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Table of Contents

<p>Chapter 1 Notices / News Releases7731</p> <p>1.1 Notices7731</p> <p>1.1.1 OSC Staff Notice 51-728 Corporate Finance Branch 2016-2017 Annual Report..... 7731</p> <p>1.2 Notices of Hearing..... (nil)</p> <p>1.3 Notices of Hearing with Related Statements of Allegations (nil)</p> <p>1.4 News Releases (nil)</p> <p>1.5 Notices from the Office of the Secretary7733</p> <p>1.5.1 Sino-Forest Corporation et al.7733</p> <p>1.6 Notices from the Office of the Secretary with Related Statements of Allegations (nil)</p> <p>Chapter 2 Decisions, Orders and Rulings7735</p> <p>2.1 Decisions7735</p> <p>2.1.1 Two Harbors Investment Corp.7735</p> <p>2.1.2 Hewlett Packard Enterprise Company.....7738</p> <p>2.1.3 BNP Paribas Securities Corp.7741</p> <p>2.1.4 East Coast Fund Management Inc. and Top Funds 7749</p> <p>2.1.5 Impak Finance Inc.7755</p> <p>2.1.6 Pacific Road Capital Management Pty Ltd. et al.....7758</p> <p>2.2 Orders.....7761</p> <p>2.2.1 Sensato Investors, LLC – ss. 78(1), 80 of the CFA7761</p> <p>2.2.2 CME Clearing Europe Limited – s. 1447770</p> <p>2.2.3 Sino-Forest Corporation et al.7771</p> <p>2.3 Orders with Related Settlement Agreements..... (nil)</p> <p>2.4 Rulings7772</p> <p>2.4.1 Bruce Power L.P. – s. 38 of the CFA.....7772</p> <p>Chapter 3 Reasons: Decisions, Orders and Rulings..... (nil)</p> <p>3.1 OSC Decisions..... (nil)</p> <p>3.2 Director’s Decisions..... (nil)</p> <p>3.3 Court Decisions..... (nil)</p> <p>Chapter 4 Cease Trading Orders.....7777</p> <p>4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders7777</p> <p>4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders7777</p> <p>4.2.2 Outstanding Management & Insider Cease Trading Orders7777</p> <p>Chapter 5 Rules and Policies..... (nil)</p> <p>Chapter 6 Request for Comments..... (nil)</p> <p>Chapter 7 Insider Reporting.....7779</p>	<p>Chapter 9 Legislation.....(nil)</p> <p>Chapter 11 IPOs, New Issues and Secondary Financings..... 7857</p> <p>Chapter 12 Registrations..... 7865</p> <p>12.1.1 Registrants..... 7865</p> <p>Chapter 13 SROs, Marketplaces, Clearing Agencies and Trade Repositories 7867</p> <p>13.1 SROs(nil)</p> <p>13.2 Marketplaces 7867</p> <p>13.2.1 Canadian Securities Exchange – Significant Change Subject to Public Comment – Amendments to Trading System Functionality & Features – Notice and Request for Comment..... 7867</p> <p>13.3 Clearing Agencies (nil)</p> <p>13.4 Trade Repositories (nil)</p> <p>Chapter 25 Other Information (nil)</p> <p>Index..... 7871</p>
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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 OSC Staff Notice 51-728 Corporate Finance Branch 2016-2017 Annual Report

OSC Staff Notice 51-728 *Corporate Finance Branch 2016-2017 Annual Report* is reproduced on the following separately numbered pages. Bulletin pagination resumes at the end of the OSC Staff Notice.

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OSC Staff Notice 51-728

Corporate Finance Branch

2016-2017 Annual Report

September 21, 2017



Table of Contents

Part A: Introduction

What is our Branch mandate?	4
What are the objectives of the report?	5

Part B: Compliance

Continuous Disclosure Review Program	7
Overview of the program.....	7
Outcomes for fiscal 2017.....	9
Trends and guidance	10
Issue-oriented review staff notices published in fiscal 2017	14
Participation fees.....	15
Issuer education and outreach	15
Offerings – Public	16
Statistics	16
Trends and guidance	16
Update on Special Purpose Acquisition Corporations	20
Offerings – Exempt Market	22
Assessing compliance	22
Enhancing awareness	22
Gathering data regarding the use of the prospectus exemptions.....	23
Exemptive Relief Applications	25
Statistics	25
Trends and guidance	25
Insider Reporting	28
Guidance and filing tips.....	28
Designated Rating Organizations.....	30
Proposed rule amendments and policy changes.....	30

Part C: Responsive Regulation

Overview.....	32
Exempt Distribution Reporting	32
Proposed Foreign Issuer Resale Exemption	33
Distributions of Securities Outside of Ontario	34
Syndicated Mortgages.....	34
Climate Change Related Disclosures	34
Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers.....	35

Contacts	37
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Part A: Introduction

Introduction

What is our Branch mandate?

The Corporate Finance Branch (the Branch or we) of the Ontario Securities Commission (OSC) has a broad regulatory mandate which we execute in pursuing the two purposes of the *Securities Act* (Ontario) (the Act):

Investor protection	<ul style="list-style-type: none">To provide protection to investors from unfair, improper or fraudulent practices.
Efficient capital markets	<ul style="list-style-type: none">To foster fair and efficient capital markets and confidence in capital markets.

A key part of our mandate is issuer regulation. Regulation in this area is broad and takes many forms, including the following:

Issuer regulation	<ul style="list-style-type: none">Review of public distributions of securities (prospectuses).Review of exempt market activities and related policy development.Continuous disclosure reviews of reporting issuers.Review and consideration of applications for relief from regulatory requirements.Issue-related policy initiatives.
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Other areas covered by our mandate include:

Insider reporting	<ul style="list-style-type: none">Review of insider reporting.
Designated rating organizations (DROs)	<ul style="list-style-type: none">Review of credit rating agencies designated as DROs.
Listed issuer regulation	<ul style="list-style-type: none">Oversight of the listed issuer function for OSC recognized exchanges.Policy initiatives for listed issuer requirements.

In executing our functions, we consult and partner with other OSC branches in many areas, including the exempt market, listed issuer regulation and enforcement action.

What are the objectives of the report?

This report provides an overview of the Branch's operational and policy work during the fiscal year ended March 31, 2017 (fiscal 2017) and gives guidance in certain areas. The report is intended for individuals and entities we regulate, their advisors, as well as investors.

The report aims to:

- encourage compliance with regulatory obligations
- improve disclosure in regulatory filings
- provide insights on trends
- provide guidance on novel issues
- inform on key policy initiatives

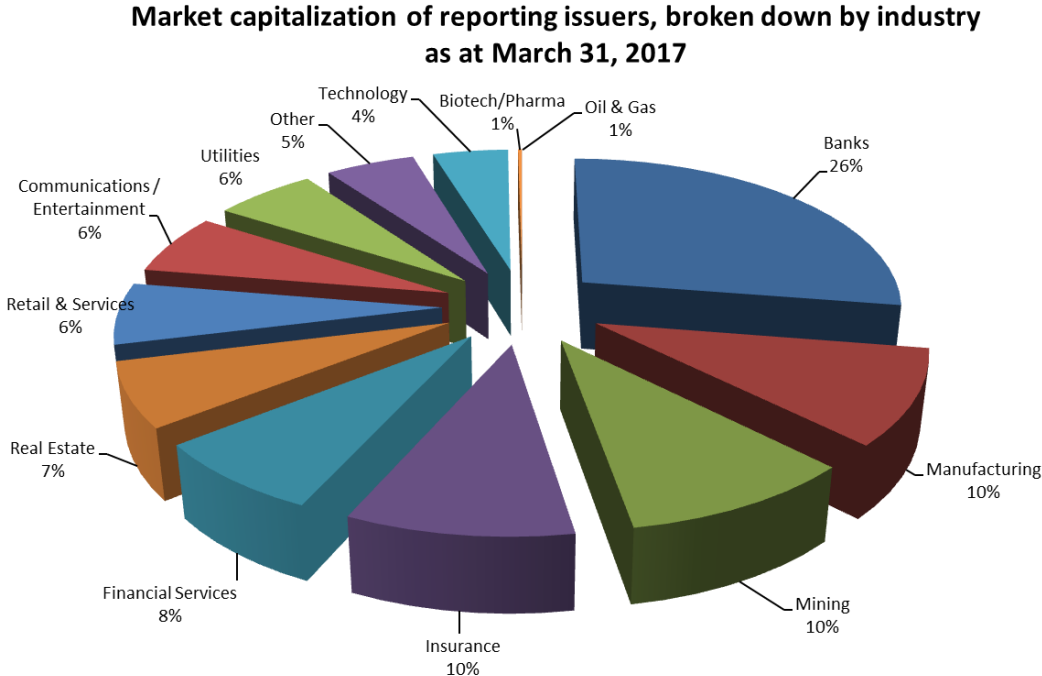
Part B: Compliance

Compliance

Continuous Disclosure Review Program

Under Canadian securities laws, reporting issuers must provide timely continuous disclosure (CD) about their business and affairs. Where a reporting issuer has a head office in Ontario, or has a significant connection to Ontario, we have primary responsibility as principal regulator for reviewing that issuer’s CD. Disclosure documents include periodic filings such as interim and annual financial statements, management’s discussion and analysis (MD&A) as well as certifications of annual and interim filings, management information circulars and annual information forms (AIF).

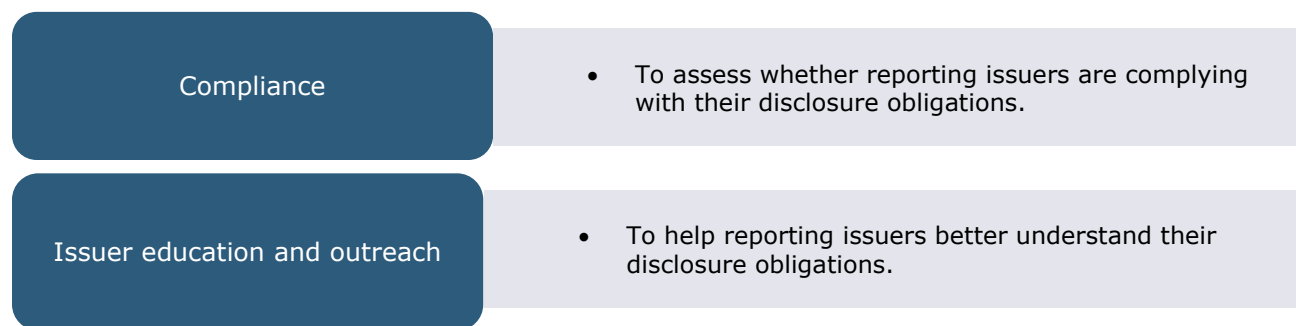
The market capitalization of Ontario reporting issuers was approximately \$1,239 billion as at March 31, 2017 (\$1,044 billion as at March 31, 2016). The four largest industries by market capitalization were banks, manufacturing, mining, and insurance.



Overview of the program

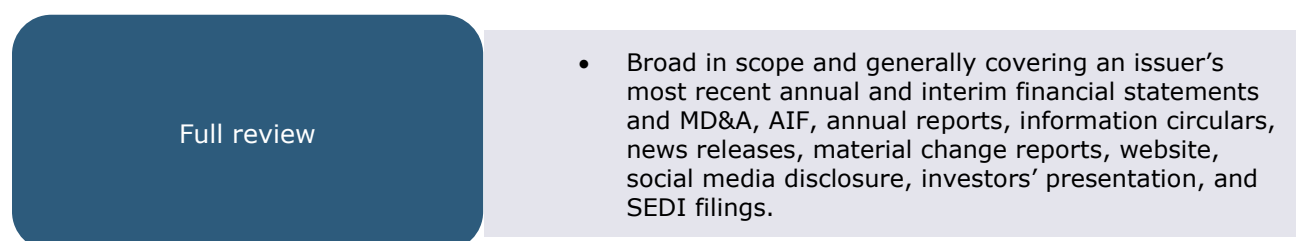
Our CD review program is risk-based and outcome focused. It includes planned reviews based on risk criteria as well as ongoing issuer monitoring through news releases, media articles, complaints and other sources. We conduct the CD program through powers in section 20.1 of the Act, which is part of a harmonized CD review program conducted by the Canadian Securities Administrators (CSA). See [CSA Staff Notice \(Revised\) 51-312 Harmonized Continuous Disclosure Review Program](#).

The CD review program has two main objectives:

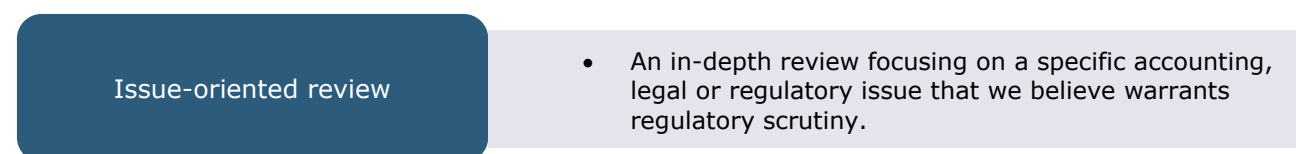


Our CD review program is critical to investor protection as we assess issuer compliance with CD requirements and review CD documents which are available to investors to make an investment decision. This function also supports the raising of new capital, as many issuers raise funds through short form prospectuses which must incorporate CD documents.

In general, we conduct either a “full” review or an “issue-oriented” review (IOR) of an issuer’s CD.



In planning our full reviews, we draw on our knowledge of reporting issuers and their industries and use risk-based criteria to identify issuers with a higher risk of non-compliant disclosure. The criteria are designed to identify issuers whose disclosure is likely to be materially improved or brought into compliance with securities laws or accounting standards as a result of our intervention. Our risk-based procedures incorporate both qualitative and quantitative criteria which we review regularly to stay relevant with market changes. We also monitor novel and high growth areas of financing activity when developing our review program. We may also select an issuer for review based on a complaint.



Issue-oriented reviews are focused on a specific issue of an individual issuer or broadly on an emerging area of risk across issuers (in some cases, industry specific). Conducting IORs broadly allows us to:

- monitor compliance with requirements and provide a basis for communicating interpretations, staff disclosure expectations and areas of concern;
- quickly address specific areas where there is heightened risk of investor harm;
- identify common deficiencies;
- provide industry specific disclosure examples to assist preparers in complying with requirements; and
- assess compliance with new accounting standards.

Outcomes for fiscal 2017

We measure outcomes of a CD review by tracking the following for each issuer:

- prospective disclosure enhancements
- refilings
- education and awareness
- other outcomes, such as enforcement referrals

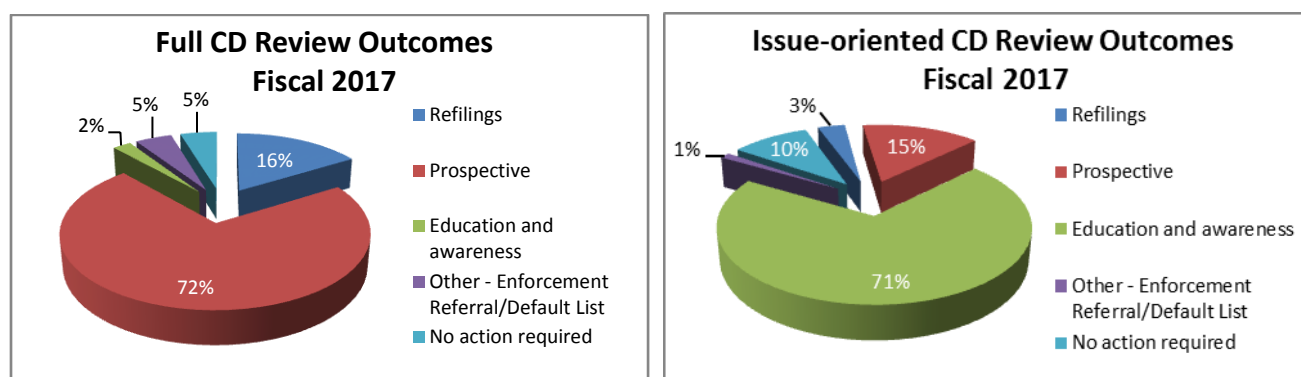
We had at least one outcome in 95% (fiscal 2016: 94%) of our full CD reviews and 94% (fiscal 2016: 73%) of our IORs.

Given our risk-based criteria to identify issuers, the outcomes on a year to year basis should not be interpreted as trends since the issues and issuers reviewed each year are generally different.

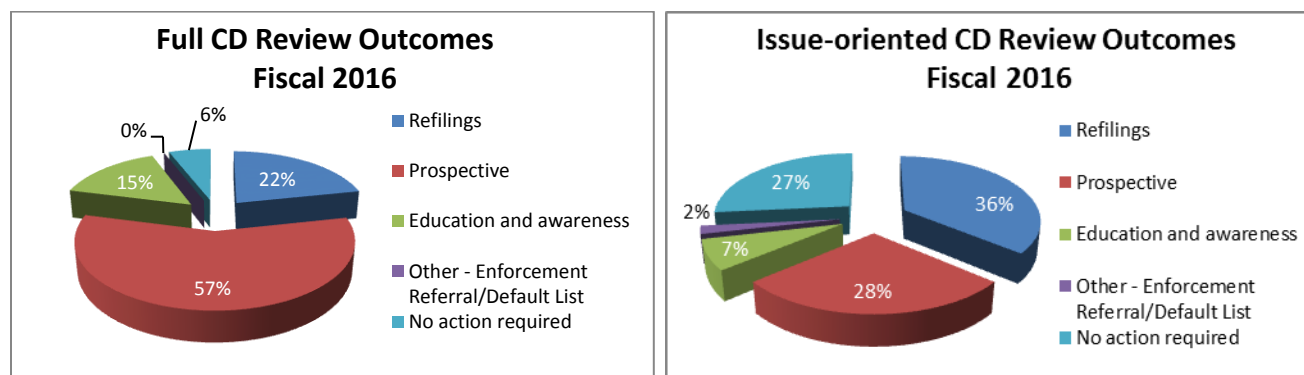
Sixteen percent of full reviews and three percent of IORs resulted in an issuer refiling a document. Examples of instances where staff requested refilings include: refiling of an MD&A relating to the disclosure of potentially misleading non-GAAP financial measures, refiling of a technical report not in compliance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101), or the filing of a clarifying news release when an issuer failed to update the market on material business developments.

As illustrated below, 71% of IOR outcomes were in the “education and awareness” category. This was mainly due to the nature of IORs conducted in fiscal 2017. For example, we reviewed (i) social media disclosures by reporting issuers and (ii) disclosure of cyber security risks and incidents of all Ontario-based S&P/TSX Composite Index issuers. These reviews raise market awareness through the publication of staff notices discussing review findings, staff disclosure expectations and providing examples of better industry specific disclosure.

Prospective disclosure enhancements address disclosures that were either not presented or sufficiently detailed to allow an informed investment decision but did not reach a level of materiality where a refiling would be necessary.



For reference, the following were the outcomes from fiscal 2016:



We encourage issuers to continue to review and improve their disclosure, including in those areas noted below which we frequently comment on as part of our reviews.

Trends and guidance

❖ *Management's Discussion and Analysis*

MD&A is the cornerstone of a reporting issuer's overall financial disclosure that provides an analytical and balanced discussion of the reporting issuer's results of operations and financial condition, through the eyes of management. We remind reporting issuers that disclosure must be useful and understandable. MD&A is a narrative explanation about the reporting issuer's performance during the financial period to supplement and complement the financial statements. MD&A must be transparent and clear to be informative. Reporting issuers should avoid boilerplate disclosure where the MD&A merely repeats information from the financial statements. Reporting issuers should also avoid disclosing information that users do not need or that does not provide insight into the issuer's past or future performance.

We encourage issuers to review MD&A requirements (Form 51-102F1 *Management's Discussion and Analysis*). We continue to be disappointed that many issuers struggle in providing meaningful disclosure in their MD&A, especially in the areas noted below.

Changes in accounting policies including initial adoption

- Discuss and analyze changes resulting from a change in accounting standards. Include disclosure such as the methods of adoption that the issuer expects to use, the expected effect on the issuer's financial statements, and potential effect on the issuer's business including changes in business practices. Provide increasingly detailed qualitative and quantitative information about the expected impacts of the new standards (e.g. IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*) as the effective dates approach.

Results of operations

- Include a detailed, analytical and quantified discussion of the various factors that affect revenues and expenses, beyond the percentage change or amount.

Risks and uncertainties

- Be specific about the material risks and uncertainties the issuer is facing, including the anticipated significance and impact those risks may have on the issuer's financial position, operations and cash flows. To make the information more meaningful, update risk disclosures when circumstances change.

Liquidity and capital resources

- Do not provide general statements such as "have adequate working capital to fund operations" or "have adequate cash resources to finance future foreseeable capacity expansions". Rather, provide insight beyond the numbers by discussing material cash requirements, explaining how liquidity obligations have been settled or will be settled and by quantifying working capital needs and how these needs relate to future business plans or milestones. Be specific about the periods to which your discussion applies.

- ❖ **Non-GAAP financial measures** – Many issuers include non-GAAP financial measures in news releases, MD&A, prospectus filings, websites and marketing materials, as these issuers believe this information provides additional insight into their overall performance. In some cases, we are quite concerned about the prominence of disclosure given to non-GAAP financial measures, the visibility and clarity of adjustments made, and the appropriateness of the adjustments themselves (e.g. excluding loan loss provisions from the calculation of net income and earnings per share (EPS) measures, defining an adjustment such as acquisition costs as "one-time" when these are recurring every year). When providing non-GAAP financial information, issuers should not mislead investors nor obscure the GAAP results.

While the volume and nature of non-GAAP financial measures vary by industry and issuer, we note below a few examples and reminders of staff's expectations:

- For mining issuers, non-GAAP financial measures are commonly used in describing production costs at producing mines and free cash flow at development projects. CSA Staff Notice 52-306 (Revised) – *Non-GAAP Financial Measures and Additional GAAP Measures* (CSA SN 52-306) applies to disclosure of the results of economic analyses and to disclosure of production results and production guidance. Specifically, we remind issuers disclosing non-GAAP financial measures on mineral projects that they should state clearly that the measure is a non-GAAP financial measure, apply that measure consistently from period to period and across documents, and provide a clear explanation of how the measure is calculated. Where non-GAAP financial measures are part of written disclosure that is not required to be filed as a CD document (for example, an investor presentation), the measures should be consistent with the non-GAAP financial measures disclosed in CD filings and clearly identified and explained.
- Non-GAAP financial measures are prevalent in the real estate industry. Recent reviews of real estate investment trusts (REITs) in Ontario have resulted in important disclosure improvements in this area, although inconsistencies remain in how these non-GAAP financial measures are presented vis-à-vis staff expectations in CSA SN 52-306. As distribution sustainability is of key importance to a REIT, issuers should adequately disclose the sources of cash flow for distributions in a particular period, the impact to the REIT and its ability to sustain distributions over the longer term.

One of a REIT's key ratios disclosed is the payout ratio, analyzed in terms of the REIT's distributions as a percentage of funds from operations (FFO) and adjusted funds from operations (AFFO), two of a REIT's main non-GAAP financial measures. We have noted concerns regarding the prominence of these non-GAAP financial measures, as well as unclear adjustments being made in deriving these non-GAAP financial measures. Improvements can still be made to enhance the transparency of REIT distribution disclosures when payout ratios are used.

- Other industries such as technology and biotechnology commonly present earnings before interest, taxes and depreciation (EBITDA), adjusted EBITDA and adjusted earnings per share. Our concerns in these cases are prominence of non-GAAP financial measures and the appropriateness of the adjustments being made. Non-GAAP financial measures generally should not describe adjustments as non-recurring, infrequent or unusual, when a similar loss or gain is reasonably likely to occur within the next two years or occurred during the prior two years. We remind issuers that in presenting EBITDA as a non-GAAP financial measure, it would be misleading to exclude amounts for items other than interest, taxes, depreciation and amortization.

We caution issuers that the OSC may take regulatory action if an issuer discloses information in a manner that is considered misleading or otherwise contrary to the public interest. While we have raised repeated reminders for issuers to meet staff disclosure expectations in prior fiscal Corporate Finance Branch Annual Reports and as outlined in CSA SN 52-306, we continue to see potentially misleading disclosures.

We will continue to actively review this topic in the coming fiscal year.

- ❖ **Forward-looking information (FLI)** – Many issuers disclose FLI in news releases, MD&A, prospectus filings, marketing materials, investor presentations or on their website. We continue to see generic factors and assumptions being disclosed. We also continue to see FLI assumptions not being quantified. Disclosure of specific and relevant material factors or assumptions including material risk factors underlying FLI is necessary for investors to understand how actual results may vary from FLI.

Some issuers disclose FLI in their prospectus or CD documents for a period beyond the issuer's next fiscal year end without providing reasonable and sufficient assumptions to support the FLI beyond the fiscal year end. Part 4B of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) states that an issuer must not disclose a financial outlook unless the financial outlook is based on assumptions that are reasonable in the circumstances. It further states that the financial outlook that is based on assumptions that are reasonable in the circumstances must, without limitation, be limited to a period for which the information in the financial outlook can be reasonably estimated. In many cases, that time period will not go beyond the end of the reporting issuer's next fiscal year. We may raise comments in respect of the reasonableness of the time period of FLI presented. Where FLI is presented for multiple years and is not sufficiently supported by reasonable qualitative and quantitative assumptions, we may ask issuers to limit the disclosure of FLI to a shorter period (for example, one or two years), for which reasonable support exists. For investors to assess whether the assumptions underlying the issuer's FLI are reasonable, the issuer should disclose those assumptions in the prospectus and CD documents (as applicable), both quantitatively and qualitatively. For example, an issuer projecting aggressive growth targets without the benefit of historical experience should be able to show (i) a reasonable basis for those targets, including the key drivers behind the projected growth with reference to specific plans and objectives that support the projected growth, and (ii) why management believes that each of the targets/FLI are reasonable.

We remind issuers that provide FLI that section 5.8 of NI 51-102 contains several important requirements (i) to update previously disclosed FLI when events or circumstances are reasonably likely to cause actual results to differ materially from the previously disclosed FLI (including

expected differences), and (ii) to include a comparison of actual results to previously disclosed financial outlook.

- ❖ **Social media disclosures** – In addition to the required CD filings, issuers often provide stakeholders with information about their business and operations in news releases, investor presentations on their website, as well as chat rooms, blogs and third party websites such as Facebook, LinkedIn and Twitter. This information can include FLI, such as forecasts or revenue targets. Regardless of the platform for dissemination, issuers must avoid early or selective disclosure and ensure that all material information is simultaneously filed on SEDAR. Social media disclosure cannot be misleading, unbalanced or insufficient to provide a complete picture, or inconsistent with information that has been disclosed on SEDAR. Lastly, we strongly encourage issuers to adopt a social media governance policy to enhance the integrity of disclosures provided in both regulatory filings as well as on social media. Please refer to the Issue-oriented review section below for the link to the CSA Staff Notice on social media.
- ❖ **Mining disclosure** – Issuers that disclose a preliminary economic assessment (PEA) on an advanced property containing mineral reserves are reminded that such disclosure is only permissible when those results are disclosed in a manner consistent with the CIM definitions incorporated by reference in NI 43-101. CSA's view on the definitions is outlined in CSA Staff Notice 43-307 *Mining Technical Reports – Preliminary Economic Assessments*. We continue to see non-compliant disclosure of PEAs in technical reports which incorporate the economic analyses, production schedules, and cash flow models based on inferred mineral resources with economic studies based on mineral reserves. Issuers that make such non-compliant disclosure may be required to amend and refile their technical report. We intend to continue monitoring this area closely.
- ❖ **Investment Entities** – We continue to see an increase in issuers that have determined they meet the criteria to be an "investment entity" under IFRS 10 *Consolidated Financial Statements* (IFRS 10) and measure substantially all of their investments at fair value through profit and loss, including their investments in subsidiaries. Our review uncovered disappointing trends and a broad concern with issuers understanding their disclosure obligations. We observed that, in certain cases, insufficient disclosures were being provided in issuers' MD&A on the investment entity's operations, investments and risks. Some issuers omitted the required fair value disclosures in the financial statements or did not provide sufficient disclosure to understand the investment portfolio composition, performance, investment strategies and oversight and related risks. We found instances where additional investee specific financial information and operational disclosure was necessary to inform an investment decision. Given the nature of investment entities, we encourage these issuers to consider if external expertise is needed to determine the fair value of private investments. As this is an emerging area, market participants may need to look through the corporate structure and look to other securities requirements for guidance. For example, investment entities with material mining or oil and gas investments need to consider the applicability of technical disclosure requirements. Please refer to the Issue-oriented review section below for the link to the CSA Staff Notice on investment entities.
- ❖ **Venture issuers** – On June 30, 2015, amendments to NI 51-102 came into force creating streamlined and tailored disclosure for venture issuers. Specifically, amendments included amongst other areas (i) allowing all venture issuers to meet interim MD&A requirements by preparing a "quarterly highlights" document and (ii) permitting venture issuers to use a new tailored form of executive compensation disclosure, Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* (Form 51-102F6V).

We have observed that since the amendments came into force, only a small percentage of reporting issuers have taken advantage of using these optional forms (less than 15%) at the time of the review. We reviewed the disclosure of a sample of venture issuers that indicated that they were using "quarterly highlights" to meet the requirements for their interim MD&A; we also

reviewed the disclosure of a sample of venture issuers that used Form 51-102F6V for their executive compensation disclosure.

Our review of venture issuers using the quarterly highlights indicates that the disclosure included in the quarterly highlights did not differ significantly, in most cases, from the disclosure previously provided in the interim MD&A (before the amendments came into force). Generally, venture issuers appropriately excluded from the quarterly highlights items not required under this form such as the “summary of quarterly results”, but otherwise in most cases there were no significant differences from prior disclosure. For example, if the discussion of financial performance was boilerplate in the reporting issuer’s prior interim MD&A, we did not see an improvement in the quality of this information in the quarterly highlights. Similarly, mining venture issuers do not need to repeat the history of a project in every MD&A (including quarterly highlights) if there are no significant differences from the previous disclosure.

In terms of the overall assessment of venture issuers’ executive compensation disclosure using Form 51-102F6V, while the disclosure was generally adequate, certain areas required some improvement. Most reporting issuers included all the required disclosure in the table of “Director and named executive officer compensation, excluding compensation securities”. However, a notable number of reporting issuers failed to provide a meaningful discussion of the “Oversight and description of director and named executive officer compensation”. The table of “Stock options and other compensation securities” did not always include all the information required. We view executive compensation disclosure as a key aspect of the overall stewardship and governance of a company. In preparing their disclosures, reporting issuers should review the requirements of Form 51-102F6V in order to help investors understand how decisions about executive compensation are made.

We encourage venture issuers and their advisors to review and consider adopting alternatives to streamline the information provided to their investors.

Issue-oriented review staff notices published in fiscal 2017

During fiscal 2017, 86% of our reviews were issue-oriented (fiscal 2016: 87%). We published staff notices summarizing the findings from four IORs covering broad issues.

Disclosure of **cyber security risks** and **incidents**

- To the extent that it is determined that cyber security risk is a material risk, reporting issuers are reminded to provide risk disclosure that is as detailed and entity specific as possible. In considering whether and when to disclose a cyber security incident, the issuer must determine whether it is a material fact or material change that requires disclosure in accordance with securities legislation. This determination is a dynamic process throughout the detection, assessment and remediation phases of a cyber security incident, and should consider direct impacts on the business as well as regulatory and reputational matters.

Compliance of social media disclosures with continuous disclosure requirements

- Reporting issuers need to improve the quality of their social media disclosures to comply with NI 51-102 to prevent unbalanced, misleading or selective disclosures.

Disclosure by **Investment Entities** of fair value measurements

- Reporting issuers need to improve their disclosures under IFRS 10 as well as to provide more fulsome and entity-specific information to investors.

Disclosure about **Women on Boards** and in **Executive Officer Positions**

- Non-venture issuers need to have policies regarding the representation of women on their board and in executive officer positions or explain reasons for not having such policies in place.

See the following links for the full staff notices:

[CSA Multilateral Staff Notice 51-347 *Disclosure of Cyber Security Risks and Incidents*](#)

[CSA Staff Notice 51-348 *Staff's Review of Social Media Used by Reporting Issuers*](#)

[CSA Multilateral Staff Notice 51-349 *Report on the Review of Investment Entities and Guide for Disclosure Improvements*](#)

[CSA Multilateral Staff Notice 58-308 *Staff Review of Women on Boards and in Executive Officer Positions - Compliance with NI 58-101 Disclosure of Corporate Governance Practices*](#)

We will continue to monitor the issues identified in the IORs noted above as well as issues identified in full reviews. This includes reviewing disclosure to confirm that issuers have provided prospective disclosure enhancements as requested by staff. Where an issuer fails to make a prospective disclosure enhancement, staff will consider whether an alternative action such as a refiling is necessary.

Participation fees

We review the participation fees paid by reporting issuers under OSC Rule 13-502 *Fees* (the Fee Rule) to ensure that the correct amounts have been paid.

We remind issuers that under the Fee Rule, an issuer must include in its calculation of annual participation fees all capital market debt distributed under a prospectus or prospectus exemption, even if these debt securities are not listed or quoted on a marketplace. An issuer must include those debt securities that are held by investors who reside outside of Ontario. Debt securities issued by non-reporting subsidiaries of the issuer are also required to be included in the capitalization of the issuer. Capital market debt securities are required to be included because together with equity securities, they give a fuller and more accurate representation of the size of the issuer and its participation in Ontario's capital market.

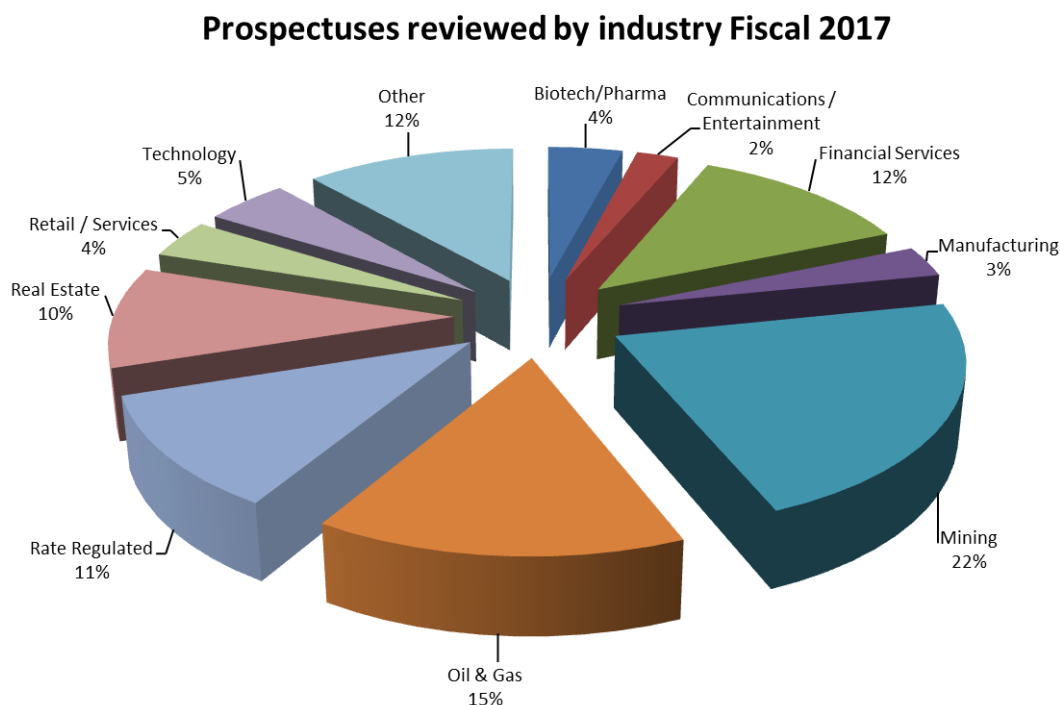
Issuer education and outreach

Issuer education and outreach from the program happens at both a micro level through direct communication with an issuer, as well as at a macro level through broad communications, such as staff notices. We also share the observations and findings of our review program through the Branch's outreach program for small and medium enterprises (SMEs) called The OSC SME Institute. Through the institute, we offer SMEs a series of free educational seminars to help them and their advisors understand the securities regulatory requirements for being or becoming a public company in Ontario, and participating in the exempt market. For further details see [Information for Small and Medium Enterprises](#) on the OSC's website. Finally, staff of the Branch give presentations from time to time at industry conferences, professional advisory firms' offices and provide staff views and commentary through various media mediums.

Offerings – Public

Statistics

Another key component of our compliance work is the review of offering documents. In fiscal 2017, we received approximately 400 prospectuses (fiscal 2016: over 300). These filings covered a wide range of industries with mining, oil and gas and financial services being the most active sectors based on the number of offerings.



Trends and guidance

In fiscal 2017, the number of prospectuses we reviewed where Ontario was the principal regulator was higher than the prior fiscal year. The resource and financial services industries continued to be active over fiscal 2017. We also continued to see offerings in a relatively new industry to the Canadian capital markets, medical marijuana. This emerging industry often requires enhanced disclosure due to regulatory uncertainty, differences in legal and regulatory frameworks across jurisdictions and other novel considerations that should be disclosed to investors. In light of the recent announcement by the Canadian Federal government on the proposed legalization of recreational marijuana, we expect to continue to see increased activity in the marijuana industry.

Key takeaways from our work reviewing offering documents in fiscal 2017 are set out below. Many of the matters highlighted could benefit from pre-file discussions between issuers and staff to avoid delays at the time of the prospectus filing. This process is outlined in National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*. For any relief sought in connection with an offering where the relief will be evidenced by receipt, issuers should provide written submissions explaining why relief is required and pay the appropriate application fee. For more information on the procedural steps the issuer should follow, please see [OSC Staff Notice 41-703 Corporate Finance Prospectus Practice Directive #2 – Exemption from Certain Prospectus Requirements to be Evidenced by a Receipt](#).

The guidance below also applies to prospectus-level disclosure included in an information circular in connection with a proposed significant acquisition or a restructuring transaction as required by Item 14.2 of Form 51-102F5 *Information Circular*.

- ❖ **Disclosure improvements** – Disclosure outcomes, where we required material disclosure changes to a prospectus, remained our most consistent outcome. Highlighted below are areas where we frequently find deficiencies.
 - *Description of business and regulatory environment* – This section of a prospectus needs to be clear and comprehensive as issues may arise in circumstances where an issuer:
 - appears to have no business or the offering is a blind pool,
 - has a complex corporate structure,
 - has a significant change in business/operations,
 - is in the medical marijuana industry and lacks disclosure about its specific regulatory environment, or
 - has recently completed a significant acquisition or capital restructuring where a securities regulatory review has not been carried out.
 - *Risk factors relating to the business and/or offering* – Be specific. Avoid boiler plate language and tailor the disclosure to the issuer’s situation (e.g. assess political/regulatory risk, discuss factors that may affect the issuer’s title to its assets). Discuss any steps the issuer has taken to mitigate the risk.
 - *MD&A disclosure in a long form prospectus* – Include relevant information and provide sufficient detail, especially regarding those items highlighted in this report under the heading “Compliance – Continuous Disclosure Review Program – Trends and Guidance”. MD&A in a long form prospectus should be just as comprehensive as a stand-alone MD&A.
 - *Use of proceeds* – Provide sufficient detail and be comprehensive. For example, generic phrases such as “for general corporate purposes” are insufficient disclosure. Provide an itemized description of how the proceeds will be used. In those rare instances where an allocation is not appropriate, explain management’s reasons for not allocating the funds and the purpose of the offering.
- ❖ **Asset vs. business acquisitions** – When an issuer makes an acquisition, there are instances where judgement is involved to determine whether the acquisition is an asset acquisition or a business acquisition. An acquisition could meet the definition of an asset acquisition under International Financial Reporting Standards, while the same acquisition could be considered a business acquisition for securities law purposes. The term “business” should be evaluated in light of the specific facts and circumstances. We generally consider the acquisition of a separate entity, a subsidiary or a division to be an acquisition of a business, and in certain circumstances, the acquisition of a smaller component of a company may also be considered an acquisition of a business, irrespective of whether or not financial statements were previously prepared for the business. We also generally view the acquisition of licenses, patents, royalties and intellectual property as “business” acquisitions for securities law purposes, as the revenue producing activity or potential revenue producing activity remains the same.

Part 8 of Companion Policy 51-102CP provides guidance in determining whether an acquisition constitutes the acquisition of a business. Specifically, in making that determination, an issuer should consider the continuity of business operations, including the following factors:

- (a) whether the nature of the revenue producing activity or potential revenue producing activity will remain generally the same after the acquisition; and

- (b) whether any of the physical facilities, employees, marketing systems, sales forces, customers, operating rights, production techniques or trade names are acquired by the issuer instead of remaining with the vendor after the acquisition.

If an existing reporting issuer completes an acquisition of a business that is considered significant, the BAR requirements under Part 8 of NI 51-102 would apply.

We encourage issuers and their advisors to consult with staff on a pre-file basis if there is uncertainty as to whether the acquisition is an asset acquisition or a business acquisition for securities law purposes.

- ❖ **Financial statement disclosure for certain significant acquisitions** – Where an issuer is raising proceeds to fund an acquisition that makes up a material portion of its business, or that is larger than the issuer’s existing business, the issuer should consider whether the prescribed disclosure that is normally required for a significant acquisition (as that term is used in Form 41-101F1 and Form 44-101F1) is sufficient for the prospectus to contain full, true and plain disclosure. Reporting issuers with an existing AIF should consider if their AIF needs to be supplemented with additional disclosure in the prospectus in light of the acquisition, and whether inclusion of additional audited financial statements is necessary. Venture issuers should consider whether additional disclosure is necessary for the prospectus to contain full, true and plain disclosure even if an acquisition does not meet the applicable asset or investment significance tests. We encourage issuers and their advisors to consult with staff on a pre-file basis on these issues to determine the appropriate level of disclosure.
- ❖ **Primary business in an initial public offering (IPO)** – An issuer filing an IPO prospectus must include in its prospectus a three-year financial history (two years for an IPO venture issuer) of the business that investors are investing in, even if this financial history spans across multiple legal entities over the three-year period. This includes the financial history for those businesses acquired or that will likely be acquired if those businesses are in the same primary business of the issuer. This provides investors with information on the issuer’s entire business, which is the subject of their investment.

In instances where there are multiple acquisitions in the same primary business of the issuer, we encourage issuers and their advisors to consult with staff on a pre-file basis to consider what financial statements of smaller immaterial acquisitions can be excluded from the prospectus. Results from applying the significance tests is not the only consideration when determining whether disclosure, including financial statements disclosure is necessary for the prospectus to contain full, true and plain disclosure. However, if the result from applying any of the significance tests is over 100% (i.e. the business represents more than half of the reporting issuer), it is important for investors to have the financial history of this business even though it is not in the same business as that of the primary business of the issuer.

- ❖ **Sufficiency of proceeds and financial condition of an issuer** – Securities legislation sets out specific circumstances under which a receipt for a prospectus shall not be issued. One example is where the aggregate proceeds being raised by an issuer through the prospectus (together with other resources) are insufficient to accomplish the purpose of the offering as stated in the issuer’s prospectus.

As such, a critical part of every prospectus review is considering the issuer’s financial condition and intended use of proceeds. A prospectus must contain clear disclosure of how the issuer intends to use the proceeds raised in the offering as well as disclosure of the issuer’s financial condition, including any liquidity concerns. In some instances, an issuer’s representations about its ability to continue as a going concern and the period during which it expects to be able to continue operations may be inconsistent with the issuer’s historical statements of cash flows (in particular, its cash flows from operating activities). In these cases, we may request that the

issuer provide a cash flow forecast or financial outlook-type disclosure to support its expected period of liquidity (i.e., ability to continue operations). However, disclosure on its own may not be sufficient to satisfy our receipt refusal concerns in certain circumstances.

For issuers filing a base shelf prospectus, we may take the view that the structure of a base shelf prospectus is not appropriate given the issuer's financial condition and uncertainty of financing. Typically, receipt refusal concerns on financial condition arise if the issuer does not appear to have sufficient cash resources to continue operations for the next 12 months or to meet concrete developmental milestones expected to be completed in the next 12 months. In these cases, to address our concern that incremental drawdowns may be insufficient to satisfy the issuer's short term liquidity requirements, we may request that the issuers:

- withdraw the base shelf and file a short form prospectus with a minimum subscription amount,
- withdraw the base shelf and file a short form prospectus with a fully underwritten commitment, or
- arrange for additional committed sources of financing.

Issuers, including those filing a base shelf or non-offering prospectus, should review [CSA Staff Notice 41-307 Corporate Finance Prospectus Guidance - Concerns regarding an issuer's financial condition and the sufficiency of proceeds from a prospectus offering](#).

- ❖ **Audit Committees in IPOs** - Where an issuer files an IPO prospectus, it must have an audit committee in place that meets the composition requirements prescribed in National Instrument 52-110 *Audit Committees* (NI 52-110) no later than the date of the receipt for the final prospectus.

This means that a non-venture issuer, subject to exemptions that are set out in NI 52-110 must have an audit committee in place that is composed of at least three members, all of whom are independent and financially literate as defined in NI 52-110. A venture issuer must have an audit committee in place that is composed of at least three members, a majority of whom are not executive officers, employees or control persons of the issuer or of an affiliate of the issuer.

- ❖ **Material contracts** – We encourage issuers to review all contracts entered into within the last financial year, or before the last financial year if the contract is still in effect, to determine whether the contract is a “material contract” that must be filed on SEDAR. While material contracts entered into in the ordinary course of business are generally exempt, we remind issuers that any material contract on which the issuer's business is substantially dependent must be filed.
- ❖ **Medical marijuana** – We expect that the growth of the marijuana industry will continue given the Canadian Federal government's introduction of legislation to legalize the recreational use of marijuana. Canadian licensed medical marijuana producers have conducted significant public equity financing over the last year and are investing heavily in production capacity expansion projects, the scale of which would likely only be utilized in the event of a legalized recreational marijuana market. If issuers publicly state that they are funding construction projects to expand their current production growth facilities in anticipation of the legalization of recreational marijuana in Canada, such disclosure should be qualified, as appropriate, by specific risk factor disclosure.

As issuers in the medical marijuana industry operate in a complex legal and regulatory framework, these issuers should consider filing on SEDAR their Health Canada licenses, and leases for facilities associated with those licenses, on which their business is substantially dependent.

- ❖ ***Blank cheque preferred shares where restricted shares are issued and outstanding*** – Where an issuer has a class of restricted shares issued and outstanding and its authorized share capital includes “blank cheque” preferred shares (i.e. preferred shares issuable in series, having such rights, restrictions and conditions as may be determined by the issuer’s board prior to the issuance) there is a concern that a future issuance of preferred shares may further restrict the rights of the existing class of restricted shares. In these circumstances, we will ask the issuer for an undertaking to provide staff with reasonable prior notice in the event that the issuer intends to issue a series of preferred shares with greater voting rights than those of the existing class of restricted shares. This will provide staff with sufficient time to consider what, if any, additional disclosure should be made to the future offering document.
- ❖ ***Prospectus filings generally*** – We remind issuers that a preliminary prospectus, together with all accompanying materials in acceptable form, should be filed before 12:00 p.m. on the day that the receipt is required. If materials are filed after 12:00 p.m., the receipt will normally be issued before 12:00 p.m. on the next business day and dated as of that day.

For those issuers filing a short form preliminary prospectus for a bought deal, issuers should advise the prospectus review officer by email at prospectusreviewofficer@osc.gov.on.ca before 12:00 p.m. that the preliminary prospectus will be filed by 3:00 p.m. on that day.

If issuers anticipate filing a preliminary prospectus within a reasonable period of time after 12:00 p.m. (or 3:00 p.m. for a bought deal prospectus) and need a receipt issued that day, they should advise the prospectus review officer and explain in the email the reason for not filing before the applicable deadline. We will attempt to accommodate these requests, but there is no assurance that a receipt will be issued on the same day.

Where an issuer plans to conduct an overnight marketed deal, the issuer should (a) advise the prospectus review officer by email no later than the morning of the day on which the receipt is required (but prior to filing the materials), and (b) file all materials in acceptable form before 12:00 p.m. that day. In such cases, we will make reasonable efforts to issue a receipt for the preliminary prospectus at or just after 4:00 p.m. on the day of the filing.

See [OSC Staff Notice 41-702 Prospectus Practice Directive #1 - Personal Information Forms and Other Procedural Matters Regarding Preliminary Prospectus Filings](#).

Update on Special Purpose Acquisition Corporations

In fiscal 2015, we received the first IPO prospectus filed by a special purpose acquisition corporation (SPAC) pursuant to *Part X Special Purpose Acquisition Corporations* of the Toronto Stock Exchange (TSX) Company Manual (SPAC Rules). The SPAC Rules, which were adopted in 2008, provide the framework for the IPO and listing of an issuer that has no operating business.

We have received eight SPAC IPO prospectuses to date, including one from a sponsor that created its second SPAC. While generally following the same structure, including placing 100% of the IPO proceeds into escrow, certain SPACs have differed in terms of the deadline for completing a qualifying acquisition, the targeted industry for its qualifying acquisition, the number of warrants issued and the potential for top-up payments payable to the escrow fund. The second generation SPAC has also adopted several changes based on terms found in U.S. SPAC IPOs.

To date, four issuers have completed a qualifying transaction, two issuers have redeemed their securities due to not being able to meet their acquisition deadline and two SPACs are seeking a qualifying acquisition. We note that IPO purchasers do not have statutory liability rights for a misrepresentation about the acquired business (as that information is only disclosed in a non-offering prospectus at the time of the qualifying acquisition). To address this concern, we have required SPACs at the time of filing a non-offering prospectus to provide a contractual right of action for rescission or damages to all IPO purchasers for misrepresentation in the non-offering prospectus.

Offerings – Exempt Market

Recent changes to increase access to the exempt market have expanded investment opportunities for all investors, including retail investors. The OSC recognizes the need to be vigilant in its oversight of these markets as they evolve under the new regulatory framework. Our program for overseeing distributions in the exempt market, including those under the new prospectus exemptions, has three main elements:

Assessing compliance

- To assess whether issuers are complying with their disclosure obligations.

Enhancing awareness

- To help issuers better understand their disclosure obligations.

Gathering data regarding the use of the prospectus exemptions

- To be able to analyze and report on the use of prospectus exemptions.

Our Branch and the Compliance and Registrant Regulation Branch of the OSC have primary responsibility for oversight of compliance in the exempt market. Both branches are working to coordinate and conduct the compliance reviews of issuers and registrants.

Assessing compliance

As part of the compliance and oversight program, the OSC oversees issuers and registrants that distribute securities under prospectus exemptions to confirm whether they are complying with their respective obligations.

We use a risk-based approach to select issuers for review. As part of our reviews, we look at offering materials that are distributed to investors. In reviewing the offering materials, we will look to identify misuse of the exemptions and conduct that may be contrary to the public interest. Where warranted, we will take appropriate compliance and cross-branch referral action, including recommendations regarding enforcement action.

Oversight activities for the 2017 fiscal year focused primarily on the use of the offering memorandum exemption (OM Exemption) under s. 2.9 of National Instrument 45-106 *Prospectus Exemptions* (NI 45-106), which came into force on January 13, 2016.

Enhancing awareness

We issued comment letters to issuers in connection with reviews primarily for the following reasons:

- failure to comply with the disclosure requirements of the OM Exemption, including financial statement requirements;
- failure to file marketing materials;
- insufficient disclosure regarding the business of the issuer, such as operating history and information regarding the issuer's mortgage portfolio (if applicable); and
- out of date disclosure.

❖ **Disclosure requirements**

Of those reviews that have been concluded, a primary outcome was enhanced issuer awareness of the requirements and issuers undertaking to make prospective disclosure enhancements. These enhancements aim to improve disclosure so that a potential investor could make an informed investment decision and understand the risks of the investment.

❖ **Marketing materials**

Any marketing materials used in connection with a distribution under the OM Exemption must be incorporated into the prescribed form of offering memorandum and filed with the OSC (either as an attachment to a report of exempt distribution or through the OSC electronic filing portal) within 10 days of the first use of the materials. This requirement is subject to a limited exception that allows the use of an OM standard term sheet. We found in several instances that issuers have delivered or made available materials to prospective investors without filing those materials.

We also remind issuers that use exemptions other than the OM Exemption, such as the accredited investor exemption, family, friends and business associates (FFBA) exemption, private issuer exemption or minimum amount exemption, to consider the requirements of OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (OSC Rule 45-501) regarding disclosure provided in connection with the distribution of securities. Material purporting to describe the business and affairs of an issuer that are prepared primarily for prospective investors will generally fall within the definition of "offering memorandum" in section 1(1) of the Act. While the use of such documents is voluntary and not subject to specific form requirements, Part 5 of OSC Rule 45-501 provides that statutory rights of action in favour of a purchaser of securities will apply if the material contains a misrepresentation. Furthermore, an issuer is required to include a description of these statutory rights and deliver the material to the OSC within 10 days. These requirements may apply to materials such as investor presentations, letters or brochures.

❖ **Ongoing disclosure requirements**

Issuers are required to make their annual audited financial statements reasonably available to each purchaser of securities distributed under the OM Exemption and to deliver the financial statements to the OSC. These financial statements must be accompanied by a notice detailing the use of funds raised under the exemption in accordance with Form 45-106F16 *Notice of Use of Proceeds*.

As indicated in Appendix D of the Fee Rule, we remind issuers that a fee for the late delivery of annual financial statements to the OSC will be levied.

We also remind issuers that when filing audited annual financial statements, issuers should do so on the OSC's [electronic filing portal](#) by selecting "Annual financial statements required to be delivered pursuant to s. 2.9 (17.5) of NI 45-106 *Prospectus Exemptions*." Alternatively, the audited annual financial statements can be attached to the issuer's latest OM if an updated OM is being filed concurrently.

Gathering data regarding the use of the prospectus exemptions

A detailed report regarding the use of prospectus exemptions in Ontario during 2015 and 2016 is available at [OSC Staff Notice 45-715 2017 Ontario Exempt Market Report](#).

We remind issuers and investors that new prospectus exemptions were recently introduced including 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

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. A large number (approximately 57% of Canadian issuers) of small issuers participated in Ontario's exempt market. Small issuers are defined as issuers raising less than \$1 million annually.

There was a notable increase in both the number of small Canadian issuers and the gross proceeds raised by these issuers from 2015 to 2016. 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.

Real estate and mortgage investment issuers represented a significant majority of the issuers using the new prospectus exemptions and raised most of the funds under the exemptions. In particular, mortgage investment entities (MIEs) were amongst the most active users of the OM and FFBA exemptions. As a result, most of the issuers we reviewed were real estate issuers or MIEs. We will continue to monitor the use of exemptions to improve compliance and inform future policy-making.

❖ **Priorities**

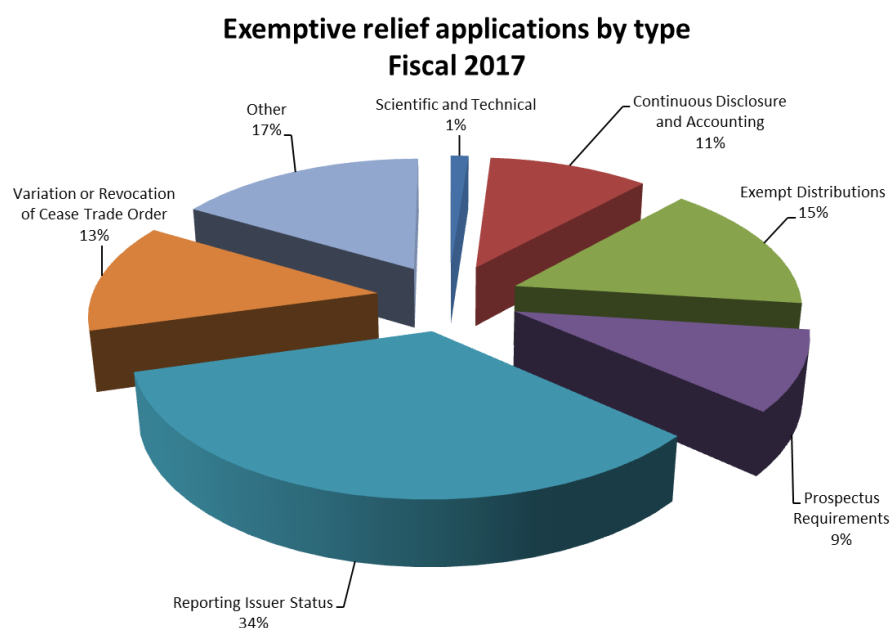
We expect to continue to focus on the distributions under the OM Exemption in the next fiscal year. In addition, we will prioritize reviews of distributions in the real estate and mortgage sector as we consider issues related to the transition of syndicated mortgage investments to the securities regulatory regime. Please refer to "Part C - Responsive Regulation - Syndicated Mortgages" in this report for more details regarding the transfer of regulatory oversight of syndicated mortgage investments.

Exemptive Relief Applications

Staff reviews and makes recommendations to appropriate decision makers on applications for exemptive relief. The review standard for granting relief varies, but it generally requires a decision maker to determine that granting the requested relief would not be prejudicial to the public interest.

Statistics

In fiscal 2017, we reviewed over 170 applications for exemptive relief from various securities law requirements (fiscal 2016: over 160).



Trends and guidance

The number of applications received in fiscal 2017 was moderately higher than fiscal 2016, although the proportion of the various types of applications was generally consistent. Applications for relief in connection with reporting issuer status remained the predominant type of application, followed by exempt distributions and partial or full revocations of cease trade orders.

On June 23, 2016, amendments to Multilateral Instrument 11-102 *Passport System* (MI 11-102) came into force in CSA jurisdictions other than Ontario expanding the passport system to cover applications to cease to be a reporting issuer and Multilateral Instrument 11-103 *Failure-To-File Cease Trade Orders in Multiple Jurisdictions* (MI 11-103) was implemented. See [CSA Notice of Publication of Multilateral Instrument 11-102 Passport System and Multilateral Instrument 11-103 Failure-to-File Cease Trade Orders in Multiple Jurisdictions](#) for further information.

Although Ontario has not adopted MI 11-102 and MI 11-103, two new policies were developed to provide an interface between Ontario and the other CSA jurisdictions to make the securities regulatory system as efficient and effective as possible for all reporting issuers in Ontario and the other CSA jurisdictions:

- [National Policy 11-206 Process for Cease to be a Reporting Issuer Applications](#) (NP 11-206)

- [National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions](#) (NP 11-207)

The amendments and implementation of new rules and policies introduced a more efficient process for the filing and review of applications to cease to be a reporting issuer and revocations of failure-to-file cease trade orders. The changes also coordinated the process for jurisdictions to reciprocate failure-to-file cease trade orders, where applicable.

We will continue to monitor the types of applications we receive and the exemptive relief granted to determine whether we should consider changes to our rules or policies.

Key takeaways from our exemptive relief work in fiscal 2017 are set out below.

- ❖ **Revocation of a cease trade order that has been breached** – If an issuer has breached the terms of a cease trade order, it can still seek a revocation. However, we will ask for disclosure of the circumstances surrounding the breach in the draft decision document which staff will consider in making a recommendation in connection with the issuer’s application. In some cases, staff will not recommend granting a revocation order in the face of one or more breaches of the cease trade order. Staff may also consider whether breaches of a cease trade order warrant enforcement action.

We remind issuers and their advisors that “trade” is defined broadly in the Act and includes acts in furtherance of a trade such as advertising or soliciting investors, directly or indirectly, to promote a trade.

- ❖ **Revocation of a long standing cease trade order** – Where an issuer with a long standing cease trade order seeks a revocation, the review process may take longer than usual as staff will review the issuer’s updated CD record to consider whether it is sufficient for investors to make an informed decision. In some cases, we may require an issuer to provide a written undertaking that it will not execute a reverse takeover of, a restructuring transaction involving, or a significant acquisition of a business outside of Canada unless the issuer files with the OSC and obtains a receipt for a final prospectus containing the disclosure required for the transaction.
- ❖ **Revocation of failure-to-file cease trade orders** – Under MI 11-103 and local statutory provisions adopted by certain CSA jurisdictions: (i) a failure-to-file cease trade order will generally result in the same prohibition or restriction in other participating jurisdictions; and (ii) a reporting issuer will generally deal only with the regulator that issued the failure-to-file cease trade order if it is seeking a revocation or variation of this order that has the same result in multiple jurisdictions.

NP 11-207 outlines the interface process for Ontario to opt into decisions to issue and revoke failure-to-file cease trade orders made by other CSA regulators. We remind issuers that in Ontario, as a result of amendments to the Act and the Fee Rule, the OSC can treat the filing of the CD document referred to in a failure-to-file cease trade order that has been in effect for 90 days or less as an application for the revocation of the cease trader order. An application and related fee is not required in this circumstance.

- ❖ **Applications for a decision that an issuer is not a reporting issuer** – We receive a significant number of these applications each fiscal year and our process for reviewing them is currently set out in NP 11-206. The process for Ontario-only applications for such a decision is set out in [OSC Staff Notice 12-703 Applications for a Decision that an Issuer is not a Reporting Issuer](#), which was revised on June 16, 2016.

Foreign issuers who seek a decision that they are no longer a reporting issuer should review the “modified procedure” to consider details that help support such an application. Staff will generally ask issuers to describe the due diligence that was conducted in order to make the representations

that residents of Canada do not own more than 2% of each class of outstanding securities and do not comprise more than 2% of the total number of securityholders. We also remind issuers that there should be sufficient time between the required news release announcing the application and the issuance of the order to provide securityholders with the opportunity to object to the order.

- ❖ **Business acquisition report (BAR) relief** – Relief from the BAR requirements continues to represent a significant number of applications reviewed by the Branch. We remind reporting issuers that the cost or time involved in preparing and auditing the financial statements required to be included in the BAR are not generally viewed by staff as relevant factors when considering whether to recommend relief. Reporting issuers should file their BAR relief applications early to avoid going into default.

We acknowledge that significance test calculations may, in rare circumstances, result in anomalous results. In these cases, issuers should still be able to demonstrate that an acquisition is not significant. To that effect, staff may consider on a case-by-case basis alternative metrics in support of a determination that an acquisition is not significant from a practical, commercial or financial perspective. In recommending relief, staff will consider the relevance and breadth of alternative metrics presented.

- ❖ **Applications for prospectus and registration relief in connection with employee share offerings by a foreign issuer** – We have received a number of applications for forward looking (5 years) prospectus and dealer registration relief in connection with global employee share offerings by foreign public companies which typically involve a special purpose investment vehicle (SPIV). We have generally recommended that the requested relief be granted provided that certain representations remain true and correct for any subsequent employee offering and subject to certain customary conditions relating to first trade in securities.

Under these types of offerings, employees are sometimes provided with an opportunity to participate in a “leveraged plan” under which the SPIV will enter into a swap (a type of derivative) with a financial institution and use the funding to purchase an additional number of shares (e.g., 10 additional shares) on behalf of the employee. We have generally recommended, as a condition of exemptive relief in respect of leveraged plans, that distributions of units of a SPIV to employees in Ontario be made through an investment dealer. Accordingly, if an issuer intends to apply for exemptive relief for an SPIV involving a leveraged plan but without the involvement of an investment dealer, we recommend that the issuer make a pre-filing sufficiently in advance of when the relief is required to allow staff a reasonable period of time to consider the matter. Please see [OSC Staff Notice 33-748 Annual Summary Report for Dealers, Advisers and Investment Fund Managers](#) for a detailed discussion on this matter.

- ❖ **Applications for prospectus relief generally** – Issuers and their advisors should carefully consider whether the OSC has previously granted the requested relief with facts and circumstances similar to those of the issuer. Where relief is novel, staff’s review will take longer and this process often involves consulting with the CSA. Issuers and their advisors may wish to consider whether a pre-file is appropriate for such novel applications. See [National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions](#).

Insider Reporting

We review compliance of reporting insiders and issuers with insider reporting requirements through a risk-based compliance program. We actively and regularly assist filers and their agents by providing guidance on filing matters.

The objective of our insider reporting oversight work is two-fold:

- compliance
- education and outreach

Insider reporting serves a number of functions, including deterring improper insider trading based on material undisclosed information and increasing market efficiency by providing investors with information concerning the trading activities of insiders, and, by inference, the insiders' views of the respective issuer's future prospects. Non-compliance affects the integrity, reliability and effectiveness of the insider reporting regime, which in turn has a negative impact on market efficiency. Where we identify non-compliance, we reach out to filers and request remedial filings. Filers should make remedial filings as soon as they become aware of an error to accurately inform investors of their activities and to avoid any further late filing fees.

We educate filers through our compliance reviews and we also reach out to new reporting issuers directly to inform them of insider reporting obligations. We encourage issuers to implement insider trading policies and monitor insider trading to meet best practice standards in National Policy 51-201 *Disclosure Standards*. Issuers and insiders should also review guidance provided in [OSC Staff Notice 51-726 Report on Staff's Review of Insider Reporting and User Guides for Insiders and Issuers](#).

Guidance and filing tips

We remind issuers and their insiders that the definition of "reporting insider" can be found in National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (NI 55-104). Issuers and insiders should also refer to the definition of "significant shareholder" and the interpretation of "control" in NI 55-104 as well as the interpretation of "beneficial ownership" in the Act when determining who is required to file on SEDI. Understanding these definitions and interpretations will help filers identify and comply with their obligations.

We also encourage issuers and insiders to refer to the filing tips provided below to avoid some of the common errors we observed during the most recent fiscal year.

❖ **Tips for issuers**

- Check your issuer profile supplement to ensure your insider affairs contact is up to date.
- Ensure that your issuer profile supplement shows all your security designations.
- If you have engaged in a normal course issuer bid recently, set up an insider profile on SEDI to report acquisitions.
- The exemption in Part 5 of NI 55-104 does not apply to the acquisition of options or similar securities or related financial instruments (e.g. deferred share units, restricted share awards or stock appreciation rights) granted to a director or an officer. Rather, you must comply with Part 6 of NI 55-104 and file an issuer grant report within 5 days of the grant date if you want

insiders to have the benefit of the delayed reporting exemption available for these transactions.

- In filing an issuer grant report, disclose all of the details required by NI 55-104. If you have not, your reporting insiders cannot rely on the exemption in Part 6 of NI 55-104 and may be subject to late filing fees.
- Create deferred share units, restricted share awards and other similar securities under the security category of "issuer derivative" on SEDI. Creating these under the category of "equity" is incorrect.

❖ **Tips for insiders**

- Check your insider profile to ensure the contact information is correct.
- File an amended insider profile within 10 days of any change in your name, your relationship to an issuer or if you have ceased to be a reporting insider of an issuer.
- File insider reports on SEDI to reflect all of your securities holdings and related transactions for an issuer. For example, if you have recently received a grant of stock options or other form of compensation under a reporting issuer's compensation plan, you are required to file an insider report disclosing those holdings.
- For securities exchangeable, exercisable or convertible into other securities of the issuer, disclose all of the details required by 55-102F2 *Insider Report*, including the exercise price and expiry date.
- File reports on transactions in securities over which you have control or direction or beneficial ownership.
- Consider whether you can rely on any of the exemptions in Part 9 of NI 55-104. For example, the "corporate group" reporting exemption in section 9.5 of NI 55-104 is not available where securities representing 10% or more of voting rights in a reporting issuer are held for an individual through a holding corporation which the individual controls. In such cases, both the individual and the corporation must file insider reports.
- Review CD filings of the reporting issuer (e.g., management information circulars) that include your securities holdings for accuracy and completeness. Report any discrepancies to the reporting issuer.

Designated Rating Organizations

In April 2012, the CSA implemented a regulatory oversight regime for credit rating agencies (CRAs) through National Instrument 25-101 *Designated Rating Organizations* (NI 25-101). The regime recognizes and responds to the role of CRAs in our credit markets, and the role of CRA-issued ratings which are referred to in securities rules and policies. Under the regime, the OSC has the authority to designate a CRA as a DRO, to impose terms and conditions on a DRO, and to revoke a designation order, or change its terms and conditions, where the OSC considers it in the public interest to do so.

There are currently four CRAs that have been designated as DROs in Canada under NI 25-101: DBRS Limited, Fitch Ratings, Inc., Moody's Canada Inc., and S&P Global Ratings Canada. In Canada, the OSC is the principal regulator of these DROs.

We conduct reviews of DROs using a risk-based approach. Our reviews focus on credit rating activities of the CRAs in Canada or in respect of Canadian issuers.

When we identify a concern, or an area of material non-compliance, we may take various actions depending on the nature of the observation and the perceived or potential harm to the marketplace. This may include, but is not limited to, recommending changes to the DRO's policies, procedures or information and documents on the DRO's website, or requiring training or specified oversight of DRO staff in areas where we have seen non-compliance with the DRO's policies or procedures.

Proposed rule amendments and policy changes

On July 6, 2017, the CSA published for comment proposed rule amendments and policy changes related to DROs and credit ratings of DROs.

The CSA is proposing to amend NI 25-101 to reflect new European Union (EU) requirements for credit rating organizations, to ensure the EU continues to recognize the Canadian regime as "equivalent" for regulatory purposes after these new requirements go into effect on June 1, 2018. The proposed amendments would allow credit ratings of a Canadian office of a DRO to continue to be used for regulatory purposes in the EU.

To ensure that NI 25-101 continues to reflect the International Organization of Securities Commissions (IOSCO) Code of Conduct Fundamentals for Credit Rating Agencies (the Code), the proposed amendments also reflect new provisions in the March 2015 version of the Code.

CSA staff are also proposing to amend National Instrument 44-101 *Short Form Prospectus Distributions* and National Instrument 44-102 *Shelf Distributions* to recognize the credit ratings of Kroll Bond Rating Agency, Inc. (Kroll), but only for the purposes of the alternative eligibility criteria for issuers of asset-backed securities to file a short form prospectus or shelf prospectus, respectively. Kroll would only be designated as a DRO if the proposed rule amendments are enacted as final rule amendments and come into effect following any necessary Ministerial approvals. At this time, CSA staff do not anticipate proposing that Kroll be designated as a DRO for purposes of other credit rating provisions in securities rules and policies.

Stakeholders are invited to submit their comments in writing by October 4, 2017.

Part C: Responsive Regulation

Responsive Regulation

Overview

The OSC continues to play a leading role in several significant policy initiatives with other securities regulators in the CSA in addition to policy initiatives that are applicable only in Ontario. This section reports on the status of certain of these initiatives:

- exempt distribution reporting
- distributions of securities outside of Ontario
- syndicated mortgages
- climate change related disclosures
- reducing regulatory burden for non-investment fund reporting issuers

Exempt Distribution Reporting

In June 2016, the CSA introduced a new harmonized report of exempt distribution which replaced two existing forms. This harmonized report will:

- reduce the compliance burden for issuers and underwriters by having a harmonized report of exempt distribution, and
- provide securities regulators with the necessary information to facilitate more effective regulatory oversight of the exempt market and improve analysis for policy development purposes.

See [CSA Notice of Amendments to National Instrument 45-106 Prospectus Exemptions Relating to Reports of Exempt Distribution](#) for further information on the new report.

On July 7, 2016, the CSA published a staff notice addressing the granting of an exemption for certain foreign issuers from the requirement in Schedule 1 of the new report to identify whether a purchaser is a registrant or an insider of the issuer. The OSC made as a rule an amendment instrument providing for this exemption in Ontario. The amendment instrument came into force on July 29, 2016.

For more information, see:

- [CSA Staff Notice 45-320 Exemptions for Certain Foreign Issuers from the Requirement to Identify Purchasers as Registrants or Insiders in Reports of Exempt Distribution](#)
- [Ontario Amendment Instrument Amending National Instrument 45-106 Prospectus Exemptions](#)
- [CSA Staff Notice 45-308 \(Revised\) Guidance for Preparing and Filing Reports of Exempt Distribution](#)

On September 29, 2016, the CSA published revised guidance that included:

- clarification regarding the certification of the report,
- guidance on the reasonable steps the underwriter filing the report should undertake to obtain and confirm the required information regarding the issuer,
- guidance on the procedures that an issuer or underwriter could implement in order to reasonably confirm that a purchaser meets the conditions for a particular exemption,
- guidance on the increased flexibility for completing Schedule 1 for purchasers in certain circumstances who may qualify under more than one paragraph of the definition of “accredited investor”, and

- guidance on disclosure of an issuer’s North American Industry Classification Standard code that corresponds to the issuer’s primary business activity where there is ambiguity on the appropriate code.

On June 8, 2017, the CSA, other than British Columbia Securities Commission, published for a 90-day comment period proposed amendments to the report. The British Columbia Securities Commission anticipates that, subject to receiving the necessary approvals, it will, in the near future, publish for comment amendments that are consistent with those published by the rest of the CSA.

The proposed amendments:

- provide greater clarity and flexibility regarding the certification requirement of the report while still supporting the regulatory objectives of filed reports being true and complete, and
- streamline certain information requirements to assist filers in completing the report while still providing us with the information necessary for oversight and policy development.

Proposed Foreign Issuer Resale Exemption

On June 29, 2017, the OSC, along with the CSA, published for comment proposed amendments to National Instrument 45-102 *Resale of Securities* (NI 45-102). These proposed amendments represent the first phase of a broader CSA policy project to review and modernize the Canadian resale regime for prospectus-exempt securities of both reporting and non-reporting domestic and foreign issuers.

If approved, these amendments to NI 45-102 would introduce a new prospectus exemption for the resale of securities of non-reporting foreign issuers (the Proposed Foreign Issuer Resale Exemption). The Proposed Foreign Issuer Resale Exemption is intended to address feedback we have received that the maximum ownership conditions in the existing resale exemption in section 2.14 of NI 45-102 have become an impediment to participation by certain market participants in prospectus-exempt offerings by foreign issuers.

A key feature of the Proposed Foreign Issuer Resale Exemption is the replacement of the maximum ownership conditions with a new “foreign issuer” test. If adopted, the Proposed Foreign Issuer Resale Exemption would exempt the resale of securities where the issuer is not a reporting issuer in any jurisdiction of Canada if:

- the resale is made on an exchange or a market outside of Canada, or is made to a person or company outside of Canada, and
- the issuer is a “foreign issuer”.

The comment period for these proposed amendments to NI 45-102 ends on September 27, 2017. See [CSA Notice and Request for Comment on Proposed Amendments to National Instrument 45-102 Resale of Securities, Proposed Changes to Companion Policy 45-102CP to National Instrument 45-102 Resale of Securities, Proposed Consequential Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, and Proposed Consequential Changes to National Policy 11-206 Process for Cease to be a Reporting Issuer Applications](#).

Distributions of Securities Outside of Ontario

Concurrently with the publication of the CSA's Proposed Foreign Issuer Resale Exemption on June 29, 2017, the OSC republished for comment a revised OSC Rule 72-503 Distributions Outside of Canada (Proposed OSC Rule 72-503) and related materials (the OSC Distributions Out Proposal). See [Notice and Request for Comment on Proposed OSC Rule 72-503 Distributions Outside of Canada and Companion Policy 72-503CP to OSC Rule 72-503 Distributions Outside of Canada](#).

The key change from the OSC's initial publication of proposed OSC Rule 72-503 last summer (2016) was to remove resale provisions from the rule in order to facilitate the harmonization of resale treatment under NI 45-102 and, in particular, under the proposed Foreign Issuer Resale Exemption.

If approved, the OSC Distributions Out Proposal would modernize and replace Interpretation Note 1 Distributions of Securities outside Ontario, bringing greater certainty to cross-border activities in Ontario by providing explicit exemptions from prospectus and registration requirements.

The comment period for the 2017 OSC Distributions Out Proposal ends on September 27, 2017.

Syndicated Mortgages

Subsections 35(4) and 73.2(3) of the Act provide that mortgages sold by persons registered or exempt from registration under mortgage brokerage legislation are exempt from the registration and prospectus requirements in Ontario. These exemptions currently include syndicated mortgages, which are defined as mortgages in which two or more persons participate, directly or indirectly, as the mortgagee. As such, syndicated mortgage investments are primarily regulated by the Financial Services Commission of Ontario (FSCO).

As detailed in the 2017 Ontario Budget, the government plans to transfer regulatory oversight of syndicated mortgage investments from FSCO to the OSC. This is consistent with the manner in which these products are regulated in most other provinces.

Going forward, the government will work with both FSCO and the OSC to plan an orderly transfer of the oversight of these products.

Climate Change Related Disclosures

The disclosure practices of issuers in relation to climate-related risks and financial impacts have attracted significant international attention in recent years. Many investors who are concerned about business risks and financial impacts associated with climate change are requesting improved disclosure of such risks and impacts, and the actions being taken to address them. In addition, the demand for improved disclosure has resulted in the proposal of a number of voluntary frameworks for disclosure of climate-related risks and impacts, culminating in the publication in June 2017 of a set of recommendations by the Financial Stability Board's Task Force on Climate-related Financial Disclosures.

As a result, on March 21, 2017, the CSA announced a project to review the disclosure by Canadian reporting issuers of risks and financial impacts associated with climate change.

Pursuant to this project, we will:

- Review climate-related disclosure requirements in the securities laws of certain international jurisdictions, such as Australia, the United Kingdom and the United States, as well as recommendations contained in voluntary disclosure frameworks for climate-related disclosure, including those published by the International Integrated Reporting Council, the

Global Reporting Initiative, the Sustainability Accounting Standards Board and the Financial Stability Board's Task Force on Climate-Related Financial Disclosures.

- Review public disclosure by Canadian reporting issuers in both their mandatory CD filings and voluntary sustainability disclosure, to assess the extent to which these filings currently include disclosure concerning material climate-related risks and financial impacts, and the governance processes related to them.
- Gather feedback from TSX-listed reporting issuers through an anonymous online survey about climate-related disclosure and associated costs.
- Conduct focused consultations with investors, reporting issuers and other stakeholders.

Following our review, we will publish a progress report outlining the findings of our review. We will also determine whether a further regulatory response is required to enhance climate-change related disclosure.

Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers

The OSC 2016-2017 Statement of Priorities noted that the OSC would continue to try to identify opportunities to avoid or reduce undue burdens and seek opportunities to streamline regulatory measures that balance improving the fairness, efficiency and competitiveness of Ontario's capital markets while maintaining appropriate safeguards for investors. Additionally, the current CSA Business Plan identifies a review of the regulatory burden on reporting issuers as one of the CSA's key initiatives for 2016-2019.

Changes brought on by shifts in market conditions, investor demographics, technological innovation and globalization all have a real impact on reporting issuers. As capital markets evolve, the OSC's approach to regulation needs to reflect the realities of business for Canadian reporting issuers to remain competitive.

In collaboration with the CSA, the OSC published CSA Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* (the Consultation Paper) on April 6, 2017. The purpose of the Consultation Paper is to identify and consider areas of securities legislation applicable to non-investment fund reporting issuers that could benefit from a reduction of undue regulatory burden, without compromising investor protection or the efficiency of the capital market.

Potential areas identified in the Consultation Paper to reduce regulatory burden in the public markets include:

- Expanding the application of streamlined rules for smaller reporting issuers
- Simplifying prospectus rules and process requirements, which could include:
 - reducing the audited financial statement requirement in an IPO prospectus
 - streamlining other prospectus requirements
 - consideration of an alternative prospectus model
 - facilitating at-the-market offerings
 - facilitating cross-border offerings
 - further liberalizing the pre-marketing and marketing regime
- Reducing ongoing disclosure requirements, which could include:
 - removing or modifying the criteria to file a business acquisition report
 - reducing disclosure requirements in annual and interim filings
 - permitting semi-annual reporting

- Eliminating overlap in regulatory requirements, which could include:
 - eliminating overlap between the disclosure requirements of IFRS and Form 51-102F1
 - eliminating overlap between the various National Instrument 51-102 forms
 - consolidating the requirements of the MD&A, AIF and financial statements into one document

- Identifying ways to enhance electronic delivery of documents

The OSC continues to work with securities regulators in the other CSA jurisdictions to consider all comments received on the Consultation Paper and assess the scope and timing of any further work to reduce regulatory burden for non-investment fund reporting issuers. In collaboration with the CSA, the OSC intends to publish an update on next steps when this assessment has been completed. For more information, see [CSA Consultation Paper 51-404 Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers](#).



The OSC Inquiries & Contact Centre operates from 8:30 a.m. to 5:00 p.m. Eastern Time, Monday to Friday, and can be reached on the Contact Us page on the OSC website at:

osc.gov.on.ca

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

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1.5 Notices from the Office of the Secretary

1.5.1 Sino-Forest Corporation et al.

**FOR IMMEDIATE RELEASE
September 19, 2017**

**IN THE MATTER OF
SINO-FOREST CORPORATION,
ALLEN CHAN,
ALBERT IP,
ALFRED C.T. HUNG,
GEORGE HO,
SIMON YEUNG and
DAVID HORSLEY**

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

A copy of the Order dated September 18, 2017 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Two Harbors Investment Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from the prospectus requirements to allow U.S. company to spin off shares of a partially owned company that it invested assets in to investors by way of a distribution *in specie* – distribution not covered by legislative exemptions – U.S. parent company is a public company in the U.S. but is not a reporting issuer in Canada – U.S. parent company has a *de minimis* presence in Canada – no investment decision required from Canadian shareholders in order to receive distributions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5., as am., ss. 53, 74(1).

September 12, 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
TWO HARBORS INVESTMENT CORP.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for an exemption (the **Exemption Sought**) from the prospectus requirement contained in the Legislation in connection with the proposed distribution (the **Distribution**) by the Filer of common stock (the **GPMT Shares**) of Granite Point Mortgage Trust Inc. (**GPMT**), a majority-owned subsidiary of the Filer, by way of a *pro rata* dividend *in specie* to holders (the **Filer Shareholders**) of common stock of the Filer (the **Filer Shares**) who are resident in Canada (the **Filer Canadian Shareholders**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Northwest Territories, Nunavut and Yukon.

Interpretation

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

Representations

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

1. The Filer is a Maryland corporation focused on investing in, financing and managing residential mortgage-backed securities, mortgage servicing rights, and other financial assets. The Filer was incorporated on May 21, 2009, and commenced operations as a publicly traded company on October 28, 2009, upon completion of a merger with Capitol Acquisition Corp., or Capitol, which became a wholly owned indirect subsidiary of the Filer as a result of the merger. The Filer has elected to be treated as a real estate investment trust (**REIT**), as defined under the *Internal Revenue Code of 1986*, as amended, for U.S. federal income tax purposes. The Filer's corporate headquarters are located at 590 Madison Avenue, 36th Floor New York, NY 10022 U.S.A.
2. The Filer is externally managed and advised by PRCM Advisers LLC, which is a subsidiary of Pine River Capital Management L.P. (**Pine River**), a global multi-strategy asset management firm with a head office at 601 Carlson Parkway, 7th Floor Minnetonka, MN 55305 U.S.A.
3. The Filer is not a reporting issuer, and has no intention of becoming a reporting issuer, under the securities laws of any province or territory of Canada.

4. The authorized capital stock of the Filer consists of 900,000,000 Filer Shares and 50,000,000 shares of preferred stock, of which as of August 7, 2017 there were 348,972,325 Filer Shares, 5,750,000 shares of Series A preferred stock and 11,500,000 shares of Series B preferred stock issued and outstanding.
5. The Filer Shares are listed on the New York Stock Exchange (**NYSE**) under the symbol "TWO". The Filer Shares are not listed or posted for trading on any exchange or market in Canada and the Filer has no intention of listing its securities on any exchange or market in Canada.
6. The Filer is subject to the United States *Securities Exchange Act of 1934*, as amended (the **1934 Act**) and the rules, regulations and orders promulgated thereunder.
7. According to a geographic breakdown of registered shareholders prepared for the Filer by its transfer agent, Wells Fargo Shareowner Services, as at July 17, 2017, there were two registered Filer Canadian Shareholders holding 20,7460 Filer Shares in the aggregate (one in Ontario holding 18,9600 Filer Shares and one in British Columbia holding 1,7860 Filer Shares), representing approximately 0.47% of the registered shareholders of the Filer worldwide and approximately 0.000059% of the outstanding Filer Shares. The Filer does not expect these numbers to have materially changed since that date.
8. Based on a geographic analysis of beneficial ownership prepared for the Filer by Broadridge Financial Solutions, Inc., as at July 18, 2017 there were 1,583 beneficial Filer Canadian Shareholders holding approximately 6,665,336 Filer Shares, representing approximately 1.81% of the beneficial holders of Filer Shares worldwide (based on the number of beneficial shareholders worldwide as of March 2017) and 1.91% of the outstanding Filer Shares. The Filer does not expect these numbers to have materially changed since those dates.
9. Based on the information above, the number of Filer Canadian Shareholders and the proportion of Filer Shares held by such shareholders, is *de minimis*.
10. GPMT is a Maryland corporation that focuses primarily on directly originating, investing in, financing and managing senior commercial mortgage loans and other debt and debt-like commercial real estate investments. GPMT intends to elect to be taxed as a REIT as defined under the United States *Internal Revenue Code of 1986*, as amended. GPMT was formed to continue and expand the commercial real estate lending business established by the Filer. GPMT was incorporated on April 7, 2017 and its corporate headquarters are located at 590 Madison Avenue, 36th Floor New York, NY 10022 U.S.A.
11. GPMT is externally managed and advised by Pine River, by the same team that managed the commercial real estate lending business while it was conducted by the Filer.
12. GPMT completed its initial public offering (the **GPMT IPO**) in the United States on June 28, 2017. Prior to the closing of the GPMT IPO, GPMT had no substantive operations.
13. Concurrently with the closing of the GPMT IPO, GPMT completed a formation transaction with the Filer (the **Formation Transaction**) pursuant to which GPMT acquired the equity interests in its predecessor, TH Commercial Holdings LLC, and its portfolio of 41 commercial real estate debt investments, from the Filer in exchange for, amongst other things, 33,071,000 GPMT Shares (the **Consideration Shares**).
14. Upon the closing of the GPMT IPO and the Formation Transaction, the Filer owned, and continues to own, 33,071,000 GPMT Shares representing approximately 76.5% of outstanding GPMT Shares.
15. GPMT is not a reporting issuer under the securities laws of any province or territory of Canada. To the knowledge of the Filer, GPMT has no intention of becoming a reporting issuer under the securities laws of any province or territory of Canada.
16. The authorized capital stock of GPMT consists of 450,000,000 GPMT Shares and 50,000,000 shares of preferred stock, of which as of August 14, 2017 there were 43,234,205 GPMT Shares and no shares of preferred stock issued and outstanding.
17. The GPMT Shares are listed on the NYSE under the symbol "GPMT". GPMT Shares are not listed on any exchange or market in Canada and, to the knowledge of the Filer, GPMT has no intention of listing its securities on any exchange or market in Canada.
18. Subject to applicable law and certain exceptions with respect to fractional shares, as described below, and any jurisdictions where the distribution is illegal, the Filer intends to distribute all of the Consideration Shares on a *pro rata* basis and by way of a special dividend *in specie*, to Filer Shareholders as of a record date to be declared by the Filer's board of directors and the Distribution is expected to occur in October of 2017.

19. The Filer Shareholders will not be required to pay any cash, deliver any other consideration or surrender or exchange their Filer Shares, or take any other action in order to receive the Consideration Shares in connection with the Distribution. The Distribution will not cancel or affect the number of outstanding Filer Shares and the Filer Shareholders will retain their Filer Share certificates, if any. The Distribution will occur automatically and without any investment decision on the part of the Filer Shareholders. Neither the Formation Transaction nor the Distribution requires the Filer Shareholders' approval under United States law.
20. No fractional GPMT Shares will be distributed in connection with the Distribution. Instead, as soon as practicable after the Distribution, the distribution agent for the Distribution will aggregate all fractional shares into whole GPMT Shares, sell the whole GPMT Shares in the open market at prevailing market prices and distribute the net cash proceeds from the sales *pro rata* to each Filer Shareholder who otherwise would have been entitled to receive a fractional share in the Distribution.
21. The Distribution will not require registration under the *Securities Act of 1933*, as amended (the **U.S. Securities Act**) because the Distribution will meet the conditions for exemption from registration under Staff Legal Bulletin No. 4 (**SLB No. 4**) and will therefore not constitute a "sale" of securities within the meaning of section 2(a)(3) of the U.S. Securities Act.
22. The Filer Canadian Shareholders who receive the Consideration Shares pursuant to the Distribution will receive the same information as other Filer Shareholders about the ratio the Filer will use to compute the number of Consideration Shares distributed per Filer Share, how fractional shares will be treated and the expected tax consequences of the Distribution. The Filer Canadian Shareholders will have access to all disclosure documents of the Filer via the U.S. Securities and Exchange Commission's Website at <https://www.sec.gov/edgar.shtml>, as such documents are available to any other Filer Shareholders.
23. Following the completion of the Distribution, Filer Canadian Shareholders who receive Consideration Shares pursuant to the Distribution, to the extent they continue to hold such shares, will be treated as any other GPMT Shareholder and will be concurrently sent the same disclosure materials required to be sent under applicable U.S. laws that GPMT sends to its shareholders in the United States.
24. There will be no active trading market for the GPMT Shares in Canada following the Distribution

and none is expected to develop. Consequently, it is expected that any resale of GPMT Shares distributed in the Distribution will occur through the facilities of the NYSE or any other exchange or market outside of Canada on which the GPMT Shares may be quoted or listed at the time that the trade occurs or to a person or company outside of Canada.

25. The Distribution to Filer Canadian Shareholders would be exempt from the Prospectus Requirement pursuant to subsection 2.31(2) of NI 45-106 *Prospectus Exemptions* but for the fact that GPMT is not a reporting issuer under the securities legislation in any jurisdiction of Canada.
26. Neither the Filer nor GPMT is in default of any of its obligations under the securities legislation of any jurisdiction in Canada.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted on the condition that the first trade in GPMT Shares acquired pursuant to the Distribution will be deemed to be a distribution unless the conditions in section 2.6 or subsection 2.14(1) of National Instrument 45-102 *Resale of Securities* are satisfied.

"Garnet Fenn"
Commissioner
Ontario Securities Commission

"Robert P. Hutchinson"
Commissioner
Ontario Securities Commission

2.1.2 Hewlett Packard Enterprise Company

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Dual application for Exemptive Relief Applications – Application for relief from prospectus requirements for spin-off by a U.S. publicly traded company to investors by issuing shares of spun-off entity – Distribution not covered by legislative exemptions – There is no market for the securities of the issuer in Canada – SpinCo will become a U.S. publicly traded company – The number of Canadian participants and their share ownership are *de minimis* – Relief granted, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 74.

TRANSLATION

August 30, 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
HEWLETT PACKARD ENTERPRISE COMPANY
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption (the **Exemption Sought**) from the prospectus requirements contained in the Legislation in connection with the distribution (the **Spin-Off**) by the Filer of the shares of Class A common stock of Seattle SpinCo, Inc. (**Newco**), a wholly-owned subsidiary of the Filer, by way of a dividend in specie to holders (**Filer Shareholders**) of shares of common stock of the Filer (**Filer Shares**) resident in Canada (**Filer Canadian Shareholders**).

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 (the **Principal Regulator**);
- (b) the Filer has provided notice that subsection 4.7(1) of *Regulation 11-102 respecting Passport System (Regulation 11-102)* is intended to be relied upon in each of the other jurisdictions of Canada, other than 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 *Regulation 14-101 respecting Definitions* and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation incorporated in Delaware with principal executive offices in Palo Alto, CA, U.S.A. The Filer is a leading global provider of enterprise technology infrastructure, software services, consulting and support services and financial services related to information technology investment.
2. The Filer is a reporting issuer in Québec and is not a reporting issuer under the securities legislation of any other jurisdiction of Canada and, currently, has no intention of becoming a reporting issuer under the securities legislation of any other jurisdiction of Canada.
3. The authorized capital of the Filer consists of 9.6 billion Filer Shares and 300 million shares of preferred stock. As of May 31, 2017, there were approximately 1.643 billion Filer Shares issued and outstanding and 1,825,840 shares of preferred stock issued and outstanding.
4. Filer Shares are listed on the New York Stock Exchange (the **NYSE**) and trade under the symbol "HPE". Filer Shares are not listed or posted for trading on any exchange or market in Canada and, currently, the Filer has no intention of listing or posting its securities on any exchange or market in Canada.
5. The Filer is subject to the 1934 Act and the rules, regulations and orders promulgated thereunder.
6. Based on a spreadsheet that breaks down the Filer's record holders by domicile from Wells Fargo Shareowner Services (the Filer's transfer

- agent) (the “**Wells Fargo Report**”), as of July 10, 2017, there were 929 registered Filer Canadian Shareholders (109 of whom are in Québec), representing approximately 1.43% of the registered holders of the Filer worldwide, holding approximately 357,813 Filer Shares (57,545 of which are held in Québec), representing approximately 0.02% of the outstanding Filer Shares as of such date. The Filer does not expect these numbers to have materially changed since that date.
7. Based on a "Geographic Analysis Report" of beneficial holders provided by Broadridge Financial Solutions, Inc. obtained by the Filer as of July 19, 2017, there were 11,521 beneficial Filer Canadian Shareholders (1,960 of whom are in Québec), representing approximately 1.80% of the beneficial holders of Filer Shares worldwide, holding approximately 26,663,832 Filer Shares (1,631,597 of which are held in Québec), representing approximately 1.63% of the outstanding Filer Shares (which percentage was based on certain information contained in the Wells Fargo Report). The Filer does not expect these numbers to have materially changed since that date.
 8. Based on the information above, the number of registered and beneficial Filer Canadian Shareholders and the proportion of Filer Shares held by such shareholders is de minimis.
 9. The Filer is proposing to spin-off its software business segment into a newly formed company, Seattle SpinCo, Inc., through a series of transactions. These transactions are expected to result in the Spin-Off by the Filer, pro rata to its shareholders of all of the shares in the Class A common stock of Newco (**Newco Shares**), which will be 100% of the Newco Shares outstanding immediately prior to such distribution. Seattle MergerSub, Inc. (**Seattle Merger Sub**), a wholly-owned subsidiary of Micro Focus International plc (**Micro Focus**), will immediately merge (the **Merger**) with Newco, with Newco being the surviving company and continuing as a subsidiary of Micro Focus. As part of the Merger, each share of Newco will be converted into the right to receive a number of American depositary shares (**Micro Focus ADSs**) representing ordinary shares of Micro Focus (**Micro Focus Shares**) such that after the Merger, pre-Merger Newco Shareholders will hold Micro Focus ADSs representing approximately 50.1% of the outstanding Micro Focus Shares on a fully diluted basis.
 10. Following the Spin-Off, Newco will cease to be a wholly-owned subsidiary of the Filer and upon the Merger, Newco will continue as an indirect wholly-owned subsidiary of Micro Focus.
 11. Newco is a Delaware corporation with principal executive offices in Palo Alto, CA, U.S.A. It is currently a wholly-owned subsidiary of the Filer that, at the time of the Spin-Off, will hold the Filer's software business segment. Seattle Merger Sub is a Delaware corporation with principal executive offices in Palo Alto, CA, U.S.A.
 12. As of the date hereof, all of the issued and outstanding Newco Shares are held by the Filer, and no other shares or classes of stock of Newco are issued and outstanding.
 13. Filer Shareholders will not be required to pay any consideration for the Newco Shares, or to exchange or surrender Filer Shares or take any other action to receive their Newco Shares. The Spin-Off and Merger will occur automatically and without any investment decision on the part of Filer Shareholders.
 14. Micro Focus is a public limited company constituted under the laws of the United Kingdom and headquartered in Newbury, the United Kingdom. Micro Focus is an infrastructure software company that develops, sells and supports software products and solutions internationally. It provides software products in the areas of collaboration, endpoint management, file and networking services, identity and access management, information archiving, security management, terminal emulation, and software delivery and testing.
 15. Micro Focus has applied to have the Micro Focus ADSs listed on the NYSE. Micro Focus ADSs are expected to begin trading on the NYSE on September 1, 2017. Micro Focus Shares are, and after the Merger are expected to continue to be, listed on the London Stock Exchange.
 16. After the completion of the Spin-Off, the Filer is planning to continue to be listed and traded on the NYSE.
 17. Micro Focus is not a reporting issuer in any jurisdiction in Canada nor are its securities listed on any Canadian stock exchange. Pursuant to the Spin-Off and Merger, Micro Focus will become a reporting issuer under the QSA by operation of law. To the knowledge of the Filer, Micro Focus has no intention of becoming a reporting issuer in any other jurisdiction of Canada or to list its securities on any Canadian stock exchange after the completion of the Spin-Off and Merger.
 18. The Spin-Off and Merger will be effected under the laws of the State of Delaware.
 19. Because the Spin-Off will be effected by way of a dividend of Newco Shares to Filer Shareholders, no shareholder approval of the proposed

- transaction is required (or being sought) under Delaware law.
20. In connection with the Spin-Off, Newco has filed with the SEC on August 3, 2017 a registration statement on Form 10 (**Registration Statement**) under the 1934 Act detailing the proposed Spin-Off.
21. After the SEC has completed its review of the Registration Statement, Filer Shareholders will receive a notice of Internet availability of an information statement (**Information Statement**) detailing the terms and conditions of the Spin-Off and forming part of the Registration Statement. All materials relating to the Spin-Off sent by or on behalf of the Filer and Newco in the United States (including a notice of Internet availability of the Information Statement) will be sent concurrently to Filer Canadian Shareholders.
22. The Information Statement will contain prospectus level disclosure about Newco as required to comply with the SEC requirements for Form 10.
23. Filer Canadian Shareholders will have the same rights and remedies in respect of the disclosure documentation received in connection with the Spin-Off that are available to Filer Shareholders in the United States.
24. Following the completion of the Spin-Off, Micro Focus will be subject to the requirements of the 1934 Act and the rules and regulations of the NYSE.
25. Micro Focus will send concurrently to holders of Micro Focus ADS and Micro Focus Shares in Canada the same disclosure materials required to be sent under applicable United States securities laws to holders of such securities in the United States.
26. Newco will send concurrently to holders of its shares in Canada the same disclosure materials required to be sent under applicable United States securities laws to holders of its shares in the United States.
27. There will be no active trading market for the Filer Shares, Newco Shares, Micro Focus Shares or the Micro Focus ADSs in Canada following the Spin-Off and none is expected to develop. Consequently, it is expected that any resale of Micro Focus ADSs will occur through the facilities of the NYSE, and any resale of Micro Focus Shares will occur through the facilities of the London Stock Exchange.

28. The distribution to Filer Canadian Shareholders of Newco Shares in connection with the Spin-Off would be exempt from the prospectus requirements pursuant to subsection 2.31(2) of NI 45-106 but for the fact that Newco will not be a reporting issuer at the time of the distribution under the securities legislation of any jurisdiction of Canada.
29. Neither the Filer, Newco nor Micro Focus is in default of any securities legislation in any jurisdiction of Canada.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted, provided that the first trade in the Newco Shares acquired pursuant to the Spin-Off will be deemed to be a distribution unless the conditions in section 2.6 or subsection 2.14(1) of *Regulation 45-102 respecting Resale of Securities* are satisfied.

“Lucie J. Roy”

Directrice principale du financement des sociétés

2.1.3 BNP Paribas Securities Corp.

Headnote

U.S. registered broker dealer exempted from dealer registration under paragraph 25(1) of the Act for provision of prime brokerage services – relief limited to trades in Canadian securities for institutional permitted clients – relief is subject to sunset clause.

Applicable Legislative Provisions

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as amended ss. 25(1), 74(1).

Instruments Cited

Multilateral Instrument 11-102 Passport System, s. 4.7.

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 8.5, 8.18, 8.21.

National Instrument 81-102 Investment Funds.

September 15, 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
BNP PARIBAS SECURITIES CORP.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer (the **Application**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from dealer registration under section 25(1) of the *Securities Act* (Ontario) (the **Act**) in respect of Prime Services (as defined below) relating to securities of Canadian issuers and that are provided in Canada to Institutional Permitted Clients (as defined below) (the **Exemption Sought**).

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

- (a) the Ontario Securities Commission (**OSC**) is the principal regulator for this Application, and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada in which the Filer relies on the exemption found in section 8.18 [*International dealer*] of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) other than the province of Alberta (the **Passport Jurisdictions** and together with the Jurisdiction, the **Jurisdictions**).

Interpretation

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

For the purposes of this decision, the following term has the following meaning:

“Institutional Permitted Client” shall mean a “permitted client” as defined in section 1.1 of NI 31-103, except for: (a) an individual, (b) a person or company acting on behalf of a managed account of an individual, (c) a person or company referred to in paragraph (p) of that definition unless that person or company qualifies as an Institutional Permitted Client under another paragraph of that definition, or (d) a person or company referred to in paragraph (q) of that definition unless that person or company has net assets of at least \$100 million as shown on its most recently prepared financial statements or qualifies as an Institutional Permitted Client under another paragraph of that definition.

Representations

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

1. The Filer is a corporation incorporated under the laws of the State of Delaware, United States of America (U.S.) and its head office is located at 787 7th Avenue, New York, New York, 10019, United States of America. The Filer is wholly owned by BNP Paribas North America, Inc. BNP Paribas North America, Inc. is a wholly-owned subsidiary of Paribas North America, Inc. Paribas North America, Inc. is a wholly-owned subsidiary of BNP Paribas.
2. The Filer is registered as a broker-dealer with the United States (**U.S.**) Securities and Exchange Commission (**SEC**) and is a member of the Financial Industry Regulatory Authority (**FINRA**). This registration and membership permits the Filer to provide Prime Services (as defined below) in the U.S.
3. The Filer is a member of a number of major U.S. securities exchanges, including the New York Stock Exchange (**NYSE**), NYSE ARCA and the Chicago Board of Options Exchange. The Filer is also a member of the CME Group (including the Chicago Board of Trade) and other principal U.S. commodity exchanges, and trades through affiliated or unaffiliated member firms on other global exchanges, including exchanges in Canada.
4. The Filer is a full service US broker-dealer that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments, insurance companies and investment firms. Services provided to clients by the Filer include securities brokerage, clearance and settlement services and related financing and record keeping services. The Filer also acts as a dealer and provides underwriting, investment banking, corporate advisory and other related services traditionally provided by a full service broker-dealer, including execution and clearing services. As a full service broker-dealer, the Filer engages in principal trading in furtherance of its market-making, risk-mitigating hedging and underwriting activities.
5. “Prime Services” provided by the Filer principally consists of the following: (a) settlement, clearing and custody of trades; (b) financing of long inventory; (c) securities borrowing and/or lending pursuant to a securities lending agreement or delivering securities on behalf of a client pursuant to a margin agreement, in each case, to facilitate client short sales; and (d) reporting of positions, margin and other balances and activity. For greater clarity, Prime Services do not include execution of trades in securities.
6. The Filer wishes to provide Prime Services in the Jurisdictions to Institutional Permitted Clients (the **Prime Services Clients**).
7. In the case of a Prime Services Client that is an investment fund subject to Part 6 of National Instrument 81-102 Investment Funds (**NI 81-102**), the custodianship requirements in Part 6 of NI 81-102 would only permit the Filer to provide the Prime Services to the investment fund as a sub-custodian of the investment fund in respect of portfolio assets held outside Canada.
8. Prime Services Clients seek Prime Services from the Filer in order to separate the execution of a trade from the clearing, settlement, custody and financing of a trade. This allows the Prime Services Client to use many executing brokers, without maintaining an active, ongoing custody account with each executing broker. It also allows the Prime Services Client to consolidate settlement, clearing, custody and financing of securities in an account with the Filer.
9. The Filer’s Prime Services Clients directly select their executing brokers. The Filer does not require their Prime Services Clients to use specific executing brokers through which Prime Services Clients must execute trades. Prime Services Clients send trade orders to the executing broker who carries out the trade. The executing broker will be an appropriately registered dealer or a person or company relying on an exemption from dealer registration that permits such executing broker to execute the trade for Prime Services Clients.
10. The Filer provides the Prime Services after the execution of the trade, but any commitment to provide financing or to lend or borrow securities in relation to a trade may be made prior to the execution of the trade. The executing broker will communicate the trade details to a Prime Services Client and the Filer or the Filer’s clearing agent, as applicable. A

Prime Services Client will also communicate the trade details to the Filer. For trades executed on a Canadian marketplace, the Filer will typically need to clear and settle the trades through a participant of the Canadian depository, clearing and settlement hub, CDS Clearing and Depository Services Inc.

11. The Filer exchanges money or securities and holds the money or securities in an account for each Prime Services Client. If the Filer is clearing and settling the trade through a clearing agent, the Filer's clearing agent exchanges money or securities and holds the money or securities in an omnibus account for the Filer, which in turn maintains a record of the position held for the Prime Services Client on its books and records.
12. On or following settlement, the Filer provides the other Prime Services as set out in paragraph 5.
13. The Filer enters into written agreements with all of its Prime Services Clients for the provision of Prime Services.
14. On September 2, 2011, in CSA Staff Notice 31-327 Broker-Dealer Registration in the Exempt Market Dealer Category, the Canadian Securities Administrators (**CSA**) stated that they had concerns with firms applying for registration in and with firms registered in the category of exempt market dealer (**EMD**) who were carrying on brokerage activities, including trading listed securities. In light of these regulatory concerns, firms applying for registration were instead registered in the restricted dealer category with terms and conditions. The interim restricted dealer registrations were time limited and were intended to allow applicants to engage in limited activities while the CSA reviewed the activities of firms registered in the category of EMD and restricted dealer.
15. On February 7, 2013, in CSA Staff Notice 31-333 Follow-up to Broker-Dealer Registration in the Exempt Market Dealer Category, the CSA stated that they would be publishing amendments to NI 31-103 that would prohibit exempt market dealers from trading in a security if the security is listed, quoted or traded on a marketplace and if the trade in the security does not require reliance on a further exemption from the prospectus requirement (the Rule Amendments). The CSA stated that restricted dealers conducting brokerage activities in accordance with the terms and conditions of their registration would have their registration and any related exemptive relief extended to the date the Rule Amendments came into effect.
16. The Rule Amendments came into effect on July 11, 2015. Since the implementation of the Rule Amendments, only investment dealers that are dealer members of the Investment Industry Regulatory Organization of Canada (**IIROC**) or firms relying on an applicable exemption from the dealer registration requirement are permitted to engage in trading in a security if the security is listed, quoted or traded on a marketplace and if the trade in the security does not require reliance on a further exemption from the prospectus requirement in the Jurisdictions.
17. The Filer is relying on the "international dealer exemption" under section 8.18 [*International dealer*] of NI 31-103 in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Québec and Saskatchewan.
18. The Filer is not registered under NI 31-103, is in the business of trading in securities, and in the absence of the Exemption Sought, would not be able to provide the full range of Prime Services in the Jurisdictions in respect of securities of Canadian issuers without registration, except as permitted under section 8.5 [*Trades through or to a registered dealer*], under the exemptions found in paragraphs (a), (b) and (f) of subsection 8.18(2) [*International dealer*], and under section 8.21 [*Specified debt*] of NI 31-103.
19. The Filer is subject to regulatory capital requirements under the *Securities Exchange Act of 1934* (the **1934 Act**), specifically SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* (**SEC Rule 15c3-1**) and SEC Rule 17a-5 *Reports to be Made by Certain Brokers and Dealers* (**SEC Rule 17a-5**). The Filer has been approved by the SEC pursuant to SEC Rule 15c3-1 to use the alternative method of computing net capital contained in Appendix E to SEC Rule 15c3-1, and therefore files such supplemental and alternative reports as may be prescribed by the SEC. The Alternative Net Capital (ANC) method provides large broker-dealers meeting specified criteria, such as the Filer, with an alternative to use mathematical models such as the value at risk model to calculate capital requirements for market and derivatives related credit risk. The Filer, which uses the ANC method, must document and implement a comprehensive internal risk management system which addresses market, credit, liquidity, legal and operational risk at the firm.
20. SEC Rule 15c3-1 requires that the Filer account for any guarantee of debt of a third party in calculating its excess net capital when a loss is probable and the amount can be reasonably estimated. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, take a deduction from net capital when both of the preceding conditions exist. The Filer does not guarantee the debt of any third party.
21. SEC Rule 15c3-1 is designed to provide protections that are substantially similar to the protections provided by the capital formula requirements and specifically risk adjusted capital to which dealer members of IIROC are subject, and

the Filer is in compliance with SEC Rule 15c3-1 and is in compliance in all material respects with SEC Rule 17a-5. If the Filer's net capital declines below the minimum amount required, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 17a-11 *Notification Provisions for Brokers and Dealers (SEC Rule 17a-11)*. The SEC and FINRA have the responsibility to provide oversight over the Filer's compliance with SEC Rule 15c3-1 and SEC Rule 17a-5.

22. The Filer is required to prepare and file a financial report, which includes Form X-17a-5 (the **FOCUS Report**) which is the financial and operational report containing a net capital calculation, and a compliance report annually with the SEC and FINRA pursuant to SEC Rule 17a-5(d). The FOCUS Report provides a more comprehensive description of the business activities of the Filer, and more accurately reflects those activities including client lending activity, than would be provided by Form 31-103F1 *Calculation of Excess Working Capital (Form 31-103F1)*. The net capital requirements computed using methods prescribed by SEC Rule 15c3-1 are based on all assets and liabilities on the books and records of a broker-dealer whereas Form 31-103F1 is a calculation of excess working capital, which is a computation based primarily on the current assets and current liabilities on the books and records of the dealer. The Filer is up-to-date in its submissions of annual reports under SEC Rule 17a-5(d), including the FOCUS Report.
23. The Filer is subject to regulations of the Board of Governors of the U.S.A. Federal Reserve Board (**FRB**), the SEC, and FINRA regarding the lending of money, extension of credit and provision of margin to clients (the **U.S. Margin Regulations**) that provide protections that are substantially similar to the protections provided by the requirements regarding the lending of money, extension of credit and provision of margin to clients to which dealer members of IIROC are subject. In particular, the Filer is subject to the margin requirements imposed by the FRB, including Regulation T, and under applicable SEC rules and under FINRA Rule 4210. The Filer is in compliance in all material respects with applicable U.S. Margin Regulations.
24. The Filer holds customer assets in accordance with Rule 15c3-3 of the 1934 Act, as amended (**SEC Rule 15c3-3**). SEC Rule 15c3-3 requires the Filer to segregate and keep segregated all "fully-paid securities" and "excess margin securities" (as such terms are defined in SEC Rule 15c3-3) of its customers from its proprietary assets. In addition to the segregation of customers' securities, SEC Rule 15c3-3 requires the Filer to deposit an amount of cash or qualified government securities determined in accordance with a reserve formula set forth in SEC Rule 15c3-3 in an account entitled "Special Reserve Account for the Exclusive Benefit of Customers" of such Filer at separate banks and/or custodians. The combination of segregated securities and cash reserve are designed to ensure that the Filer has sufficient assets to cover all net equity claims of its customers and provide protections that are substantially similar to the protections provided by the requirements dealer members of IIROC are subject. If the Filer fails to make an appropriate deposit, the Filer is required to notify the SEC and FINRA pursuant to SEC Rule 15c3-3(i). The Filer is in material compliance with the possession and control requirements of SEC Rule 15c3-3.
25. The Filer is a member of the Securities Investors Protection Corporation (**SIPC**) and, subject to the eligibility criteria of SIPC, Prime Services Clients' assets held by the Filer are insured by SIPC against loss due to insolvency.
26. The Filer is in compliance in all material respects with U.S. securities laws. The Filer is not in default of securities legislation in any jurisdiction in Canada.
27. The Filer submits that the Exemption Sought would not be prejudicial to the public interest because:
 - (a) the Filer is regulated as a broker-dealer under the securities legislation of the U.S., and is subject to the requirements listed in paragraphs 19 to 26,
 - (b) the availability of and access to Prime Services is important to Canadian institutional investors who are active participants in the international marketplace,
 - (c) the Filer will provide Prime Services in the Jurisdictions only to Institutional Permitted Clients,
 - (d) the OSC has entered into a memorandum of understanding with the SEC regarding mutual assistance in the supervision and oversight of regulated entities that operate on a cross-border basis in the U.S. and Canada, and
 - (e) the OSC has entered into a memorandum of understanding with FINRA to provide a formal basis for the exchange of regulatory information and investigative assistance.
28. At the request of the Alberta Securities Commission, the Filer will not rely on subsection 4.7(1) of MI 11-102 to passport this decision into Alberta.
29. The Filer is a "market participant" as defined under subsection 1(1) of the Act. As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under

section 19 of the Act, which include the requirement to keep such books, records and other documents as are necessary for the proper recording of business transactions and financial affairs and the transactions executed on behalf of others, and to deliver such records to the OSC if required.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted so long as the Filer:

- (a) has its head office or principal place of business in the U.S.;
- (b) is registered as a broker-dealer under the securities legislation of the U.S., which permits the Filer to provide the Prime Services in the U.S.;
- (c) is a member of FINRA;
- (d) is a member of SIPC;
- (e) is subject to requirements over regulatory capital, lending of money, extension of credit, provision of margin, financial reporting to the SEC and FINRA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer members of IIROC are subject;
- (f) limits its provision of Prime Services in the Jurisdictions in respect of securities of Canadian issuers to Institutional Permitted Clients;
- (g) does not execute trades in securities of Canadian issuers with or for Prime Services Clients, except as permitted under applicable Canadian securities laws;
- (h) does not require its Prime Services Clients to use specific executing brokers through which Prime Services Clients must execute trades;
- (i) notifies the OSC of any regulatory action initiated after the date of this decision in respect of the Filer, or any predecessors or specified affiliates of the Filer, by completing and filing with the OSC Appendix "A" hereto within ten days of the commencement of any such action; provided that the Filer may also satisfy this condition by filing with the OSC within ten days of the date of this decision, a notice making reference to and incorporating by reference the disclosure made by the Filer pursuant to U.S. federal securities laws that is identified in the FINRA BrokerCheck system, and any updates to such disclosure that may be made from time to time, and by providing notification, in a manner reasonably acceptable to the Director, of any filing of a Form BD "Regulatory Action Disclosure Reporting Page";
- (j) submits the financial report and compliance report as described in SEC Rule 17a-5(d) to the OSC on an annual basis, at the same time such reports are filed with the SEC and FINRA;
- (k) submits audited financial statements to the OSC on an annual basis, within 90 days of the Filer's financial year end;
- (l) submits to the OSC immediately a copy of any notice filed under SEC Rule 17a-11 or under SEC Rule 15c3-3(i) with the SEC and FINRA;
- (m) complies with the filing and fee payment requirements applicable to a registrant under OSC Rule 13-502 *Fees*;
- (n) files in an electronic and searchable format with the OSC such reports as to any or all of its trading activities in Canada as the OSC may, upon notice, require from time to time; and
- (o) pays the increased compliance and case assessment costs of the principal regulator due to the Filer's location outside Ontario, including, as required, the reasonable cost of hiring a third party to perform a compliance review on behalf of the principal regulator.

This decision shall expire five years after the date hereof.

This decision may be amended by the OSC from time to time upon prior written notice to the Filer.

“Grant Vingo”
Vice-Chair
Ontario Securities Commission

“Robert P. Hutchison”
Commissioner
Ontario Securities Commission

APPENDIX "A"

NOTICE OF REGULATORY ACTION

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

Yes ____ No ____

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

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

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

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

If yes, provide the following information for each action:

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

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

Yes ____ No ____

Decisions, Orders and Rulings

If yes, provide the following information for each investigation:

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

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

Witness

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

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

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

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

2.1.4 East Coast Fund Management Inc. and Top Funds

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) and the self-dealing prohibitions in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to permit fund-on-fund structures involving between pooled funds under common management subject to conditions.

Applicable Legislative Provisions

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

August 1, 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
EAST COAST FUND MANAGEMENT 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, East Coast Performance Trust (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 and 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-on-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 securityholder;
- (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 **Related Issuer Relief**); and
- (d) the restrictions contained in subsection 13.5(2)(a) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)* which prohibit a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director, unless (i) this fact is disclosed to the client and (ii) the written consent of the client to the purchase is obtained before the purchase (the **Consent Relief**, and together with the Related Issuer Relief, the **Requested Relief**),

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

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

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon:
 - (i) in respect of the Related Issuer Relief, in Alberta; and
 - (ii) in respect of the Consent Relief, in each of the other provinces and territories of Canada.

Interpretation

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

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 Ontario with its head office in Toronto, Ontario.
2. The Filer is registered with the Ontario Securities Commission in the categories of investment fund manager, portfolio manager, exempt market dealer and commodity trading manager. The Filer is also registered as an exempt market dealer in British Columbia, Quebec, New Brunswick and Nova Scotia.
3. The Filer is not a reporting issuer in any jurisdiction and is not in default of securities legislation of any jurisdiction of Canada.

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. The Filer is the trustee of the Initial Top Fund. The Filer or a third party will act as trustee of a Top Fund.
8. 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.

9. The Initial Top Fund was created pursuant to a declaration of trust dated July 24, 2017.
10. The Initial Top Fund may invest all or substantially all of its assets in the Initial Underlying Fund.
11. In addition to the Initial Top Fund, each Top Fund will also invest all or substantially all of its assets in an Underlying Fund.
12. The investment objective of the Initial Top Fund will be the same as the current investment objective of the Initial Underlying Fund and the strategy for the Initial Top Fund will be to invest substantially all of its assets in the Initial Underlying Fund.
13. The Initial Top Fund is not in default of securities legislation in any province or territory of Canada.

Underlying Funds

14. East Coast Performance Fund LP (the **Initial Underlying Fund**) is not, and each investment fund that is established, managed, and advised by the Filer in the future (the **Future Underlying Funds**, and together with the Initial Underlying Fund, the **Underlying Funds**) will not be, a reporting issuer in any province or territory of Canada.
15. The Initial Underlying Fund is a limited partnership formed under the laws of the Province of Ontario by a declaration dated September 25 2009.
16. The investment objective of the Initial Underlying Fund is to maximize risk-adjusted returns while preserving the Partnership's capital.
17. Each Future Underlying Fund will be structured as a limited partnership under the laws of the Province of Ontario or another jurisdiction in Canada, or as an entity organized under the laws of the Cayman Islands, Barbados, Bahamas or the British Virgin Islands (each an **Off-Shore Jurisdiction**). The Initial Underlying Fund is, and each Future Underlying Fund will be, a "mutual fund" for the purposes of the Legislation.
18. 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 Canadian securities legislation.
19. The Filer is the investment fund manager and portfolio manager of the Initial Underlying Fund and will be the investment manager and the portfolio manager of each of the Future Underlying Funds.

Fund-on-Fund Structure

20. Securities of the Initial Underlying Fund, structured as a limited partnership, are not qualified investments for tax-free savings accounts (**TFSAs**) and trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans and registered disability savings plans (collectively, **Tax Deferred Plans**), each as defined in the *Income Tax Act* (Canada).
21. The Initial Top Fund and the Future Top Funds will be formed as trusts for the purpose of accessing a broader base of investors, including TFSAs, Tax Deferred Plans and other investors that may not wish to invest directly in a limited partnership or an Off-Shore Jurisdiction entity. Rather than operating investment portfolios of the Initial Top Fund and the Initial Underlying Fund as separate pools, the Filer wishes to make use of economies of scale by managing only one investment pool in the Initial Underlying Fund.
22. The Initial Top Fund was, and Future Top Funds will be, created by the Filer to allow investors in the Top Funds to obtain indirect exposure to the investment portfolio of the Initial Underlying Fund or Future Underlying Funds and their investment strategies through, primarily, direct investments by the Top Funds in securities of the Underlying Funds (the **Fund-on-Fund Structure**).
23. The Fund-on-Fund Structure will permit the Filer to manage a single portfolio of assets for both a Top Fund and an Underlying Fund in a single investment vehicle structure.
24. Managing a single pool of assets provides economies of scale, allows the Top Funds to achieve their investment objectives in a cost efficient manner and will not be detrimental to the interest of other securityholders of an Underlying Fund.

25. The Fund-on-Fund Structure is expected to increase the asset base of the Underlying Funds, which is expected to result in additional benefits to unitholders of the Underlying Funds, including more favourable pricing and transaction costs on portfolio trades, increased access to investments when there is a minimum subscription or purchase amount, and better economies of scale through greater administrative efficiency.
26. 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.
27. 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**).
28. 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 securityholder of an Underlying Fund.
29. Upon inception, the Initial Top Fund will not be a substantial securityholder of the Initial Underlying Fund, however, as the assets of the Initial Top Fund grow and it subscribes for more units of the Initial Underlying Fund, it is expected that the Initial Top Fund will become a substantial securityholder of the Initial Underlying Fund.
30. No Underlying Fund will be a Top Fund in a Fund-on-Fund Structure.
31. Each Underlying Fund has, or is expected to have, other investors in addition to the Top Funds.
32. Securities of the Top Funds and their corresponding Underlying Funds have, or will have, matching monthly redemption dates and matching monthly valuation dates.
33. In all cases, the Filer manages, or will manage, the liquidity of each of each Top Fund having regard to the redemption features of the corresponding Underlying Fund(s) to ensure that it can meet redemption requests from investors of the Top Funds.
34. The Fund-on-Fund Structures involving Future Top Funds and Future Underlying Funds will be similarly structured to that of the Initial Top Fund and Initial Underlying Fund in that future structures will also reflect trust or limited partnership arrangements, where a Future Top Fund, formed as a trust, invests in an Underlying Fund(s) that is a Canadian entity, formed as a limited partnership. The Filer also expects future Fund-on-Fund Structures to resemble that of the Initial Top Fund and Initial Underlying Fund to the extent that they involve a Future Top Fund, formed as a trust, which invests in an Off-Shore Jurisdiction entity.
35. In addition, the Fund-on 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 any associate of them, has a significant interest, and/or (ii) where a person or company who is substantial securityholder of the Top Fund or the Filer has a significant interest.
36. The Top Funds and Underlying Funds subject to National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) will prepare annual audited financial statements and interim unaudited financial statements in accordance with NI 81-106 and will otherwise comply with the requirements of NI 81-106 applicable to them.
37. The assets of the Initial Top Fund and the Future Top Funds, are, or will be, held by an entity that meets the qualifications set out in section 6.2 of NI 81-102 (except that its audited financial statements may not have been made public). The assets of the Underlying Funds are, or will be, held by an entity that meets the qualifications of section 6.2 of NI 81-102 (for assets held in Canada), except that its audited financial statements may not have been made public, or an entity that meets the qualifications set out under applicable laws of an Off-Shore Jurisdiction (for assets of Underlying Funds established under the laws of an Off-Shore Jurisdiction).
38. In the absence of the Related Issuer Relief, the Top Funds would be constrained by the investment restrictions in Canadian securities legislation in terms of the degree to which they could implement the Fund-on-Fund Structure. Specifically, the Top Funds would be prohibited from: (i) becoming a substantial securityholders of the Underlying Funds, either alone or together with related investment funds; and (ii) a Top Fund investing in an Underlying Fund in which an officer or director of the Filer has a significant interest and/or a Top Fund investing in an Underlying Fund in which a person or company who is a substantial securityholder of the Top Fund or the Filer, has a significant interest.

39. In the absence of the Consent Relief, each Top Fund would be precluded from investing in one or more Underlying Funds unless the specific fact is disclosed to securityholders of the Top Fund and the written consent of the securityholders of the Top Fund to the investment is obtained prior to the purchase, since an officer and/or director of the Filer, who may be considered a responsible person (as per section 13.5 of NI 31-103) or an associate of a responsible person, may also be a partner, officer and/or director of the applicable Underlying Fund.
40. The Fund-on-Fund Structure represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of the prospective investors in the Top Funds.

Decision

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

The decision of the principal regulator under the Legislation is that the 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 Canadian securities legislation;
- (b) the investment by a Top Fund in an Underlying Fund is compatible with the fundamental investment objectives 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 of an 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 securityholder 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) the offering memorandum, where available, or other disclosure document of a Top Fund, will be provided to investors in a Top Fund prior to the time of investment, and will disclose:
 - (i) that a Top Fund may purchase securities of the applicable Underlying Fund;

Decisions, Orders and Rulings

- (ii) that the Filer is the investment fund manager and portfolio manager of both the Top Fund and the Underlying Fund;
 - (iii) that the Top Fund may invest all, or substantially all, of its assets in securities of an Underlying Fund;
 - (iv) the fees, expenses and any performance or special incentive distributions payable by the Underlying Fund in which a Top Fund invests;
 - (v) the process or criteria used to select the Underlying Fund, if applicable;
 - (vi) for each officer, director and/or substantial securityholder 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 securityholders 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 from such relationship;
 - (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 the Underlying Fund, if available; and
 - (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 the 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.

The Consent Relief

"Raymond Chan"
Investment Funds & Structured Products Branch
Ontario Securities Commission

The Related Issuer Relief

"Mark J. Sandler"
Commissioner
Ontario Securities Commission

"Robert P. Hutchison"
Commissioner
Ontario Securities Commission

2.1.5 Impak Finance Inc.

Headnote

CSA Regulatory Sandbox – Application for relief from certain securities regulation requirements – Filer proposing to launch an initial coin offering by way of a private placement under the offering memorandum exemption – relief granted subject to certain terms and conditions set out in the decision – automated onboarding process – decision is time-limited to allow the Filer to operate in a test environment and will expire in two years – decision may be amended by the AMF on written notice to the Filer – relief granted based on the particular facts and circumstances of the application with the objective of fostering capital raising by innovative start-up businesses in Canada – decision should not necessarily be viewed as a precedent for other filers in the jurisdictions of Canada.

August 16, 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
IMPAK FINANCE INC.
(the “Filer”)**

DECISION

Background

The Canadian Securities Administrators (the “CSA”) have launched a regulatory sandbox to support financial technology (“fintech”) businesses seeking to offer innovative products, services and applications in Canada (the “CSA Sandbox”). The CSA Sandbox allows firms to obtain exemptive relief from the securities laws requirements that may be an impediment to their innovative business models, provided that investor protection is not compromised.

The Filer wishes to create *impak.eco*, an online collaborative social network wholly dedicated to the impact economy. In order to fund the creation of *impak.eco*, the Filer wishes to proceed with an “initial coin offering” of MPK (as defined below) (the “Offering”) by way of a private placement in reliance on the prospectus exemption contained in section 2.9 (the “Offering Memorandum Exemption”) of *Regulation 45-106 respecting Prospectus Exemptions (“Regulation 45-106”)*.

In the context of the CSA Sandbox, the Filer submitted its business model and subsequently filed an application to be exempted from certain requirements from securities laws requirements. This Decision should not be viewed as a precedent for other filers in the Jurisdictions or in other jurisdictions.

The securities regulatory authority or regulator in each of the Jurisdictions (the “Decision Maker”) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “Legislation”) for:

1. an exemption from the dealer registration requirement (the “Registration Relief”);
2. an exemption from the prospectus requirement on the first trade of MPK so that such requirement does not apply to a trade between a Participant and a Merchant (as defined below) (the “Prospectus Relief”);

(collectively, the “Exemption Sought”).

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 (the “Principal Regulator”);
- (b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System (“Regulation 11-102”)* is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, and Nova Scotia; and
- (c) the decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, *Regulation 45-106*, and *Regulation 11-102* have the same meaning if used in this Decision, unless otherwise defined.

Representations

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

The Filer

1. The Filer is an innovative fintech start-up company incorporated under the *Canada Business Corporations Act* on May 5, 2016. The head office of the Filer is located in Montreal, Québec.
2. The Filer is not, and has no current intention of becoming, a reporting issuer under the Legislation

- or the securities legislation of any other jurisdiction of Canada.
3. To the best of the Filer's knowledge, the Filer is not in default of securities legislation of any jurisdiction of Canada.
 4. Neither the Filer's common shares nor the MPK that are proposed to be issued by the Filer in reliance on this Decision are listed or will be listed on any exchange, organized market or cryptocurrency exchange.
 5. The Filer intends to issue Impak Coins, a new digital currency based on the Waves blockchain platform ("**MPK**"). The proceeds of the Offering are intended to fund the development of *impak.eco*, an online social network created by the Filer and entirely dedicated to the impact economy.
 6. As described in the offering memorandum of the Filer (the "**Offering Memorandum**"), *Impak.eco* participants (the "**Participants**") are separated into three categories, namely: (i) impact organizations (i.e. businesses, non-governmental organizations, not-for-profit corporations and social enterprises) ("**Merchants**"), (ii) individuals and (iii) capital partners (i.e. high net-worth individuals or professional investors).
 7. Part of *impak.eco*'s objective is to allow Participants to pay in MPK for goods and services offered by Merchants and also to allow Merchants to reward Participants by transferring them MPK for purchasing goods and services from them at the time of such purchase.
 8. At the time of the initial coin offering, the Filer will establish a governance body to oversee the value and use of MPK in the *impak.eco* network (the "Governance Body"). As outlined in the Offering Memorandum, the Governance Body will be composed of third-party members all active in the impact economy who are independent of the Filer.
 9. In its determination of the value of the MPK, the Governance Body will consider, amongst others, the following indicators: the number of Participants, the number of Merchants, the volume of transactions and its growth rate, the demand for MPK from new Participants and the volume of MPKs converted into Canadian dollars.
 11. The Offering will consist of the distribution of a minimum of 575,000 MPK and a maximum of 14,375,000 MPK issued by the Filer for total gross proceeds to the Filer of a minimum of \$500,000 and a maximum of \$10,000,000.
 12. All proceeds from the Offering will be placed in the trust account of the legal counsel of the Filer pending the minimum raise of \$500,000 being achieved. All proceeds from the Offering will be returned to Participants if the minimum raise of \$500,000 is not reached by the Filer.
 13. The MPK will not be delivered to the Participants until the Filer launches its digital wallet which will be used to store, send and receive MPK ("the "**MPK eWallet**"). The MPK eWallet launch is expected to take place in May 2018.
 14. Upon the launch of the MPK eWallet, MPK will be subject to an escrow schedule (25% of MPK tradable at MPK eWallet launch with additional tranches of 25% released each 6 months thereafter).
 15. At the end of each month, the Filer will reward individuals with MPK based on a percentage of the flow of transactions executed by each Participant within the ecosystem. The reward will automatically be issued to the Participant's MPK eWallet.
 16. The Governance Body will set the conversion rate of MPK into Canadian dollars. Upon request from a Participant, the Filer will purchase MPK from the Participant at this rate, but the Filer does not guarantee the purchase or conversion of MPK to Participants.
 17. No dealer or other registrant is, or is expected to be, involved in the Offering.
 18. A MPK does not give the acquirer any equity or other interest in the Filer including, for greater certainty, a right to participate in the profits or the distribution of assets of the Filer, nor any voting rights in any meeting of the security holders of the Filer.
 19. The Filer will make the following information reasonably available to all Participants via its website and on the *impak.eco* network, on a quarterly basis (the "**Quarterly Information**"):
 - (a) the value of MPK and the exchange rate for Canadian dollars;
 - (b) the description of the basket of goods and services used to determine the value of the MPK;

The Offering

10. The Filer intends to distribute MPK directly to Participants interested in supporting the Filer's ecosystem via its secure web platform pursuant to the Offering Memorandum Exemption. All transactions will occur online, via the Filer's secure dedicated website.

- (c) the number of MPK outstanding; becoming, a reporting issuer in a jurisdiction of Canada.
 - (d) the number and value of MPK issued, repurchased or cancelled during the period; 26. The Filer will ensure that, at all times, MPK are only held by Participants.
 - (e) the modifications to the rewards structure; and 27. The Filer will not permit any trades of MPK between Participants that are individuals and capital partners or between each of them.
 - (f) the balance of the "reserve fund" maintained by the Governance Body, as described in the Offering Memorandum, for conversions of MPK into Canadian dollars. 28. All MPK transactions will be recorded on the Waves blockchain, as described in the Offering Memorandum, and the Filer will know the identity at all times of a holder of any given MPK and ensure that such holder fits within one or more of the foregoing categories of Participants. The Filer will be solely responsible to ensure adequate operation of the blockchain.
20. The Filer will also provide to Participants updates regarding its short-term objectives, as described in the Offering Memorandum.

Registration Relief

21. Each Participant must set up a profile on the Filer's web platform or *impak.eco*, as applicable, and provide the Filer with the detailed personal information which is independently verified by an instant electronic identity verification service in order to comply with applicable regulations, including in relation to anti-money laundering and anti-terrorist financing.
29. MPK are not currently listed for trading on any stock exchange, organized market or cryptocurrency exchange and there is no intention to have MPK so listed in Canada or elsewhere.

Decision

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

22. The Filer will also conduct know-your-client and suitability reviews for each Participant both in respect of the Offering and any subsequent distributions of MPK on *impak.eco*. The investment for each Participant will not exceed \$2,500 per investment or the equivalent in Bitcoin or Ether (the "**\$2,500 Limit**"). The Filer will determine, for each Participant who represents itself as either an accredited investor or an eligible investor and seeks to invest an amount exceeding the \$2,500 Limit, whether such Participant is an accredited investor or an eligible investor, as the case may be, and may exceed the \$2,500 Limit.
- The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

23. The Filer will take all reasonable measures to determine the value of Bitcoin or Ether at the time a Participant pledges the amount he wishes to invest. At the time of the actual payment, the Filer will reassess the value of Bitcoin or Ether to validate that the amount does not exceed the Participant's applicable limit.
1. With respect to the Registration Relief, the following conditions are met:
- (a) The Filer will conduct know-your-client and suitability reviews for each Participant and will determine, for each Participant who represents itself as either an accredited investor or an eligible investor and seeks to invest an amount exceeding the \$2,500 Limit, whether the Participant is an accredited investor or an eligible investor, as the case may be;
 - (b) Neither the Filer nor any of its directors, officers, employees, agents or representatives will provide investment advice to the Participants with respect to a distribution in MPK;
 - (c) The Filer will deal fairly, honestly and in good faith with its Participants;
 - (d) The Filer will establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to manage the risks associated with its business in accordance with prudent business practices, including with respect to the Waves Blockchain, cybersecurity and

Prospectus Relief

24. In the absence of the Prospectus Relief, the first trade in MPK between a Participant and a Merchant as described in paragraph 7 of this Decision will be a distribution.
25. The prospectus exemption in section 2.5 of *Regulation 45-102 resale of Securities* will not be available in connection with the first trade in MPK because the Filer is not, and has no intention of

conflicts of interest between the Filer and Participants.

2. With respect to the Prospectus Relief, the prospectus requirement will apply to first trade in MPK, unless the first trade is made between a Participant and a Merchant as described in paragraph 7 of this Decision.
3. The Filer will make the Quarterly Information reasonably available to Participants, via its website and on the *impak.eco* network, within 10 days after the end of each quarter of the Filer's financial year.
4. MPK issued in the Offering and on *impak.eco* will not be listed and traded on any exchange, cryptocurrency exchange or organised market, unless such listing is done in accordance with applicable securities laws and approved in advance by the Principal Regulator.
5. The Filer will provide the Principal Regulator with any report, document or information that may be requested for the purpose of monitoring compliance with securities law and the conditions of this Decision, on a timely basis, in a format acceptable by the Principal Regulator.
6. This Decision may be amended by the Principal Regulator from time to time upon written notice to the Filer.
7. This Decision ceases to have effect 24 months after the date of the Decision.

DATED at Toronto, Ontario, this 16th day of August, 2017

"William Furlong"
Commissioner
Ontario Securities Commission

"Grant Vingoe"
Commissioner
Ontario Securities Commission

2.1.6 Pacific Road Capital Management Pty Ltd. et al.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

Section 6.1 of NI 62-104 – Exemption from the formal take-over bid requirements – Filers propose to make normal course purchases of common shares of the issuer – Filers acquired large block of the issuer's common shares in connection with a plan of arrangement involving the issuer such that the Filers cannot rely on the normal course purchase exemption set out in section 4.1 of NI 62-104 – Filers seeking flexibility to purchase additional common shares in the market and to provide liquidity – Filers granted relief to acquire common shares in the normal course provided that such purchases satisfy the requirements of section 4.1 of NI 62-104, except that, for the purpose of calculating the 5% purchase limit, the common shares of the issuer acquired by the Filers in connection with the plan of arrangement will be excluded – Issuer advised of and supports the application.

Applicable Legislative Provisions

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

September 14, 2017

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

AND

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

AND

**IN THE MATTER OF
PACIFIC ROAD CAPITAL MANAGEMENT PTY LTD.,
PACIFIC ROAD RESOURCES FUND II AND
PACIFIC ROAD RESOURCES FUND II L.P.
(collectively, the Filers)**

DECISION

Background

- 1 The securities regulatory authority or regulator in each of the Jurisdictions (each a Decision Maker) has received an application (the Application) from the Filers for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption (the Requested Relief), pursuant to section 6.1 of National Instrument 62-104 *Take-*

Over Bids and Issuer Bids (NI 62-104), from the requirements applicable to take-over bids in Part 2 of NI 62-104 in connection with certain normal course market purchases of common shares (Common Shares) of Trek Mining Inc. (Trek Mining) by the Filers.

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

- (a) the British Columbia Securities Commission is the principal regulator for the Application;
- (b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island and Saskatchewan; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

- 3 The decision is based on the following facts represented by the Filers:
 1. Pacific Road Capital Management Pty Ltd. (Pacific Road Management) is a privately held private equity firm governed by the laws of Australia; its principal executive office is located in Sydney, Australia;
 2. Pacific Road Resources Fund II and Pacific Road Resources Fund II L.P. (together, the Pacific Road Funds) are private equity funds for which Pacific Road Management acts as manager or advisor;
 3. Trek Mining is a corporation governed by the laws of the Province of British Columbia; Trek Mining's head office is located at Suite 730 - 800 West Pender Street, Vancouver, British Columbia, V6C 2V6; Trek Mining is a reporting issuer in each of the provinces of Canada other than Quebec;

4. Trek Mining is authorized to issue an unlimited number of Common Shares, of which Trek Mining reported that 177,732,772 Common Shares were issued and outstanding as at May 26, 2017; the Common Shares are listed on the TSX Venture Exchange;
5. on March 31, 2017, Luna Gold Corp. (Luna) and JDL Gold Corp. (JDL) completed a business combination by way of statutory plan of arrangement (the Arrangement); JDL was renamed Trek Mining Inc. upon completion of the Arrangement;
6. pursuant to the Arrangement, among other things: (a) each common share of Luna was exchanged for 1.105 Common Shares; and (b) each outstanding common share purchase warrant of Luna was exchanged for warrants of Trek Mining in accordance with the terms of the applicable warrant indenture or agreement;
7. pursuant to the Arrangement, the Pacific Road Funds acquired ownership of an aggregate of 23,824,968 Common Shares and warrants to purchase 23,724,350 Common Shares (the Warrants); as a result of the Arrangement, the Pacific Road Funds own approximately: (a) 13.4% of the issued and outstanding Common Shares; (b) 23.6% of the Common Shares on a partially-diluted basis (assuming exercise of the Warrants); and (c) 15.9% of the Common Shares on a fully-diluted basis;
8. none of the Filers have acquired any Common Shares subsequent to the completion of the Arrangement;
9. as a result the Arrangement, the Pacific Road Funds own more than 20% of the outstanding Common Shares on a partially-diluted basis; any additional acquisitions of Common Shares by any of the Filers would constitute a take-over bid under the applicable provisions of the Legislation, unless an exemption is available;
10. the Filers are unable to acquire additional Common Shares through normal course purchases in the market pursuant to the take-over bid exemption in section 4.1 of NI 62-104 (the Normal Course Purchase Exemption) until March 31, 2018, being the date which is 12 months after the date that the Pacific Road Funds

- acquired the Common Shares and the Warrants pursuant to the Arrangement;
11. to applicable law and depending on the prices at which the Common Shares are trading, the Pacific Road Funds intend to acquire up to 5% of the issued and outstanding Common Shares pursuant to normal course market purchases;
 12. the interest of the Pacific Road Funds in being able to acquire Common Shares is not to gain legal control of Trek Mining, but instead to preserve their ability to purchase Common Shares, depending on the prices at which the Common Shares are trading, and to provide liquidity to the market;
 13. none of the Filers has any current intention of making a take-over bid for all of the issued and outstanding Common Shares, or otherwise acquiring all of the issued and outstanding Common Shares by way of a plan of arrangement or other similar voting transaction;
 14. none of the Filers will purchase Common Shares at any time when it has knowledge of any material fact or material change about Trek Mining which has not been generally disclosed; and
 15. the Filers have advised Trek Mining that they have submitted an application to the Decision Makers for the Requested Relief; management of Trek Mining supports the Requested Relief on the basis that normal course purchases of the Common Shares will provide additional liquidity in the market.

John Hinze
Director, Corporate Finance
British Columbia Securities Commission

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the purchases by the Filers comply with the Normal Course Purchase Exemption, except that, for the purpose of determining the number of Common Shares acquired by the Filers within the 12-month period preceding the date of any such purchase of Common Shares in the market, the Common Shares and Warrants acquired by the Pacific Road Funds pursuant to the Arrangement shall be excluded in the calculation of acquisitions of Common Shares otherwise made by the Filers within the previous 12-month period.

2.2 Orders

2.2.1 Sensato Investors, LLC – ss. 78(1), 80 of the CFA

Headnote

Subsection 78(1) of the Commodity Futures Act (Ontario) – Order to revoke previous relief from paragraph 22(1)(b) of the CFA granted to foreign adviser in respect of commodity futures contracts or commodity futures options for certain Ontario “permitted clients” as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, subject to certain terms and conditions.

Section 80 of the Commodity Futures Act (Ontario) – Foreign adviser exempted from the adviser registration requirement in paragraph 22(1)(b) of the CFA where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (Contracts) for certain investors in Ontario who meet the definition of “permitted client” in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Contracts are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.

Terms and conditions of exemption correspond to the relevant terms and conditions of the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Exemption also subject to a “sunset clause” condition.

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 1(1), 22(1)(b), 78(1) and 80.

Securities Act, R.S.O. 1990, c. S.5, as am., s. 25(3).

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 1.1 and 8.26.

Ontario Securities Commission Rule 13-502 Fees.

Applicable Orders

In the Matter of Sensato Investors, LLC, dated December 4, 2012, (2012) 35 OSCB 11178.

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

AND

**IN THE MATTER OF
SENSATO INVESTORS, LLC**

ORDER

(Subsection 78(1) and section 80 of the CFA)

UPON the application (the **Application**) of Sensato Investors, LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order (a) pursuant to subsection 78(1) of the CFA, revoking the exemption order granted by the Commission to the Applicant on December 4, 2012 (the **Previous Order**), and (b) pursuant to section 80 of the CFA that the Applicant and any individuals engaging in, or holding themselves out as engaging in, the business of advising others as to trading in Contracts (as defined below) on the Applicant’s behalf (the **Representatives**) be exempt, for a specified period of time, from the adviser registration requirement in paragraph 22(1)(b) of the CFA, subject to certain terms and conditions;

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

AND WHEREAS for the purposes of this Order:

“**CFA Adviser Registration Requirement**” means the provisions of section 22 of the CFA that prohibit a person or company from acting as an adviser with respect to trading in Contracts unless the person or company is registered in the appropriate category of registration under the CFA;

“**CFTC**” means the Commodity Futures Trading Commission of the United States;

“**Contract**” has the meaning ascribed to that term in subsection 1(1) of the CFA;

“**Foreign Contract**” means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

“**International Adviser Exemption**” means the exemption set out in section 8.26 of NI 31-103 from the OSA Adviser Registration Requirement;

“**NFA**” means the National Futures Association of the United States;

“**NI 31-103**” means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, as amended from time to time;

“**OSA**” means the *Securities Act*, R.S.O. 1990, c. S.5, as amended from time to time;

“**OSA Adviser Registration Requirement**” means the provisions of section 25 of the OSA that prohibit a person or company from acting as an adviser with respect to investing in, buying or selling securities unless the person or company is registered in the appropriate category of registration under the OSA;

“**Permitted Client**” means a client in Ontario that is a “permitted client”, as that term is defined in section 1.1 of NI 31-103, except that for purposes of this Order such definition shall exclude a person or company registered under the securities or commodities legislation of a jurisdiction of Canada as an adviser or dealer;

“**SEC**” means the Securities and Exchange Commission of the United States;

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

“**United States**” means the United States of America; and

“**United States Advisers Act**” means the *Investment Advisers Act of 1940* of the United States, as amended from time to time.

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company organized under the laws of the State of Delaware, United States. The Applicant's head office and principal place of business is located in the State of California, United States.
2. The Applicant is an investment adviser that specializes in managing primarily Asia Pacific equity long/short strategies. As at May 31, 2017, the Applicant has over US\$2.2 billion in assets under management.
3. The Applicant is currently (a) registered with the SEC as an investment adviser under the United States Advisers Act; (b) registered with the CFTC as a commodity pool operator and approved as a “swap firm”; (c) exempt from registration with the CFTC as a commodity trading advisor for certain private funds; and (d) a member of the NFA.
4. The Applicant is not registered in any capacity under the CFA, but it relies upon the Previous Order. The Applicant also relies on the International Adviser Exemption in Ontario.
5. The Applicant has complied with and is currently in compliance with all the terms and conditions of the Previous Order.
6. The Applicant is not in default of securities legislation, commodity futures legislation or derivatives legislation of any jurisdiction in Canada. The Applicant is in compliance in all material respects with securities laws, commodity futures laws and derivatives laws of the United States.
7. In Ontario, institutional investors that are Permitted Clients currently engage, and seek to engage, the Applicant as a discretionary investment manager for purposes of implementing certain specialized investment strategies.
8. The Applicant currently acts, and seeks to act, as a discretionary commodity futures advisory manager for Canadian institutional investors that are Permitted Clients. The Applicant's advisory services to Permitted Clients primarily include the use of specialized investment strategies employing Foreign Contracts.
9. Were the proposed advisory services limited to securities (as defined in subsection 1(1) of the OSA), the Applicant would be able to rely on the International Adviser Exemption and carry out such activities for Permitted Clients on a basis that would be exempt from the OSA Adviser Registration Requirement.

10. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption. Consequently, in order to advise Permitted Clients as to trading in Foreign Contracts, in the absence of this Order, the Applicant would be required to satisfy the CFA Adviser Registration Requirement by applying for and obtaining registration in Ontario as an adviser under the CFA in the category of commodity trading manager.
11. To the best of the Applicant's knowledge, the Applicant confirms that there are currently no regulatory actions of the type contemplated by the *Notice of Regulatory Action* attached as Appendix "B".
12. The anticipated expiry of the five-year period set out in the sunset clause of the Previous Order has triggered the requested relief.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to make this Order;

IT IS ORDERED, pursuant to subsection 78(1) of the CFA, that the Previous Order is revoked;

IT IS ORDERED, pursuant to section 80 of the CFA, that the Applicant and the Representatives are exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA in respect of providing advice to Permitted Clients as to the trading of Foreign Contracts provided that:

- (a) the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise any Permitted Client as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;
- (b) the Applicant's head office or principal place of business remains in the United States;
- (c) the Applicant is registered in a category of registration, or operates under an exemption from registration, under the applicable securities or commodity futures legislation of the United States that permits it to carry on the activities in the United States that registration under the CFA as an adviser in the category of commodity trading manager would permit it to carry on in Ontario;
- (d) the Applicant continues to engage in the business of an adviser (as defined in the CFA) in the United States;
- (e) as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships (excluding the gross revenue of an affiliate or affiliated partnership of the Applicant if the affiliate or affiliated partnership is registered under securities legislation, commodity futures legislation or derivatives legislation of a jurisdiction of Canada) was derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada (which, for greater certainty, includes both securities-related and commodity-futures-related activities);
- (f) before advising a Permitted Client with respect to Foreign Contracts, the Applicant notifies the Permitted Client of all of the following:
 - (i) the Applicant is not registered in Ontario to provide the advice described in paragraph (a) of this Order;
 - (ii) the foreign jurisdiction in which the Applicant's head office or principal place of business is located;
 - (iii) all or substantially all of the Applicant's assets may be situated outside of Canada;
 - (iv) there may be difficulty enforcing legal rights against the Applicant because of the above; and
 - (v) the name and address of the Applicant's agent for service of process in Ontario;
- (g) the Applicant has submitted to the Commission a completed *Submission to Jurisdiction and Appointment of Agent for Service* in the form attached as Appendix "A";
- (h) the Applicant notifies the Commission of any regulatory action initiated after the date of this Order with respect to the Applicant or any predecessors or the specified affiliates of the Applicant by completing and filing Appendix "B" within 10 days of the commencement of each such action, provided that the Applicant may also satisfy this condition by filing with the Commission,

Decisions, Orders and Rulings

- (i) within 10 days of the date of this Order, a notice making reference to and incorporating by reference the disclosure made by the Applicant pursuant to federal securities laws of the United States that is identified on the Investment Adviser Public Disclosure website, and
 - (ii) promptly, a notification of any Form ADV amendment and/or filing with the SEC that relates to legal and/or regulatory actions; and
- (i) if the Applicant is not registered under the OSA and does not rely on the International Adviser Exemption, by December 31st of each year, the Applicant pays a participation fee based on its specified Ontario revenues for its previous financial year in compliance with the requirements of Part 3 and section 6.4 of Ontario Securities Commission Rule 13-502 Fees as if the Applicant relied on the International Adviser Exemption; and

IT IS FURTHER ORDERED that this Order will terminate on the earliest of:

- (a) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA;
- (b) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the ability of the Applicant to act as an adviser to a Permitted Client; and
- (c) five years after the date of this Order.

DATED at Toronto, Ontario, this 15th day of September, 2017

“Deborah Leckman”
Commissioner
Ontario Securities Commission

“Robert P. Hutchison”
Commissioner
Ontario Securities Commission

APPENDIX A

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

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

1. Name of person or company ("International Firm"):
2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:
3. Jurisdiction of incorporation of the International Firm:
4. Head office address of the International Firm:
5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

Name:

E-mail address:

Phone:

Fax:

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

Section 8.18 [*international dealer*]

Section 8.26 [*international adviser*]

Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):
8. Address for service of process on the Agent for Service:
9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.
11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator
 - a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated;
 - b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service;
 - c. a notice detailing a change to any information submitted in this form, other than the name or above address of the Agent for Service, no later than the 30th day after the change.
12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Decisions, Orders and Rulings

Dated: _____

(Signature of the International Firm or authorized signatory)

(Name of signatory)

(Title of signatory)

Acceptance

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

Dated: _____

(Signature of the Agent for Service or authorized signatory)

(Name of signatory)

(Title of signatory)

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

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

APPENDIX B

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates¹ of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes _____ No _____

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

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

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

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

If yes, provide the following information for each action:

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

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

Decisions, Orders and Rulings

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

Yes _____ No _____

If yes, provide the following information for each investigation:

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

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

Witness

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

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

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

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

2.2.2 CME Clearing Europe Limited – s. 144

Headnote

On September 25, 2017, the Commission revoked an exemption order (Exemption Order) issued on October 23, 2012 to CME Clearing Europe Limited (CMECE). The Exemption Order exempted CMECE from the requirement to be recognized as a clearing agency under section 21.2(0.1) of the Securities Act (Ontario).

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED
(Act)**

AND

**IN THE MATTER OF
CME CLEARING EUROPE LIMITED
(CMECE)**

**REVOCATION ORDER
(Section 144 of the Act)**

WHEREAS the Ontario Securities Commission (**Commission**) issued an order dated October 23, 2012, exempting CMECE, pursuant to section 147 of the Act, from the requirement to be recognized as a Clearing Agency under subsection 21.2(0.1) of the Act (**Exemption Order**);

AND WHEREAS CMECE has notified the Commission that CME Group Inc. has made the commercial business decision to close CMECE's central counterparty clearing service before December 31, 2017;

AND WHEREAS CMECE has requested to withdraw from its status as an exempt Clearing Agency as of September 25, 2017;

AND WHEREAS CMECE does not have a place of business or any clearing members in Ontario, no financial contributions have been made to CMECE by persons or companies in Ontario, and no derivatives transactions have been cleared through CMECE in Ontario;

AND WHEREAS CMECE has filed with the Commission a report on Form 24-102F2 *Cessation of Operations Report for Clearing Agency* under National Instrument 24-102 *Clearing Agency Requirements*;

AND WHEREAS the Commission has determined that revocation of the Exemption Order would not be prejudicial to the public interest;

THE COMMISSION hereby revokes the Exemption Order pursuant to section 144 of the Act, effective September 25, 2017.

DATED September 15, 2017.

"Philip Anisman"

"Deborah Leckman"

2.2.3 Sino-Forest Corporation et al.

IN THE MATTER OF
SINO-FOREST CORPORATION,
ALLEN CHAN,
ALBERT IP,
ALFRED C.T. HUNG,
GEORGE HO,
SIMON YEUNG and
DAVID HORSLEY

D. Grant Vingoe, Vice-Chair and Chair of the Panel
Deborah Leckman, Commissioner
Garnet W. Fenn, Commissioner

September 18, 2017

ORDER

WHEREAS on September 18, 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 to schedule a hearing with respect to sanctions and costs;

ON HEARING the submissions of the representatives for Staff of the Commission (Staff) and Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho and Simon Yeung (the Individual Respondents), with no one representing Sino-Forest Corporation although properly served;

IT IS ORDERED THAT:

1. Staff shall serve and file any affidavit evidence on which it intends to rely for the determination of sanctions and costs by October 2, 2017;
2. On the consent of Staff and the Individual Respondents, Staff shall serve and file a document indicating the portions of the record of the merits hearing on which it intends to rely regarding issues of compensation earned or received by the Individual Respondents by October 2, 2017;
3. The Individual Respondents and Sino-Forest Corporation (the **Respondents**) shall serve and file any affidavit evidence on which they intend to rely for the determination of sanctions and costs by November 2, 2017;
4. The parties shall advise the Commission and every other party whether cross-examination on any affidavit evidence is required by November 6, 2017;
5. The hearing with respect to sanctions and costs will commence on November 20, 2017 at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario beginning at 10:00 a.m. and shall continue on November 27, 2017 for the purpose of any cross-examinations on affidavit evidence;
6. Staff shall serve and file any written submissions on sanctions and costs by December 4, 2017;
7. The Respondents shall serve and file any written submissions on sanctions and costs by December 20, 2017;
8. Staff shall serve and file any reply submissions on sanctions and costs by January 11, 2018; and
9. The hearing with respect to sanctions and costs will continue on January 17, 18 and 19, 2018 for the purpose of hearing oral submissions of the parties.

“D. Grant Vingoe”
“Deborah Leckman”
“Garnet W. Fenn”

2.4 Rulings

2.4.1 Bruce Power L.P. – s. 38 of the CFA

Headnote

Application for a ruling pursuant to section 38 of the Commodity Futures Act granting relief from the dealer registration requirement set out in section 22 of the CFA and the trading restrictions in section 33 of the CFA to the Filer, a commercial end user, in connection with certain trades in Electricity Contracts on, or through the facilities of, Non-Canadian Exchanges that are conducted by the Filer as principal for its own account – relief subject to sunset clause.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 22, 38.

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

AND

**IN THE MATTER OF
BRUCE POWER L.P.
(the Filer)**

**RULING
(Section 38 of the CFA)**

UPON the application (the **Application**) of the Filer to the Ontario Securities Commission (the **Commission**) for a ruling of the Commission pursuant to section 38 of the CFA (the **Ruling**) that the Filer be exempted from the dealer registration requirements in the CFA (as defined below) and the trading restrictions in the CFA (as defined below) in connection with trades in Electricity Contracts (as defined below) on, or through the facilities of, exchanges located outside Canada (**Non-Canadian Exchanges**) that are conducted by the Filer as principal for its own account:

- (a) through a person or company that is registered as an FCM (as defined below) with the CFTC (as defined below), is a member of the NFA (as defined below), and has obtained from the Commission an order granting an exemption from both the dealer registration requirements in the CFA and the trading restrictions in the CFA (a **US Registrant**); or
- (b) as a direct electronic access trade that is made on, or through the facilities of, a Non-Canadian Exchange that has obtained from the Commission an order granting an exemption from the requirement to be recognized as a stock exchange under the OSA (as defined below) and the requirement to be registered as a commodity futures exchange under the CFA (a **Direct Access Trade**).

AND WHEREAS for the purposes of this Ruling:

- (i) “**CFTC**” means the United States Commodity Futures Trading Commission;

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

“**Electricity Contract**” means an Exchange-Traded Futures that has an electricity price as its underlying interest;

“**Exchange-Traded Futures**” means a commodity futures contract or a commodity futures option that trades on, or through the facilities of, one or more Non-Canadian Exchanges and that is cleared through one or more clearing corporations located outside of Canada;

“**FCM**” means a futures commission merchant;

“**NFA**” means the National Futures Association in the United States;

“**OSA**” means the *Securities Act* (Ontario); and

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

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

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

AND UPON the Filer having represented to the Commission as follows:

1. The Filer is a limited partnership that was formed under the *Limited Partnerships Act* (Ontario) in 2001. The general partner of the Filer is Bruce Power Inc., a corporation incorporated under the *Business Corporations Act* (Ontario).
2. The limited partners of the Filer are TransCanada Energy Investments Ltd., an indirect, wholly-owned subsidiary of TransCanada Corporation; BPC Generation Infrastructure Trust, an investment entity of OMERS Administration Corporation; two trusts constituted by the Power Workers Union; a trust constituted by the Society of Energy Professionals; and a trust through which a majority of the Filer’s employees have invested in the Filer.
3. The head office of the Filer is located in Tiverton, Ontario.
4. The Filer is a private sector nuclear generator that operates a nuclear energy facility that is also located in Tiverton, Ontario. The nuclear energy facility produces 6,400 MW of Ontario’s electricity which the Filer sells into the Ontario Independent Electricity System Operator (**IESO**) administered spot market (the **IESO Market**).
5. As a participant in the Ontario electricity market, Bruce Power is regulated by the Ontario Energy Board, the National Energy Board and IESO.
6. The Filer engages in the trading of Electricity Contracts. It conducts such trading activity on Non-Canadian Exchanges, and on Natural Gas Exchange Inc. located in Alberta. The Filer trades for its own account and does not act in an intermediary capacity.
7. When trading Electricity Contracts on, or through the facilities of, Non-Canadian Exchanges, the Filer utilizes the clearing and settlement services that are available from its prime clearing member, a US Registrant.
8. The Filer has been conducting its Electricity Contract trading activity in reliance upon exemptions that have been granted to US Registrants (the **US Registrant Exemptions**) and exemptions that have been granted to Non-Canadian Exchanges (the **NCE Exemptions**).
9. A US Registrant Exemption grants a US Registrant exemptions from the dealer registration requirements in the CFA and the trading restrictions in the CFA in connection with trades in Exchange-Traded Futures on Non-Canadian Exchanges that are conducted for its own account, and for the account of those clients of the US Registrant that are either Institutional Clients or Permitted Clients, as such terms are defined in the relevant US Registrant Exemption (in either case, a **Permitted Client**).
10. The Filer is a “permitted client”, as that term is defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.
11. US Registrant Exemptions that have been granted since December 2012 have also included as a separate head of relief an exemption from the dealer registration requirements in the CFA and the trading restrictions in the CFA for Permitted Clients that trade in Exchange-Traded Futures on Non-Canadian Exchanges through the US Registrant that has obtained the US Registrant Exemption. The Filer understands that this separate head of relief was added to the US Registrant Exemptions to address the concern that the dealer registration exemption in section 32 (b) of the CFA refers to “a trade in a contract ... through an agent who is a registered dealer” but does not address the situation of “a trade in a contract ... through an agent who is relying on an exemption from the dealer registration requirement”. US Registrant Exemptions granted prior to December 2012 did not include a separate head of relief for Permitted Clients, leaving it unclear whether this relief could be considered implicit in the previously granted US Registrant Exemptions.

12. The Filer has been conducting its Electricity Contract trading activity in reliance upon exemptions that have been granted to US Registrants, including US Registrant Exemptions that were granted prior to December 2012 and that do not include this separate head of relief for Permitted Clients that trade through an exempted international dealer. Accordingly, the Filer is seeking the present Ruling to confirm that it may continue to conduct its Electricity Contract trading activity, including through US Registrants that have obtained US Registrant Exemptions prior to December 2012.
13. An NCE Exemption permits a Non-Canadian Exchange to offer direct electronic access to trading in Exchange-Traded Futures to prospective participants in Ontario (**Ontario Participants**) provided, among other things, that Ontario Participants are limited to persons who are either hedgers or registered dealers.
14. The Filer engages in the trading of Electricity Contracts for four principal reasons. First, it seeks to hedge the risk associated with the price that it will receive for the sale of its electricity to its retail commercial customers. Second, it seeks to lock-in physical flow spreads for power that it flows out of Ontario into various U.S. jurisdictions. Third, it engages in financial spread trading between Ontario and certain U.S. jurisdictions and seeks to hedge the commodity price risk exposure of its Ontario short and long positions. Finally, it seeks to trade for profit as well as arbitrage electricity prices in different geographic locations.
15. Prior to January 1, 2016, the price that the Filer received for the electricity that it produced from its Bruce B generating station had the potential to vary according to the spot price for electricity in the IESO Market. On December 3, 2015, the Filer entered into a long term power supply and refurbishment agreement with the IESO (the **Power Supply Agreement**) that resulted in a fixed price for all of the Filer's energy output effective January 1, 2016.
16. As a result of the Power Supply Agreement, it is not clear whether the Filer can continue to be considered a hedger for purposes of either the CFA or the NCE Exemptions. The Filer has recently received a notice from a Non-Canadian Exchange requiring that Ontario Participants (as defined in the NCE Exemption), including the Filer, certify that they are either a registered dealer or a hedger for purposes of their continued status as Direct Access Users of the Non-Canadian Exchange.
17. The Filer seeks the Ruling for two reasons. First, to address the uncertainty associated with the Filer's ability to rely on a US Registrant Exemption for the purpose of trading Electricity Contracts on, or through the facilities of, Non-Canadian Exchanges through US Registrants in its capacity as a Permitted Client. Second, to allow the Filer to conduct Direct Access Trades with a Non-Canadian Exchange that engages in such trading activity in reliance upon an NCE Exemption regardless of the Filer's status as a hedger.
18. Subject to the ruling requested, the Filer is not in default of securities or commodity futures legislation in any jurisdiction of Canada.

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

IT IS RULED, pursuant to section 38 of the CFA, that the Filer is not subject to the dealer registration requirements in the CFA and the trading restrictions in the CFA in connection with trades in Electricity Contracts on, or through the facilities of, Non-Canadian Exchanges that are conducted by the Filer as principal for its own account:

- (a) through a US Registrant in accordance with the terms and conditions of the US Registrant Exemption that are applicable both to the US Registrant, and to the Filer in its capacity as a Permitted Client for purposes of the US Registrant Exemption; or
- (b) as a Direct Access Trade in accordance with the terms and conditions of the NCE Exemption that are applicable both to the Non-Canadian Exchange, and to the Filer as though the Filer was a hedger for purposes of the NCE Exemption.

This Ruling will terminate on the earliest of:

- (i) the expiry of any transition period as may be provided by law, after the effective date of the repeal of the CFA;
- (ii) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the dealer registration requirements in the CFA or the trading restrictions in the CFA; and
- (iii) five years after the date of this ruling.

DATED September 12, 2017

“Garnet W. Fenn”
Commissioner
Ontario Securities Commission

“Robert P. Hutchison”
Commissioner
Ontario Securities Commission

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke

THERE IS NOTHING TO REPORT THIS WEEK.

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Frontline Gold Corporation	5 September 2017	12 September 2017

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Canada House Wellness Group Inc.	13 September 2017	

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
Katanga Mining Limited	15 August 2017	
Canada House Wellness Group Inc.	13 September 2017	
The Canadian Bioceutical Corporation	01 August 2017	

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Chapter 7

Insider Reporting

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

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

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 11

IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:

Balanced Portfolio
Conservative Portfolio
Growth Portfolio
High Growth Portfolio
Moderate Portfolio
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated September 11, 2017
NP 11-202 Preliminary Receipt dated September 14, 2017

Offering Price and Description:

Series A, Series F and Series I units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

Invesco Canada Ltd.

Project #2674975

Issuer Name:

Chartwell Retirement Residences
Principal Regulator - Ontario

Type and Date:

Preliminary Shelf Prospectus (NI 44-102) dated September 18, 2017
NP 11-202 Preliminary Receipt dated September 18, 2017

Offering Price and Description:

\$1,500,000,000.00

Units

Subscription Receipts

Debt Securities

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #2676084

Issuer Name:

Discovery 2017 Flow-Through Limited Partnership
Principal Regulator - Alberta (ASC)

Type and Date:

Preliminary Long Form Prospectus dated September 15, 2017

NP 11-202 Preliminary Receipt dated September 15, 2017

Offering Price and Description:

\$25,000,000.00 (maximum)
(maximum – 1,000,000 Units)
\$5,000,000.00 (minimum)
(minimum – 200,000 Units)

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

TD Securities Inc.

GMP Securities L.P.

Manulife Securities Incorporated

Canaccord Genuity Corp.

Middlefield Capital Corporation

Echelon Wealth Partners Inc.

Industrial Alliance Securities Inc.

Raymond James Ltd.

Promoter(s):

Middlefield Resource Corporation

Project #2675660

Issuer Name:

Educators U.S. Equity Fund

Principal Regulator - Ontario

Type and Date:

Amendment #2 to Final Simplified Prospectus dated September 15, 2017

Received on September 15, 2017

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Educators Financial Group Inc.

Promoter(s):

Educators Financial Group Inc.

Project #2609937

Issuer Name:

Educators Balanced Fund
Educators Bond Fund
Educators Dividend Fund
Educators Growth Fund
Educators Money Market Fund
Educators Monthly Income Fund
Educators Mortgage & Income Fund
Principal Regulator - Ontario

Type and Date:

Amendment #3 to Final Simplified Prospectus dated September 15, 2017
Received on September 18, 2017

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Educators Financial Group Inc.

Promoter(s):

Educators Financial Group Inc.

Project #2609937

Issuer Name:

Fidelity Emerging Technologies Class
Fidelity Emerging Technologies Currency Neutral Class
Fidelity Emerging Technologies Investment Trust
Fidelity Event Driven Opportunities Currency Neutral Class
Fidelity Global Concentrated Equity Currency Neutral Fund
Fidelity International Concentrated Equity Currency Neutral Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated September 8, 2017
NP 11-202 Preliminary Receipt dated September 12, 2017

Offering Price and Description:

Series O, A, B, E1, E2, E3, E4, E5, E1T5, F, T5, T8, S5, S8, F, F5, F8, E1, E2, E3, E1T5, P1, P2, P3, P4, P5 and P1T5 units)

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

Fidelity Investments Canada ULC

Project #2674370

Issuer Name:

Fidelity Global Asset Allocation Currency Neutral Private Pool
Fidelity Global Asset Allocation Private Pool
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated September 8, 2017

NP 11-202 Preliminary Receipt dated September 12, 2017

Offering Price and Description:

Series B, S5, S8, I, I5, I8, F, F5 and F8 securities

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

Fidelity Investments Canada ULC

Project #2674371

Issuer Name:

Financial 15 Split Corp.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus (NI 44-101) dated September 13, 2017

NP 11-202 Preliminary Receipt dated September 13, 2017

Offering Price and Description:

Offering: \$ * - * Preferred Shares and * Class A Shares
Price: \$* per Preferred Share and Class A Share

Underwriter(s) or Distributor(s):

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

Promoter(s):

N/A

Project #2674901

Issuer Name:

Financial 15 Split Corp.
Principal Regulator - Ontario

Type and Date:

Amended and Restated to Preliminary Short Form
Prospectus (NI 44-101) dated September 14, 2017
NP 11-202 Preliminary Receipt dated September 15, 2017

Offering Price and Description:

Offering: \$79,109,100 – 3,897,000 Preferred Shares and
3,897,000 Class A Shares

Prices: \$9.90 per Preferred Share and \$10.40 per Class A
Share

Underwriter(s) or Distributor(s):

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

Promoter(s):

N/A

Project #2674901

Issuer Name:

Life & Banc Split Corp.
Principal Regulator - Ontario

Type and Date:

Preliminary Shelf Prospectus (NI 44-102) dated September
15, 2017
NP 11-202 Preliminary Receipt dated September 18, 2017

Offering Price and Description:

Offering: \$300,000,000 Preferred Shares and Class A
Shares

Price: \$10.15 per Preferred Share and \$9.91 per Class A
Share

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #2675757

Issuer Name:

Manulife Multifactor Canadian SMID Cap Index ETF
Manulife Multifactor U.S. Small Cap Index ETF
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated September 11,
2017

NP 11-202 Preliminary Receipt dated September 12, 2017

Offering Price and Description:

Unhedged Units and Hedged Units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

Manulife Asset Management Limited

Project #2674360

Issuer Name:

NBI Tactical Equity Private Portfolio
NBI Tactical Fixed Income Private Portfolio
Principal Regulator - Quebec

Type and Date:

Preliminary Simplified Prospectus dated September 14,
2017

NP 11-202 Preliminary Receipt dated September 14, 2017

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

National Bank Investments Inc.

Promoter(s):

National Bank Investments Inc.

Project #2675271

Issuer Name:

Purpose Canadian Financial Income Fund
Purpose Conservative Income Fund
Purpose Enhanced Dividend Fund
Purpose High Interest Savings ETF
Purpose International Dividend Fund
Purpose International Tactical Hedged Equity Fund
Purpose Premium Money Market Fund
Purpose Premium Yield Fund
Purpose Tactical Investment Grade Bond Fund
Purpose US Cash ETF
Purpose US Dividend Fund
Principal Regulator - Ontario

Type and Date:

Combined Preliminary and Pro Forma Simplified
Prospectus dated September 8, 2017

NP 11-202 Preliminary Receipt dated September 12, 2017

Offering Price and Description:

ETF shares, Series A shares and Series F Shares

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

Purpose Investments Inc.

Project #2674554

Issuer Name:

TD FundSmart Managed Aggressive Growth Portfolio
TD FundSmart Managed Balanced Growth Portfolio
TD FundSmart Managed Income & Moderate Growth Portfolio
TD Managed Aggressive Growth ETF Portfolio
TD Managed Aggressive Growth Portfolio
TD Managed Balanced Growth ETF Portfolio
TD Managed Balanced Growth Portfolio
TD Managed Income & Moderate Growth ETF Portfolio
TD Managed Income & Moderate Growth Portfolio
TD Managed Income ETF Portfolio
TD Managed Income Portfolio
TD Managed Index Aggressive Growth Portfolio
TD Managed Index Balanced Growth Portfolio
TD Managed Index Income & Moderate Growth Portfolio
TD Managed Index Income Portfolio
TD Managed Index Maximum Equity Growth Portfolio
TD Managed Maximum Equity Growth ETF Portfolio
TD Managed Maximum Equity Growth Portfolio
Principal Regulator - Ontario

Type and Date:

Combined Preliminary and Pro Forma Simplified Prospectus dated September 14, 2017
NP 11-202 Preliminary Receipt dated September 14, 2017

Offering Price and Description:

W-Series and WT-Series

Underwriter(s) or Distributor(s):

TD Investment Services Inc. (Investor Series, e-Series)

Promoter(s):

TD Asset Management Inc.

Project #2675332

Issuer Name:

Axiom All Equity Portfolio
Axiom Balanced Growth Portfolio
Axiom Balanced Income Portfolio
Axiom Canadian Growth Portfolio
Axiom Diversified Monthly Income Portfolio
Axiom Foreign Growth Portfolio
Axiom Global Growth Portfolio
Axiom Long-Term Growth Portfolio
Renaissance Canadian All-Cap Equity Fund
Renaissance Canadian Balanced Fund
Renaissance Canadian Bond Fund
Renaissance Canadian Core Value Fund
Renaissance Canadian Dividend Fund
Renaissance Canadian Growth Fund
Renaissance Canadian Monthly Income Fund
Renaissance Canadian Small-Cap Fund
Renaissance Canadian T-Bill Fund
Renaissance China Plus Fund
Renaissance Corporate Bond Fund
Renaissance Diversified Income Fund
Renaissance Emerging Markets Fund
Renaissance Flexible Yield Fund
Renaissance Floating Rate Income Fund
Renaissance Global Bond Fund
Renaissance Global Focus Currency Neutral Fund
Renaissance Global Focus Fund
Renaissance Global Growth Currency Neutral Fund
Renaissance Global Growth Fund
Renaissance Global Health Care Fund
Renaissance Global Infrastructure Currency Neutral Fund
Renaissance Global Infrastructure Fund
Renaissance Global Markets Fund
Renaissance Global Real Estate Currency Neutral Fund
Renaissance Global Real Estate Fund
Renaissance Global Resource Fund
Renaissance Global Science & Technology Fund
Renaissance Global Small-Cap Fund
Renaissance Global Value Fund
Renaissance High Income Fund
Renaissance High-Yield Bond Fund
Renaissance International Dividend Fund
Renaissance International Equity Currency Neutral Fund
Renaissance International Equity Fund
Renaissance Money Market Fund
Renaissance Optimal Conservative Income Portfolio
Renaissance Optimal Global Equity Currency Neutral Portfolio
Renaissance Optimal Global Equity Portfolio
Renaissance Optimal Growth & Income Portfolio
Renaissance Optimal Income Portfolio
Renaissance Optimal Inflation Opportunities Portfolio
Renaissance Real Return Bond Fund
Renaissance Short-Term Income Fund
Renaissance U.S. Dollar Corporate Bond Fund
Renaissance U.S. Dollar Diversified Income Fund
Renaissance U.S. Equity Fund
Renaissance U.S. Equity Growth Currency Neutral Fund
Renaissance U.S. Equity Growth Fund
Renaissance U.S. Equity Income Fund
Renaissance U.S. Equity Value Fund
Renaissance U.S. Money Market Fund
Principal Regulator - Ontario

Type and Date:

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

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

CIBC Asset Management Inc.

Project #2651624

Issuer Name:

Chou Asia Fund
Chou Associates Fund
Chou Bond Fund
Chou Europe Fund
Chou RRSP Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated September 14, 2017
NP 11-202 Receipt dated September 15, 2017

Offering Price and Description:

Series A and Series F Units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #2660042

Issuer Name:

Dynamic Active Global Financial Services Fund
Dynamic Active Tactical Bond Fund
Dynamic Active U.S. Mid-Cap Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated September 12, 2017
NP 11-202 Receipt dated September 13, 2017

Offering Price and Description:

Series O units @ net asset value

Underwriter(s) or Distributor(s):

1832 Asset Management L.P.

Promoter(s):

1832 ASSET MANAGEMENT L.P.

Project #2660456

Issuer Name:

Dynamic iShares Active Global Financial Services ETF
Dynamic iShares Active Tactical Bond ETF
Dynamic iShares Active U.S. Mid-Cap ETF
Principal Regulator - Ontario

Type and Date:

Final Long Form Prospectus dated September 12, 2017
NP 11-202 Receipt dated September 13, 2017

Offering Price and Description:

units @ net asset value

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

N/A

Project #2660657

Issuer Name:

PIMCO Balanced Income Fund (Canada)
PIMCO Canadian Short Term Bond Fund
PIMCO Canadian Total Return Bond Fund
PIMCO Global Advantage Strategy Bond Fund (Canada)
PIMCO Investment Grade Credit Fund (Canada)
PIMCO Monthly Income Fund (Canada)
PIMCO Unconstrained Bond Fund (Canada)
Principal Regulator - Ontario

Type and Date:

Amended and Restated to Final Simplified Prospectus
dated August 29, 2017

NP 11-202 Receipt dated September 15, 2017

Offering Price and Description:

Series A, Series F, Series I, Series M, Series O, Series
A(US\$), Series F(US\$), Series I(US\$), Series M(US\$),
Series O(US\$) and ETF Series units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

PIMCO Canada Corp.

Project #2644394

Issuer Name:

RBC 6-10 Year Laddered Canadian Corporate Bond ETF
RBC BlueBay Global Diversified Income (CAD Hedged)
ETF
RBC PH&N Short Term Canadian Bond ETF
RBC Short Term U.S. Corporate Bond ETF
Principal Regulator - Ontario

Type and Date:

Final Long Form Prospectus dated September 8, 2017
NP 11-202 Receipt dated September 12, 2017

Offering Price and Description:

Units

Underwriter(s) or Distributor(s):

N/A

Promoter(s):

RBC Global Asset Management Inc.

Project #2654414

NON-INVESTMENT FUNDS

Issuer Name:

Chartwell Retirement Residences
Principal Regulator - Ontario

Type and Date:

Preliminary Shelf Prospectus dated September 18, 2017
NP 11-202 Preliminary Receipt dated September 18, 2017

Offering Price and Description:

\$1,500,000,000.00 – Units, Subscription Receipts, Debt Securities

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2676084

Issuer Name:

Fireweed Energy Ltd.
Principal Regulator - Alberta (ASC)

Type and Date:

Preliminary Long Form Prospectus dated September 11, 2017

NP 11-202 Preliminary Receipt dated September 12, 2017

Offering Price and Description:

\$40,000,000.00

*Common Shares

Underwriter(s) or Distributor(s):

National Bank Financial Inc.

Cormark Securities Inc.

Promoter(s):

Joel A. MacLeod

Stephen J. Holyoake

Project #2674480

Issuer Name:

Golden Star Resources Ltd.
Principal Regulator - Ontario

Type and Date:

Preliminary Shelf Prospectus dated September 14, 2017

NP 11-202 Preliminary Receipt dated September 15, 2017

Offering Price and Description:

U.S.\$250,000,000.00 - Common Shares , Preferred Shares, Subscription Receipts, Warrants, Debt Securities

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2675625

Issuer Name:

Hudbay Minerals Inc. (formerly HudBay Minerals Inc.)
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated September 13, 2017

NP 11-202 Preliminary Receipt dated September 13, 2017

Offering Price and Description:

\$242,400,000.00 - 24,000,000 Common Shares

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

Scotia Capital Inc.

CIBC World Markets Inc.

GMP Securities L.P.

TD Securities Inc.

National Bank Financial Inc.

Barclays Capital Canada Inc.

Canaccord Genuity Corp.

Cormark Securities Inc.

Haywood Securities Inc.

Merrill Lynch Canada Inc.

Citigroup Global Markets Canada Inc.

Eight Capital

Macquarie Capital Markets Canada Ltd.

Morgan Stanley Canada Ltd.

Raymond James Ltd.

Promoter(s):

-

Project #2673723

Issuer Name:

Roots Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated September 13, 2017

NP 11-202 Preliminary Receipt dated September 13, 2017

Offering Price and Description:

\$ *

* Common Shares

Underwriter(s) or Distributor(s):

TD Securities Inc.

Credit Suisse Securities (Canada), Inc.

BMO Nesbitt Burns Inc.

Jefferies Securities, Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

CIBC World Markets Inc.

Canaccord Genuity Corp.

National Bank Financial Inc.

Promoter(s):

-

Project #2674913

Issuer Name:

Trilogy Metals Inc. (formerly NovaCopper Inc.)
Principal Regulator - British Columbia

Type and Date:

Preliminary Shelf Prospectus dated September 15, 2017
NP 11-202 Preliminary Receipt dated September 15, 2017

Offering Price and Description:

US\$50,000,000.00 - Common Shares, Warrants to
Purchase Common Shares, Share Purchase Contracts,
Share Purchase or Equity Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2675771

Issuer Name:

Atrium Mortgage Investment Corporation
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated September 18, 2017
NP 11-202 Receipt dated September 18, 2017

Offering Price and Description:

\$30,004,200.00 - 2,532,000 Common Shares
Offering Price: \$11.85 per Offered Share

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 #2672988

Issuer Name:

Dream Industrial Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated September 15, 2017
NP 11-202 Receipt dated September 18, 2017

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2674070

Issuer Name:

Enbridge Inc.
Principal Regulator - Alberta (ASC)

Type and Date:

Final Shelf Prospectus dated September 14, 2017
NP 11-202 Receipt dated September 14, 2017

Offering Price and Description:

US\$7,000,000,000.00 - DEBT SECURITIES, COMMON
SHARES, PREFERENCE SHARES

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2665066

Issuer Name:

Firm Capital American Realty Partners Corp. (formerly
Delavaco Residential Properties Corp.)
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated September 15, 2017
NP 11-202 Receipt dated September 15, 2017

Offering Price and Description:

U.S.\$250,000,000.00 - Common Shares, Preferred Shares,
Debt Securities, Subscription Receipts, Warrants, Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2673474

Issuer Name:

Heron Resources Limited

Type and Date:

Final Short Form Prospectus dated September 12, 2017
Received on September 13, 2017

Offering Price and Description:

39,285,715 Ordinary Shares (ISSUABLE UPON THE
AUTOMATIC CONVERSION OF 39,285,715 ISSUED AND
OUTSTANDING SUBSCRIPTION RECEIPTS)

Price: \$0.07

Underwriter(s) or Distributor(s):

Paradigm Capital Inc.

Promoter(s):

-

Project #2657018

Issuer Name:

Millennial Lithium Corp.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated September 14, 2017
NP 11-202 Receipt dated September 14, 2017

Offering Price and Description:

Maximum Offering: \$10,000,000.00

A maximum of 8,000,000 Units

PRICE: \$1.25 PER UNIT

Underwriter(s) or Distributor(s):

Canaccord Genuity Corp.

Promoter(s):

-

Project #2668162

Issuer Name:

Ontario Power Generation Inc.
Principal Regulator - Ontario

Type and Date:

Final Shelf Prospectus dated September 12, 2017
NP 11-202 Receipt dated September 13, 2017

Offering Price and Description:

\$2,000,000,000.00 - Medium Term Notes (unsecured)

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

TD Securities Inc.

Goldman Sachs Canada Inc.

CIBC World Markets Inc.

Desjardins Securities Inc.

HSBC Securities (Canada) Inc.

Laurentian Bank Securities Inc.

National Bank Financial Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

Promoter(s):

-

Project #2672531

Issuer Name:

Profound Medical Corp. (formerly Mira IV Acquisition Corp.)
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated September 13, 2017
NP 11-202 Receipt dated September 13, 2017

Offering Price and Description:

\$10,000,000.00 - 10,000,000 Units

Price: \$1.00 per Unit

Underwriter(s) or Distributor(s):

Echelon Wealth Partners Inc.

CIBC World Markets Inc.

Promoter(s):

-

Project #2664155

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	First Block Capital Inc.	Investment Fund Manager and Exempt Market Dealer	September 5, 2017
Voluntary Surrender	Access Capital Corp.	Exempt Market Dealer	September 14, 2017
Name Change	From: Timbercreek Asset Management Ltd. To: Timbercreek Investment Management Inc.	Investment Fund Manager and Exempt Market Dealer	August 31, 2017

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Canadian Securities Exchange – Significant Change Subject to Public Comment – Amendments to Trading System Functionality & Features – Notice and Request for Comment

Notice 2017-015

September 21, 2017

CANADIAN SECURITIES EXCHANGE

SIGNIFICANT CHANGE SUBJECT TO PUBLIC COMMENT

AMENDMENTS TO TRADING SYSTEM FUNCTIONALITY & FEATURES

NOTICE AND REQUEST FOR COMMENT

CNSX Markets Inc., (CSE or the Exchange) is filing this Notice in accordance with the process for the Review and Approval of Rules and Information Contained in Form 21-101F1 and the Exhibits Thereto attached as Appendix B to the Exchange's recognition order ("Protocol"). The Exchange intends to implement enhancements to its trading system in response to customer feedback. The enhancements, including new order types and additional features for existing order types, are described below.

A. Description of the Proposed Changes

Primary Price Improvement Peg Order Type

Primary Price Improvement peg orders are dark orders that will be pegged to same side of the Protected NBBO with one increment¹ of price improvement.

- Buy orders will be pegged one increment better than the best bid and sell orders being pegged one increment better than the best offer.
- If the NBBO is locked or crossed (i.e. The NBBO bid is greater than or equal to the NBBO offer), the Primary Peg order will not trade. Pegged orders can be entered when the NBBO is locked or crossed but will not be priced or placed into the book until the condition is cleared.
- Peg orders will expire at the end of each day.
- Peg orders can be entered in any session where order entry is permitted but are only tradeable in continuous trading and only when the pegged order matching session has been enabled. (Peg Session is 9:30am - 4:00pm)

¹increment is one tick or one half tick in the case of a \$0.01 spread

Seek Dark Liquidity Only Order

Seek Dark Liquidity orders are active IOC orders that will trade against dark resting orders only.

- Seek Dark orders will trade at prices up to and including one tick inside the opposite side of the Protected NBBO (or at the order's limit price if less aggressive).
- Seek Dark orders may trade against existing odd lots or odd lot portions of mixed lot tradable contra dark orders at or between the NBBO including automated odd lot fills by the CSE market maker where one is assigned.
- Any volume that is not immediately traded will be cancelled.
- The order behaves like an IOC order that will only execute against dark orders

Pegged Order – Post Only option

Support of the Post Only order option will be extended to pegged (dark) order types. Coincidental with the introduction of this option, pegged orders which are not marked as Post Only will be allowed to trade with tradeable opposing pegged orders already in the book.

- A pegged order that is not marked Post Only will be allowed to trade against any tradeable contra dark order already in the book.
- A pegged order marked Post Only will book rather than trade even if an otherwise tradeable contra dark order is already in the book.

Pegged Order – Minimum Quantity option

Minimum Quantity will be introduced as an option on pegged orders to restrict the pegged order to only trading with contra orders of a specified volume or greater.

- An active contra order for less than the specified minimum volume will not interact with a booked Min Qty order and will be allowed to trade through the Min Qty order to interact with other dark or lit orders in the book.
- On receipt, a Min Qty order interact with existing contra dark orders in the book having volumes at or greater than the specified minimum volume.
- Min Qty will only be supported on pegged order types (excluding Fade to Dark).

Pegged Orders Outside the NBBO

The behaviour of pegged orders will be corrected so that when the limit of a pegged order moves outside the NBBO, the pegged order will no longer be cancelled.

- This will be true for both cases where the NBBO moves away from the limit on a booked pegged order as well as for cases where the pegged order is entered with a limit already outside the NBBO.

Minimum Quantity Order

Minimum Quantity order is a visible order that will trade only against contra orders with a combined volume equal to or greater than the specified minimum.

- The Minimum Quantity order will trade actively against lit orders in the book and dark orders, but only if there is a sufficient combined volume to completely fill the Minimum Quantity order.
- If the Minimum Quantity order does not fill, it will be posted in the terms book.
- An active contra order with remaining volume equal to or greater than the specified minimum volume will trade with Minimum Quantity orders after any similarly priced orders in the lit book have traded.

Fade to Dark Order

Fade to Dark (FTD) orders are peg orders that, upon entry, trade against lit and/or dark resting orders at the NBBO before booking, then become hidden peg orders after a fixed display time of one second.

- FTD orders are mid-point, market, or primary peg orders.
- FTD orders will trade as active orders against resting dark or lit orders up to and including the NBBO.
- The unfilled balance of the active order will be displayed at the last traded (displayed) price, subject to OPR requirements.
- After a fixed display time of one second, the displayed order will effectively be cancelled and the hidden peg order booked.

Step Limit Order

Step Limit orders are lit orders, similar to regular limit orders but with self-adjusting limit prices (moving only in the direction of less aggressive) triggered by partial fills.

- Step Limit orders will trade as normal against lit and/or dark resting orders or post.
- Any portion of the order that is not immediately tradable will post in the lit book at the initially specified limit price.
- If after being booked the order receives a partial fill (including a fill resulting from broker preferencing), the limit price will automatically adjust to be one tick less aggressive. The limit will continue to adjust with no maximum or minimum price.
- The limit price on a Limit Improvement order will not be adjusted based on fills during an opening match. Adjustments will only be made following fills in continuous trading.

B. Expected Implementation Date: Q1 2018

C. Rationale and Analysis

CSE is offering the Primary Price Improvement Peg Order Type, Seek Dark Liquidity Only Order, Pegged Order Minimum Quantity option and the Pegged Order Post Only option in response to customer demand. The demand is for the functionality as well as consistency with the other marketplaces in Canada that have offered similar order types and options.

The Step Limit Order and Fade to Dark Order will assist with meeting the challenges of participating in a market where automation continues to play a larger role in competition and cost reduction. These order types represent minimal automation of functions already performed manually by customers that do not have the technology to facilitate automation.

The Minimum Quantity Order will address the demand for functionality that was removed by marketplaces with the advent of multiple markets in Canada, primarily because of the technical challenges to marketplaces and vendors but also decline in demand owing to lower commission fees.

The use of these order types is optional for participants.

D. Expected Impact

The expected impact is a more seamless and simplified workflow for Industry stakeholders. The changes respond to customer demand, and provide competition with the offerings of other marketplaces. The use of these order types is optional.

E. Systemic Risk

The CSE does not believe that any increase in systemic risk would be introduced with the approval or implementation of the proposed changes.

F. Compliance with Ontario Securities Law

There will be no impact on the CSE's compliance with Ontario securities law. The changes do not alter any of the requirements for fair access or the maintenance of fair and orderly markets.

G. Consultation

The CSE has consulted with a number of dealers and industry stakeholders and considered the feedback received during informal dialogue.

H. Technology Changes

As many of the proposed features are supported on other Canadian marketplaces, there should be no material effort required. The new order types are optional and would require minimal effort to implement.

I. Alternatives

The proposed changes address the feedback provided by clients and comply with regulatory requirements.

J. Other Markets or Jurisdictions

Most of the proposed functionality already exists in Canada and is currently provided by one or more marketplaces.

K. Comments

Please submit comments on the proposed amendments no later than October 16, 2017 to:

Mark Faulkner

Vice President, Listings and Regulation
CNSX Markets Inc.
220 Bay Street, 9th Floor
Toronto, ON, M5J 2W4
Fax: 416.572.4160
Email: Mark.Faulkner@thecse.com

Market Regulation Branch

Ontario Securities Commission
20 Queen Street West, 20th Floor
Toronto, ON, M5H 3S8
Fax: 416.595.8940
Email: marketregulation@osc.gov.on.ca

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Index

Access Capital Corp.		Impak Finance Inc	
Voluntary Surrender	7865	Decision	7755
BNP Paribas Securities Corp.		Ip, Albert	
Decision	7741	Notice from the Office of the Secretary	7733
Bruce Power L.P.		Order	7771
Ruling – s. 38 of the CFA	7772	Katanga Mining Limited	
Canada House Wellness Group Inc.		Cease Trading Order	7777
Cease Trading Order	7777	OSC Staff Notice 51-728 Corporate Finance Branch 2016-2017 Annual Report	
Canadian Biocetical Corporation (The)		Notice	7731
Cease Trading Order	7777	Pacific Road Capital Management Pty Ltd. et al.	
Canadian Securities Exchange		Decision	7758
Marketplaces – Significant Change Subject to Public Comment – Amendments to Trading System Functionality & Features – Notice and Request for Comment	7867	Pacific Road Resources Fund II	
Chan, Allen		Decision	7758
Notice from the Office of the Secretary	7733	Pacific Road Resources Fund II L.P.	
Order	7771	Decision	7758
CME Clearing Europe Limited		Performance Sports Group Ltd.	
Order – s. 144	7770	Cease Trading Order	7777
East Coast Fund Management Inc.		Revocation – s. 144	7770
Decision	7749	Sensato Investors, LLC	
First Block Capital Inc.		Order – ss. 78(1), 80 of the CFA	7761
New Registration	7865	Sino-Forest Corporation	
Frontline Gold Corporation		Notice from the Office of the Secretary	7733
Cease Trading Order	7777	Order	7771
Hewlett Packard Enterprise Company		Timbercreek Asset Management Ltd.	
Decision	7738	Name Change	7865
Ho, George		Timbercreek Investment Management Inc.	
Notice from the Office of the Secretary	7733	Name Change	7865
Order	7771	Top Funds	
Horsley, David		Decision	7749
Notice from the Office of the Secretary	7733	Two Harbors Investment Corp.	
Order	7771	Decision	7735
Hung, Alfred C.T.		Yeung, Simon	
Notice from the Office of the Secretary	7733	Notice from the Office of the Secretary	7733
Order	7771	Order	7771

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