation Inc.;

**Primary Insider Reporting Requirement Relief** means relief from the requirements to file

- (i) insider reports under section 107 of the *Securities Act* (Ontario) and sections 3.2 and 3.3 of NI 55-104, and
- (ii) insider reports under any provisions of Canadian securities legislation substantially similar to section 107 of the *Securities Act* (Ontario) and sections 3.2 and 3.3 of NI 55-104;

**PWU** means the Power Workers' Union;

**Rule 48-501** means Ontario Securities Commission Rule 48-501 – *Trading During Distributions, Formal Bids and Share Exchange Transactions*;

**SIPP** means a Statement of Investment Policies and Procedures;

**Supplementary Insider Reporting Requirement Relief** means relief from the requirements to file

- (i) insider reports under sections 3.1, 3.4 and 3.5 and Part 4 of NI 55-104,
- (ii) insider reports under any provisions of Canadian securities legislation substantially similar to sections 3.1, 3.4 and 3.5 and Part 4 of NI 55-104, and
- (iii) an insider profile under National Instrument 55-102 – *System for Electronic Disclosure by Insiders* (SEDI);

**The Society** means The Society of Energy Professionals;

**TOB/EW Relief** means relief pursuant to section 6.1(1) of NI 62-104 from the requirements of Part 2, section 5.2, subsection 5.3(1) and section 5.4 of NI 62-104;

**TSX** means the Toronto Stock Exchange; and

**Voting Security** means a security of Hydro One carrying a voting right either under all circumstances or under some circumstances that have occurred and are continuing, and includes a Common Share.

## **REPRESENTATIONS**

This decision is based on the following facts represented by the Province, in respect of facts concerning the Province and the Non-Aggregated Holders in paragraphs 1, 4, 5, 6, 8 and 12 to 31, and Hydro One, in respect of facts concerning Hydro One and HOI in paragraphs 2, 3, 4, 7, 9, 10 and 11:

1. In April 2015, the Province announced its intention to broaden the ownership of Hydro One. At that time, the Province publicly communicated its intention to reduce its stake over time, until it holds approximately 40% of Hydro One Common Shares.
2. Hydro One was incorporated on August 31, 2015 under the OBCA as part of a corporate reorganization intended by the Minister of Energy to facilitate the broadening of ownership in the company. The head office of Hydro One is in Toronto, Ontario.
3. Hydro One, through its subsidiaries, owns and operates substantially all the electricity transmission network in Ontario, and is the largest electricity distributor in Ontario by number of customers.
4. On November 5, 2015, Hydro One completed an initial public offering (the “**IPO**”), by way of secondary offering by the Minister of Energy, of Common Shares. Concurrently with the closing of the IPO, the Minister of Energy also sold Common Shares to two trusts established for the benefit of the PWU and Common Shares to two trusts established for the benefit of The Society. Additional Common Shares were distributed on November 12, 2015 in connection with the over-allotment option granted to the underwriters of the IPO.
5. On April 14, 2016, the Minister of Energy sold additional Common Shares in connection with a subsequent public secondary offering. Additional Common Shares were distributed on April 29, 2016 pursuant to an over-allotment option granted to the underwriters in that secondary offering.

6. On May 17, 2017, the Minister of Energy sold an additional tranche of Common Shares in connection with its third public secondary offering. The underwriters of that offering have been granted an over-allotment option to distribute additional Common Shares, exercisable until June 16, 2017.
7. As a result of the IPO, Hydro One is a reporting issuer in each of the provinces and territories of Canada.
8. As of May 18, 2017, the Minister of Energy directly owned approximately 49.9% of the outstanding Common Shares (excluding Common Shares owned by OPG, as discussed below).
9. HOI was incorporated as Ontario Hydro Services Company Inc. on December 1, 1998, under the *Business Corporations Act* (Ontario). On May 1, 2000 the company changed its name to Hydro One Inc. Prior to the establishment of Hydro One and the completion of the IPO, HOI was the parent company of the Hydro One business. HOI's head office is located in Toronto, Ontario.
10. Hydro One owns all of the issued shares of HOI, a reporting issuer in each of the provinces of Canada and a registrant with the U.S. Securities and Exchange Commission.
11. The Common Shares are listed on the TSX and certain of the debt securities of HOI are listed on the New York Stock Exchange.
12. OPG was incorporated on December 1, 1998 pursuant to the *Business Corporations Act* (Ontario). All of the shares of OPG are held by the Minister of Energy. OPG is an Ontario-based electricity generation company whose principal business is the generation and sale of electricity. OPG's head office is located in Toronto, Ontario.
13. OPG is a reporting issuer in British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland.
14. During 2015, OPG entered into renewed three-year collective agreements with each of the PWU and The Society. Changes to the respective collective agreements included increases to employee pension plan contributions. The changes to the collective agreements also provide OPG employees contributing to OPG's pension plan that are represented by the PWU (as at April 1, 2015) and The Society (as at January 1, 2016) with eligibility to annually receive Common Shares from OPG for up to 15 years starting in the third year of the respective agreements, if they are still employed by OPG and members of the PWU or The Society.
15. On April 14, 2016, OPG acquired 9,000,000 Common Shares, representing approximately 1.5% of the outstanding Common Shares, through the underwriters in the Minister of Energy's secondary offering. The acquisition of the Common Shares was made for investment purposes, to mitigate the risk of future price increases in meeting its future share delivery obligations under the collective agreements. The decision to acquire the Common Shares was made by OPG management independently and was not influenced by or made at the direction of the Minister of Energy or any other governmental entity. As of May 18, 2017, OPG holds 8,378,349 Common Shares, following the first transfer of Common Shares under the employee plans described above. OPG does not have any agreement, arrangement or understanding with the Minister of Energy or any other governmental entity with respect to the Common Shares or the voting of those shares.
16. OPG, certain of its subsidiaries and the Minister of Finance on behalf of the Province entered into the Ontario Nuclear Funds Agreement as of April 1, 1999. Pursuant to that agreement, segregated funds (the "**ONFA Funds**") have been established to ensure that sufficient funds are accumulated and will be available to pay for the costs of nuclear station decommissioning and used fuel and nuclear waste management. For the purposes of this application, the ONFA Funds mean such segregated funds, excluding a trust fund established as required by the *Nuclear Fuel Waste Act* (Canada) (the "**NFWA Trust**").
17. The ONFA Funds are legally and beneficially owned by OPG, but are contractually dedicated under the Ontario Nuclear Funds Agreement to pay for costs of nuclear station decommissioning and nuclear waste management for used fuel and low and intermediate level waste, over a very long time period. The Province has a security interest over the ONFA Funds. The ONFA Funds, including the NFWA Trust, also help satisfy federal nuclear regulatory requirements for financial guarantees of nuclear decommissioning and used fuel and nuclear waste management costs. Agreements entered into between the Province, OPG and others require that the ONFA Funds be maintained in third party custodial accounts that are segregated from the rest of OPG's assets.
18. The investment activities of the ONFA Funds are jointly managed by OPG and, on behalf of the Province, the OFA. The OFA is a statutory corporation without share capital established by the *Capital Investment Plan Act, 1993*. It is a Crown agency, accountable to the Minister of Finance. Its objects include assisting the Province and certain other public bodies to borrow and invest money, managing financial risks and providing such other financial services as are



considered advantageous to the Province. Ontario Regulation 85/05 exempts the OFA from registration requirements under the securities legislation in connection with its duties and responsibilities under its governing statute. The OFA is authorized by Order in Council to enter into various agreements relating to the ONFA Funds on behalf of the Province.

19. OPG and the OFA jointly appoint external investment managers for the ONFA Funds. Day-to-day investment decisions and voting decisions are made by each investment manager, guided by its investment mandate and an investment framework under a SIPP. The SIPPs applicable to the ONFA Funds are reviewed and approved annually by OPG and the Province, represented by the Deputy Minister of Finance.
20. As of December 31, 2016, the fair value of the ONFA Funds (excluding the NFWA Trust) was approximately \$15.7 billion. Given the size of the ONFA Funds' portfolio and that Hydro One has a market capitalization in excess of \$14 billion (as of April 30, 2017) and has been included in various stock indices, it is expected that the investment managers for the ONFA Funds will seek to invest in securities of Hydro One and HOI from time to time.
21. From time to time, other government entities of the Province may similarly acquire securities of Hydro One or debt securities of HOI for investment purposes in the course of carrying out their particular mandates. Depending on the structure of such entities and their activities, the Minister of Energy may be considered, or be deemed, to beneficially own and/or exercise control or direction over securities held by certain of the entities pursuant to the Legislation.
22. Following the May 2017 secondary offering referred to above, the Province stated that it has completed its initiative to broaden the ownership of Hydro One and it does not anticipate any further offerings of Common Shares by the Province, other than certain sales for the collective benefit of Indigenous communities. Further, subsection 48.2(5) of the Electricity Act prohibits the Minister of Energy from selling or divesting Common Shares or any other Voting Securities, if the Minister of Energy would own less than 40% of the outstanding number of Voting Securities of that class or series after the sale. If, as a result of the issuance of additional Voting Securities by Hydro One, the Minister of Energy owns less than 40% of the outstanding number of Voting Securities of any class or series, pursuant to subsection 48.2(6) of the Electricity Act the Minister of Energy must, subject to the approval of the Lieutenant Governor in Council and the necessary appropriations from the Ontario legislature, take steps to acquire as many Voting Securities of that class or series as are necessary to increase the Minister of Energy's ownership to not less than 40% of the outstanding number of Voting Securities of that class or series (the **40% Requirement**). The manner in which, and the time by which, the Minister of Energy must acquire these additional Voting Securities will be determined by the Lieutenant Governor in Council and the Minister of Energy's actions and the acquisition must comply with the securities legislation and any other applicable law.
23. Subsection 48.2(1) of the Electricity Act also stipulates that no person or entity, and no combination of persons or entities acting jointly or in concert, may beneficially own or exercise control or direction over more than 10% of any class or series of Voting Securities (the **10% Ownership Restriction**). However, the 10% Ownership Restriction does not apply with respect to Voting Securities held by the Minister of Energy. Accordingly, under the current statutory regime, Hydro One could not be subject to a take-over bid or other contest for control involving a third party, which obviates the need for certain of the protections otherwise afforded by the early warning reporting system and the take-over bid rules.
24. Upon the closing of the IPO, the Province and Hydro One entered into the Governance Agreement. The provisions of the Governance Agreement reflect the Province's intention, with respect to the Minister of Energy's ownership interest in Hydro One, to engage in the business and affairs of Hydro One and its subsidiaries as an investor and not a manager and to make the independent board of directors responsible for the management of or supervision of the management of the business and affairs of Hydro One.
25. The Province has agreed in the Governance Agreement, among other things, not to acquire previously issued Voting Securities if after that acquisition, the Province would own more than 45% of any class or series of Voting Securities (including Common Shares) (the **45% Restriction**). The 45% Restriction does not require the Province to sell any of the Voting Securities that it currently owns through the Minister of Energy, nor does it limit the Province from acquiring Voting Securities on a treasury issuance by Hydro One, including pursuant to the exercise by the Province of its pre-emptive rights under the Governance Agreement. The 45% Restriction was established to permit the Minister of Energy, as considered appropriate, to acquire and hold a small percentage of shares above the 40% threshold to mitigate the risk that a dilutive transaction would trigger the 40% Requirement.
26. For purposes of the 45% Restriction, beneficial ownership of or control or direction over the Voting Securities held by certain government entities, including OPG and the ONFA Funds, are not taken into account.
27. Pursuant to the Governance Agreement, the Province agreed not to act jointly or in concert with any person in connection with the exercise by that other person of that person's rights as a shareholder in Hydro One or take any steps, directly or indirectly, to solicit any other person to exercise that person's rights as a shareholder in a manner if

the Province would be prohibited under the Governance Agreement from directly exercising its own rights as a shareholder in that manner. These restrictions prohibit the Minister of Energy from acting in concert with OPG or other Non-Aggregated Holders for such purposes. A person's rights as a shareholder include for such purpose the right to requisition a meeting of shareholders, to nominate someone for election as a director and to vote any Voting Securities. However, the Minister of Energy is not prohibited from soliciting proxies to vote another person's shares in a particular manner, if the Minister of Energy would have been entitled to vote Voting Securities in that manner under the Governance Agreement.

28. The Province has entered into a confidentiality agreement with Hydro One and has instituted a comprehensive set of internal controls to protect confidential information of Hydro One and restrict trading in its securities. The internal controls are designed to prevent individuals who work on matters relating to the Voting Securities held by the Minister of Energy from disclosing material confidential information except in the necessary course of business to persons at Hydro One or the Province and its advisors who are involved in those matters.
29. Requiring aggregation of the holdings of Non-Aggregated Holders such as OPG with the holdings of the Minister of Energy may make it more difficult for the Minister of Energy to fulfill his or her public mandate under the Electricity Act by aggregating purchases by other Non-Aggregated Holders for purposes of the normal course purchase exemption in section 4.1 of NI 62-104. As well, aggregation of the Minister of Energy's holdings with those of other government entities would create difficulties for the normal investment activities of Non-Aggregated Holders, which have their own investment mandates and policy objectives independent from that of the Minister of Energy and all for passive investment purposes and not with a view to exercising control over Hydro One, because:
- (a) secondary market purchases of Common Shares made by a Non-Aggregated Holder other than the Minister of Energy, could be considered a take-over bid under the Legislation and require compliance with, or an exemption from, the formal take-over bid requirements of the Legislation;
  - (b) purchases and sales in Common Shares by a Non-Aggregated Holder other than the Minister of Energy, could require compliance by the Minister of Energy with the early warning reporting and insider reporting requirements of the Legislation;
  - (c) all sales of securities of Hydro One or HOI made by a Non-Aggregated Holder other than the Minister of Energy, could be considered control person distributions requiring a prospectus or an applicable prospectus exemption; and
  - (d) secondary market purchases by Non-Aggregated Holders other than the Minister of Energy, which do not in the ordinary course receive or have access to information as to material facts or material changes concerning Hydro One or HOI before the material facts or material changes are generally disclosed, could be prohibited during the "issuer-restricted period", as defined in Rule 48-501, in connection with an offering of Common Shares by Hydro One or the Minister of Energy.
30. The Ministry of Energy will send a copy of this decision with an explanatory memo to all Deputy Ministers advising them of this decision and the requirements under this decision. All Deputy Ministers will be instructed to distribute a copy of the decision to all agencies, provincial Crown corporations and other provincial government entities for which they are responsible, that in the ordinary course own or control equity or debt securities. Any entity that determines that it intends to rely on this decision as a Non-Aggregated Holder will be instructed to notify the Ministry of Energy and provide a name and contact information of a person within the Non-Aggregated Holder designated to monitor compliance with the terms and conditions of this decision. Any entity that in the ordinary course owns or controls equity or debt securities but determines that it will not rely on this decision (an "Other Holder") will be instructed to identify a contact person for the Ministry of Energy and to ensure that information is provided to the Ministry of Energy to ensure compliance with applicable securities laws. The Ministry of Energy will maintain a list of all such Non-Aggregated Holders and Other Holders and the associated contact persons. The contact persons at each Non-Aggregated Holder will be instructed to refer to the conditions of this decision each time the Non-Aggregated Holder relies on this decision to verify that the conditions have been complied with. The contact persons will be instructed to immediately report any known or suspected violation of the terms of the decision by the Non-Aggregated Holder to the Ministry of Energy.
31. On an annual basis, the Ministry of Energy will send a reminder to all Deputy Ministers of the availability of the decision and instruct each Deputy Minister to advise all agencies, provincial Crown corporations and other provincial government entities for which they are responsible of the availability of this decision. The Ministry of Energy will also, on an annual basis, send a reminder to the contact people at all Non-Aggregated Holders and Other Holders of the terms and conditions of this decision and instruct that the Ministry of Energy be notified immediately of any known or suspected violation of the terms of this decision by the Non-Aggregated Holder.

## PASSPORT DECISION

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

1. The decision of the principal regulator under the Legislation is that the Primary Insider Reporting Requirement Relief is granted to each Non-Aggregated Holder and the Control Person Relief is granted to each Non-Aggregated Holder other than the Minister of Energy, provided that since the date of this decision:
  - (a) decisions on each of the acquisition, disposition, holding or voting of Hydro One securities or HOI debt securities owned or controlled by the Non-Aggregated Holder relying on the exemption are made, and have been made, in all circumstances by that Non-Aggregated Holder or by an independent third party;
  - (b) the Non-Aggregated Holder relying on the exemption is not, and has not been, a joint actor with any other Non-Aggregated Holder with respect to Hydro One securities or HOI debt securities owned or controlled by a Non-Aggregated Holder or securities into which those securities are convertible, exercisable or exchangeable, determined without regard to the provisions of securities legislation that deem an affiliate, and presume an associate, to be acting jointly or in concert with the offeror;
  - (c) no person or entity, including the Minister of Energy, that makes, advises on, participates in the formulation of, or exercises influence over, decisions on the acquisition, disposition, holding or voting of Hydro One securities or HOI debt securities owned or controlled by or on behalf of the Non-Aggregated Holder relying on the exemption (other than the Minister of Energy in regards to itself as a Non-Aggregated Holder), also makes, advises on, participates in the formulation of or exercises influence over, decisions on the acquisition, disposition, holding or voting of Hydro One securities or HOI debt securities owned or controlled by or on behalf of any other Non-Aggregated Holder, except for the purposes of (A) monitoring or ensuring compliance with regulatory requirements or the Governance Agreement or (B) setting, monitoring or ensuring compliance with general investment policies, guidelines, objectives or restrictions;
  - (d) the Non-Aggregated Holder relying on the exemption complies with the applicable provisions and Part 2 of NI 62-104 (or relies on another exemption therefrom pursuant to NI 62-104) in connection with the Hydro One securities and HOI debt securities owned or controlled by such Non-Aggregated Holder, provided that for such purposes, including the definition of “take-over bid” and “offeror’s securities” in NI 62-104 and the definition of “significant shareholder” in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions* and clause (c) of the definition of “insider” in section 1(1) of the Legislation, such Non-Aggregated Holder shall be entitled to treat securities of Hydro One and debt securities of HOI that it owns and controls, and securities into which those securities are convertible, exercisable or exchangeable, separately from securities of Hydro One and debt securities of HOI owned or controlled by the other Non-Aggregated Holders;
  - (e) the Minister of Energy has reasonable grounds for believing that each Non-Aggregated Holder complies with the applicable provisions and securities legislation related to the applicable definitions in connection with the Hydro One securities and HOI debt securities owned or controlled by the Non-Aggregated Holder, as modified by this decision;
  - (f) the Minister of Energy has taken reasonable steps to ensure that each Non-Aggregated Holder complies with the requirements of this decision;
  - (g) the Non-Aggregated Holder relying on the exemption complies with the prospectus requirement (or relies on another exemption therefrom pursuant to the Legislation) in respect of any trade by it of Hydro One securities and HOI debt securities owned or controlled by such Non-Aggregated Holder if such trade would constitute a distribution pursuant to National Instrument 45-102 – *Resale of Securities* or pursuant to the control block distribution definition (as defined in NI 62-104), provided that for such purposes such Non-Aggregated Holder shall be entitled to treat securities of Hydro One and debt securities of HOI that it owns and controls, and securities into which those securities are convertible, exercisable or exchangeable, separately from securities of Hydro One and debt securities of HOI owned or controlled by the other Non-Aggregated Holders;
  - (h) the Non-Aggregated Holder discloses in any early warning report, insider report or other disclosure document filed by it pursuant to the Legislation regarding its beneficial ownership or control or direction over Hydro One securities or HOI debt securities (i) its reliance on this decision, (ii) the Non-Aggregated Holders for which ownership and control of securities of Hydro One or debt securities of HOI has been disclosed, and (iii) the fact that securities owned or controlled by other Non-Aggregated Holders have not been, or may not have been, disclosed;

- (i) the Minister of Energy maintains (i) a list of the Non-Aggregated Holders that are, by reason of this decision, treated separately for the purposes of compliance with the applicable provisions and securities legislation related to the applicable definitions, and (ii) contact details for a person at each Non-Aggregated Holder responsible for monitoring compliance with the terms and conditions of this decision; and
  - (j) the Non-Aggregated Holder relying on the exemption other than the Minister of Energy, does not in the ordinary course receive or have access to information as to material facts or material changes concerning Hydro One or HOI before the material facts or material changes are generally disclosed.
2. The Primary Insider Reporting Requirement Relief and the Control Person Relief shall terminate on the earlier of: (i) the date that is five years after the date of this decision, and (ii) the date that the Non-Aggregated Holder becomes subject to disclosure requirements that are substantially similar to the disclosure requirements regarding beneficial ownership or control over securities of Hydro One or debt securities of HOI for which an exemption has been granted pursuant to this decision and such disclosure requirements require the aggregation of holdings by the Minister of Energy with other Non-Aggregated Holders.

“Grant Vingoe”  
Vice-Chair  
Ontario Securities Commission

“Monica Kowal”  
Vice-Chair  
Ontario Securities Commission

3. The decision of the principal regulator under the Legislation is that
- (a) the TOB/EW Relief and the Supplementary Insider Reporting Requirement Relief are granted to each Non-Aggregated Holder provided that since the date of this decision the conditions set out in 1(a) – (j) above are satisfied with respect to such Non-Aggregated Holder;
  - (b) the CD Relief is granted provided that, in any information circular or annual information form filed by Hydro One, it discloses the existence of this decision and complies with the requirements of NI 51-102 in respect of the reporting of beneficial ownership of, or control or direction over, securities of Hydro One and debt securities of HOI by Non-Aggregated Holders, provided that any such disclosure may rely solely on insider reports and early warning reports filed by Non-Aggregated Holders; and
  - (c) the TOB/EW Relief, the Supplementary Insider Reporting Requirement Relief and the CD Relief shall terminate on the earlier of: (i) the date that is five years after the date of this decision, and (ii) the date that the Non-Aggregated Holder becomes subject to disclosure requirements that are substantially similar to the disclosure requirements regarding beneficial ownership or control over securities of Hydro One or debt securities of HOI for which an exemption has been granted pursuant to this decision and such disclosure requirements require the aggregation of holdings by the Minister of Energy with other Non-Aggregated Holders.

“Naizam Kanji”  
Director, Office of Mergers & Acquisitions  
Ontario Securities Commission

#### **NON-PASSPORT DECISION**

The Director is satisfied that it would not be prejudicial to the public interest to grant the Non-Passport Exemption.

The decision of the Director under Rule 48-501 is that the Non-Passport Exemption is granted to each Non-Aggregated Holder, provided that:

- (i) since the date of this decision the conditions set out in 1(a) –(j) above are satisfied with respect to the Non-Aggregated Holder, and
- (ii) the Common Shares meet the requirements in Rule 48-501 to be considered a “highly liquid security” at the time any purchases are made by the Non-Aggregated Holder.

“Naizam Kanji”  
Director, Office of Mergers & Acquisitions  
Ontario Securities Commission

### 2.1.3 Industrial Alliance Securities Inc.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (“NI 31-103”) – revocation of previous relief – revocation of relief from the requirement contained in section 11.3 of NI 31-103 to designate an individual to be the chief compliance officer (“CCO”).

May 26, 2017

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  
INDUSTRIAL ALLIANCE SECURITIES INC.  
(the Filer)

DECISION

#### Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Makers**) has received an application from the Filer, for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for the revocation of the decision dated March 28, 2014 *In the Matter of Industrial Alliance Securities Inc.* (the **Previous Relief**), which granted the Filer exemptive relief from the requirement contained in section 11.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)* to designate an individual to be the chief compliance officer (**CCO**) and instead permitted the Filer to designate and register two individuals as CCO in respect of the two distinct operational divisions of the Filer (the **Requested 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 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 of Canada other than Québec and Ontario; 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 MI 11-102 and National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

#### Representations

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

1. The Filer is a corporation resulting from an amalgamation performed pursuant to the *Canada Business Corporations Act*.
2. The Filer’s head office is located in Montréal, Québec.

## Decisions, Orders and Rulings

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3. The Filer is registered as an investment dealer under the securities legislation of each of the Canadian provinces. The Filer is also registered as a derivatives dealer in Quebec.
4. The Filer is a dealer member of the Investment Industry Regulatory Organization of Canada.
5. The Filer is not in default of any requirements of securities legislation in any of the Jurisdictions.

### **Supervisory Structure**

6. In order to facilitate the integration upon the amalgamation between the Filer and MGI Securities Inc. which occurred on April 1, 2014, the Filer's supervisory structure was organized according to the Filer's two distinct operating lines of business (the **Divisions**):
  - (a) the Capital Markets Division that provides a broad spectrum of services to institutional clients, including equity, fixed income and options sales and trading; investment banking, and research; and
  - (b) the Retail Division that provides diversified wealth-management services to retail clients, including full-service retail accounts and suitability-based investments advice.
7. The Capital Markets Division oversees the trading desks of the Filer and the Retail Division oversees managed-account programmes, the registration department, complaints and investigations, retail sales and communications, and the training of branch managers.
8. Each of the Divisions used to have a separate and distinct compliance structure with specific compliance professionals.
9. Since then, changes were implemented to the structure and the organisation of the compliance department to bring together all of the securities compliance expertise in one and the same integrated team so that the team can support all of the securities compliance activities of both Divisions.
10. The Filer now has only one compliance team.
11. In order to complete its reorganisation, the Filer wants to have only one CCO to whom the compliance team will ultimately report to.
12. Accordingly, the Previous Relief, which is still in force today, will no longer be aligned with the Filer's supervisory structure. The Filer requests that the Previous Relief be revoked to allow it to designate and register only one individual as CCO of its two Divisions.

### **Decision**

The Decision Makers are satisfied that the decision meets the tests 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 Requested Revocation is granted by revoking the Previous Relief.

"Eric Stevenson"  
Superintendent,  
Client Services and Distribution Oversight

## 2.2 Orders

### 2.2.1 Stillwater Mining Company

#### 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).

June 7, 2017

**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  
STILLWATER MINING COMPANY  
(the Filer)**

**ORDER**

#### Background

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

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

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

#### Interpretation

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

#### Representations

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

1. the Filer is not an OTC reporting issuer under Multilateral Instrument 51-105 *Issuers Quoted in the U.S. Over-the-Counter Markets*;
2. the outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

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3. no securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
4. the Filer is applying for an order that the Filer has ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is a reporting issuer; and
5. the Filer is not in default of securities legislation in any jurisdiction.

### Order

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

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

“Winnie Sanjoto”  
Manager  
Ontario Securities Commission



2.2.2 Eda Marie Agueci et al. – s. 144

IN THE MATTER OF  
EDA MARIE AGUECI, DENNIS WING,  
SANTO IACONO, JOSEPHINE RAPONI,  
KIMBERLEY STEPHANY, HENRY FIORILLO,  
GIUSEPPE (JOSEPH) FIORINI, JOHN SERPA,  
IAN TELFER, JACOB GORNITZKI and  
POLLEN SERVICES LIMITED

AnneMarie Ryan, Chair of the Panel  
Deborah Leckman, Commissioner  
Mark Sandler, Commissioner

June 9, 2017

**ORDER**  
**(Section 144 of the Securities Act, RSO 1990, c.S.5)**

**THIS APPLICATION**, made by Henry Fiorillo (“**Fiorillo**”) for a variation of the Order issued by the Ontario Securities Commission on June 24, 2015, under sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5, as amended on November 30, 2015 (the “**Sanctions and Costs Order**”) was heard on June 9, 2017 in writing, pursuant to an Order of the Commission issued on May 16, 2017;

**ON READING** the application record, including the Affidavit of Fiorillo sworn March 10, 2017 and the Consent executed on behalf of all parties except for Pollen Services Limited, including Staff of the Commission, the letters from Fiorillo’s counsel dated May 3 and 23, 2017, there being no submissions filed by any other party, and upon the Panel determining to reserve any decision with respect to Fiorillo’s request to amend subparagraph 3(d) of the operative terms of the Sanctions and Costs Order;

**IT IS ORDERED THAT:**

1. the operative terms of the Sanctions and Costs Order are varied to amend paragraph 3 such that:
  - a. subparagraph 3(c)(ii), as amended, reads:
    - (ii) to trade and/or acquire mutual funds, exchange-traded funds, government bonds and/or GICs for the account of any RRSP, RRIF, IPP and TFSA, as defined in the Income Tax Act, in which Fiorillo has sole legal and beneficial ownership, solely through a registered dealer in Ontario, to whom Fiorillo must have given a copy of this order;
  - b. a new subparagraph 3(d.1) is added that reads:

(d.1) as a further exception to the 15 year prohibitions in respect of trading and acquisition of securities ordered in subparagraphs 3(a) and 3(b) above, after the amounts ordered in subparagraphs 3(j), 3(k) and 3(l) have been paid in full, Fiorillo shall be permitted to invest in non-securities related businesses operated by either Fiorillo or Fiorillo’s family members provided that advance notice of 30 days is given to the Commission;
2. supplementary written submissions be served and filed with respect to Fiorillo’s request to amend subparagraph 3(d) of the operative terms of the Sanctions and Costs Order, in accordance with the following schedule:
  - a. Fiorillo’s supplementary written submissions and any necessary supplementary evidence, shall be served and filed by no later than June 22, 2017;
  - b. Staff’s supplementary written submissions shall be served and filed by no later than July 6, 2017; and
  - c. the supplementary written submissions of any other party, should they chose to deliver any, shall be served and filed by no later than July 6, 2017.

“AnneMarie Ryan”

“Deborah Leckman”

“Mark Sandler”

2.2.3 TCM Investments Ltd. carrying on business as OptionRally et al. – s. 127(7)

IN THE MATTER OF  
TCM INVESTMENTS LTD.  
carrying on business as OPTIONRALLY,  
LFG INVESTMENTS LTD.,  
AD PARTNERS SOLUTIONS LTD., and  
INTERCAPITAL SM LTD.

Timothy Moseley, Chair of the Panel

June 13, 2017

**ORDER**  
**(Subsection 127(7) of the Securities Act, RSO 1990, c S.5)**

**THIS APPLICATION**, made by Staff of the Ontario Securities Commission pursuant to subsections 127(7) and 127(8) of the *Securities Act*, RSO 1990, c S.5 (the “**Act**”), for an extension of the temporary Order issued against the respondents on May 10, 2017 (the “**Temporary Order**”), was heard on June 12, 2017, at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario;

**ON READING** Staff’s Memorandum of Fact and Law and the Affidavit of Steve Carpenter sworn May 23, 2017, and on hearing the submissions of Staff of the Commission, no one appearing for the respondents, although properly served as appears from the Affidavits of Service of Laura Filice sworn on May 15 and 25, 2017;

**IT IS ORDERED THAT:**

1. the hearing of Staff’s Application is adjourned, to continue on a date to be fixed by the Registrar but no later than July 7, 2017, should Staff elect to continue the Application; and
2. pursuant to subsection 127(7) of the Act, the Temporary Order is extended until July 7, 2017, or the date on which the hearing of Staff’s Application resumes, whichever is earlier.

“Timothy Moseley”

2.2.4 Nelson Peter Bradbury – ss. 127(1), 127(10)

IN THE MATTER OF  
NELSON PETER BRADBURY

Timothy Moseley, Chair of the Panel

June 12, 2017

ORDER  
(Subsections 127(1) and 127(10) of the Securities Act, RSO 1990, c S.5)

**WHEREAS** on June 12, 2017, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, in relation to an application by Staff of the Commission (**Staff**) for an order imposing sanctions pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

**ON READING** the findings of the Alberta Securities Commission (the **ASC**) dated November 8, 2016 (the **ASC Order**), in the matter of Nelson Peter Bradbury (**Bradbury**), and a Statement of Admissions and Joint Submission on Sanction between Bradbury and ASC Staff dated September 8, 2016;

**AND ON READING** a hearing brief filed by Staff, and on hearing the submissions of the representative for Staff, appearing in person; and considering a Consent from Bradbury, through his counsel, consenting to the making of this Order;

**IT IS ORDERED:**

1. against Bradbury that:
  - a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Bradbury cease permanently, except that this order does not preclude him from trading in securities or derivatives through a registrant (who has first been given a copy of the ASC Order, and a copy of this Order) in accounts maintained with that registrant for the benefit of one or more of himself and members of his immediate family;
  - b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of securities by Bradbury cease permanently, except that this order does not preclude him from purchasing securities through a registrant (who has first been given a copy of the ASC Order, and a copy of this Order) in accounts maintained with that registrant for the benefit of one or more of himself and members of his immediate family;
  - c. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Bradbury permanently;
  - d. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Bradbury resign any positions that he holds as a director or officer of any issuer, registrant, or investment fund manager;
  - e. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Bradbury be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager; and
  - f. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Bradbury be prohibited permanently from becoming or acting as a registrant, investment fund manager or promoter.

“Timothy Moseley”

2.2.5 Jonathan Financial Inc. and Gregory Frederick Hilderman – ss. 127(1), 127(10)

IN THE MATTER OF  
JONATHAN FINANCIAL INC. and  
GREGORY FREDERICK HILDERMAN

Timothy Moseley, Chair of the Panel

June 12, 2017

**ORDER**  
**(Subsections 127(1) and 127(10) of the Securities Act, RSO 1990, c S.5)**

**WHEREAS** on June 12, 2017, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, in relation to an application by Staff of the Commission (**Staff**) for an order imposing sanctions pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

**ON READING** the Settlement Agreement and Undertaking between Jonathan Financial Inc. (**Jonathan Financial**), Gregory Frederick Hilderman (**Hilderman**) and the Alberta Securities Commission dated January 23, 2017;

**AND ON READING** a hearing brief filed by Staff, and on hearing the submissions of the representative for Staff, appearing in person; and considering a Consent from each of Jonathan Financial and Hilderman, through their counsel, consenting to the making of this Order;

**IT IS ORDERED:**

1. against Jonathan Financial that:
  - a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Jonathan Financial cease until January 23, 2020;
  - b. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities of Jonathan Financial cease until January 23, 2020;
  - c. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Jonathan Financial cease until January 23, 2020; and
  - d. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Jonathan Financial until January 23, 2020;
2. against Hilderman that:
  - a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Hilderman cease until January 23, 2020, except Hilderman is not precluded from trading in securities in his own account and for his own benefit through a registrant in registered retirement savings plans, registered retirement income funds, tax-free savings accounts or locked-in retirement accounts;
  - b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Hilderman cease until January 23, 2020, except Hilderman is not precluded from purchasing securities in his own account and for his own benefit through a registrant in registered retirement savings plans, registered retirement income funds, tax-free savings accounts or locked-in retirement accounts; and
  - c. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Hilderman until January 23, 2020.

“Timothy Moseley”

## 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
Global Remote Technologies Ltd.	06 June 2017	
Maccabi Ventures Inc.	05 June 2017	07 June 2017

### 4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse

THERE IS NOTHING TO REPORT THIS WEEK.

### 4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		

Company Name	Date of Order	Date of Lapse
CHC Student Housing Corp.	05 May 2017	
Stompy Bot Corporation	04 May 2017	

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## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://www.carswell.com)).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website ([www.sedi.ca](http://www.sedi.ca)).





## Chapter 11

# IPOs, New Issues and Secondary Financings

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### INVESTMENT FUNDS

**Issuer Name:**

Dynamic Aurion Total Return Bond Class  
Dynamic Corporate Bond Strategies Class  
Dynamic Corporate Bond Strategies Fund  
Dynamic Global Asset Allocation Class  
Dynamic Global Dividend Fund  
Dynamic Strategic Resource Class  
DMP Power Global Growth Class  
DMP Resource Class  
DMP Value Balanced Class  
Principal Regulator – Ontario

**Type and Date:**

Amendment #4 to Final Simplified Prospectus dated June 12, 2017

Received on June 12, 2017

**Offering Price and Description:**

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**Underwriter(s) or Distributor(s):**

1832 Asset Management L.P.  
GCIC Ltd.

**Promoter(s):**

1832 Asset Management L.P.

Project #2540701

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**Issuer Name:**

First Asset Cambridge Core U.S. Equity ETF  
First Asset Cambridge Global Dividend ETF  
Principal Regulator – Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Long Form Prospectus dated June 9, 2017  
NP 11-202 Preliminary Receipt dated June 9, 2017

**Offering Price and Description:**

Hedged Units and Unhedged Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

First Asset Investment Management Inc.

Project #2638864

**Issuer Name:**

Horizons Canadian Dollar Currency ETF  
Horizons Canadian Midstream Oil & Gas Index ETF  
Horizons Cdn Insider Index ETF  
Horizons Medical Marijuana Life Sciences ETF  
Horizons US Dollar Currency ETF  
Principal Regulator – Ontario

**Type and Date:**

Amended and Restated to Final Long Form Prospectus dated June 8, 2017

Received on June 9, 2017

**Offering Price and Description:**

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**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

Horizons ETFs Management (Canada) Inc.

Project #2586349

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**Issuer Name:**

Manulife Asia Equity Class  
Manulife Asia Total Return Bond Fund  
Manulife Balanced Equity Private Pool  
Manulife Balanced Income Private Trust  
Manulife Balanced Portfolio  
Manulife Bond Fund  
Manulife Canadian Balanced Fund  
Manulife Canadian Balanced Private Pool  
Manulife Canadian Bond Plus Fund  
Manulife Canadian Corporate Bond Fund  
Manulife Canadian Dividend Growth Class  
Manulife Canadian Dividend Growth Fund  
Manulife Canadian Dividend Income Class  
Manulife Canadian Dividend Income Fund  
Manulife Canadian Equity Balanced Class  
Manulife Canadian Equity Private Pool  
Manulife Canadian Focused Class  
Manulife Canadian Focused Fund  
Manulife Canadian Growth and Income Private Trust  
Manulife Canadian Investment Class  
Manulife Canadian Investment Fund  
Manulife Canadian Monthly Income Class  
Manulife Canadian Monthly Income Fund  
Manulife Canadian Opportunities Balanced Class  
Manulife Canadian Opportunities Balanced Fund  
Manulife Canadian Opportunities Class  
Manulife Canadian Opportunities Fund  
Manulife Canadian Stock Class  
Manulife Canadian Stock Fund  
Manulife China Class  
Manulife Conservative Income Fund  
Manulife Conservative Portfolio  
Manulife Corporate Bond Fund

Manulife Corporate Fixed Income Private Trust  
Manulife Covered Call U.S. Equity Class  
Manulife Covered Call U.S. Equity Fund  
Manulife Diversified Alpha Portfolio  
Manulife Diversified Investment Fund  
Manulife Dividend Income Class  
Manulife Dividend Income Fund  
Manulife Dividend Income Private Pool  
Manulife Dollar-Cost Averaging Fund  
Manulife Emerging Markets Class  
Manulife Emerging Markets Debt Fund  
Manulife Emerging Markets Fund  
Manulife Floating Rate Income Fund  
Manulife Global All Cap Focused Fund  
Manulife Global Balanced Fund  
Manulife Global Balanced Private Trust  
Manulife Global Dividend Class  
Manulife Global Dividend Fund  
Manulife Global Dividend Growth Class  
Manulife Global Dividend Growth Fund  
Manulife Global Equity Class  
Manulife Global Equity Private Pool  
Manulife Global Equity Unconstrained Class  
Manulife Global Equity Unconstrained Fund  
Manulife Global Fixed Income Private Trust  
Manulife Global Infrastructure Class  
Manulife Global Infrastructure Fund  
Manulife Global Real Estate Unconstrained Fund  
Manulife Global Small Cap Balanced Fund  
Manulife Global Small Cap Fund  
Manulife Global Strategic Balanced Yield Fund  
Manulife Global Tactical Credit Fund  
Manulife Growth Opportunities Class  
Manulife Growth Opportunities Fund  
Manulife Growth Portfolio  
Manulife High Yield Bond Fund  
Manulife Income Fund 2022  
Manulife Income Fund 2027  
Manulife Income Fund 2032  
Manulife Income Fund 2037  
Manulife Income Fund 2042  
Manulife Income Fund 2047  
Manulife Income Fund 2052  
Manulife Income Fund 2057  
Manulife Income Fund 2062  
Manulife Income Fund 2067  
Manulife International Equity Private Trust  
Manulife International Focused Fund  
Manulife International Value Equity Fund  
Manulife Moderate Portfolio  
Manulife Money Fund  
Manulife Money Market Private Trust  
Manulife Monthly High Income Class  
Manulife Monthly High Income Fund  
Manulife Preferred Income Class  
Manulife Quantitative Fixed Income Fund 2022  
Manulife Quantitative Fixed Income Fund 2027  
Manulife Quantitative Fixed Income Fund 2032  
Manulife Quantitative Fixed Income Fund 2037  
Manulife Quantitative Fixed Income Fund 2042  
Manulife Short Term Bond Fund  
Manulife Short Term Yield Class  
Manulife Simplicity Balanced Portfolio

Manulife Simplicity Conservative Portfolio  
Manulife Simplicity Global Balanced Portfolio  
Manulife Simplicity Growth Portfolio  
Manulife Simplicity Moderate Portfolio  
Manulife Strategic Balanced Yield Fund  
Manulife Strategic Dividend Bundle  
Manulife Strategic Income Fund  
Manulife Strategic Investment Grade Global Bond Fund  
Manulife Tactical Income Fund  
Manulife U.S. All Cap Equity Class  
Manulife U.S. All Cap Equity Fund  
Manulife U.S. Balanced Private Trust  
Manulife U.S. Balanced Value Private Trust  
Manulife U.S. Dividend Income Class  
Manulife U.S. Dividend Income Fund  
Manulife U.S. Dividend Income Registered Fund  
Manulife U.S. Dollar Floating Rate Income Fund  
Manulife U.S. Dollar Strategic Balanced Yield Fund  
Manulife U.S. Dollar Strategic Income Fund  
Manulife U.S. Dollar U.S. All Cap Equity Fund  
Manulife U.S. Equity Fund  
Manulife U.S. Equity Private Pool  
Manulife U.S. Fixed Income Private Trust  
Manulife U.S. Monthly High Income Fund  
Manulife U.S. Opportunities Fund  
Manulife U.S. Tactical Credit Fund  
Manulife Unhedged U.S. Monthly High Income Fund  
Manulife Value Balanced Class  
Manulife Value Balanced Fund  
Manulife World Investment Class  
Manulife World Investment Fund  
Manulife Yield Opportunities Fund  
Principal Regulator – Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Simplified  
Prospectus dated June 6, 2017  
NP 11-202 Preliminary Receipt dated June 8, 2017

**Offering Price and Description:**

Series GA and GF Securities

**Underwriter(s) or Distributor(s):**

Manulife Securities Incorporated.  
Manulife Securities Investment Services Inc.  
Manulife Asset Management Investments Inc.  
Manulife Securities Incorporated/Manulife Securities  
Investment Services Inc.

**Promoter(s):**

Manulife Asset Management Limited.

**Project #2638012**

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**Issuer Name:**

Sun Life BlackRock Canadian Balanced Class  
Sun Life BlackRock Canadian Composite Equity Class  
Sun Life BlackRock Canadian Equity Class  
Sun Life Dynamic Energy Fund  
Sun Life Dynamic Equity Income Class  
Sun Life Dynamic Strategic Yield Class  
Sun Life Granite Balanced Class  
Sun Life Granite Balanced Growth Class  
Sun Life Granite Conservative Class  
Sun Life Granite Growth Class  
Sun Life Granite Moderate Class  
Sun Life MFS Canadian Equity Class  
Sun Life MFS Dividend Income Class  
Sun Life MFS Global Growth Class  
Sun Life MFS Global Growth Fund  
Sun Life MFS Global Total Return Fund  
Sun Life MFS Global Value Fund  
Sun Life MFS International Growth Class  
Sun Life MFS International Growth Fund  
Sun Life MFS International Value Fund  
Sun Life MFS Monthly Income Fund  
Sun Life MFS U.S. Growth Class  
Sun Life MFS U.S. Growth Fund  
Sun Life MFS U.S. Value Fund  
Sun Life Milestone 2020 Fund  
Sun Life Milestone 2025 Fund  
Sun Life Milestone 2030 Fund  
Sun Life Milestone 2035 Fund  
Sun Life Money Market Class  
Sun Life Money Market Fund  
Sun Life Multi-Strategy Bond Fund (formerly, Sun Life Beutel Goodman Canadian Bond Fund)  
Sun Life Ryan Labs U.S. Core Fixed Income Fund  
Sun Life Schroder Emerging Markets Fund  
Sun Life Sentry Value Class  
Principal Regulator – Ontario

**Type and Date:**

Combined Preliminary and Pro Forma Simplified Prospectus dated June 9, 2017  
NP 11-202 Preliminary Receipt dated June 12, 2017

**Offering Price and Description:**

Series I Securities

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

Sun Life Global Investments (Canada) Inc.

Project #2639053

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**Issuer Name:**

ACTIVEnergy Income Fund  
Global Healthcare Dividend Fund  
INDEXPLUS Income Fund  
Middlefield Canadian Dividend Growers Class (formerly Middlefield Canadian Dividend Growth Class)  
Middlefield Global Agriculture Class  
Middlefield Global Dividend Growers Class  
Middlefield Global Energy Class (formerly Middlefield Groppe Tactical Energy Class)  
Middlefield Global Infrastructure Fund  
Middlefield High Yield Class  
Middlefield Income Plus Class  
Middlefield Real Estate Class  
Middlefield Short-Term Income Class  
Middlefield U.S. Dividend Growers Class (formerly Middlefield US Dividend Growth Class)  
Principal Regulator – Alberta

**Type and Date:**

Final Simplified Prospectus dated June 5, 2017

NP 11-202 Receipt dated June 6, 2017

**Offering Price and Description:**

Series A and F Shares and Series A and F Units @ Net Asset Value

**Underwriter(s) or Distributor(s):**

Middlefield Capital Corporation

**Promoter(s):**

Middlefield Limited

Project #2626377

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**Issuer Name:**

Cambridge Balanced Yield Pool  
Cambridge Canadian Short-Term Bond Pool  
Cambridge Premium Yield Pool  
Harbour Analyst Fund  
Signature Floating Rate Income Pool  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated June 1, 2017

NP 11-202 Receipt dated June 7, 2017

**Offering Price and Description:**

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**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

CI Investments Inc.

Project #2608430

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**Issuer Name:**

Exemplar Canadian Focus Portfolio  
Exemplar Diversified Portfolio  
Principal Regulator – Ontario

**Type and Date:**

Final Long Form Prospectus dated June 8, 2017  
NP 11-202 Receipt dated June 9, 2017

**Offering Price and Description:**

Series A Shares, Series F Shares, Series L Shares, Series I Shares and Series R Shares @ net asset value

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

Arrow Capital Management Inc.

Project #2616698

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**Issuer Name:**

Franklin ActiveQuant Canadian Corporate Class (formerly, Franklin Bissett All Canadian Focus Corporate Class)  
Franklin ActiveQuant Canadian Fund (formerly, Franklin Bissett All Canadian Focus Fund)  
Franklin ActiveQuant U.S. Corporate Class (formerly, Franklin Bissett U.S. Focus Corporate Class)  
Franklin ActiveQuant U.S. Fund (formerly, Franklin Bissett U.S. Focus Fund)  
Franklin Bissett Canada Plus Equity Fund  
Franklin Bissett Canadian All Cap Balanced Corporate Class  
Franklin Bissett Canadian All Cap Balanced Fund  
Franklin Bissett Canadian Balanced Corporate Class  
Franklin Bissett Canadian Balanced Fund  
Franklin Bissett Canadian Dividend Corporate Class  
Franklin Bissett Canadian Dividend Fund  
Franklin Bissett Canadian Equity Corporate Class  
Franklin Bissett Canadian Equity Fund  
Franklin Bissett Canadian Government Bond Fund  
Franklin Bissett Canadian Short Term Bond Fund  
Franklin Bissett Core Plus Bond Fund (formerly Franklin Bissett Bond Fund)  
Franklin Bissett Corporate Bond Fund  
Franklin Bissett Dividend Income Corporate Class  
Franklin Bissett Dividend Income Fund  
Franklin Bissett Energy Corporate Class  
Franklin Bissett Microcap Fund  
Franklin Bissett Money Market Corporate Class  
Franklin Bissett Money Market Fund  
Franklin Bissett Monthly Income and Growth Fund  
Franklin Bissett Small Cap Corporate Class  
Franklin Bissett Small Cap Fund  
Franklin Global Growth Corporate Class (formerly, Franklin World Growth Corporate Class)  
Franklin Global Growth Fund (formerly, Franklin World Growth Fund)  
Franklin Global Small-Mid Cap Fund  
Franklin High Income Fund  
Franklin Mutual European Fund  
Franklin Mutual Global Discovery Corporate Class  
Franklin Mutual Global Discovery Fund  
Franklin Mutual U.S. Shares Corporate Class  
Franklin Mutual U.S. Shares Fund  
Franklin Quotential Balanced Growth Corporate Class Portfolio

Franklin Quotential Balanced Growth Portfolio  
Franklin Quotential Balanced Income Corporate Class Portfolio  
Franklin Quotential Balanced Income Portfolio  
Franklin Quotential Diversified Equity Corporate Class Portfolio  
Franklin Quotential Diversified Equity Portfolio  
Franklin Quotential Diversified Income Corporate Class Portfolio  
Franklin Quotential Diversified Income Portfolio  
Franklin Quotential Fixed Income Portfolio  
Franklin Quotential Growth Corporate Class Portfolio  
Franklin Quotential Growth Portfolio  
Franklin Strategic Income Fund  
Franklin Templeton Canadian Large Cap Fund  
Franklin U.S. Core Equity Fund  
Franklin U.S. Monthly Income Corporate Class  
Franklin U.S. Monthly Income Fund  
Franklin U.S. Monthly Income Hedged Corporate Class  
Franklin U.S. Opportunities Corporate Class (formerly Franklin Flex Cap Growth Corporate Class)  
Franklin U.S. Opportunities Fund (formerly Franklin Flex Cap Growth Fund)  
Franklin U.S. Rising Dividends Corporate Class  
Franklin U.S. Rising Dividends Fund  
Franklin U.S. Rising Dividends Hedged Corporate Class  
Templeton Asian Growth Corporate Class  
Templeton Asian Growth Fund  
Templeton EAFE Developed Markets Fund  
Templeton Emerging Markets Corporate Class  
Templeton Emerging Markets Fund  
Templeton Frontier Markets Corporate Class  
Templeton Frontier Markets Fund  
Templeton Global Balanced Fund  
Templeton Global Bond Fund  
Templeton Global Bond Fund (Hedged)  
Templeton Global Smaller Companies Corporate Class  
Templeton Global Smaller Companies Fund  
Templeton Growth Corporate Class  
Templeton Growth Fund, Ltd.  
Templeton International Stock Corporate Class  
Templeton International Stock Fund  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated June 6, 2017  
NP 11-202 Receipt dated June 8, 2017

**Offering Price and Description:**

Series A, F, FT, I, O, OT, PF, PFT, T, T-USD and V shares

**Underwriter(s) or Distributor(s):**

Franklin Templeton Investments Corp.  
FTC Investor Services Inc.  
Bissett Investment Management, a division of Franklin Templeton Investments Corp.  
Franklin Templeton Investments Corp.

**Promoter(s):**

Franklin Templeton Investments Corp.

Project #2610360

**Issuer Name:**

Middlefield Healthcare & Life Sciences Dividend Fund  
Principal Regulator – Alberta

**Type and Date:**

Preliminary Long Form Prospectus dated May 25, 2017  
NP 11-202 Receipt dated May 26, 2017

**Offering Price and Description:**

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**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
Scotia Capital Inc.  
TD Securities Inc.  
Canaccord Genuity Corp.  
GMP Securities L.P.  
National Bank Financial Inc.  
Raymond James Ltd.  
Manulife Securities Incorporated  
Echelon Wealth Partners Inc.  
Mackie Research Capital Corporation  
Middlefield Capital Corporation

**Promoter(s):**

Middlefield Limited  
Project #2631705

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**Issuer Name:**

National Bank Balanced Diversified Fund  
National Bank Conservative Diversified Fund  
National Bank Global Diversified Equity Fund  
National Bank Growth Diversified Fund  
National Bank Moderate Diversified Fund  
National Bank Secure Diversified Fund  
NBI Balanced Portfolio  
NBI Bond Fund (formerly, National Bank Bond Fund)  
NBI Canadian All Cap Equity Fund (formerly, National Bank Canadian All Cap Equity Fund)  
NBI Canadian Bond Private Portfolio  
NBI Canadian Diversified Bond Private Portfolio  
NBI Canadian Equity Fund (formerly, National Bank Canadian Equity Fund)  
NBI Canadian Equity Growth Fund (formerly, National Bank Canadian Equity Growth Fund)  
NBI Canadian Equity Private Portfolio  
NBI Canadian High Conviction Equity Private Portfolio  
NBI Canadian Index Fund (formerly, National Bank Canadian Index Fund)  
NBI Canadian Preferred Equity Private Portfolio  
NBI Canadian Short Term Income Private Portfolio  
NBI Canadian Small Cap Equity Private Portfolio  
NBI Conservative Portfolio  
NBI Corporate Bond Fund (formerly, National Bank Corporate Bond Fund)  
NBI Corporate Bond Private Portfolio  
NBI Dividend Fund (formerly, National Bank Dividend Fund)  
NBI Emerging Markets Equity Private Portfolio  
NBI Equity Income Private Portfolio  
NBI Equity Portfolio  
NBI Floating Rate Income Fund (formerly, National Bank Floating Rate Income Fund)  
NBI Global Bond Fund (formerly, National Bank Global Bond Fund)  
NBI Global Equity Fund (formerly, National Bank Global Equity Fund)  
NBI Global Real Assets Income Fund  
NBI Global Tactical Bond Fund (formerly, National Bank Global Tactical Bond Fund)  
NBI Growth Portfolio  
NBI High Yield Bond Fund (formerly, National Bank High Yield Bond Fund)  
NBI High Yield Bond Private Portfolio  
NBI Income Fund (formerly, National Bank Income Fund)  
NBI International Currency Neutral Index Fund (formerly, National Bank International Currency Neutral Index Fund)  
NBI International Equity Private Portfolio  
NBI International High Conviction Equity Private Portfolio  
NBI International Index Fund (formerly, National Bank International Index Fund)  
NBI Jarislowsky Fraser Select Balanced Fund (formerly Jarislowsky Fraser Select Balanced Fund)  
NBI Jarislowsky Fraser Select Canadian Equity Fund (formerly Jarislowsky Fraser Select Canadian Equity Fund)  
NBI Jarislowsky Fraser Select Income Fund (formerly Jarislowsky Fraser Select Income Fund)  
NBI Moderate Portfolio  
NBI Money Market Fund (formerly, National Bank Money Market Fund)  
NBI Multiple Asset Class Private Portfolio  
NBI Municipal Bond Plus Private Portfolio

NBI Non-Traditional Capital Appreciation Private Portfolio  
NBI Non-Traditional Fixed Income Private Portfolio  
NBI North American Dividend Private Portfolio  
NBI Precious Metals Fund (formerly National Bank Precious Metals Fund)  
NBI Preferred Equity Fund (formerly, National Bank Preferred Equity Fund)  
NBI Preferred Equity Income Fund (formerly, National Bank Preferred Equity Income Fund)  
NBI Quebec Growth Fund (formerly, National Bank Quebec Growth Fund)  
NBI Real Assets Private Portfolio  
NBI Resource Fund (formerly, National Bank Resource Fund)  
NBI Science and Technology Fund (National Bank Science and Technology Fund)  
NBI Secure Portfolio  
NBI Short Term Canadian Income Fund (formerly, National Bank Short Term Canadian Income Fund)  
NBI Small Cap Fund (formerly, National Bank Small Cap Fund)  
NBI SmartBeta Canadian Equity Fund  
NBI SmartBeta Global Equity Fund  
NBI SmartData International Equity Fund (formerly, National Bank Consensus International Equity Fund)  
NBI SmartData U.S. Equity Fund (formerly, National Bank Consensus American Equity Fund)  
NBI Strategic U.S. Income and Growth Fund (formerly, National Bank Strategic U.S. Income and Growth Fund)  
NBI Tactical Mortgage & Income Fund  
NBI U.S. Bond Private Portfolio  
NBI U.S. Currency Neutral Index Fund (formerly, National Bank U.S. Currency Neutral Index Fund)  
NBI U.S. Dividend Fund (formerly, National Bank U.S. Dividend Fund)  
NBI U.S. Equity Fund (formerly, National Bank U.S. Equity Fund)  
NBI U.S. Equity Private Portfolio  
NBI U.S. High Conviction Equity Private Portfolio  
NBI U.S. Index Fund (formerly, National Bank U.S. Index Fund)  
NBI Unconstrained Fixed Income Fund  
NBI Westwood Emerging Markets Fund (formerly, Westwood Emerging Markets Fund)  
Principal Regulator – Quebec

**Type and Date:**

Final Simplified Prospectus dated May 12, 2017  
NP 11-202 Receipt dated June 9, 2017

**Offering Price and Description:**

Investor Series and, where indicated, units of the Advisor, F, O, R, F5, T5, T, E, FT, N, NR, H, FH, Advisor-2, F-2, Investor-2 and R-2 Series and, in the case of the NBI Global Tactical Bond Fund, units of the U.S.\$-Advisor, U.S.\$-F, U.S.\$-FT, U.S.\$-O and U.S.\$-T Series

**Underwriter(s) or Distributor(s):**

National Bank Investments Inc.

**Promoter(s):**

National Bank Investments Inc.

**Project #2626325**

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**Issuer Name:**

NEI Canadian Bond Fund  
NEI Conservative Yield Portfolio  
NEI Environmental Leaders Fund  
NEI Ethical American Multi-Strategy Fund  
NEI Ethical Balanced Fund  
NEI Ethical Canadian Equity Fund  
NEI Ethical Global Dividend Fund  
NEI Ethical Global Equity Fund  
NEI Ethical International Equity Fund  
NEI Ethical Select Balanced Portfolio  
NEI Ethical Select Conservative Portfolio  
NEI Ethical Select Growth Portfolio  
NEI Ethical Select Income Portfolio  
NEI Ethical Special Equity Fund  
NEI Generational Leaders Fund  
NEI Global Strategic Yield Fund  
NEI Global Total Return Bond Fund  
NEI Global Value Fund  
NEI Money Market Fund  
NEI Northwest Canadian Dividend Fund  
NEI Northwest Canadian Equity Fund  
NEI Northwest Emerging Markets Fund  
NEI Northwest Global Equity Fund  
NEI Northwest Growth and Income Fund  
NEI Northwest Specialty Equity Fund  
NEI Northwest Specialty Global High Yield Bond Fund  
NEI Northwest Tactical Yield Fund  
NEI Northwest U.S. Dividend Fund  
NEI Select Balanced Portfolio  
NEI Select Conservative Portfolio  
NEI Select Global Maximum Growth Portfolio  
NEI Select Growth Portfolio  
Principal Regulator – Ontario

**Type and Date:**

Final Simplified Prospectus dated June 8, 2017  
NP 11-202 Receipt dated June 12, 2017

**Offering Price and Description:**

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**Underwriter(s) or Distributor(s):**

Credential Asset Management Inc.

**-Promoter(s):**

Northwest & Ethical Investments L.P.

**Project #2618980**

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NON-INVESTMENT FUNDS

**Issuer Name:**

Algoma Central Corporation  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 7, 2017  
NP 11-202 Preliminary Receipt dated June 7, 2017

**Offering Price and Description:**

\$75,000,000.00 – 5.25% Convertible Unsecured  
Subordinated Debentures

Price: \$1,000.00 per Debenture

**Underwriter(s) or Distributor(s):**

CIBC WORLD MARKETS INC.  
SCOTIA CAPITAL INC.  
TD SECURITIES INC.  
NATIONAL BANK FINANCIAL INC.  
GMP SECURITIES L.P.  
CORMARK SECURITIES INC.  
RAYMOND JAMES LTD.

**Promoter(s):**

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**Project #2636796**

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**Issuer Name:**

Cardinal Energy Ltd.  
Principal Regulator – Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated June 7, 2017  
NP 11-202 Preliminary Receipt dated June 7, 2017

**Offering Price and Description:**

\$170,005,000.00 – 30,910,000 Subscription Receipts each  
representing the right to receive  
one Common Share

Price: \$5.50 per Subscription Receipt

**Underwriter(s) or Distributor(s):**

RBC DOMINION SECURITIES INC.  
CIBC WORLD MARKETS INC.  
GMP SECURITIES L.P.  
NATIONAL BANK FINANCIAL INC.  
SCOTIA CAPITAL INC.  
BMO NESBITT BURNS INC.  
CANACCORD GENUITY CORP.  
CORMARK SECURITIES INC.  
PETERS & CO. LIMITED  
TD SECURITIES INC.

**Promoter(s):**

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**Project #2636937**

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**Issuer Name:**

Dream Global Real Estate Investment Trust  
Principal Regulator – Ontario

**Type and Date:**

Amended and Restated Preliminary Shelf Prospectus  
dated June 12, 2017

NP 11-202 Preliminary Receipt dated June 12, 2017

**Offering Price and Description:**

\$1,000,000,000.00 – Units, Subscription Receipts, Debt  
Securities

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

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**Project #2636486**

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**Issuer Name:**

Gibson Energy Inc.  
Principal Regulator – Alberta

**Type and Date:**

Preliminary Shelf Prospectus dated June 8, 2017  
NP 11-202 Preliminary Receipt dated June 8, 2017

**Offering Price and Description:**

\$1,500,000,000.00 – Common Shares, Preferred Shares,  
Debt Securities, Subscription Receipts, Warrants, Units

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

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**Project #2638651**

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**Issuer Name:**

Immunovaccine Inc.  
Principal Regulator – Nova Scotia

**Type and Date:**

Preliminary Short Form Prospectus dated June 6, 2017  
NP 11-202 Preliminary Receipt dated June 6, 2017

**Offering Price and Description:**

\$10,000,000.00 – 7,692,308 Common Shares  
Price: \$1.30 per Offered Share

**Underwriter(s) or Distributor(s):**

ECHELON WEALTH PARTNERS INC.  
NATIONAL BANK FINANCIAL INC.  
MACKIE RESEARCH CAPITAL CORPORATION

**Promoter(s):**

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**Project #2637829**

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**Issuer Name:**

NADG NNN Real Estate Investment Trust  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated June 9, 2017  
NP 11-202 Preliminary Receipt dated June 9, 2017

**Offering Price and Description:**

Maximum: U.S.\$50,000,000.00 of Class A Units, Class I Units and/or Class U Units

Minimum: U.S.\$20,000,000.00 of Class A Units, Class I Units and/or Class U Units

Price:

C\$10.00 Per Class A Unit

C\$10.00 Per Class I Unit

U.S.\$10.00 Per Class U Unit

**Underwriter(s) or Distributor(s):**

CIBC WORLD MARKETS INC.

GMP SECURITIES L.P.

RAYMOND JAMES LTD.

NATIONAL BANK FINANCIAL INC.

CANACCORD GENUITY CORP.

ECHELON WEALTH PARTNERS INC.

INDUSTRIAL ALLIANCE SECURITIES INC.

MACKIE RESEARCH CAPITAL CORPORATION

MANULIFE SECURITIES INCORPORATED

**Promoter(s):**

NADG U.S. LLLP

**Project #2638959**

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**Issuer Name:**

Nexus Real Estate Investment Trust  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 9, 2017  
NP 11-202 Preliminary Receipt dated June 9, 2017

**Offering Price and Description:**

\$55,020,000.00 – 26,200,000 Units

Price: \$2.10 per Unit

**Underwriter(s) or Distributor(s):**

DESJARDINS SECURITIES INC.

NATIONAL BANK FINANCIAL INC.

ECHELON WEALTH PARTNERS INC.

GMP SECURITIES L.P.

TD SECURITIES INC.

CANACCORD GENUITY CORP.

INDUSTRIAL ALLIANCE SECURITIES INC.

MANULIFE SECURITIES INCORPORATED

LAURENTIAN BANK SECURITIES INC.

**Promoter(s):**

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**Project #2637718**

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**Issuer Name:**

North American Palladium Ltd.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Shelf Prospectus dated June 7, 2017  
NP 11-202 Preliminary Receipt dated June 7, 2017

**Offering Price and Description:**

\$75,000,000.00 – COMMON SHARES, DEBT SECURITIES, SUBSCRIPTION RECEIPTS, WARRANTS, SHARE PURCHASE CONTRACTS, UNITS

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

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**Project #2638161**

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**Issuer Name:**

SITKA GOLD CORP.  
Principal Regulator – British Columbia

**Type and Date:**

Preliminary Long Form Prospectus dated June 9, 2017  
Received on June 9, 2017

**Offering Price and Description:**

Maximum: 4,800,000 Units (\$1,200,000.00) at \$0.25 per Unit

Minimum: 1,000,000 Units (\$250,000.00) at \$0.25 per Unit

Price: \$0.25 per Unit

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Corwin Coe

Donald Penner

**Project #2639102**

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**Issuer Name:**

Spectra7 Microsystems Inc.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 7, 2017  
NP 11-202 Preliminary Receipt dated June 8, 2017

**Offering Price and Description:**

\$4,000,000.00 – 10,000,000 Units

Price: \$0.40 per Unit

**Underwriter(s) or Distributor(s):**

CANACCORD GENUITY CORP.

EIGHT CAPITAL

ECHELON WEALTH PARTNERS INC.

**Promoter(s):**

-

**Project #2637169**

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**Issuer Name:**

Sprott Inc.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 8, 2017  
NP 11-202 Preliminary Receipt dated June 8, 2017

**Offering Price and Description:**

\$\* – 18,000,000 Common Shares  
Price: \$\* per Offered Share

**Underwriter(s) or Distributor(s):**

TD SECURITIES INC.

**Promoter(s):**

-

**Project #2638571**

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**Issuer Name:**

TECSYS Inc.  
Principal Regulator – Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated June 9, 2017  
NP 11-202 Preliminary Receipt dated June 9, 2017

**Offering Price and Description:**

\$15,000,000.00 – 1,000,000 Common Shares  
Price: \$15.00 per Common Share

**Underwriter(s) or Distributor(s):**

CORMARK SECURITIES INC.  
BEACON SECURITIES LIMITED  
LAURENTIAN BANK SECURITIES INC.

**Promoter(s):**

-

**Project #2637583**

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**Issuer Name:**

Titan Medical Inc.  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 8, 2017  
NP 11-202 Preliminary Receipt dated June 9, 2017

**Offering Price and Description:**

Maximum: US \$17,300,000.00 – \* Units  
Minimum: US \$8,600,000.00 – \* Units

Price: US \$\* per Unit

**Underwriter(s) or Distributor(s):**

Bloom Burton Securities Inc.

**Promoter(s):**

-

**Project #2638747**

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**Issuer Name:**

VersaBank  
Principal Regulator – Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 9, 2017  
NP 11-202 Preliminary Receipt dated June 9, 2017

**Offering Price and Description:**

\$15,000,000.00 (minimum) to \$30,000,000.00 (maximum)  
– Up to 3,000,000 Non-Cumulative 5-Year Rate Reset  
Preferred Shares, Series 5 (Non-Viability Contingent  
Capital (NVCC))  
Price: \$10.00 per Series 5 Preferred Share, to yield initially  
\*% per annum

**Underwriter(s) or Distributor(s):**

RBC DOMINION SECURITIES INC.  
BMO NESBITT BURNS INC.  
INDUSTRIAL ALLIANCE SECURITIES INC.  
GMP SECURITIES L.P.  
RAYMOND JAMES LTD.  
PI FINANCIAL CORP.

**Promoter(s):**

-

**Project #2638883**

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**Issuer Name:**

Atrium Mortgage Investment Corporation  
Principal Regulator – Ontario

**Type and Date:**

Final Short Form Prospectus dated June 5, 2017  
NP 11-202 Receipt dated June 6, 2017

**Offering Price and Description:**

5.30% Convertible Unsecured Subordinated Debentures  
due June 30, 2024

**Underwriter(s) or Distributor(s):**

TD SECURITIES INC.  
RBC DOMINION SECURITIES INC.  
CIBC WORLD MARKETS INC.  
SCOTIA CAPITAL INC.  
BMO NESBITT BURNS INC.  
NATIONAL BANK FINANCIAL INC.  
CANACCORD GENUITY CORP.  
GMP SECURITIES L.P.  
INDUSTRIAL ALLIANCE SECURITIES INC.  
RAYMOND JAMES LTD.

**Promoter(s):**

-

**Project #2629899**

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**Issuer Name:**

Pro Real Estate Investment Trust  
Principal Regulator – Quebec

**Type and Date:**

Final Short Form Prospectus dated June 7, 2017  
NP 11-202 Receipt dated June 7, 2017

**Offering Price and Description:**

\$20,025,000.00 – 8,900,000 Trust Units at a price of \$2.25  
per Trust Unit

**Underwriter(s) or Distributor(s):**

CANACCORD GENUITY CORP.  
TD SECURITIES INC.  
SCOTIA CAPITAL INC.  
HAYWOOD SECURITIES INC.  
CIBC WORLD MARKETS INC.  
NATIONAL BANK FINANCIAL INC.  
BMO NESBITT BURNS INC.  
INDUSTRIAL ALLIANCE SECURITIES INC.  
LAURENTIAN BANK SECURITIES INC.  
RAYMOND JAMES LTD.  
LEEDE JONES GABLE INC.

**Promoter(s):**

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**Project #2629851**

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**Issuer Name:**

Timbercreek Financial Corp.  
Principal Regulator – Ontario

**Type and Date:**

Final Short Form Prospectus dated June 6, 2017  
NP 11-202 Receipt dated June 6, 2017

**Offering Price and Description:**

\$40,000,000.00 – 5.30% Convertible Unsecured  
Subordinated Debentures due June 30, 2024 at a price of  
\$1,000 per Debenture

**Underwriter(s) or Distributor(s):**

NATIONAL BANK FINANCIAL INC.  
TD SECURITIES INC.  
RBC DOMINION SECURITIES INC.  
CIBC WORLD MARKETS INC.  
RAYMOND JAMES LTD.  
BMO NESBITT BURNS INC.  
SCOTIA CAPITAL INC.  
GMP SECURITIES LP.  
CANACCORD GENUITY CORP.  
INDUSTRIAL ALLIANCE SECURITIES INC.  
MANULIFE SECURITIES INCORPORATED

**Promoter(s):**

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**Project #2630476**

## Chapter 12

# Registrations

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### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: The Commercial Capital Securities Inc.  To: CCC Securities Inc.	Exempt Market Dealer	May 16, 2017
Change in Registration Category	Beutel, Goodman & Company Ltd.	From: Mutual Fund Dealer, Investment Fund Manager and Portfolio Manager  To: Mutual Fund Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager	June 8, 2017

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