The Ontario Securities Commission

OSC Bulletin

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

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1.1 Notices

1.1.1 CSA Staff Notice 51-348 – Staff's Review of Social Media Used by Reporting Issuers

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CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 51-348
Staff's Review of Social Media Used by Reporting Issuers

March 9, 2017

1. EXECUTIVE SUMMARY

Social media has emerged in recent years as a common and important venue for reporting issuers to connect with potential customers, shareholders and other stakeholders. As social media and the use of the internet have become increasingly part of how we communicate information, we have observed a higher proportion of corporate disclosure being provided through chat rooms, investor presentations, blogs and social media websites.

Reporting issuers must constantly be aware of the securities reporting obligations that their social media activities may trigger, even if these activities are not directly intended to communicate with investors. Given that investment decisions are made on material information, it is critical for issuers to adhere to high quality disclosure practices regardless of the venue used for dissemination.

Staff of the Canadian Securities Administrators (**Staff** or **we**) are publishing this notice based on a review conducted by the securities regulatory authorities in Alberta, Ontario and Québec. Staff reviewed the disclosure provided on social media by 111 reporting issuers.[1] This included a review of information provided on websites such as Facebook, Twitter, YouTube, LinkedIn, Instagram and GooglePlus, amongst others. We also reviewed the disclosure issuers posted on their own websites, including on any message boards or blogs hosted on those websites.

We reviewed this material to assess whether the disclosure provided in this relatively new and growing disclosure venue adheres to the principles outlined in National Policy 51-201 *Disclosure Standards* (**NP 51-201**) and the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**).

Our results identified the following three key areas where issuers are expected to improve their disclosure practices:

- Selective or early disclosure when some investors receive material information through social media that other investors do not receive because it is not generally disclosed.
- Misleading and unbalanced social media disclosure where information is not sufficient to provide a complete picture or is inconsistent with information already disclosed by issuers on the System for Electronic Document Analysis and Retrieval (**SEDAR**).
- Insufficient social media governance policies in place to support social media activity.

[1] Non-investment fund reporting issuers.

In some cases we observed deficient disclosure resulting in material stock price movements, which may have led to investor harm. This illustrates how unintended consequences, including potential securities regulatory action, may arise when social media is misused.

Where deficient disclosure was identified, one or more of the following outcomes occurred:

- Issuers provided clarifying disclosure on SEDAR and/or removed social media disclosure.
- Issuers committed to improving prospective social media disclosure and/or their internal controls and policies.

Given the significant growth in the popularity and use of social media in recent years, we will continue to monitor these areas in our review program activities. Issuers that have not complied will be expected to take corrective action.

2. DISCLOSURE EXPECTATIONS

The following guiding principles, which issuers should consider in order to prevent unbalanced, misleading or selective disclosure, are discussed in securities legislation[2] and in NP 51-201. A summary of disclosure requirements applicable to the presentation of forward-looking information is also included below.

We note that, in some cases, these disclosure expectations refer to our expectations about balanced disclosure for material changes, or for information contained in a press release. High quality disclosure practices are important regardless of the venue of disclosure and, as a result, these disclosure expectations are equally important in the context of social media.[3]

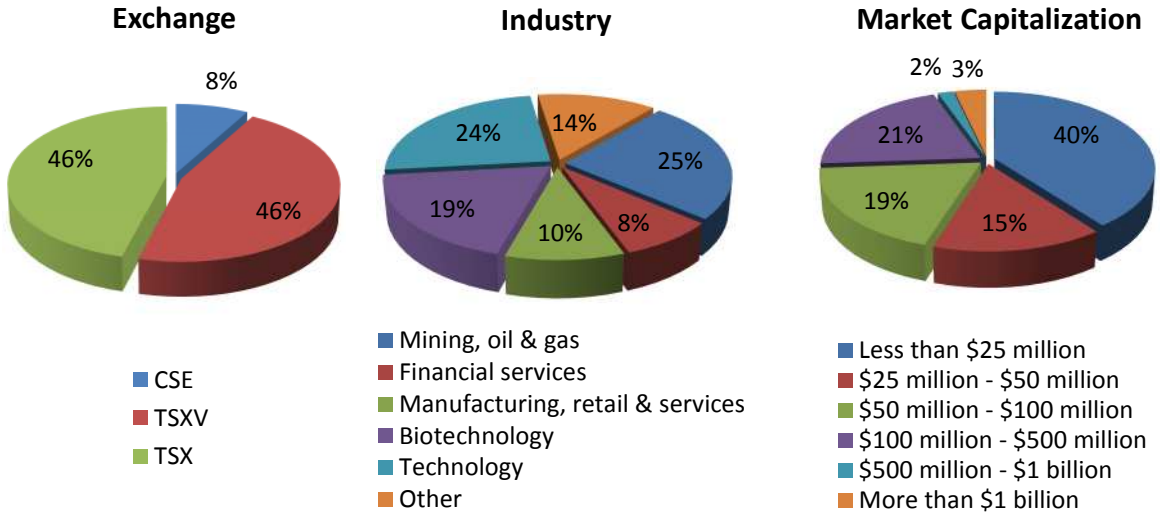
Topic	Disclosure Expectation
Unbalanced and misleading disclosure[4]	Do not make a statement that is misleading or untrue, or which does not state a fact that is necessary to make the statement not misleading and would be expected to have a significant effect on the market price of a security
	Announcements of material changes should be factual and balanced
	Unfavourable news must be disclosed just as promptly and completely as favourable news
	An issuer's press release should contain enough detail to enable the media and investors to understand the substance and importance of the change it is disclosing
	Issuers should avoid including unnecessary details, exaggerated reports or promotional commentary

[2] As such term is defined in National Instrument 14-101 *Definitions* (**NI 14-101**).
[3] While social media is not explicitly noted in NP 51-201, Staff expect this policy will assist issuers and their officers and directors in meeting disclosure obligations on the use of social media.
[4] The disclosure expectations outlined in securities legislation (as such term is defined in NI 14-101) and in subsection 2.1(2) of NP 51-201 are referred to in this section.

Selective disclosure[5]	Issuers (and any person or company in a special relationship with a reporting issuer) are prohibited from informing, other than in the necessary course of business, anyone of material non-public information before that material information has been generally disclosed
	Information has been generally disclosed if it has been disseminated in a manner calculated to effectively reach the marketplace, and if investors have been given a reasonable amount of time to analyze the information
	Posting material information on an issuer's website is not acceptable as the sole means of satisfying the requirement to "generally disclose" information
Forward-looking information[6]	An issuer that discloses material forward-looking information must identify it as such and state the material factors or assumptions used to develop the forward-looking information
	Issuers should discuss in their MD&A events and circumstances that occurred in the period that are reasonably likely to cause actual results to differ materially from material forward-looking information which has been previously disclosed, for a period that is not yet complete
	Issuers should disclose in their MD&A any differences between actual results and previously disclosed forward-looking information for the period

3. REVIEW SCOPE

A breakdown of the issuers that we selected for review by stock exchange, industry classification and market capitalization is presented in the charts below.



[5] The disclosure expectations outlined in section 3.1 and subsections 3.5(2) and 6.11(1) of NP 51-201 are referred to in this section.

[6] The disclosure requirements outlined in part 4A, part 4B and section 5.8 of NI 51-102 are referred to in this section.

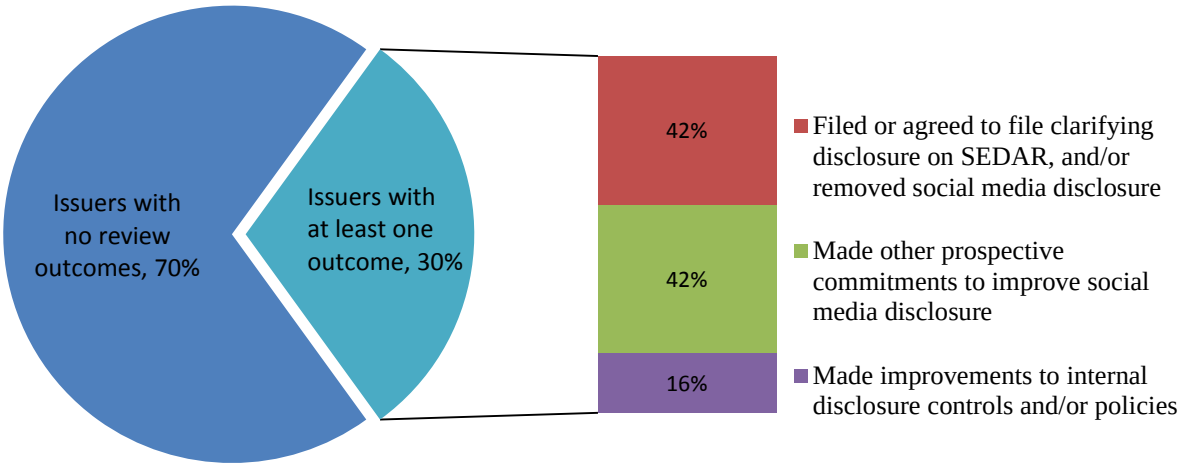
For many of these issuers, our review noted at least one specific instance of potential non-compliance with securities law in connection with information posted on social media websites. As a result, we sent comment letters with specific compliance-based comments to 44% of the issuers that we reviewed.

4. Review Outcomes and Issues Identified

While a majority of the issuers in our sample that used social media did not raise securities related concerns, our review results were significant as 30% of these issuers took action to improve their disclosure in response to issues raised. We also noted that 77% of issuers had not developed specific policies and procedures which would promote internal governance and compliance with securities law in relation to their use of social media.

72% of the issuers that we reviewed were actively using at least one social media website. The following chart provides additional information about the nature and frequency of the different types of outcomes that we obtained for these issuers.

Breakdown of review outcomes for issuers that use social media*



* Some issuers had multiple outcomes. For the purpose of this chart, only the single most significant outcome is reflected for each individual issuer.

Of the issuers we reviewed that were actively using social media, 25% either filed clarifying disclosure, edited or removed disclosure, or made prospective commitments to improve disclosure. These actions were mainly taken in order to address inconsistencies between specific social media disclosures and certain securities law requirements. In the case of four specific issuers, the original non-compliant disclosure and/or the subsequent correction of that disclosure resulted on average in a 26% movement in the stock prices of the issuers involved. In these cases, the deficient disclosure appeared to be material and Staff may consider further engagement with these issuers.

4.1 Selective Disclosure on Social Media

During our review, we noted that many reporting issuers use social media as a tool for general marketing and customer outreach. Because of the nature and purpose of marketing activities, these issuers may not necessarily intend to provide information on social media websites which could interact with their obligations under securities law. However, an unintended breach of securities law obligations can occur if material non-public information is disclosed improperly.

When issuers disclose material information, they should ensure this information is "generally disclosed" consistent with the disclosure expectations outlined in NP 51-201. Subsection 6.11(1) of NP 51-201 provides that information is not considered to have been generally disclosed solely because it has been disclosed on an issuer's website. Similarly, the disclosure of material information on a social media website alone would not be sufficient in order for information to be considered "generally disclosed" under NP 51-201. As a result, Staff had selective disclosure concerns in instances where material information was posted only on a social media website.

During the course of our review, we identified selective disclosure issues in the following areas.

4.1.1 Forward-Looking Information Disclosed Only on Social Media

We noted a number of instances where issuers provided material forward-looking information on social media websites without ensuring that this information had been generally disclosed to all stakeholders. Forward-looking information provides key information to market participants on future prospects and, as a result, it was not surprising to see significant share price increases in several cases when this information was selectively disclosed on social media. Examples of the type of forward-looking information which we observed being selectively disclosed on social media websites included revenue, earnings per share and cash flow targets. These projections were often material because they were significantly more favourable than historical results or any other information reflected in the issuers' continuous disclosure record.

We also noted instances where the expected timing of significant future milestones, such as the timing for a new product launch or the amount of time before an asset can begin generating revenue, was selectively disclosed on social media websites only.

We had concerns in all of these cases because some investors may have received the information and been aware of it when forming an investment decision, whereas other investors may not have been aware of the selective disclosure. We also noted that issuers who disclosed material forward-looking information on social media websites alone tended not to comply with other disclosure obligations related to forward-looking information. For example, the requirement to provide material factors and assumptions supporting the forward-looking information or the requirement to update the forward-looking information when events occur that make it no longer likely for the target to be met. As a result, this forward-looking information could have been misleading even to those investors who did receive it.

4.1.2 Lack of Coordination about the Timing of Social Media Announcements

We noted instances where the disclosure provided by issuers on social media was eventually generally disclosed on SEDAR or via a news release, but where we still had selective disclosure concerns because the information was released on social media in advance. This included disclosure about events which were not forward-looking but which had recently occurred, such as an issuer having received a licence to begin selling a key product in a new jurisdiction.

In some cases information was posted on social media minutes before it was disclosed elsewhere, and in other cases there was a time delay amounting to days or weeks. Weak social media disclosure controls and governance policies, combined with incorrect assessments that the items being disclosed initially on social media were not material, were often involved in the initial selective disclosure of these items.

4.1.3 Third Party Posts on Social Media Which Suggest Missing Continuous Disclosure

Arm's length third parties often post commentary about issuers through online blogs, message boards or other social media websites. During our review we noted examples of third party posts which suggested that a material event had occurred, such as the insolvency of a major customer, where those events had not been disclosed by an issuer through their continuous disclosure record or otherwise. Although these instances do not relate to social media disclosure provided directly by an issuer, they do point to the importance of social media as a venue for investors to receive potentially material information.

In these cases, investors may have received important information about an issuer which the issuer itself omitted to disclose. We have concerns where investors are receiving material information about an issuer on social media that the issuer itself has not generally disclosed in connection with its ongoing disclosure obligations, because the end result is the selective disclosure of material information.

4.2 Unbalanced or Misleading Disclosure on Social Media

Information posted by issuers on social media websites generally had a strong positive tone. We did not have regulatory concerns solely because an issuer's social media disclosure focused on positive information. However, we noted a number of instances where social media postings were, individually or in the aggregate, sufficiently promotional or unbalanced that they raised concerns under securities law.

NP 51-201 states that an issuer's disclosure should be factual and balanced, giving unfavourable news equal prominence to favourable news. It also indicates that disclosure should include sufficient detail for investors to be able to understand the substance and significance of the events being discussed, and that exaggerated reports and promotional commentary should be excluded.

In connection with our review, all of the issuers identified as having unbalanced or misleading disclosure agreed to improve their use of social media in response to comments raised by Staff.

During the course of our review, we identified misleading or unbalanced disclosure issues in the following areas.

4.2.1 Misleading or Untrue Statements Provided on Social Media

We observed instances where the disclosure provided by issuers on social media was either untrue or promotional to such an extent that it could have misled investors. In several instances, issuers provided commentary or other information about their financial results on social media which did not appear to be consistent with or contained in their continuous disclosure on SEDAR. For example, this occurred when figures being disclosed on social media were non-GAAP financial measures which had not been disclosed in any regulatory filings, or in any other disclosure outside social media. Beyond any selective disclosure issues which may have existed, those investors who had received the non-GAAP financial measure disclosure on social media were not provided with all of the disclosures that issuers should provide when they present non-GAAP financial measures,[7] including a quantitative reconciliation of the non-GAAP financial measure to its most directly comparable GAAP measure. In the absence of these disclosures, investors may be unable to understand the full meaning and significance of the non-GAAP financial measures being disclosed, which can result in their being misled on the basis of incomplete information.

4.2.2 Analyst Reports and Other Articles Provided on Social Media

In some cases, misleading or untrue statements were provided through links to other documents. For example, on Twitter issuers are currently subject to a 140 character limit on information provided in a single post. As a result of this limit we frequently observed issuers providing lengthier commentary through hyperlinks or file attachments. In many cases these links or attachments included reports and research about the issuer from analysts.

When issuers provide copies of reports from independent analysts, they should ensure that they are providing the names and/or recommendations of all independent analysts who cover the issuer.[8] We expect that this disclosure will be provided in order to prevent issuers from selectively disclosing the reports of only those analysts whose views are favourable to the issuer.

We also observed a number of cases where analyst reports, or other third party news articles, included fine print disclosure indicating that they were paid for by the issuer. Some of these documents included stock price targets and valuations for the issuer which were more than double their stock price at the time the report was written. Given that these documents are not independent, issuers should provide more prominent disclosure to that effect in order to avoid misleading investors. Burying a statement at the end of an article or report, or in fine print, that the issuer paid for the publication may raise misleading disclosure concerns around prominence. In these cases, issuers provided clarifying disclosure in connection with our review, in order to highlight that these documents were not independently prepared.

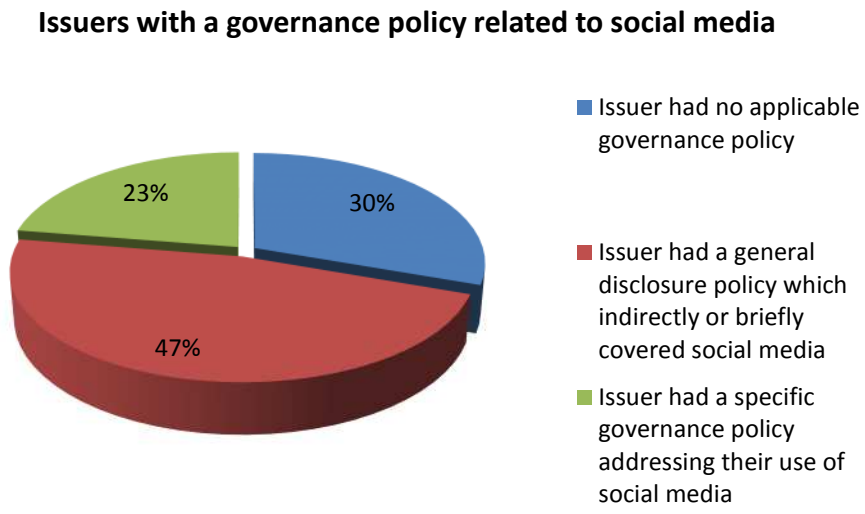
[7] CSA Staff Notice 52-306 (Revised) *Non-GAAP Financial Measures* outlines our disclosure expectations for non-GAAP financial measures.

[8] Refer to the guidance in subsection 5.2(4) of NP 51-201.

Some issuers posted links to analyst reports or other news articles, where the linked document contained forward-looking information about the issuer. During our review some of these issuers indicated that, while they were no longer on track to achieve these forward-looking targets, they were not responsible for updating the targets because they were solely the opinion of a third party. In these cases Staff asked issuers to provide clarifying disclosure updating the forward-looking targets, because the issuer had effectively endorsed the targets by linking them to a social media post.

4.3 The Importance of a Social Media Governance Policy

Staff expect reporting issuers to understand the importance of having rigorous governance policies and disclosure practices which ensure the integrity of the disclosure they provide in formal regulatory filings. However, our review found that a significant number of issuers did not have the policies, procedures or controls in place which would be required in order to ensure that similarly high standards are met in the disclosure they provide on social media.



This finding is critically important because a misleading statement causing investor harm has serious implications for the integrity of capital markets. Issuers that provide deficient disclosure on social media may incur significant reputational, regulatory and other costs when addressing deficiencies. In light of the wide popularity of social media and the lack of significant obstacles for issuers and their executive officers to access it, issuers should enhance the strength of their social media governance frameworks.

A strong social media governance policy should include consideration of at least the following items:

- Who can post information about the issuer on social media
- What type of sites (including personal social media accounts vs corporate) can be used
- What type of information about the issuer (financial, legal, operational, marketing, etc.) can be posted on social media
- What, if any, approvals are required before information can be posted

- Who is responsible for monitoring the issuer's social media accounts, including third party postings about the issuer
- What other guidelines and best practices are followed (for example, if an employee posts about the issuer on a personal social media site they should identify themselves as an employee of the issuer)

While not an exhaustive list, we encourage reporting issuers to consider implementing a specific internal policy on social media, meeting the principles disclosed above.

Of the four issuers mentioned above, whose non-compliant social media disclosure resulted in material stock price movements, none had a specific governance policy related to how their directors, officers or employees could or should be using social media websites.

A number of the issuers we reviewed that were using social media agreed to improve their internal policies and practices by either adopting a specific social media governance policy, restricting internal posting access to the issuer's social media websites and/or reminding insiders of their obligations under securities law.

5. QUESTIONS

Please refer your questions to any of the following:

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1.3 Notices of Hearing with Related Statements of Allegations

1.3.1 Dennis L. Meharchand and Valt.X Holdings Inc. – ss. 127, 127.1

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

AND

IN THE MATTER OF
DENNIS L. MEHARCHAND and
VALT.X HOLDINGS INC.

NOTICE OF HEARING
(Sections 127 and 127.1 of the Securities Act)

TAKE NOTICE that the Ontario Securities Commission (the "**Commission**") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5 (the "**Act**"), at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on March 27, 2017 at 11:30 a.m. or as soon thereafter as the hearing can be held;

TO CONSIDER whether, in the Commission's opinion, it is in the public interest for the Commission to make the following orders against Dennis L. Meharchand ("**Meharchand**") and Valt.X Holdings Inc. (collectively, the "**Respondents**"):

(i) that trading in any securities or derivatives by the Respondents cease permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;

(ii) that the acquisition of any securities by the Respondents is prohibited permanently or for such period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

(iii) that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the Act;

(iv) that the Respondents be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

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

(vi) that Meharchand be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager, permanently or for such period as is specified by the Commission, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;

(vii) that Meharchand be prohibited from becoming or acting as a registrant, as an investment fund manager, or as a promoter, permanently or for such period as is specified by the Commission, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

(viii) that the Respondents pay an administrative penalty of not more than $1 million for each failure by the respective Respondent to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;

(ix) that the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;

(x) that the Respondents be ordered to pay the costs of the Commission investigation and the hearing, pursuant to section 127.1 of the Act; and

(xi) such other order as the Commission considers appropriate in the public interest;

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated February 27, 2017, and such further allegations as counsel may advise and the Commission may permit;

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

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

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

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

DATED at Toronto, this 27th day of February, 2017.

"Grace Knakowski"
Secretary to the Commission

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

AND

IN THE MATTER OF
DENNIS L. MEHARCHAND and
VALT.X HOLDINGS INC.

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

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

A. Overview

1. During the period from January 2012 to December 2016 (the "Material Time"), Valt.X Holdings Inc. ("Valt.X Holdings") and Dennis L. Meharchand ("Meharchand") (together, the "Respondents"): (i) engaged in the business of trading in securities without being registered, contrary to subsection 25(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"); (ii) illegally distributed securities, contrary to subsection 53(1) of the Act; and (iii) engaged in conduct contrary to the public interest.

2. During the Material Time, the Respondents raised a total of approximately CDN$1.5 million and USD$140,000 through the sale of shares to approximately 65 investors who were solicited to invest in Valt.X Holdings. The Respondents engaged in the conversion of outstanding loans to convertible notes for shares in Valt.X Holdings worth approximately CDN$1.4 million.

3. Further, Meharchand engaged in fraudulent conduct by making misleading or untrue statements to investors regarding the use of investors' funds. Instead of using investor funds exclusively for their stated purpose, Meharchand used a significant portion of investor monies for his personal benefit, including the payment of loans, the payment of personal expenses, and the use of monies for gambling, contrary to subsection 126.1(b) of the Act.

B. The Respondents

4. During the Material Time, Meharchand was a resident of Toronto, Ontario and an officer and/or director and directing mind of Valt.X Holdings. He has never been registered with the Ontario Securities Commission (the "Commission") in any capacity.

5. Valt.X Holdings was incorporated in Ontario in March 2006 with a registered address in Toronto, Ontario. During the Material Time, Valt.X Holdings was not a reporting issuer in Ontario and did not file a preliminary prospectus and prospectus. Valt.X Holdings has never been registered with the Commission in any capacity.

C. Unregistered Trading and Illegal Distribution

(a) Trading in Securities

6. During the Material Time, the Respondents solicited Canadian residents, both directly and indirectly, to advance monies for the purpose of funding Valt.X Holdings' ongoing business activities. Since 2010, Valt.X Holdings' business activities have included raising capital through the sale of securities to members of the public and attempts to commercialize proprietary cybersecurity technologies. As a result of investor solicitations, a total of approximately CDN$1.5 million and USD$140,000 from 65 investors was raised.

7. The individuals solicited to invest in Valt.X Holdings were members of the public. Direct solicitations resulted in numerous investor referrals, which the Respondents accepted.

8. Investors entered into subscription agreements with respect to their investment in Valt.X Holdings. The subscription agreements were issued by Valt.X Holdings and executed by Meharchand, as a director and/or officer. Typically, investors purchased common shares of Valt.X Holdings at a purchase price of between $0.25 and $1.00 per share.

9. The Valt.X Holdings common shares are "securities", as defined in subsection 1(1) of the Act.

10. Meharchand solicited individuals to invest in Valt.X Holdings by contacting them directly by email, offering investment opportunities on the internet, meeting with potential investors, discussing the nature of the investment, making presentations about the investment opportunity, answering inquiries made by potential investors, and disseminating marketing materials to potential investors.

11. Investor monies were accepted and deposited, directly or indirectly, into accounts associated with or related to the Respondents, including accounts in the name of Valt.X Holdings and Meharchand. The investor monies were then disbursed at the direction of Meharchand for use in the operation of Valt.X Holdings and for wholly unrelated purposes.

(b) The "Crowd Buy" Opportunity

12. In or around February 2016, Meharchand began marketing a "crowd buy" program on behalf of Valt.X Holdings. Potential investors were given an opportunity to purchase software licenses from Valt.X Holdings at a discount. Under the proposed terms of the "crowd buy" program, investors were told they have the option to (1) sell the licenses themselves or (2) have Valt.X Holdings sell the licenses on their behalf.

13. Potential investors were told that they would receive a fixed return on investment in one year and that their return would be dependent on the amount of money invested. For example, an investment of $100,000 would provide a 30% return, an investment of $50,000 would provide a 25% return, and an investment of under $50,000 would provide a 20% return. Valt.X Holdings would buy back any unsold inventory at cost.

14. The "crowd buy" program offered by Valt.X Holdings is an investment contract, and therefore a "security" as defined in subsection 1(1) of the Act.

(c) Conversion of Existing Loans to Securities

15. Prior to 2012, Meharchand entered into a series of loans with various individuals. In 2012, Meharchand began providing convertible notes for Valt.X Holdings shares to his existing lenders. These convertible notes were in lieu of the principal and interest due on the outstanding loans. During the Material Time, Valt.X Holdings issued approximately $1.4 million worth of convertible notes.

16. The convertible notes were offered for a set duration and provided the subscriber the option of converting outstanding loans to common shares of Valt.X Holdings, typically at a price of $0.19 to $1.00 per share. The terms of the notes varied from 45 days to two years.

17. If the subscriber did not elect to convert to shares and opted instead to redeem the convertible note, Valt.X Holdings would pay an annual interest rate of 15% from the date of the execution of the convertible note.

18. The Valt.X Holdings convertible notes are "securities", as defined in subsection 1(1) of the Act.

19. By engaging in the conduct described above, the Respondents engaged in, or held themselves out as engaging in, the business of trading in securities and participated in acts, solicitations, conduct or negotiations directly or indirectly in furtherance of the sale or disposition of securities, in circumstances where there were no exemptions to the registration requirement available under Ontario securities law, contrary to section 25 of the Act and/or contrary to the public interest.

20. Further, by engaging in the conduct described above, the Respondents traded in securities where those trades were distributions of securities not previously issued, in circumstances where there were no exemptions to the prospectus requirement available under Ontario securities law or the Respondents improperly relied upon such exemptions, contrary to section 53 of the Act and/or contrary to the public interest.

D. Fraudulent Conduct

21. During the Material Time, Meharchand made representations to investors that their investment monies would be used for the ongoing operations of Valt.X Holdings. However, the funds raised from investors were not used exclusively for this purpose. Instead of being used exclusively for the stated purpose, and without the knowledge of investors, Meharchand directed a significant amount of investor monies towards other uses, including:

    (a) paying personal expenditures, including credit card and mortgage payments;

    (b) repaying individuals who were owed money from loans to Meharchand;

    (c) paying existing investors;

(d) significant cash withdrawals; and

(e) funding personal gambling activities engaged in by Meharchand.

22. During the Material Time, neither of the Respondents had any significant source of income other than investor funds. Meharchand's failure to use the investor funds as represented to investors was misleading and/or fraudulent in the circumstances.

23. By engaging in the conduct described above, Meharchand engaged in or participated in acts, practices, or courses of conduct relating to securities that he knew perpetrated a fraud on persons or companies contrary to subsection 126.1(b) of the Act.

E. Breaches of Ontario Securities Law and/or Conduct Contrary to the Public Interest

24. The specific allegations advanced by Staff are:

(a) During the Material Time, the Respondents engaged in, or held themselves out as engaging in, the business of trading in securities without being registered, in circumstances where there were no exemptions to the registration requirement available to the Respondents under Ontario securities law, contrary to subsection 25(1) of the Act;

(b) During the Material Time, the trading of securities as set out above constituted a distribution of securities by the Respondents in circumstances where no preliminary prospectus and prospectus were filed and receipts had not been issued for them by the Director, and where there were no exemptions to the prospectus requirement available to the Respondents under Ontario securities law or the Respondents improperly relied upon such exemptions, contrary to subsection 53(1) of the Act;

(c) During the Material Time, Meharchand engaged in or participated in acts, practices, or courses of conduct relating to securities that he knew perpetrated a fraud on persons or companies, contrary to subsection 126.1(b) of the Act;

(d) During the Material Time, Meharchand, as an officer or director of the Corporate Respondents, authorized, permitted or acquiesced in the non-compliance of the Corporate Respondents with Ontario securities law and as a result is deemed to also have not complied with Ontario securities law pursuant to section 129.2 of the Act.

25. The conduct described above was contrary to the fundamental purposes and principles of the Act found in subsections 1.1 and 2.1 of the Act. The Respondents engaged in unfair and improper practices, which harmed investors who invested in Valt.X Holdings, and by impugning the integrity of Ontario's capital markets.

26. By reason of the foregoing, the Respondents violated the principles and requirements of Ontario securities law such that it is in the public interest to make orders under section 127 of the Act.

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

DATED at Toronto, February 27, 2017.

1.3.2 Larry Keith Davis – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
LARRY KEITH DAVIS

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

TAKE NOTICE THAT the Ontario Securities Commission (the "**Commission**") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "**Act**"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on March 13, 2017 at 9:30 a.m., or as soon thereafter as the hearing can be held;

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

1. against Larry Keith Davis ("**Davis**") that:

    a. trading in any securities or derivatives by Davis cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act, except that he may trade securities or derivatives for his own account through a registrant, if he provides the registrant a copy of the British Columbia Securities Commission's Order dated November 7, 2016 (the "**BCSC Order**"), and a copy of the Order of the Commission in this proceeding, if granted;

    b. the acquisition of any securities by Davis cease permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act, except that he may purchase securities for his own account through a registrant, if he provides the registrant a copy of the BCSC Order, and a copy of the Order of the Commission in this proceeding, if granted;

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

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

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

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

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

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated February 28, 2017, and by reason of the BCSC Order, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on March 13, 2017 at 9:30 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168 and section 5.1 of the *Statutory Powers Procedure Act*, RSO 1990, c S.22, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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

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

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

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

DATED at Toronto this 1st day of March, 2017.

"Grace Knakowski"
Secretary to the Commission

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

AND

IN THE MATTER OF
LARRY KEITH DAVIS

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. Larry Keith Davis ("Davis" or the "Respondent") is subject to an order made by the British Columbia Securities Commission (the "BCSC") dated November 7, 2016 (the "BCSC Order") that imposes sanctions, conditions, restrictions or requirements upon him.

2. In its findings on liability dated June 22, 2016 (the "Findings"), a panel of the BCSC (the "BCSC Panel") found that Davis perpetrated a fraud, contrary to section 57(b) of the British Columbia *Securities Act*, RSBC 1996, c 418 (the "BC Act").

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

II. THE BCSC PROCEEDINGS

The BCSC Findings

4. The conduct for which Davis was sanctioned took place between June 2011 and May 2013 (the "Material Time").

5. As of the date of the Findings, Davis was a resident of British Columbia. Davis has never been registered under the BC Act.

6. During the Material Time, Davis was working in investor relations using the name Bravo International Services ("Bravo"). In 2009, Davis began doing investor relations work for various companies, including FormCap Corp. ("FormCap"), a Nevada company trading on the U.S. over-the-counter market. His involvement with the companies was through an individual ("Mr. B").

7. Davis had no agreement with FormCap to provide investor relations services, and received no remuneration from the company. He obtained information relating to FormCap from Mr. B. and public sources. For a brief period of time in early 2011, Davis was remunerated for his work relating to FormCap through the transfer of FormCap shares to him from existing shareholders, but had sold his shares by April 2011. The BCSC Panel found that Davis never received any FormCap shares after January 2011.

8. WM was a neighbour and family friend of Davis, who had little investment knowledge or experience.

First Investment

9. In June 2011, Davis led WM to believe that there was an investment opportunity for her in FormCap, and that she could purchase shares through him. WM provided Davis $4,000 towards her investment, which was to turn into 40,000 FormCap shares in August or September 2011. WM received a receipt for her investment on Bravo letterhead, with an attached Stock Purchase Agreement ("SPA") which had been authored by Davis. The SPA set out the terms of the investment, including identifying Davis as the seller of the FormCap shares to WM.

10. The BCSC Panel found that Davis deposited the investor's initial investment funds into his personal bank account. Rather than investing the funds as promised, Davis used them instead on personal expenses and cash withdrawals.

11. In July 2011, FormCap announced that it had approved a consolidation of its shares on a 1-for-10 share basis by which shareholders would receive one share for every ten shares tendered. By October 17, 2011, however, FormCap

abandoned the proposed 1-for-10 share consolidations and disclosed this publicly. Davis knew the 1-for-10 share consolidation was not proceeding, but did not convey that information to WM.

Second Investment

12. In April 2012, Davis convinced the investor to make a second investment of $3,000 in exchange for 30,000 FormCap shares. Although WM had yet to receive FormCap shares relating to her first investment, she proceeded with the additional investment. WM believed she was buying FormCap shares from Davis, through Bravo, and opened a brokerage account on Davis' suggestion, into which her FormCap shares were to be deposited. WM received no purchase agreement or receipt in respect of her second investment.

13. Following WM's second investment, FormCap restructured and commenced a 1-for-50 share consolidation on August 10, 2012.

SPA Amendment and Request for Return of Investment Funds

14. Throughout April and May 2013, WM asked Davis for the return of her investment funds. Davis repeatedly refused her requests, explaining, among other things, that WM"s investments were in shares tied to the stock market. At the insistence of WM, the SPA was eventually amended in May 2013 to reflect her second investment.

15. The BCSC Panel found that as late as May 2013, Davis continued to represent to WM that he owned FormCap shares, despite the 1-for-10 share consolidation having been abandoned in October 2011, and the fact that Davis had never received any FormCap shares following the 1-for-50 share consolidation which commenced in August 2012.

16. WM never received any FormCap shares from Davis, but eventually succeeded in getting the return of her funds from him through a Small Claims Court process.

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

    a. Davis perpetrated fraud on WM in the aggregate amount of $7,000 contrary to section 57(b) of the BC Act.

The BCSC Order

18. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Davis:

    a. under sections 161(1)(b)(ii), (c), and (d)(i), (ii), (iii), (iv) and (v) of BC Act,

        i. Davis cease trading in, and is permanently prohibited from purchasing, securities; except he may trade or purchase securities for his own account through a registrant if he gives the registrant a copy of the BCSC Order;

        ii. any or all of the exemptions set out in the BC Act, regulations or a decision do not apply to Davis;

        iii. Davis resign any position he holds as, and is permanently prohibited from becoming or acting as, a director or officer of any issuer or registrant;

        iv. Davis is permanently prohibited from becoming or acting as a registrant or promoter;

        v. Davis is permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market; and

        vi. Davis is permanently prohibited from engaging in investor relations activities;

    b. under section 162 of the BC Act, that Davis pay to the BCSC an administrative penalty of $15,000.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

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

20. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions,

restrictions or requirements on a person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.

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

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

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

DATED at Toronto, this 28th day of February, 2017.

1.3.3 Ayaz Dhanani (also known as Azim Virani, Michael Lee, Alex Nebris, Paul Dhanani, Samuel Ramos, and Rahim Jiwa) – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
AYAZ DHANANI
(also known as AZIM VIRANI, MICHAEL LEE,
ALEX NEBRIS, PAUL DHANANI,
SAMUEL RAMOS, and RAHIM JIWA)

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

TAKE NOTICE THAT the Ontario Securities Commission (the "**Commission**") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the "**Act**"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on March 13, 2017 at 10:30 a.m., or as soon thereafter as the hearing can be held;

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

1. against Ayaz Dhanani (also known as Azim Virani, Michael Lee, Alex Nebris, Paul Dhanani, Samuel Ramos, and Rahim Jiwa) ("**Dhanani**") that:

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

    b. the acquisition of any securities by Dhanani cease permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

    c. Dhanani resign any positions that he holds as a director or officer of any issuer or registrant, pursuant to paragraphs 7 and 8.1 of subsection 127(1) of the Act;

    d. Dhanani be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant, pursuant to paragraphs 8 and 8.2 of subsection 127(1) of the Act; and

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

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

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated February 28, 2017, and by reason of an order of the British Columbia Securities Commission dated December 16, 2016, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on March 13, 2017 at 10:30 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168 and section 5.1 of the *Statutory Powers Procedure Act*, RSO 1990, c S.22, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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

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

AND TAKE FURTHER NOTICE that the Notice of Hearing is also available in French on request, participation may be in either French or English and participants must notify the Secretary's Office in writing as soon as possible, and in any event, at

least thirty (30) days before a hearing if the participant is requesting a proceeding to be conducted wholly or partly in French; and

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

DATED at Toronto this 1st day of March, 2017.

“Grace Knakowski”
Secretary to the Commission

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

AND

IN THE MATTER OF
AYAZ DHANANI
(also known as AZIM VIRANI, MICHAEL LEE,
ALEX NEBRIS, PAUL DHANANI,
SAMUEL RAMOS, and RAHIM JIWA)

STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. Ayaz Dhanani (also known as Azim Virani, Michael Lee, Alex Nebris, Paul Dhanani, Samuel Ramos, and Rahim Jiwa) ("Dhanani" or the "Respondent") is subject to an order made by the British Columbia Securities Commission (the "BCSC") dated December 16, 2016 (the "BCSC Order") that imposes sanctions, conditions, restrictions or requirements upon him.

2. In its findings on liability dated May 30, 2016 (the "Findings"), a panel of the BCSC (the "BCSC Panel") found that Dhanani perpetrated a fraud on three investors in the collective amount of $188,000, contrary to section 57(b) of the British Columbia *Securities Act*, RSBC 1996, c 418 (the "BC Act").

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

II. THE BCSC PROCEEDINGS

The BCSC Findings

4. The conduct for which Dhanani was sanctioned took place between 2013 and 2014.

5. As of the date of the Findings, Dhanani was a resident of British Columbia. Dhanani has never been registered in any capacity under the BC Act.

Investor A

6. Dhanani met Investor A in 2012 when they worked together. In June 2013, Dhanani presented Investor A with an investment opportunity, telling her that there was a mining company that was about to go public and that Dhanani had special access to the company's stock. Dhanani advised Investor A that the mining company's stock price would increase by 50% within a short time period.

7. Investor A gave Dhanani a cheque for $13,800 to invest in stock of the mining company. Dhanani provided Investor A with a receipt in that amount, acknowledging that it was for a "stock purchase."

8. Dhanani gave Investor A's cheque to his father, who then deposited the cheque into his own bank account. Dhanani's father shares the same first initial with his son. Dhanani's father withdrew $6,500 in cash, and gave that money to Dhanani. Over the following week, the remaining $7,300 was consumed by cash withdrawals and personal expenditures of Dhanani's father.

9. Shortly thereafter, Dhanani told Investor A that her investment had generated returns. In fact, there was no investment as Dhanani had not used any of Investor A's money to buy stock. Investor A has never received any funds back from Dhanani.

Investor B

10. In approximately July 2013, Dhanani approached Investor B, who was working as a bank teller. Dhanani introduced himself as "Azim Virani."

11. During the BCSC proceedings, Investor B was shown a picture of Dhanani, and confirmed that he was the person with whom Investor B had all of his dealings, and who called himself "Azim Virani." The BCSC Panel found that the person referred to under that name was Dhanani.

12. Dhanani told Investor B that his family owned a local hotel, and that he might be interested in hiring Investor B. Dhanani and Investor B met several times to discuss this job opportunity. During one meeting, Dhanani presented Investor B with an investment opportunity in an oil company that was about to complete an initial public offering. Dhanani said that Investor B would make an investment return of 40-50% in two weeks.

13. Investor B gave Dhanani four bank drafts totaling $55,000. In return for each draft, Dhanani provided Investor B with a security agreement, guaranteeing the principal amount, and a receipt acknowledging payment for a "stock purchase."

14. Dhanani gave his father the four bank drafts, who deposited them into two separate accounts. A total of $38,500 was immediately withdrawn, some of which went to Dhanani, with the remainder withdrawn by Dhanani's father to pay for personal expenses.

15. After providing Dhanani with the four bank drafts, Investor B met with Dhanani, who promised him that the stock investment was going well. Investor B has never received any funds back from Dhanani.

Investor C

16. In the fall of 2014, Investor C met Dhanani at a social function. A month later, Dhanani presented Investor C with an investment opportunity of shares in a gold mining company undergoing an initial public offering, which would result in a 20-40% return over a two month period.

17. Dhanani instructed Investor C to make a bank draft out in the name of "Zhongyun Zhang." Dhanani's explanation for those instructions was that he made stock investments in the names of others to avoid paying taxes.

18. Investor C provided a bank draft in the name of Zhang in the amount of $120,000 to Dhanani. The funds eventually found their way, through the hands of several intermediaries, into a bank account in the name of Zhongyun Zhang, which was frozen by BCSC Staff as at the time of the BCSC proceedings.

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

    a. Dhanani perpetrated a fraud on each of Investors A, B and C in the collective amount of $188,800 in contravention of section 57(b) of the BC Act.

The BCSC Order

20. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Dhanani:

    b. under sections 161(1)(b) and (d)(i) through (v) of the BC Act, that Dhanani resign any position he holds as a director or officer of any issuer or registrant and that he permanently:

        i. cease trading in, and be prohibited from purchasing, any securities and exchange contracts;

        ii. be prohibited from becoming or acting as a director or officer of any issuer or registrant;

        iii. be prohibited from becoming or acting as a registrant or promoter;

        iv. be prohibited from acting in a management or consultative capacity in connection with activities in the securities market; and

        v. be prohibited from engaging in investor relations activities;

    c. under section 161(1)(g) of the BC Act, that Dhanani pay to the BCSC $188,800; and

    d. under section 162 of the BC Act, that Dhanani pay to the BCSC an administrative penalty of $225,000.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

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

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

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

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

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

DATED at Toronto, this 28th day of February, 2017.

1.5 Notices from the Office of the Secretary

1.5.1 Krishna Sammy

FOR IMMEDIATE RELEASE
March 1, 2017

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

AND

IN THE MATTER OF
A REQUEST FOR A HEARING AND REVIEW OF
THE DECISION OF A HEARING PANEL OF
THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AND

IN THE MATTER OF
KRISHNA SAMMY

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

1. the Application to Revoke or Vary is granted and the October 28, 2016 Order of the Commission is revoked;

2. a confidential pre-hearing conference shall be held by teleconference on March 8, 2017 at 11:00 a.m. EST;

3. pursuant to subsection 9(1)(b) of the *Statutory Powers and Procedure Act*, RSO 1990, c S.22 and Rule 5.2 of the Commission's *Rules of Procedure* (2014), 37 OSCB 4168, the "Further Amended Application for Further Decision dated February 27, 2017" found at Tab 3 of the Application Record dated February 27, 2017 is confidential; and

4. the hearing of the Application for Hearing and Review shall commence on March 30, 2017, at 11:30 a.m. EST.

A copy of the Order dated February 28, 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)

1.5.2 Lance Kotton

FOR IMMEDIATE RELEASE
March 1, 2017

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

AND

IN THE MATTER OF
LANCE KOTTON

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

1. the Temporary Order is extended as against Kotton until April 6, 2017; and

2. the hearing of this matter is adjourned until April 5, 2017 at 10:00 a.m., or such other date and time as provided by the Office of the Secretary and agreed to by the parties.

A copy of the Temporary Order dated March 1, 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)

1.5.3 Dennis L. Meharchand and Valt.X Holdings Inc.

FOR IMMEDIATE RELEASE
March 2, 2017

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

AND

IN THE MATTER OF
DENNIS L. MEHARCHAND and
VALT.X HOLDINGS INC.

TORONTO – The Office of the Secretary issued a Notice of Hearing on February 27, 2017 setting the matter down to be heard on March 27, 2017 at 11:30 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated February 27, 2017 and Statement of Allegations of Staff of the Ontario Securities Commission dated February 27, 2017 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.4 Waverley Corporate Financial Services Ltd. and Donald McDonald

FOR IMMEDIATE RELEASE
March 2, 2017

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

AND

IN THE MATTER OF
WAVERLEY CORPORATE FINANCIAL SERVICES LTD.
and DONALD McDONALD

TORONTO – The Commission issued its Reasons and Decision in the above named matter.

A copy of the Reasons and Decision dated March 1, 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)

1.5.5 Optam Holdings Inc. et al.

FOR IMMEDIATE RELEASE
March 2, 2017

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

AND

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

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

A copy of the Reasons and Decision dated February 28, 2017 and the Order dated March 1, 2017 are available at www.osc.gov.on.ca.

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SECRETARY TO THE COMMISSION

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1.5.6 Steven J. Martel et al.

FOR IMMEDIATE RELEASE
March 2, 2017

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

AND

IN THE MATTER OF
STEVEN J. MARTEL,
MARTEL GROUP OF COMPANIES INC.
and 8446997 CANADA INC.

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

1. The Extension Motion is adjourned to March 16, 2017 at 10:00 a.m., or such other date as may be agreed to by the parties and set by the Office of the Secretary; and

2. The obligations of the parties to serve and file materials and conduct cross-examinations in advance of the hearing of the Privilege Motion, pursuant to the schedule set out in the January 2017 Order, are hereby adjourned to such other dates to be determined by the Commission after hearing the Extension Motion.

A copy of the Order dated March 2, 2017 is available at www.osc.gov.on.ca.

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SECRETARY TO THE COMMISSION

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1-877-785-1555 (Toll Free)

1.5.7 Larry Keith Davis

FOR IMMEDIATE RELEASE
March 3, 2017

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

AND

IN THE MATTER OF
LARRY KEITH DAVIS

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to Subsections 127(1) and 127(10) of the *Securities Act* setting the matter down to be heard on March 13, 2017 at 9:30 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated March 1, 2017 and Statement of Allegations of Staff of the Ontario Securities Commission dated February 28, 2017 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For investor inquiries:

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

1.5.8 Ayaz Dhanani (also known as Azim Virani, Michael Lee, Alex Nebris, Paul Dhanani, Samuel Ramos, and Rahim Jiwa)

FOR IMMEDIATE RELEASE
March 3, 2017

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

AND

IN THE MATTER OF
AYAZ DHANANI
(also known as AZIM VIRANI, MICHAEL LEE,
ALEX NEBRIS, PAUL DHANANI,
SAMUEL RAMOS, and RAHIM JIWA)

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to Subsections 127(1) and 127(10) of the *Securities Act* setting the matter down to be heard on March 13, 2017 at 10:30 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated March 1, 2017 and Statement of Allegations of Staff of the Ontario Securities Commission dated February 28, 2017 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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For investor inquiries:

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

1.5.9 Garth H. Drabinsky et al.

FOR IMMEDIATE RELEASE
March 3, 2017

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

AND

IN THE MATTER OF
GARTH H. DRABINSKY,
MYRON I. GOTTLIEB AND
GORDON ECKSTEIN

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

1. Staff's written submissions shall be served and filed on or before March 13, 2017;

2. The Respondent's written submissions shall be served and filed on or before March 21, 2017;

3. Staff's reply written submissions, if any, shall be served and filed on or before March 31, 2017; and

4. Oral closing submissions shall be heard on April 12, 2017 at 10:00 a.m., or such other date as may be agreed to by the parties and set by the Office of the Secretary.

A copy of the Order dated March 3, 2017 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
GRACE KNAKOWSKI
SECRETARY TO THE COMMISSION

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media_inquiries@osc.gov.on.ca

For investor inquiries:

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Common Wealth Pension Services Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – Plan Sponsors, CAP Members, and named service provider exempted from the dealer registration and prospectus requirements in the Legislation in respect of trades in securities of mutual funds to tax-assisted and non-tax assisted savings plans (which act as "overflow" savings plans connected to tax-assisted capital accumulation plans serviced by the same service provider), subject to certain terms and conditions – contributions to the non-tax assisted savings plans limited by reference to specified limits in the Income Tax Act (Canada).

Applicable Legislative Provisions

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1)(a), 53, 74(1).

Rules Cited

National Instrument 81-101 Mutual Fund Prospectus Disclosure.
National Instrument 81-102 Investment Funds.
National Instrument 45-106 Prospectus and Registration Exemptions.

Published Documents Cited

Amendments to NI 45-106 – Registration and Prospectus Exemption for Certain Capital Accumulation Plans, October 21, 2005 (2005), 25 OSCB 8681.

February 24, 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
COMMON WEALTH PENSION SERVICES INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision, on behalf of the Filer (including its respective directors, officers, representatives and employees acting on its behalf), any Plan Sponsor (as defined herein) and any Fund (as defined herein), under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for a ruling that:

(a) the dealer registration requirements contained in the Legislation shall not apply to the Filer (including its respective directors, officers, representatives and employees acting on its behalf) or any Plan Sponsor of a CAP (as defined herein) or a Non-Tax Assisted CAP (as defined herein) that uses the services of the Filer in respect of its CAP or Non-Tax Assisted CAP in respect of trades in the securities of the Funds to a CAP or a Non-Tax Assisted CAP sponsored by the Plan Sponsor, subject to certain terms and conditions (the **Dealer Registration Relief**); and

(b) the prospectus requirements contained in the Legislation shall not apply in respect of the distribution of securities of Funds to CAPs or Non-Tax Assisted CAPs sponsored by the Plan Sponsor for which the Filer provides services (the **Prospectus Relief**),

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

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

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

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in the jurisdictions of (i) Quebec, Newfoundland and Labrador, the Yukon Territory and Nunavut in respect of CAPs and (ii) Alberta, British Columbia, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Nunavut, the Yukon Territory and the Northwest Territories in respect of Non-Tax Assisted CAPs.

Interpretation

Terms defined in MI 11-102 and National Instrument 14-101 *Definitions* and NI 81-102 have the same meaning if used in this Decision, unless otherwise defined. Capitalized terms used in this Decision, have the following meanings:

(a) **CAP** has the meaning given to the term "capital accumulation plan" as defined in section 1.1 of the CAP Guidelines (as defined herein), namely, a tax assisted investment or savings plan that permits the members of the CAP to make investment decisions among two or more options offered within the plan. CAPs include a defined contribution registered pension plan, a group registered retirement savings plan, a group registered education savings plan, a group tax-free savings plan or a deferred profit sharing plan, and in Quebec and Manitoba, include a simplified pension plan.

(b) **CAP Guidelines** means the *Guidelines for Capital Accumulation Plans* published in May 2004 by the Joint Forum of Financial Market Regulators, as updated in 2009 and 2010.

(c) **Fund** means a mutual fund as defined in section 1 of the Legislation, whether offered by prospectus or pursuant to prospectus exemptions in the Legislation, and which in both cases, comply with Part 2 of National Instrument 81-102 *Investment Funds* (**NI 81-102**), but does not include an exchange-traded fund.

(d) **Member** means a current or former employee, or a person who belongs, or did belong, to a trade union or association, or

(i) his or her spouse;

(ii) a trustee, custodian or administrator who is acting on his or her behalf, or for his or her benefit, or on behalf of or for the benefit of, his or her spouse; or

(iii) his or her holding entity, or a holding entity of his or her spouse,

that has assets in a CAP or a Non-Tax Assisted CAP and also includes any person who is eligible to participate in a CAP or Non-Tax Assisted CAP

(e) **Non-Tax Assisted CAP** means an investment or savings plan that meets the definition of CAP in the CAP Guidelines and that is administered in accordance with the CAP Guidelines, but for the fact that it is an investment or savings plan that is non-tax assisted.

(f) **Plan** means, depending on the context in which it is used, a CAP or a Non-Tax Assisted CAP or both of them.

(g) **Plan Sponsor** means any employer, trustee, trade union or association or a combination of them that establishes a CAP or a Non-Tax Assisted CAP and uses the services of the Filer in respect of such CAP or

Non-Tax Assisted CAP, and includes the Filer to the extent that the Plan Sponsor has delegated some or all of its responsibilities to the Filer.

Representations

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

1. The Filer is a corporation organized under the laws of Ontario. Its head office is in Toronto, Ontario. The Filer is not registered as a dealer, adviser or investment fund manager under the securities regulation of any Jurisdiction.

2. The Filer provides pensions and retirement plan advisory services to clients including pension plans, pension asset managers, associations, labour unions, and governments.

3. Among other things related to its principal business of pensions and retirement plan advisory services, the Filer provides consulting services related to the design, implementation, and ongoing administration and governance of pension and retirement savings arrangements. The Filer has expertise in:

   (i) Design of pension and retirement plans, including defined benefit pension plans and capital accumulation plans;

   (ii) Set up of new pension and retirement plans, including defined benefit pension plans and capital accumulation plans;

   (iii) Pension and retirement plan governance;

   (iv) Pension and retirement plan administration and ongoing operations, including member service and communication;

   (v) Pension and retirement plan investments;

   (vi) Organizational design and effectiveness of pension and retirement institutions and functions;

   (vii) Pension and retirement plan public policy and regulation; and

   (viii) Pension and retirement plan strategy.

4. The Filer intends to assist Plan Sponsors in initial Plan design and set up, including providing consulting services to Plan Sponsors on investment choices for the Plan. The investment choices for the Members of the Plans may include Funds, which may be publicly offered mutual funds or mutual funds distributed under private placements that are managed by various investment fund managers registered in one or more Canadian Jurisdictions. The investment choices for the Plans may also be segregated funds managed by insurance companies. Where the investment choices are Funds, the Funds comply with Part 2 of NI 81-102 in respect of their investment restrictions and practices. None of the Funds will be exchange-traded funds.

5. The services that the Filer provides to Plan Sponsors also involve recordkeeping of Member data, transactions processing in respect of Member accounts, provision of Member statements as required under pension standards legislation and/or the applicable recordkeeping agreement and processing changes to Member accounts such as termination, death, retirement or a change in marital status. The Filer will also allow Members to call for information about a Plan through its call centre and will facilitate access to a variety of self-help tools that allow Members to make investment decisions regarding their investments held through the Plans.

6. The Filer does not engage in discretionary decision-making with respect to the Plans or Member accounts and does not select investments for the Plans or provide investment advice to Members. The Filer does not manage or administer any of the Funds, nor does it provide custodial services in respect of the Plans or the Funds.

7. Members will make initial investment decisions to invest in Funds chosen by a Plan Sponsor, although the Plan Sponsor may establish a default option if the Member fails to make an investment choice, and subsequent changes to those investment decisions, with or without the assistance of a registered dealer selected by the Member. Plan Sponsors may facilitate access to a registrant for advice to Members. Member instructions are transmitted to the Filer using electronic systems provided by the Filer. The Filer will process the trades in the Funds as instructed and will establish and maintain the records reflecting the interest of each Member or Plan Sponsor, as the case may be, in each Fund and for each Plan.

8. The Filer, the Plan Sponsors and the Funds trade or will trade with the Plans or the Members in accordance with the conditions set out in proposed amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* related to CAPs, which were published by the Canadian Securities Administrators (the **CSA**) on October 21, 2005 (the **Proposed CAP Exemption**) and adopted in the form of a blanket exemption in all Jurisdictions (the **CAP Blanket Exemption**), other than in Ontario, Québec, Newfoundland and Labrador and the Yukon Territory and Nunavut Territory. The Proposed CAP Exemption and the CAP Blanket Exemption contemplate both dealer registration and prospectus exemptions, where required.

9. Although no equivalent to the CAP Blanket Exemption has been adopted in the Jurisdictions of Ontario, Québec, Newfoundland and Labrador, the Yukon Territory and Nunavut Territory, CSA Notice 81-405 *Request for Comment on Proposed Exemptions for Certain Capital Accumulation Plans* published on May 28, 2004 (the **CAP Staff Notice**) states that, in Ontario, the conditions described in the Proposed CAP Exemption will form the basis of the circumstances in which staff of the Ontario Securities Commission expects that they could recommend that the Ontario Securities Commission grant discretionary relief to an applicant. The Jurisdictions in which no equivalent to the CAP Blanket Exemption was adopted made it clear that they would be prepared to grant discretionary relief on terms similar to those contained in the Proposed CAP Exemption. The CAP Staff Notice stated that the purpose of the Proposed CAP Exemption was to remove existing barriers to trading mutual fund securities with members of CAPs where there is no valid regulatory reason for having such barriers.

10. As Plan Sponsors will typically approach retirement consultants, such as the Filer, for assistance with respect to securities regulatory issues (when the investment choices are Funds), the Filer is seeking an exemption on behalf of itself, the Plan Sponsors and the Funds, as applicable, from the dealer and the prospectus requirements, including the obligation to deliver a prospectus, where required, subject to the conditions as described in this Decision.

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

12. The Filer may be requested by a Plan Sponsor to provide services to a Non-Tax Assisted CAP established by the Plan Sponsor for the benefit of individual Members. These Non-Tax Assisted CAPs would not constitute CAPs, as defined in the CAP Guidelines, the Proposed CAP Exemption or the CAP Blanket Exemption, since they are not “tax-assisted” under applicable legislation. Non-Tax Assisted CAPs are intended as non-registered employee savings plans to which excess contributions of Members that cannot be invested in a CAP because of legislative limits for such CAP investments will be invested on behalf of the Members.

13. Non-Tax Assisted CAPs are established in conjunction with CAPs because Canadian tax legislation imposes a limit on the amounts that may be contributed to a CAP. The benefit formula under a Plan Sponsor's benefit program sometimes results in contributions that exceed that tax limit. A Plan Sponsor may establish a Non-Tax Assisted CAP to allow for those excess contributions to be invested in the same manner as the tax assisted contributions. These excess contributions to Non-Tax Assisted CAPs are not expected to be significant and in any event, will be limited by the calculation set out in the conditions to this Decision and subject to the remaining conditions set out in this Decision.

14. Non-Tax Assisted CAPs will operate in the same manner as CAPs in terms of the relationship between Members and Plan Sponsors, and the duties, rights and responsibilities of Members and Plan Sponsors. The only significant difference between the two types of plans is the tax-assisted nature of one and not the other.

15. Each Member of a Non-Tax Assisted CAP of a Plan Sponsor that is administered by the Filer will also be a member of the Plan Sponsor’s CAP.

16. The Filer will administer the Non-Tax Assisted CAPs in accordance with the CAP Guidelines and, in the case of the Non-Tax Assisted CAPs, in a similar manner to the related CAPs for the applicable Members. The Filer will only administer Non-Tax Assisted CAPs which originate out of CAPs of a Plan Sponsor also serviced by the Filer.

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 Exemptions Sought is granted provided that:

1. for the **Dealer Registration Relief**;

   (a) the Plan Sponsor selects the Funds that Members will be able to invest in under the Plans;

(b) the Plan Sponsor establishes a policy, and provides Members with a copy of the policy and any amendments to it, describing what happens if a Member does not make an investment decision;

(c) in addition to any other information that the Plan Sponsor believes is reasonably necessary for a Member to make an investment decision within the Plan, and unless that information has previously been provided, the Plan Sponsor provides the Member with the following information about each Fund the Member may invest in:

(i) the name of the Fund;

(ii) the name of the manager of the Fund and its portfolio adviser;

(iii) the fundamental investment objective of the Fund;

(iv) the investment strategies of the Fund or the types of investments the Fund may hold;

(v) a description of the risks associated with investing in the Fund;

(vi) where a Member can obtain more information about each Fund's portfolio holdings; and

(vii) where a Member can obtain more information generally about each Fund, including any continuous disclosure;

(d) the Plan Sponsor provides Members with a description and amount of any fees, expenses and penalties relating to the Plan, as the case may be, that are borne by Members, including:

(i) any costs that must be paid when a Fund is bought or sold;

(ii) costs associated with accessing or using any of the investment information, decision-making tools or investment advice provided by the Plan Sponsor;

(iii) the management fees paid by the Funds;

(iv) the operating expenses paid by the Funds;

(v) record keeping fees;

(vi) any costs for transferring among investment options, including penalties, book and market value adjustments and tax consequences;

(vii) account fees; and

(viii) fees for services provided by the Filer,

provided that the Plan Sponsor may disclose the fees, penalties and expenses on an aggregate basis, if the Plan Sponsor discloses the nature of the fees, expenses and penalties, and the aggregated fees do not include fees that arise because of a choice that is specific to a particular Member;

(e) the Plan Sponsor has, within the past year, provided the Members with performance information about each Fund the Members may invest in, including:

(i) the name of the Fund for which the performance is being reported;

(ii) the performance of the Fund, including historical performance for one, three, five and ten years if available;

(iii) a performance calculation that is net of investment management fees and mutual fund expenses;

(iv) the method used to calculate the Fund's performance return calculation, and information about where a Member could obtain a more detailed explanation of that method;

(v) the name and description of a broad-based securities market index, selected in accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, for the Fund, and corresponding performance information for that index; and

(vi) a statement that past performance of the Fund is not necessarily an indication of future performance;

(f) the Plan Sponsor has, within the past year, informed Members if there were any changes in the choice of Funds that Members could invest in and where there was a change, provided information about what Members needed to do to change their investment decision, or make a new investment;

(g) the Plan Sponsor provides Members with investment decision-making tools that the Plan Sponsor reasonably believes are sufficient to assist them in making an investment decision within the Plan;

(h) the Plan Sponsor must provide the information required by paragraphs (b), (c), (d) and (g) prior to the Member making an investment decision under the Plan;

(i) if the Plan Sponsor makes investment advice from a registrant available to Members, the Plan Sponsor must provide Members with information about how they can contact the registrant;

(j) the maximum amount that may be contributed in respect of a Member to a Non-Tax Assisted CAP in a given year is limited to any positive difference between:

(i) the maximum amount that the Member and the Plan Sponsor would have been able to contribute for that year to the applicable CAP under the terms of the applicable CAP if contributions to the applicable CAP were not restricted to the maximum dollar limit provided in the *Income Tax Act* (Canada) (the **ITA**); and

(ii) the maximum dollar limit provided in the ITA for the applicable CAP,

provided that this maximum amount that may be contributed in respect of a Member to the Non-Tax Assisted CAP in a given year shall not exceed an amount equal to the "money purchase limit", as defined in the ITA, for the year.

In this paragraph (j), the amount determined under (i) shall be no more than 18% of the Member's "earned income" as defined in the ITA and the "maximum dollar limit" means the "RRSP dollar limit" as defined in the ITA (in the case where the applicable CAP is an RRSP), the "money purchase limit" as defined in the ITA (in the case where the applicable CAP is a DCPP), one-half of the "money purchase limit" (in the case where the applicable CAP is a DPSP) or any applicable maximum fixed dollar contribution prescribed under the ITA (in the case of any other type of CAP).

2. for the **Prospectus Relief**;

(a) the conditions set forth in paragraph 1 above are met;

(b) the Funds comply with Part 2 of NI 81-102; and

(c) where a Member chooses to invest in a publicly available Fund selected by the Plan Sponsor as an investment option for a Non-Tax Assisted Plan, the current prospectus of the Fund and/or Fund Facts as permitted by the Legislation, will be made available, upon demand, to the Member;

3. before the first time a Fund relies on this Decision, the Fund files a notice in the form found in Appendix C of the Proposed CAP Exemption in each Jurisdiction in which the Fund expects to distribute its securities;

4. this Decision, as it relates to the jurisdiction of a securities regulatory authority or regulator (a Decision Maker) with respect to the Dealer Registration Relief will terminate upon the coming into force in securities rules of a registration exemption for trades in a security of a mutual fund to a CAP or 90 days after the Decision Maker publishes in its Bulletin a notice or a statement to the effect that it does not propose to make such a rule;

5. this Decision, as it relates to the jurisdiction of a Decision Maker with respect to the Prospectus Relief will terminate upon the coming into force in securities rules of a prospectus exemption for the distribution of a security of a mutual fund to a CAP or 90 days after the Decision Maker publishes in its Bulletin a notice or a statement to the effect that it does not propose to make such a rule.

"Janet Leiper"
Commissioner
Ontario Securities Commission

"Frances Kordyback"
Commissioner
Ontario Securities Commission

2.1.2 Algonquin Capital Corporation

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 (Ontario), 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).

February 24, 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
ALGONQUIN CAPITAL CORPORATION
(the Filer)

AND

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

DECISION

Background

The principal regulator in the Jurisdictions has received an application from the Filer, on behalf of each of the Filer, Algonquin 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, along 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 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:

a. in respect of the Related Issuer Relief, in Alberta; and

b. 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 OSC in the categories of investment fund manager, portfolio manager and exempt market dealer. The Filer is also registered as an exempt market dealer in British Columbia and an exempt market dealer and investment fund manager in Québec.

3. The Filer is not a reporting issuer in any jurisdiction and is not in default of securities legislation of any jurisdiction of Canada.

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 January 16, 2017.

10. The Initial Top Fund will 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. Algonquin Debt Strategies 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 December 15, 2014.

16. The investment objective of the Initial Underlying Fund is to generate positive absolute returns with an emphasis on capital preservation and with a low correlation to traditional equity and fixed income markets.

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. The Initial Underlying Fund is 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 Cayman Island 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. There are tax advantages for non-Canadian unitholders to invest directly in Future Underlying Funds structured as entities under laws of the Cayman Islands. Accordingly, the Filer expects non-Canadian investors to invest directly in the Future Underlying Funds which are structured under the laws of the Cayman Islands. However, since similar tax advantages are not available to Canadian resident investors, the Filer expects Canadian resident investors to invest directly in a Top Fund to get indirect exposure to the related Underlying Fund.

23. 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**).

24. 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.

25. 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.

26. The Fund-of-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.

27. 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.

28. The portfolio of each Underlying Fund consists, or will consist, primarily of publicly traded securities, debt instruments and derivatives. No Underlying Fund holds, or will hold, more than 10% of its NAV in illiquid assets (as defined in National Instrument 81-102 – *Investment Funds* (**NI 81-102**)).

29. 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.

30. 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.

31. No Underlying Fund will be a Top Fund in a Fund-on-Fund structure.

32. Each Underlying Fund has, or is expected to have, other investors in addition to the Top Funds.

33. Securities of the Top Funds and their corresponding Underlying Funds have, or will have, matching monthly redemption dates and matching monthly valuation dates.

34. 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.

35. The Fund-of-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 on 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 a Cayman Islands entity, currently expected to be an investment fund formed as a Cayman Island corporation, or other form of entity.

36. 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.

37. 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.

38. 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 Cayman Islands laws (for assets of Underlying Funds established under the laws of the Cayman Islands).

39. 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 substantial securityholders of the Underlying Funds, either alone or together with related investment funds; and from (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.

40. 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.

41. 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) 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 810102) issued by an investment fund;

(d) 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;

(e) 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 a mutual fund;

(f) 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;

(g) 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;

  (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 will 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 or substantial securityholder of the Filer, or of a Top Fund, that has 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; and

(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 and interim financial statements relating to the Underlying Fund in which the Top Fund invests.

The Consent Relief

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

The Related Issuer Relief

"Janet Leiper"
Commissioner
Ontario Securities Commission

"Frances Kordyback"
Commissioner
Ontario Securities Commission

2.1.3 Leith Wheeler Investment Counsel Ltd.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 81-106 Continuous Disclosure Requirements for Investment Funds, s. 17.1 – Relief from the requirement to send a printed information circular to registered holders of securities of an investment fund – use of notice-and-access procedure for meetings of securityholders of investment funds – relief subject to conditions including sending an explanatory document instead of a printed information circular and giving securityholders the option to receive a printed information circular without charge; notice-and-access procedure will only be used for meetings where determined to be appropriate by the management or the manager of an investment fund.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 12.2(2)(a).

February 24, 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
LEITH WHEELER INVESTMENT COUNSEL LTD.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer, on behalf of existing and future investment funds that are or will be managed from time to time by the Filer or by an affiliate or successor of the Filer (the Funds), for a decision under the securities legislation of the Jurisdictions (the Legislation) granting an exemption from the requirement contained in paragraph 12.2(2)(a) of National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) for a person or company that solicits proxies, by or on behalf of management of a Fund, to send an information circular to each registered holder of securities of a Fund whose proxy is solicited, and instead allow a Fund to send a Notice-and-Access Document (as defined in condition (a) of this decision) using the Notice-and-Access Procedure (as defined in condition (b) of this decision) (the Exemption Sought).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan Manitoba and Quebec (the Other Jurisdictions); and

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

Interpretation

2 Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) and National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (NI 54-101) have the same meaning if used in this decision, unless otherwise defined.

Representations

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

The Filer and the Funds

1. the head office of the Filer is located in Vancouver, British Columbia;

2. the Filer is registered as a portfolio manager and as an exempt market dealer in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Quebec, Saskatchewan, and Yukon and as an investment fund manager in British Columbia, Newfoundland and Labrador, Ontario and Quebec;

3. the Funds are, or will be, managed by the Filer or by an affiliate or successor of the Filer;

4. the Funds are, or will be, investment funds and are, or will be, reporting issuers in one or more of the jurisdictions and the other jurisdictions;

5. neither the Filer, nor any of the existing Funds, is in default of any of the requirements of securities legislation in any jurisdiction of Canada;

Meetings of Securityholders of the Funds

6. pursuant to applicable legislation, the Filer must call a meeting of securityholders of one or more Funds from time to time to consider and vote on matters requiring securityholder approval;

7. in connection with a meeting, a Fund is required to comply with the requirements in NI 81-106 regarding the sending of proxies and information circulars to registered holders of its securities, which include a requirement that each person or company that solicits proxies by or on behalf of management of a Fund send, with the notice of meeting, to each registered holder of securities of a Fund whose proxy is solicited, an information circular, prepared in compliance with the requirements of Form 51-102F5 of NI 51-102, to securityholders of record who are entitled to receive notice of the meeting;

8. a Fund is also required to comply with NI 51-102 for communicating with registered holders of its securities, and to comply with NI 54-101 for communicating with beneficial owners of its securities;

Notice-and-Access Procedure – Corporate Finance Issuers

9. section 9.1.1 of NI 51-102 permits, if certain conditions are met, a reporting issuer that is not an investment fund to use the notice-and-access procedure and send, instead of an information circular, a notice to each registered holder of its securities that contains certain specific information regarding the meeting and an explanation of the notice-and-access procedure;

10. section 2.7.1 of NI 54-101 permits a reporting issuer that is not an investment fund to use a similar procedure to communicate with each beneficial owner of its securities;

Notice-and-Access Procedure – Funds

11. securityholders of the Funds will maintain the same access to the same quality of disclosure material currently available; for example:

    (a) all securityholders of record entitled to receive an information circular will receive instructions on how to access the information circular and will be able to receive a printed copy, without charge; and

    (b) the Notice-and-Access Document will be sent to securityholders sufficiently in advance of a meeting so that if a securityholder wishes to receive a printed copy of the information circular, there will be sufficient time for the Filer, directly or through the Filer's agent, to send the information circular;

12. with the Notice-and-Access Procedure, no securityholder will be deprived of their ability to access the information circular in their preferred manner of communication;

13. in accordance with the Filer's standard of care owed to the relevant Fund pursuant to applicable legislation, the Filer will only use the Notice-and-Access Procedure for a particular meeting where it has concluded that the nature of the meeting business is not expected to be contentious and that the use of a Notice-and-Access Procedure has not resulted in material declines in beneficial owner voting rates in prior meetings where a Notice-and-Access Procedure was used; and

14. there are significant costs involved in the printing and delivery of the proxy-related materials, including information circulars, to securityholders in the Funds.

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 Exemption Sought is granted, provided that, in respect of each Fund or the Filer soliciting proxies by or on behalf of management of a Fund:

the registered holders or beneficial owners, as applicable, of securities of the Fund are sent a document that contains the following information and no other information (the Notice-and-Access Document):

(i) the date, time and location of the meeting for which the proxy-related materials are being sent;

(ii) a description of each matter or group of related matters identified in the form of proxy to be voted on unless that information is already included in a Form 54-101F6 or Form 54-101F7 as applicable, that is being sent to the beneficial owner of securities of the Fund under condition (b)(iii) of this decision;

(iii) the website addresses for SEDAR and the non-SEDAR website where the proxy-related materials are posted;

(iv) a reminder to review the information circular before voting;

(v) an explanation of how to obtain a paper copy of the information circular and, if applicable, the financial statements;

(vi) a plain-language explanation of the Notice-and-Access Procedure that includes the following information:

(A) the estimated date and time by which a request for a paper copy of the information circular and, if applicable, the financial statements of the Fund, is to be received in order for the registered holder or beneficial owner, as applicable, to receive the paper copy in advance of any deadline for the submission of voting instructions for the meeting;

(B) an explanation of how the registered holders or the beneficial owners, as applicable, of securities of the Fund are to return voting instructions, including any deadline for return of those instructions;

(C) the sections of the information circular where disclosure regarding each matter or group of related matters identified in the Notice-and-Access Document can be found; and

(D) a toll-free telephone number the registered holders or the beneficial owners, as applicable, of securities of the Fund can call to get information about the Notice-and-Access Procedure;

the Filer, on behalf of the Fund, sends the Notice-and-Access Document in compliance with the following procedure (the Notice-and-Access Procedure), in addition to any and all other applicable requirements:

(i) the proxy-related materials are sent a minimum of 30 days before a meeting and a maximum of 50 days before a meeting;

(ii) if the Fund sends proxy-related materials:

(A) directly to a NOBO using the Notice-and-Access Procedure, then the Fund must send the Notice-and-Access Document and, if applicable, any paper copies of information circulars and the financial statements, at least 30 days before the date of the meeting; and

(B) indirectly to a beneficial owner using the Notice-and-Access Procedure, then the Fund must send the Notice-and-Access Document and, if applicable, any paper copies of information circulars and the financial statements to the proximate intermediary (I) at least 3 business days before the 30th day before the date of the meeting, in the case of proxy-related materials that are to be sent on by the proximate intermediary by first class mail, courier or the equivalent, or (II) at least 4 business days before the 30th day before the date of the meeting, in the case of proxy-related materials that are to be sent using any other type of prepaid mail;

(iii) using the procedures referred to in section 2.9 or 2.12 of NI 54-101, as applicable, the beneficial owner of securities of the Fund is sent, by prepaid mail, courier or the equivalent, the Notice-and-Access Document and a Form 54-101F6 or Form 54-101F7, as applicable;

(iv) the Filer, on behalf of the Fund, files on SEDAR the notification of meeting and record dates on the same date that it sends the notification of meeting date and record date pursuant to subsection 2.2(1) of NI 54-101 (as such time may be abridged);

(v) public electronic access to the information circular and the Notice-and-Access Document is provided on or before the date that the Notice-and-Access Document is sent to registered holders or to beneficial owners, as applicable, of securities of the Fund in the following manner:

(A) the information circular and the Notice-and-Access Document are filed on SEDAR; and

(B) the information circular and the Notice-and-Access Document are posted until the date that is one year from the date that the documents are posted, on a website of the Filer or the Fund;

(vi) a toll-free telephone number is provided for use by the registered holders or beneficial owners, as applicable, of securities of the Fund to request a paper copy of the information circular and, if applicable, the financial statements of the Fund, at any time from the date that the Notice-and-Access Document is sent to the registered holders or the beneficial owners, as applicable, up to and including the date of the meeting, including any adjournment;

(vii) if a request for a paper copy of the information circular and, if applicable, the financial statements of the Fund, is received at the toll-free telephone number provided in the Notice-and-Access Document or by any other means, a paper copy of any such document requested is sent free of charge to the registered holder or beneficial owner, as applicable, at the address specified in the request in the following manner:

(A) in the case of a request received prior to the date of the meeting, within 3 business days after receiving the request, by first class mail, courier or the equivalent; and

(B) in the case of a request received on or after the date of the meeting, and within one year of the date the information circular is filed on SEDAR, within 10 calendar days after receiving the request, by prepaid mail, courier or the equivalent;

(viii) a Notice-and-Access Document is only accompanied by:

(A) a form of proxy;

(B) if applicable, the financial statements of the Fund to be presented at the meeting; and

(C) if the meeting is to approve a reorganization of the Fund with a mutual fund, as contemplated by paragraph 5.1(1)(f) of NI 81-102 *Investment Funds*, the Fund Facts document, ETF summary document or ETF Facts, as applicable, for the continuing mutual fund;

(ix) a Notice-and-Access Document may only be combined in a single document with a form of proxy;

(x) if the Filer, directly or through the Filer's agent, receives a request for a copy of the information circular and if applicable, the financial statements of the Fund, using the toll-free telephone number referred to Notice-and-Access Document or by any other means, it must not do any of the following:

(A) ask for any information about the registered holder or beneficial owner, other than the name and address to which the information circular and, if applicable, the financial statements of the Fund are to be sent; and

(B) disclose or use the name or address of the registered holder or beneficial owner for any purpose other than sending the information circular and, if applicable, the financial statements of the Fund;

(xi) the Filer, directly or through the Filer's agent, must not collect information that can be used to identify a person or company who has accessed the website address to which it posts the proxy-related materials pursuant to condition (b)(v)(B) of this decision;

(xii) in addition to the proxy-related materials posted on a website in the manner referred to in condition (b)(v)(B) of this decision, the Filer must also post on the website the following documents:

(A) any disclosure document regarding the meeting that the Filer, on behalf of the Fund, has sent to registered holders or beneficial owners of securities of the Fund; and

(B) any written communications the Filer, on behalf of the Fund, has made available to the public regarding each matter or group of matters to be voted on at the meeting, whether or not they were sent to registered holders or beneficial owners of securities of the Fund;

(xiii) materials that are posted on a website pursuant to condition (b)(v)(B) of this decision must be posted in a manner and be in a format that permit an individual with a reasonable level of computer skill and knowledge to do all of the following easily:

(A) access, read and search the documents on the website; and

(B) download and print the documents;

(xiv) despite subsection 2.1(b) of NI 54-101, if the Fund relies upon this Decision, it must set a record date for notice that is no fewer than 40 days before the date of the meeting;

(xv) in addition to section 2.20 of NI 54-101, the Fund may only abridge the time prescribed in subsection 2.1(b), 2.2(1) or 2.5(1) of NI 54-101 if the Fund fixes the record date for notice to be at least 40 days before the date of the meeting and sends the notification of meeting and record dates at least 3 business days before the record date for notice;

(xvi) the notification of meeting date and record date sent pursuant to subsection 2.2(1)(b) of NI 54-101 shall specify that the Fund is sending proxy-related materials to registered holders or beneficial owners, as applicable, of securities of the Fund using the Notice-and-Access Procedure pursuant to the terms of this Decision;

(xvii) the Filer, on behalf of the Fund, provides disclosure in the information circular to the effect that the Fund is sending proxy-related materials to registered holders or beneficial owners, as applicable, of securities of the Fund using the Notice-and-Access Procedure pursuant to the terms of this Decision; and

(xviii) the Filer pays for delivery of the information circular and, if applicable, the financial statements of the Fund, to registered holders or to beneficial owners, as applicable, of securities of the Fund if a copy of such material is requested following receipt of the Notice-and-Access Document.

The Exemption Sought terminates on the coming into force of any legislation or regulation allowing an investment fund to use a notice-and-access procedure.

"Peter J. Brady"
Executive Director
British Columbia Securities Commission

2.1.4 HSBC Global Asset Management (Canada) Limited

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 81-106 Continuous Disclosure Requirements for Investment Funds, s. 17.1 – Relief from the requirement to send a printed information circular to registered holders of securities of an investment fund – use of notice-and-access procedure for meetings of securityholders of investment funds – relief subject to conditions including sending an explanatory document instead of a printed information circular and giving securityholders the option to receive a printed information circular without charge; notice-and-access procedure will only be used for meetings where determined to be appropriate by the management or the manager of an investment fund.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 12.2(2)(a).

February 24, 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
HSBC GLOBAL ASSET MANAGEMENT (CANADA) LIMITED
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer, on behalf of existing and future investment funds that are or will be managed from time to time by the Filer or by an affiliate or successor of the Filer (the Funds), for a decision under the securities legislation of the Jurisdictions (the Legislation) granting an exemption from the requirement contained in paragraph 12.2(2)(a) of National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) for a person or company that solicits proxies, by or on behalf of management of a Fund, to send an information circular to each registered holder of securities of a Fund whose proxy is solicited, and instead allow a Fund to send a Notice-and-Access Document (as defined in condition (a) of this decision) using the Notice-and-Access Procedure (as defined in condition (b) of this decision) (the Exemption Sought).

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

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

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

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

Interpretation

2 Terms defined in National Instrument 14-101 *Definitions*, MI 11-102, National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) and National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (NI 54-101) have the same meaning if used in this decision, unless otherwise defined.

Representations

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

The Filer and the Funds

1. the head office of the Filer is located in Vancouver, British Columbia;

2. the Filer is registered as (i) an exempt market dealer in each of British Columbia, Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Ontario, Quebec and Saskatchewan, (ii) a portfolio manager in each of British Columbia, Alberta, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Quebec and Saskatchewan, and (iii) an investment fund manager in each of British Columbia, Newfoundland and Labrador, Ontario and Quebec;

3. the Funds are, or will be, managed by the Filer or by an affiliate or successor of the Filer;

4. the Funds are, or will be, investment funds and are, or will be, reporting issuers in one or more of the Jurisdictions and the Other Jurisdictions;

5. neither the Filer, nor any of the existing Funds, is in default of any of the requirements of securities legislation in any jurisdiction of Canada;

Meetings of Securityholders of the Funds

6. pursuant to applicable legislation, the Filer must call a meeting of securityholders of one or more Funds from time to time to consider and vote on matters requiring securityholder approval;

7. in connection with a meeting, a Fund is required to comply with the requirements in NI 81-106 regarding the sending of proxies and information circulars to registered holders of its securities, which include a requirement that each person or company that solicits proxies by or on behalf of management of a Fund send, with the notice of meeting, to each registered holder of securities of a Fund whose proxy is solicited, an information circular, prepared in compliance with the requirements of Form 51-102F5 of NI 51-102, to securityholders of record who are entitled to receive notice of the meeting;

8. a Fund is also required to comply with NI 51-102 for communicating with registered holders of its securities, and to comply with NI 54-101 for communicating with beneficial owners of its securities;

Notice-and-Access Procedure – Corporate Finance Issuers

9. section 9.1.1 of NI 51-102 permits, if certain conditions are met, a reporting issuer that is not an investment fund to use the notice-and-access procedure and send, instead of an information circular, a notice to each registered holder of its securities that contains certain specific information regarding the meeting and an explanation of the notice-and-access procedure;

10. section 2.7.1 of NI 54-101 permits a reporting issuer that is not an investment fund to use a similar procedure to communicate with each beneficial owner of its securities;

Notice-and-Access Procedure – Funds

11. securityholders of the Funds will maintain the same access to the same quality of disclosure material currently available; for example:

    (a) all securityholders of record entitled to receive an information circular will receive instructions on how to access the information circular and will be able to receive a printed copy, without charge; and

(b) the Notice-and-Access Document will be sent to securityholders sufficiently in advance of a meeting so that if a securityholder wishes to receive a printed copy of the information circular, there will be sufficient time for the Filer, directly or through the Filer's agent, to send the information circular;

12. with the Notice-and-Access Procedure, no securityholder will be deprived of their ability to access the information circular in their preferred manner of communication;

13. in accordance with the Filer's standard of care owed to the relevant Fund pursuant to applicable legislation, the Filer will only use the Notice-and-Access Procedure for a particular meeting where it has concluded that the nature of the meeting business is not expected to be contentious and that the use of a Notice-and-Access Procedure has not resulted in material declines in beneficial owner voting rates in prior meetings where a Notice-and-Access Procedure was used; and

14. there are significant costs involved in the printing and delivery of the proxy-related materials, including information circulars, to securityholders in the Funds.

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 Exemption Sought is granted, provided that, in respect of each Fund or the Filer soliciting proxies by or on behalf of management of a Fund:

the registered holders or beneficial owners, as applicable, of securities of the Fund are sent a document that contains the following information and no other information (the Notice-and-Access Document):

(i) the date, time and location of the meeting for which the proxy-related materials are being sent;

(ii) a description of each matter or group of related matters identified in the form of proxy to be voted on unless that information is already included in a Form 54-101F6 or Form 54-101F7 as applicable, that is being sent to the beneficial owner of securities of the Fund under condition (b)(iii) of this decision;

(iii) the website addresses for SEDAR and the non-SEDAR website where the proxy-related materials are posted;

(iv) a reminder to review the information circular before voting;

(v) an explanation of how to obtain a paper copy of the information circular and, if applicable, the financial statements;

(vi) a plain-language explanation of the Notice-and-Access Procedure that includes the following information:

(A) the estimated date and time by which a request for a paper copy of the information circular and, if applicable, the financial statements of the Fund, is to be received in order for the registered holder or beneficial owner, as applicable, to receive the paper copy in advance of any deadline for the submission of voting instructions for the meeting;

(B) an explanation of how the registered holders or the beneficial owners, as applicable, of securities of the Fund are to return voting instructions, including any deadline for return of those instructions;

(C) the sections of the information circular where disclosure regarding each matter or group of related matters identified in the Notice-and-Access Document can be found; and

(D) a toll-free telephone number the registered holders or the beneficial owners, as applicable, of securities of the Fund can call to get information about the Notice-and-Access Procedure.

the Filer, on behalf of the Fund, sends the Notice-and-Access Document in compliance with the following procedure (the Notice-and-Access Procedure), in addition to any and all other applicable requirements:

(i) the proxy-related materials are sent a minimum of 30 days before a meeting and a maximum of 50 days before a meeting;

(ii) if the Fund sends proxy-related materials:

(A) directly to a NOBO using the Notice-and-Access Procedure, then the Fund must send the Notice-and-Access Document and, if applicable, any paper copies of information circulars and the financial statements, at least 30 days before the date of the meeting; and

(B) indirectly to a beneficial owner using the Notice-and-Access Procedure, then the Fund must send the Notice-and-Access Document and, if applicable, any paper copies of information circulars and the financial statements to the proximate intermediary (I) at least 3 business days before the 30th day before the date of the meeting, in the case of proxy-related materials that are to be sent on by the proximate intermediary by first class mail, courier or the equivalent, or (II) at least 4 business days before the 30th day before the date of the meeting, in the case of proxy-related materials that are to be sent using any other type of prepaid mail;

(iii) using the procedures referred to in section 2.9 or 2.12 of NI 54-101, as applicable, the beneficial owner of securities of the Fund is sent, by prepaid mail, courier or the equivalent, the Notice-and-Access Document and a Form 54-101F6 or Form 54-101F7, as applicable;

(iv) the Filer, on behalf of the Fund, files on SEDAR the notification of meeting and record dates on the same date that it sends the notification of meeting date and record date pursuant to subsection 2.2(1) of NI 54-101 (as such time may be abridged);

(v) public electronic access to the information circular and the Notice-and-Access Document is provided on or before the date that the Notice-and-Access Document is sent to registered holders or to beneficial owners, as applicable, of securities of the Fund in the following manner:

(A) the information circular and the Notice-and-Access Document are filed on SEDAR; and

(B) the information circular and the Notice-and-Access Document are posted until the date that is one year from the date that the documents are posted, on a website of the Filer or the Fund;

(vi) a toll-free telephone number is provided for use by the registered holders or beneficial owners, as applicable, of securities of the Fund to request a paper copy of the information circular and, if applicable, the financial statements of the Fund, at any time from the date that the Notice-and-Access Document is sent to the registered holders or the beneficial owners, as applicable, up to and including the date of the meeting, including any adjournment;

(vii) if a request for a paper copy of the information circular and, if applicable, the financial statements of the Fund, is received at the toll-free telephone number provided in the Notice-and-Access Document or by any other means, a paper copy of any such document requested is sent free of charge to the registered holder or beneficial owner, as applicable, at the address specified in the request in the following manner:

(A) in the case of a request received prior to the date of the meeting, within 3 business days after receiving the request, by first class mail, courier or the equivalent; and

(B) in the case of a request received on or after the date of the meeting, and within one year of the date the information circular is filed on SEDAR, within 10 calendar days after receiving the request, by prepaid mail, courier or the equivalent;

(viii) a Notice-and-Access Document is only accompanied by:

(A) a form of proxy;

(B) if applicable, the financial statements of the Fund to be presented at the meeting; and

(C) if the meeting is to approve a reorganization of the Fund with a mutual fund, as contemplated by paragraph 5.1(1)(f) of NI 81-102 *Investment Funds*, the Fund Facts

document, ETF summary document or ETF Facts, as applicable, for the continuing mutual fund;

(ix) a Notice-and-Access Document may only be combined in a single document with a form of proxy;

(x) if the Filer, directly or through the Filer's agent, receives a request for a copy of the information circular and if applicable, the financial statements of the Fund, using the toll-free telephone number referred to Notice-and-Access Document or by any other means, it must not do any of the following:

(A) ask for any information about the registered holder or beneficial owner, other than the name and address to which the information circular and, if applicable, the financial statements of the Fund are to be sent; and

(B) disclose or use the name or address of the registered holder or beneficial owner for any purpose other than sending the information circular and, if applicable, the financial statements of the Fund;

(xi) the Filer, directly or through the Filer's agent, must not collect information that can be used to identify a person or company who has accessed the website address to which it posts the proxy-related materials pursuant to condition (b)(v)(B) of this decision;

(xii) in addition to the proxy-related materials posted on a website in the manner referred to in condition (b)(v)(B) of this decision, the Filer must also post on the website the following documents:

(A) any disclosure document regarding the meeting that the Filer, on behalf of the Fund, has sent to registered holders or beneficial owners of securities of the Fund; and

(B) any written communications the Filer, on behalf of the Fund, has made available to the public regarding each matter or group of matters to be voted on at the meeting, whether or not they were sent to registered holders or beneficial owners of securities of the Fund;

(xiii) materials that are posted on a website pursuant to condition (b)(v)(B) of this decision must be posted in a manner and be in a format that permit an individual with a reasonable level of computer skill and knowledge to do all of the following easily:

(A) access, read and search the documents on the website; and

(B) download and print the documents;

(xiv) despite subsection 2.1(b) of NI 54-101, if the Fund relies upon this Decision, it must set a record date for notice that is no fewer than 40 days before the date of the meeting;

(xv) in addition to section 2.20 of NI 54-101, the Fund may only abridge the time prescribed in subsection 2.1(b), 2.2(1) or 2.5(1) of NI 54-101 if the Fund fixes the record date for notice to be at least 40 days before the date of the meeting and sends the notification of meeting and record dates at least 3 business days before the record date for notice;

(xvi) the notification of meeting date and record date sent pursuant to subsection 2.2(1)(b) of NI 54-101 shall specify that the Fund is sending proxy-related materials to registered holders or beneficial owners, as applicable, of securities of the Fund using the Notice-and-Access Procedure pursuant to the terms of this Decision;

(xvii) the Filer, on behalf of the Fund, provides disclosure in the information circular to the effect that the Fund is sending proxy-related materials to registered holders or beneficial owners, as applicable, of securities of the Fund using the Notice-and-Access Procedure pursuant to the terms of this Decision; and

(xviii) the Filer pays for delivery of the information circular and, if applicable, the financial statements of the Fund, to registered holders or to beneficial owners, as applicable, of securities of the Fund if a copy of such material is requested following receipt of the Notice-and-Access Document.

The Exemption Sought terminates on the coming into force of any legislation or regulation allowing an investment fund to use a notice-and-access procedure.

"Peter J. Brady"
Executive Director
British Columbia Securities Commission

2.1.5 SEI Investments Canada Company

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Existing and future mutual funds managed by the Filer granted relief from paragraphs 15.3(4)(c) and (f) of NI 81-102 Investment Funds to permit references to Fundata A+ awards and relief from paragraphs 15.3(4)(c) to permit references to FundGrade Ratings in sales communications – Relief subject to conditions requiring specified disclosure and the requirement that the Fundata A+ Awards being referenced not have been awarded more than 365 days before the date of the sales communication.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 15.3(4)(c) and (f), 19.1.

March 2, 2017

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

AND

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

AND

IN THE MATTER OF
SEI INVESTMENTS CANADA COMPANY
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Existing Mutual Funds and Future Mutual Funds (each defined below) (each a **Fund** and collectively, the **Funds**) of which the Filer is or becomes the investment fund manager, pursuant to section 19.1 of National Instrument 81-102 – *Investment Funds* (**NI 81-102**), for exemptive relief (**Requested Relief**) from the requirements set out in paragraphs 15.3(4)(c) (in respect of both the FundGrade A+ Awards presented annually by Fundata Canada Inc. (**Fundata**) and the FundGrade Ratings) and 15.3(4)(f) (in respect of the FundGrade A+ Awards only) of NI 81-102, which provide that a sales communication must not refer to a performance rating or ranking of a mutual fund or asset allocation service unless:

(a) the rating or ranking is provided for each period for which standard performance data is required to be given, except the period since the inception of the mutual fund;

(b) the rating or ranking is to the same calendar month end that is

  (i) not more than 45 days before the date of the appearance or use of the advertisement in which it is included, and

  (ii) not more than three months before the date of first publication of any other sales communication in which it is included;

in order to permit the FundGrade A+ Awards and the FundGrade Ratings to be referenced in sales communications relating to the Funds.

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 Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Québec, Saskatchewan and Yukon (the **Other Jurisdictions**).

Interpretation

Terms defined in NI 81-102, 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:

The Filer

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

2. The Filer is registered (i) as a portfolio manager and exempt market dealer under the S*ecurities Act* (Ontario) (the **Act**) and under the securities legislation in each of the Other Jurisdictions; (ii) as an investment fund manager in each of Ontario, Québec and Newfoundland & Labrador, and (iii) as a commodity trading manager under the *Commodity Futures Act* (Ontario).

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

The Funds

4. The Filer is the manager of mutual funds (the "**Existing Mutual Funds**"), each of which is subject to the requirements of NI 81-102. The Filer may, in the future, become the manager of additional mutual funds (the "**Future Mutual Funds**") that are subject to the requirements of NI 81-102.

5. Each of the Funds is, or will be, an open-ended mutual fund established under the laws of Canada or a jurisdiction of Canada. The securities of each of the Funds are, or will be, qualified for distribution pursuant to a prospectus that has been, or will be, prepared and filed in accordance with the securities legislation of each applicable jurisdiction of Canada. Each of the Funds is, or will be, a reporting issuer in one or more of the jurisdictions of Canada. Each of the Funds is, or will be, subject to NI 81-102, including Part 15 thereof which governs sales communications.

6. The Existing Mutual Funds are not in default of securities legislation of any jurisdiction.

Fundata FundGrade A+ Awards Program

7. Fundata is not a member of the Funds' organization. Fundata is a leader in supplying mutual fund information, analytical tools, and commentary. Fundata's fund data and analysis, fund awards designations and ratings information provide valuable insight to advisors, media and individual investors.

8. One of Fundata's programs is the FundGrade A+ Awards program. This program highlights funds that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The FundGrade A+ Awards designate award-winning funds in most individual fund classifications for the previous calendar year, and the awards are announced in January of each year. The categories for fund classification used by Fundata are those maintained by the Canadian Investment Funds Standards Committee (**CIFSC**) (or a successor to CIFSC), a Canadian organization that is independent of Fundata.

9. The FundGrade A+ Awards are based on a proprietary rating methodology developed by Fundata, the FundGrade Rating system. The FundGrade Rating system evaluates funds based on their risk-adjusted performance measured by three well-known and widely used metrics: the Sharpe Ratio, the Information Ratio, and the Sortino Ratio. The ratios are calculated for the two through ten year time periods for each fund. When there is more than one eligible series of a fund, an average ratio is taken for each period. The ratios are ranked across all time periods and an overall score is calculated by equally weighting the yearly rankings.

10. The FundGrade Ratings are letter grades for each fund and are determined each month. The FundGrade Ratings for each month are released on the seventh business day of the following month. The top 10% of funds earn an A Grade; the next 20% of funds earn a B Grade; the next 40% of funds earn a C Grade; the next 20% of funds receive a D Grade; and the lowest 10% of funds receive an E Grade. Because the overall score of a fund is calculated by equally

weighting the periodic rankings, to receive an A Grade, a Fund must show consistently high scores for all ratios across all time periods.

11. Fundata calculates a grade using only the retail series of each Fund. Institutional series or fee-based series of any Fund are not included in the calculation. A Fund must have at least two years of history to be included in the calculation. Once a letter grade is calculated for a Fund, it is then applied to all related series of that Fund.

12. At the end of each calendar year, Fundata calculates a "Fund GPA" for each Fund based on the full year's performance. The Fund GPA is calculated by converting each month's FundGrade Rating letter grade into a numerical score. Each A is assigned a grade of 4.0; each B is assigned a grade of 3.0; each C is assigned a grade of 2.0; each D is assigned a grade of 1.0; and each E is assigned a grade of 0. The total of the grades for each Fund is divided by 12 to arrive at the Fund's GPA for the year. Any Fund earning a GPA of 3.5 or greater earns a FundGrade A+ Award.

13. When a Fund is awarded a FundGrade A+ Award, Fundata will permit such Fund to make reference to the award in its sales communications.

14. The FundGrade Ratings fall within the definition of "performance data" under NI 81-102, as they constitute "a rating, ranking, quotation, discussion or analysis regarding an aspect of the investment performance of an investment fund", given that the FundGrade Ratings are based on performance measures calculated by Fundata. The FundGrade A+ Awards may be considered to be "overall ratings or rankings", given that the awards are based on the FundGrade Ratings as described above. Therefore, references to FundGrade Ratings and FundGrade A+ Awards in sales communications relating to the Funds need to meet the applicable requirements in Part 15 of NI 81-102.

15. Paragraph 15.3(4)(c) of NI 81-102 imposes a "matching" requirement for performance ratings or rankings that are included in sales communications for mutual funds. If a performance rating or ranking is referred to in a sales communication, it must be provided for, or "match", each period for which standard performance data is required to be given for the fund, except for the period since the inception of the fund (i.e., for one, three, five and ten year periods, as applicable).

16. While FundGrade Ratings are based on calculations for a minimum of two years through to a maximum of ten years, and the FundGrade A+ Awards are based on a yearly average of monthly FundGrade Ratings, specific ratings for the three, five and ten year periods within the two to ten year measurement period are not given. This means that a sales communication referencing FundGrade Ratings cannot comply with the "matching" requirement contained in paragraph 15.3(4)(c) of NI 81-102. Relief from paragraph 15.3(4)(c) of NI 81-102 is, therefore, required in order for a Fund to use FundGrade Ratings in sales communications.

17. The exemption in subsection 15.3(4.1) of NI 81-102 for references to overall ratings or rankings of funds cannot be relied upon to reference the FundGrade A+ Awards in sales communications for the Funds because it is available only if a sales communication "otherwise complies" with the requirements of subsection 15.3(4). As noted above, sales communications referencing the FundGrade A+ Awards cannot comply with the "matching" requirement in subsection 15.3(4) because the underlying FundGrade Ratings are not available for the three, five and ten year periods within the two to ten year measurement period for the FundGrade Ratings, rendering the exemption in subsection 15.3(4.1) unavailable. Relief from paragraph 15.3(4)(c) of NI 81-102 is, therefore, required in order for a Fund to reference the FundGrade A+ Awards and the FundGrade Ratings in sales communications.

18. Paragraph 15.3(4)(f) of NI 81-102 imposes certain restrictions on disclosure in sales communications. This paragraph provides that in order for a rating or ranking such as a FundGrade A+ Award to be used in an advertisement, the advertisement must be published within 45 days of the calendar month end to which the rating or ranking applies. Further, in order for the rating or ranking to be used in any other sales communication, the rating or ranking must be published within three months of the calendar month end to which the rating or ranking applies.

19. Because the evaluation of Funds for the FundGrade A+ Awards will be based on data aggregated until the end of December in any given year and the results are published in January of the following year, by the time a Fund receives a FundGrade A+ Award in January, paragraph 15.3(4)(f) of NI 81-102 will only allow the FundGrade A+ Award to be used in an advertisement until the middle of February and in other sales communications until the end of March.

20. The Requested Relief is required in order for the FundGrade Ratings and the FundGrade A+ Awards to be referenced in sales communications relating to the Funds.

21. The Filer wishes to include, in sales communications of the Funds, references to the FundGrade Ratings and the FundGrade A+ Awards, where such Funds have been awarded a FundGrade A+ Award.

22. The Filer submits that the FundGrade A+ Awards and the FundGrade Ratings provide important tools for investors, as they provide investors with context when evaluating investment choices. The FundGrade A+ Awards and the FundGrade Ratings provide an objective, transparent and quantitative measure of performance that is based on the expertise of Fundata in fund analysis that alleviates any concern that references to them may be misleading and, therefore, contrary to paragraph 15.2(1)(a) of NI 81-102.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted to permit the FundGrade A+ Awards and the FundGrade Ratings to be referenced in sales communications relating to a Fund provided that:

1. The sales communication that refers to the FundGrade A+ Awards and the FundGrade Ratings complies with Part 15 of NI 81-102 other than as set out herein and contains the following disclosure in at least 10 point type:

    (a) the name of the category for which the Fund has received the award or rating;

    (b) the number of mutual funds in the category for the applicable period;

    (c) the name of the ranking entity, i.e., Fundata;

    (d) the length of period and the ending date, or, the first day of the period and the ending date on which the FundGrade A+ Awards or the FundGrade Rating is based;

    (e) a statement that FundGrade Ratings are subject to change every month;

    (f) in the case of a FundGrade A+ Award, a brief overview of the FundGrade A+ Awards;

    (g) in the case of a FundGrade Rating (other than FundGrade Ratings referenced in connection with a FundGrade A+ Award), a brief overview of the FundGrade Rating;

    (h) disclosure of the meaning of the FundGrade Ratings from A to E (e.g., rating of A indicates a fund is in the top 10% of its category); and

    (i) reference to Fundata's website (www.fundata.com) for greater detail on the FundGrade A+ Awards and the FundGrade Ratings;

2. The FundGrade A+ Award being referenced must not have been awarded more than 365 days before the date of the sales communication; and

3. The FundGrade A+ Awards and the FundGrade Ratings being referenced are calculated based on comparisons of performance of investment funds within a specified category established by the CIFSC (or a successor to the CIFSC).

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

2.1.6 Arrow Capital Management Inc. and Exemplar U.S. High Yield Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund merger – approval required because the merger did not meet the criteria for pre-approved reorganizations and transfer in National Instrument 81-102 – merger funds do not have substantially similar investment objectives and fee structure - securityholders of the terminating fund provided with timely and adequate disclosure regarding the merger.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 5.5(1)(b), 5.5(3), 5.6, 5.7.

February 27, 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
ARROW CAPITAL MANAGEMENT INC.
(the Filer)

AND

EXEMPLAR U.S. HIGH YIELD FUND
(the Terminating Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Terminating Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) approving the proposed merger (the **Merger**) of the Terminating Fund into Exemplar Growth and Income Fund (the **Continuing Fund**, and together with the Terminating Fund, the **Funds**) pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Approval Sought**).

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

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

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

Interpretation

Terms defined in MI 11-102, National Instrument 14-101 *Definitions* and NI 81-102 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 in respect of the Filer and the Funds:

The Filer and the Funds

1. The Filer is a corporation existing under the laws of Ontario having its registered head office in Toronto, Ontario.

2. The Filer is registered in the following categories in the jurisdictions as indicated below:

   (a) Ontario: Portfolio Manager (**PM**), Investment Fund Manager (**IFM**), Exempt Market Dealer (**EMD**) and Commodity Trading Manager under the *Commodity Futures Act* (Ontario);

   (b) Alberta: EMD;

   (c) British Columbia: EMD;

   (d) Quebec: EMD and IFM; and

   (e) Newfoundland and Labrador: IFM.

3. The Filer is the investment fund manager and portfolio manager of each of the Funds.

4. Each of the Funds is an open-end mutual fund trust established under the laws of Ontario by a declaration of trust pursuant to which the Filer is the trustee. The head office of each Fund is located in Toronto, Ontario.

5. Each of the Funds is a reporting issuer under the applicable securities legislation of all the provinces and territories in Canada, other than Nunavut, and subject to NI 81-102.

6. Securities of the Terminating Fund were previously qualified for sale in each of the provinces and territories of Canada, except Nunavut, under a simplified prospectus and annual information form each dated March 16, 2016.

7. Securities of the Continuing Fund (and of other certain mutual funds forming part of the Exemplar Mutual Funds fund family) are qualified for distribution pursuant to the simplified prospectus and annual information form dated June 29, 2016.

8. The net asset value for each series of the Funds is calculated on a daily basis in accordance with the Funds' valuation policy and as described in the offering documents of the Terminating Fund and the offering documents of the Continuing Fund.

9. Neither the Filer nor either of the Funds is in default of securities legislation in any jurisdiction of Canada.

The Meeting and Proposed Merger

10. In its capacity as the manager of the Funds, the Filer is proposing to merge the Terminating Fund into the Continuing Fund.

11. The unitholders of the Terminating Fund will be asked to approve the Merger, with the unitholders of Series A units of the Terminating Fund (the **Series A Unitholders**) voting separately as a class, at a meeting of the unitholders of the Terminating Fund expected to be held on or around February 21, 2017.

12. Subject to receipt of the unitholder approvals and the Approval Sought, the Merger is expected to occur on or about February 28, 2017 or as soon as practicable thereafter (the **Effective Date**).

13. If the unitholder approvals are not received at the meeting in respect of the Terminating Fund, then the Merger will not proceed.

14. The proposed Merger does not require approval of securityholders of the Continuing Fund as the Filer has determined that the proposed Merger does not constitute a material change to the Continuing Fund.

15. The Merger satisfies all of the requirements for pre-approved reorganizations and transfers set out in section 5.6(1) of NI 81-102, except the requirement set out in subsection 5.6(1)(a)(ii) as a reasonable person may not consider the Terminating Fund and Continuing Fund to have substantially similar investment objectives or fee structures.

16. A press release describing the proposed Merger has been issued and the press release, material change report, amendment to the simplified prospectus of the Terminating Fund, amendment to the annual information form of the Terminating Fund and the amended and restated fund facts of the Terminating Fund, all dated January 13, 2017, and which give notice of the proposed Merger, have been filed via SEDAR.

17. A notice of meeting, management information circular (the **Information Circular**), proxy and the most recently filed fund facts of the applicable series of the Continuing Fund (the **CF Fund Facts**, and together with the Information Circular and proxy, the **Meeting Materials**) were mailed to unitholders of the Terminating Fund commencing on or about January 31, 2017 and have been filed via SEDAR.

18. The Meeting Materials contain the CF Fund Facts, a description of the proposed Merger, information about the Terminating Fund and the Continuing Fund and a description of their differences and income tax considerations for investors of the Funds. The Meeting Materials also describe the various ways in which investors can obtain a copy of the simplified prospectus and annual information form of the Continuing Fund, as well as the most recent interim and annual financial statements and management reports of fund performance for the Continuing Fund, at no cost.

19. Unitholders will continue to have the right to redeem their securities up to the close of business on the last business day before the effective date of the Merger.

20. Subject to receiving the necessary approvals, including unitholder approval at the unitholder meeting, effective as of the close of business on February 21, 2017, the Terminating Fund will cease distribution of securities and any new purchases of securities will not be allowed. The Terminating Fund will remain closed to purchase-type transactions, except pursuant to the Terminating Fund's pre-authorized purchase program, until it is merged with the Continuing Fund on the Effective Date. All systematic programs shall remain unaffected until the business day immediately before the Effective Date.

21. Following the Merger, all optional services (such as systematic withdrawal plans) will continue to be available to investors. Unitholders of the Terminating Fund will be automatically enrolled in comparable plans with respect to their corresponding securities of the Continuing Fund unless they advise otherwise.

22. Unitholders may change or cancel any systematic program at any time and unitholders of the Terminating Fund who wish to establish one or more systematic programs in respect of their

holdings in the Continuing Fund may do so following the Merger.

23. Unitholders of the Terminating Fund who elected to receive distributions in cash from the Terminating Fund before the Merger will receive distributions in cash from the Continuing Fund after the Merger.

24. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**), the Independent Review Committee (**IRC**) has been appointed for the Funds. The Filer presented the terms of the Merger to the IRC for a recommendation. The IRC reviewed the proposed Merger and provided a positive recommendation for the Merger, having determined that the Merger, if implemented, would achieve a fair and reasonable result for each of the Funds and their respective securityholders. A summary of the IRC's recommendation has been included in the notice of special meeting sent to unitholders of the Terminating Fund as required by section 5.1(2) of NI 81-107.

25. The Merger will be completed as a "qualifying exchange" or a tax-deferred transaction under the *Income Tax Act* (Canada) (the **Tax Act**).

Proposed Merger Steps

26. Any investment held by the Terminating Fund that is not consistent with the investment objective of the Continuing Fund or acceptable to the portfolio manager of the Continuing Fund will be sold prior to the Effective Date. As a result, the Terminating Fund will temporarily hold cash and/or money market instruments and will not be invested in accordance with its investment objectives for a brief period of time prior to the Merger. The value of any investment sold prior to the Effective Date will depend on prevailing market conditions.

27. Prior to the Merger, each of the Terminating Fund and the Continuing Fund will distribute to their respective unitholders sufficient net income and net realized capital gains so that neither of the Funds will be subject to tax under Part I of the Tax Act for the taxation year ended at the time of the Merger.

28. On the Effective Date, the Terminating Fund will transfer all of its assets less an amount required to satisfy the liabilities of the Terminating Fund, to the Continuing Fund, in exchange for units of the Continuing Fund. The units of the Continuing Fund received by the Terminating Fund will have an aggregate net asset value (**NAV**) equal to the value of the net assets transferred by the Terminating Fund.

29. Immediately following the above-noted transfer, the Terminating Fund will redeem its outstanding units and distribute the units of the Continuing Fund received by the Terminating Fund to unitholders of the Terminating Fund, in exchange for all such unitholders' existing units of the Terminating Fund on a series-for-series and dollar-for-dollar basis, as follows:

(a) Unitholders of Series A units of the Terminating Fund will receive Series A units of the Continuing Fund. Series A units of the Continuing Fund are subject to a management fee that is 0.25% higher than the management fee in respect of the Series A Units of the Terminating Fund.

(b) Unitholders of Series F, Series FN and Series I units of the Terminating Fund will receive Series F, Series FN and Series I units of the Continuing Fund, respectively, and such corresponding series of units are subject to the same rate of management fees.

(c) The Terminating Fund does not have any Unitholders in Series AI, AN, U, FI, G, L, LI or M units.

(d) Because of the difference in management fees between the corresponding Series A units, a reasonable person may not consider the Terminating Fund and Continuing Fund to have substantially similar fee structures.

30. Each unitholder of the Terminating Fund will receive the corresponding series of units of the Continuing Fund with a value equal to the value of the corresponding series of units the Terminating Fund as set out above as determined on the Effective Date.

31. Immediately following the Merger, unitholders of the Terminating Fund will hold units of the Continuing Fund of a series corresponding to the series of, and of equivalent value to, their units of the Terminating Fund. The Continuing Fund has the same valuation procedure as the Terminating Fund.

32. As soon as reasonably possible following the Merger, the Terminating Fund will be wound up.

33. Costs and expenses associated with the Merger will be borne by the Filer and will not be charged to the Funds. The costs of the Merger include legal, printing, mailing and regulatory fees, as well as proxy solicitation and brokerage costs.

34. No sales charges will be payable by unitholders of the Funds in connection with the Merger.

Benefits of Merger

35. The Filer believes that the Merger is in the best interest of the Terminating Fund and the Continuing Fund and their unitholders and will be beneficial to unitholders of the Terminating Fund and the Continuing Fund for the following reasons:

    (a) under the Merger, investors in the Terminating Fund are provided greater flexibility to decide when a disposition and possible taxable event is triggered because they have the option to redeem their units before the Merger if they so choose, or they can participate in the tax-deferred Merger and avoid a disposition and possible taxable event that would occur in connection with the liquidation of the Terminating Fund;

    (b) the Continuing Fund is a better alternative for investors than the Terminating Fund as it provides the opportunity for greater long term growth and a more diverse portfolio;

    (c) the Merger will provide economies of scale by eliminating duplicative administrative and regulatory costs of operating the Terminating Fund and the Continuing Fund as separate mutual funds;

    (d) a portion of the Continuing Fund currently invests directly in the Terminating Fund;

    (e) the assets of the Terminating Fund have decreased to such a point where it has become inefficient to manage the Terminating Fund as a standalone fund and provide proper diversification; and

    (f) following the Merger, the Continuing Fund will have more assets allowing for increased portfolio diversification opportunities and a smaller proportion of assets set aside to fund redemptions.

Decision

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

The decision of the principal regulator under the Legislation is that the Approval Sought is granted, provided that the Filer obtains the prior unitholder approvals for the Merger, including the Series A Unitholders voting separately as a class, at the meeting held for that purpose, or any adjournments thereof.

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

2.1.7 IA Clarington Investments Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to mutual funds for extension of lapse dates of their prospectuses for 70 and 73 days respectively – Filer will incorporate offerings of the mutual funds under the same offering documents as related family of funds when they are renewed – Extension of lapse date will not affect the currency or accuracy of the information contained in the current prospectuses.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

[TRANSLATION]

February 24, 2017

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

AND

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

AND

IN THE MATTER OF
IA CLARINGTON INVESTMENTS INC.
(the Filer)

AND
IA CLARINGTON CONSERVATIVE PORTFOLIO,
IA CLARINGTON MODERATE PORTFOLIO,
IA CLARINGTON BALANCED PORTFOLIO,
IA CLARINGTON GROWTH PORTFOLIO,
IA CLARINGTON MAXIMUM GROWTH PORTFOLIO,
IA CLARINGTON GLOBAL EQUITY EXPOSURE FUND
(the Funds)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the time limits for the renewal of the simplified prospectus of the Funds be extended to the time limits that would apply if the lapse date of the simplified prospectus of the Funds was June 20, 2017 (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that subsection 4.7(1) of Regulation 11-102 *Passport System* (**Regulation 11-102**) is intended to be relied upon in each of the provinces and territories of Canada other than the Jurisdictions; and

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions* and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined. Capitalized terms used in this decision have the following meanings :

IA Clarington Managed Portfolios means IA Clarington Conservative Portfolio, IA Clarington Moderate Portfolio, IA Clarington Balanced Portfolio, IA Clarington Growth Portfolio and IA Clarington Maximum Growth Portfolio

GEE Fund means IA Clarington Global Equity Exposure Fund

Representations

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

The Filer

1. The Filer is a corporation amalgamated under the laws of Canada. The Filer's head office is in Quebec City, Quebec.

2. The Filer is registered as an investment fund manager in Quebec, Ontario and Newfoundland and Labrador, as an exempt market dealer in Quebec and Ontario, and as a portfolio manager in all of the provinces of Canada.

3. The Filer is the trustee and manager of the Funds. The Filer is also the trustee and manager of sixty (60) other IA Clarington mutual funds (the **IA Clarington Funds**) that are offered in each of the jurisdictions of Canada under a simplified prospectus dated June 20, 2016, as amended by amendment no. 1 dated December 13, 2016, the lapse date of which is June 20, 2017, as well as the three (3) Target Click funds (the **Target Click Funds**, and together with the IA Clarington Funds, the **Other Funds**) that are offered in each of the jurisdictions of Canada under a simplified prospectus dated June 20, 2016.

4. Neither the Funds nor the Filer is in default of securities legislation in any of the jurisdictions of Canada.

The /A Clarington Managed Portfolios

5. Each of, the IA Clarington Managed Portfolios is an open-ended mutual fund trust established under the laws of Ontario. Each of the IA Clarington Managed Portfolios is a reporting issuer in each of the jurisdictions of Canada.

6. Units of the IA Clarington Managed Portfolios are currently qualified for distribution in each of the jurisdictions of Canada under the current simplified prospectus of the IA Clarington Managed Portfolios dated April 11, 2016 (the **Portfolios Current Prospectus**).

7. The lapse date for the Portfolios Current Prospectus is April 11, 2017 (the **Portfolios Current Lapse Date**). Accordingly, under section 2.5(7) of *Regulation 81-101 respecting Mutual Fund Prospectus Disclosure* (**Regulation 81-101**) and section 62(5) of the *Securities Act* (Ontario) (the **Act**), the distribution of units of the IA Clarington Managed Portfolios would have to cease on the Portfolios Current Lapse Date unless (i) a pro-forma simplified prospectus is filed at least 30 days prior to the Portfolios Current Lapse Date, i.e. by March 12, 2017; (ii) a final simplified prospectus is filed no later than 10 days after the Portfolios Current Lapse Date, i.e. by April 21, 2017; and (iii) a receipt for the final simplified prospectus is obtained within 20 days of the Portfolios Current Lapse Date, i.e. by May 1, 2017.

8. The IA Clarington Managed Portfolios were newly created in 2016 and have not yet provided investors with any audited financial information.

The GEE Fund

9. The GEE Fund is an open-ended mutual fund trust established under the laws of Ontario. The GEE Fund is a reporting issuer in each of the jurisdictions of Canada.

10. Units of the GEE Fund are currently qualified for distribution in each of the jurisdictions of Canada under the current simplified prospectus of the GEE Fund dated April 8, 2016 (the **GEEF Current Prospectus** and together with the Portfolios Current Prospectus, the **Current Prospectus**).

11. The lapse date for the GEEF Current Prospectus is April 8, 2017 (the **GEEF Current Lapse Date** and together with the Portfolios Current Lapse Date, the **Current Lapse Dates**). Accordingly, under section 2.5(7) of Regulation 81-101 and section 62(5) of the Act, the distribution of units of the GEE Fund would have to cease on the GEEF Current Lapse Date unless (i) a pro-forma simplified prospectus is filed at least 30 days prior to the GEEF Current Lapse Date, i.e. by March 9, 2017; (ii) a final simplified prospectus is filed no later than 10 days after the GEEF Current Lapse Date, i.e. by April 18, 2017; and (iii) a receipt for the final simplified prospectus is obtained within 20 days of the GEEF Current Lapse Date, i.e. by April 28, 2017.

Renewal Filings

12. The Filer must file annual financial statements and the management report of fund performance (**MRFP**) for the Funds and the Other Funds for the financial year ended March 31, 2017 by no later than June 30, 2017, which date is after the Current Lapse Dates.

13. The Filer wishes to combine the simplified prospectus of the IA Clarington Managed Portfolios with the simplified prospectus of the IA Clarington Funds, and to combine the simplified prospectus of the GEE Fund with the simplified prospectus of the Target Click Funds. Offering the IA Clarington Managed Portfolios under the same renewal simplified prospectus, annual information form and fund facts (the **Prospectus Documents**) as the IA Clarington Funds, and offering the GEE Fund under the same Prospectus Documents as the Target Click Funds, would facilitate the distribution of the Funds in the jurisdictions of Canada under the same prospectus disclosure and would also assist in disseminating information with respect to the Funds and the Other Funds in such matters such as switching between the Fund and the Other Funds. The Funds share many common operational and administrative features with the Other Funds and combining them in the same simplified prospectuses will allow investors to more easily compare the features of the Other Funds and the Funds.

14. It would be impractical to alter and modify all the dedicated systems, procedures and resources required to prepare the Prospectus Documents of the Other Funds, and unreasonable to incur the costs and expenses associated therewith, so that the Prospectus Documents of the Other Funds can be filed earlier with the Prospectus Documents of the Funds. Moreover, it would result in the Other Funds not being able to incorporate current audited financial information in their Prospectus Documents.

15. The Filer may make minor changes to the features of the Other Funds as part of the process of renewing the Other Funds' Prospectus Documents in June 2017. The ability to file the Prospectus Documents of the Funds with those of the Other Funds will ensure that the Filer can make the operational and administrative features of the

Funds and the Other Funds consistent with each other, if necessary.

16. As the financial year end of the Funds is March 31, the Funds will need to incorporate by reference unaudited interim financial information (as at September 30, 2016) into the Prospectus Documents under the Current Lapse Dates. In order to incorporate by reference the interim unaudited financial statements into the Prospectus Documents, those interim unaudited financial statements must have been reviewed by the Funds' auditor in accordance with the relevant standards set out in the Handbook of the Canadian Institute of Chartered Accountants for a review of financial statements. Given that the audited financial statements of the Funds will be available no later than June 30, 2017, which is only a few weeks following the filing of the Prospectus Documents under the Current Lapse Dates, this review of the interim unaudited financial statements will incur time and expense which will only be relevant for a short period of time.

17. Moving the Current Lapse Dates of the Current Prospectus until June 20, 2017 will allow the Filer to finalize and file the audited financial statements and MRFP of the Funds before June 30, 2017 and then complete the task of updating the data in the relevant Prospectus Documents to file the final simplified prospectus shortly following the filing of the audited financial statements and MRFP of the Funds.

18. Once the Prospectus Documents of the Funds and the Other Funds are consolidated, the Funds will be able to renew their Prospectus Documents on a timeline that allows them to include the most current audited financial information in the Prospectus Documents each year. If the Exemption Sought is granted, investors in the Funds would have the benefit of being provided with the Funds' most current audited financial information and financial reporting when reviewing the Prospectus Documents.

19. There have been no material changes in the affairs of the Funds since the dates of the Current Prospectus. Accordingly, the Current Prospectus, together with the annual information form and fund facts continues to provide accurate information regarding the Funds.

20. The Exemption Sought will not affect the accuracy of the information contained in the Current Prospectus and will therefore not be prejudicial to the public interest.

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.

“Jacinthe Des Marchais”
Director, Investment Funds
Autorite des marches financiers

2.1.8 NGAM Canada LP

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Investment fund manager granted exemption from subsection 5.1(a) of NI 81-105 to allow it to pay to a participating dealer direct costs incurred by the participating dealer relating to a sales communication, investor conference or investor seminar prepared or presented by the participating dealer which has a primary purpose of providing educational information on financial planning matters.

Applicable Legislative Provisions

National Instrument 81-105 Mutual Fund Sales Practices, ss. 5.1(a), 9.1.

March 3, 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
NGAM CANADA LP
(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 relief from subsection 5.1(a) of National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) to permit the Filer to pay to a participating dealer direct costs incurred by the participating dealer relating to a sales communication, investor conference or investor seminar prepared or presented by the participating dealer (collectively, the **Cooperative Marketing Initiatives** and each a **Cooperative Marketing Initiative**) if the primary purpose of the Cooperative Marketing Initiative is to promote, or provide educational information concerning investment, retirement, tax and estate planning (collectively, **Financial Planning**) matters (the **Exemption Sought**).

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 81-105 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 limited partnership established under the laws of Ontario with its head office based in Toronto, Ontario. The general partner of the Filer is NGAM Canada Limited, a corporation incorporated under the laws of the Province of Ontario.

2. The Filer is registered as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador, an exempt market dealer in each of the Jurisdictions, and a portfolio manager and mutual fund dealer in Ontario.

3. The Filer is an affiliate of Natixis Global Asset Management, a multi-affiliate organization with more than 20 specialized investment firms in the U.S., Europe and Asia.

4. The Filer acts and may in the future act, as investment fund manager in respect of various mutual funds (the **Funds**) governed by National Instrument 81-102 *Investment Funds*, the securities of which are qualified for distribution to investors in each of the Jurisdictions pursuant to various simplified prospectuses, as they may be amended or renewed from time to time.

5. Securities of the Funds are distributed by participating dealers in the Jurisdictions.

6. Each of the Filer, NGAM Canada Limited, and Natixis Global Asset Management is a "member of the organization" (as that term is defined in NI 81-105) of the Funds, as the Filer is the manager of the Funds and the corporations and other organizations that form part of Natixis Global Asset Management, including Loomis, Sayles & Company, LP, Harris Associates LP, Gateway Investment Advisers, LLC and Mirova Responsible Investing among others are affiliates of the Filer.

7. The Filer complies with NI 81-105, and in particular Part 5 of NI 81-105, in respect of its marketing and educational practices.

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

9. Under Subsection 5.1(a) of NI 81-105, the Filer is permitted to pay direct costs incurred by a participating dealer where the purpose of the Cooperative Marketing Initiative is to promote or provide educational information about the Funds, the mutual fund family of which the Funds are members, or mutual funds generally.

10. Subsection 5.1(a) of NI 81-105 prohibits the Filer from paying direct costs incurred by a participating dealer relating to a Cooperative Marketing Initiative where the primary purpose is to provide educational information about Financial Planning matters. Consequently, the Filer is not permitted to sponsor the cost of sales communications, investor seminars or investor conferences prepared or presented by participating dealers where the main topics discussed include investment planning, retirement planning, tax planning and estate planning, each of which are aspects of Financial Planning.

11. The Filer and its affiliates have expertise in Financial Planning matters or may retain others with such expertise.

12. In addition to the topics currently permitted under subsection 5.1(a) of NI 81-105, the Filer wishes to sponsor Cooperative Marketing Initiatives where the primary purpose of the Cooperative Marketing Initiatives is to provide educational information concerning Financial Planning matters. The Filer will comply with Subsections 5.1(b) to (e) of NI 81-105 in respect of such Cooperative Marketing Initiatives it sponsors.

13. Mutual funds, including the Funds managed by the Filer, can be used to meet a variety of financial goals and accordingly are regularly used as financial planning tools. The Filer's sponsorship of Cooperative Marketing Initiatives where the primary purpose is to provide educational information about Financial Planning matters may benefit investors, as it may facilitate and potentially increase investors' access to educational information on such matters, which may in turn better equip them to make financial decisions that involve mutual funds.

14. Under Sections 5.2 and 5.5 of NI 81-105, the Filer is permitted to sponsor the costs incurred by participating dealers in attending or organizing and presenting at conferences where the primary purpose is the provision of educational information on, among other things, financial planning.

15. Specifically, under subsection 5.2(a) of NI-81-105, the Filer is permitted to provide a non-monetary benefit to a representative of a participating dealer by allowing him or her to attend a conference or seminar organized and presented by the Filer where the primary purpose is the provision of educational information about, among other things, financial planning, investing in securities or mutual fund industry matters.

16. Similarly, under subsection 5.5(a) of NI 81-105, the Filer is permitted to pay to a participating dealer part of the direct costs the participating dealer incurs in organizing or presenting at a conference or seminar that is not an investor conference or investor seminar referred to in section 5.1, where the primary purpose is the provision of educational information about, among other things, financial planning, investing in securities or mutual fund industry matters.

17. The Filer will not require participating dealers to sell any of its Funds or other financial products to investors as a condition of the Filer's sponsorship of a Cooperative Marketing Initiative.

18. The Filer will pay for its sponsorship of a Cooperative Marketing Initiative out of its normal sources of revenue. Accordingly, the sponsorship cost will not be borne by the Funds.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, provided that in respect of a Cooperative Marketing Initiative whose primary purpose is to provide educational information concerning Financial Planning matters:

(a) the Filer otherwise complies with the requirements of subsections 5.1(b) through (e) of NI 81-105;

(b) the Filer does not require any participating dealer to sell any of the Funds or other financial products to investors;

(c) other than as permitted by NI 81-105, the Filer does not provide participating dealers and their representatives with any financial or other incentives for recommending any of its Funds to investors;

(d) the materials presented in a Cooperative Marketing Initiative concerning Financial Planning matters contain only general educational information about such matters;

(e) the Filer prepares or approves the content of the general educational information about Financial Planning matters presented in a Cooperative Marketing Initiative it sponsors and selects or approves an appropriately-qualified speaker for each presentation about such matters delivered in a Cooperative Marketing Initiative;

(f) any general educational information about Financial Planning matters presented in a Cooperative Marketing Initiative contains an express statement that the content presented is for information purposes only, and is not providing advice to the attendees of the investor conference or investor seminar or the recipients of the sales communication, as applicable; and

(g) any general educational information about Financial Planning matters presented in a Cooperative Marketing Initiative contains an indication of the types of professionals who may generally be qualified to provide advice on the subject matter of the information presented.

"AnneMarie Ryan"
Commissioner
Ontario Securities Commission

"Janet Leiper"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Mitec Technologies Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for a decision that the issuer is not a reporting issuer under applicable securities laws – issuer in default of its obligation to file and deliver its quarterly financial statements and related management's discussion and analysis and certain MI 61-101 deficiencies – requested relief granted.

Applicable Legislative Provisions

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

February 21, 2017

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

AND

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

AND

IN THE MATTER OF
MITEC TECHNOLOGIES INC.
(THE FILER)

ORDER

Background

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

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

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

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

Nova Scotia, Prince Edward Island and Newfoundland.

Interpretation

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

Representations

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

1. The Filer is a corporation governed by the Ontario *Business Corporations Act* with its head office located at 2333 North Sheridan Way, Suite 200, Mississauga, Ontario.

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

3. The Filer is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer.

4. At the special and annual shareholders meeting of the Filer held on June 6, 2016 (the **Meeting**), the shareholders of the Filer approved a resolution providing for the consolidation (the **Consolidation**) of the Filer's common shares (**Common Shares**) on the basis of one new Common Share (each a **Post-Consolidation Share**) for every five million two hundred thousand (5,200,000) Common Shares outstanding prior to the Consolidation (each a **Pre-Consolidation Share**). The Consolidation provided that no fractional Post-Consolidation Shares would be issued and each shareholder holding less than 5,200,000 Pre-Consolidation Shares would be paid $0.02 per Pre-Consolidation Share (the **Consideration**).

5. The Consideration is equal to the Filer's cash on hand after liquidating its assets, paying its regulatory, legal and accounting costs, costs associated with the Meeting and other payables of the Filer.

6. The Consolidation was approved by 73.60% of the votes cast at the Meeting. Following the completion of the Consolidation on September 29, 2016, the sole remaining shareholder of the Filer is a related party of the Filer (the **Related Party**) within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (**MI 61-101**).

7. The Consolidation was subject to Part 4 and Part 8 of MI 61-101 (the **Business Combination Requirements**). The Filer's management information circular in respect of the Meeting did not disclose that the Consolidation was subject to the Business Combination Requirements or fully comply with the Business Combination Requirements (the **MI 61-101 Deficiencies**).

8. The Related Party did not vote on the Consolidation and did not receive any Consideration pursuant to the Consolidation.

9. The Common Shares of the Filer were delisted from the TSX Venture Exchange effective at the close of business on September 29, 2016. No securities of the Filer are traded on, or listed or quoted on, any exchange or market.

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

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

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

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

14. The Filer is not in default of securities legislation in any jurisdiction except for (i) the failure to file, by the prescribed deadline, interim financial statements for the three and nine month period ended September 30, 2016 and management's discussion & analysis relating to the interim financial statements for the three and nine month period ended September 30, 2016 and certification of the foregoing filings under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (the **Filings**); and (ii) the MI 61-101 Deficiencies.

15. The Filer has no contractual commitments that require it to maintain reporting issuer status.

16. The Filer is not eligible to use the simplified procedure under National Policy 11-206 *Process for Cease to be a Reporting Issuer Application* as it is in default for (i) the failure to file the Filings; and (ii) the MI 61-101 Deficiencies in relation to the Consolidation.

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

Order

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

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

"Grant Vingoe"
Commissioner
Ontario Securities Commission

"Monica Kowal"
Commissioner
Ontario Securities Commission

2.2.2 Krishna Sammy

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

AND

**IN THE MATTER OF
A REQUEST FOR A HEARING AND REVIEW OF
THE DECISION OF A HEARING PANEL OF
THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA**

AND

**IN THE MATTER OF
KRISHNA SAMMY**

ORDER

WHEREAS on February 28, 2017, the Ontario Securities Commission ("Commission") held a hearing by teleconference with respect to an application by Krishna Sammy ("Sammy") for an order pursuant to section 144 of the *Securities Act*, RSO 1990, c S.5, revoking or varying the order of the Commission dated October 28, 2016 (the "Application to Revoke or Vary"), which order dismissed his Application for a Hearing and Review of the decision of a Hearing Panel of the Investment Industry Regulatory Organization of Canada ("IIROC") dated January 22, 2016 (the "Application for Hearing and Review");

ON HEARING submissions from Sammy's counsel, counsel for IIROC Staff and counsel for Commission Staff;

IT IS ORDERED that:

1. the Application to Revoke or Vary is granted and the October 28, 2016 Order of the Commission is revoked;

2. a confidential pre-hearing conference shall be held by teleconference on March 8, 2017 at 11:00 a.m. EST;

3. pursuant to subsection 9(1)(b) of the *Statutory Powers and Procedure Act*, RSO 1990, c S.22 and Rule 5.2 of the Commission's *Rules of Procedure* (2014), 37 OSCB 4168, the "Further Amended Application for Further Decision dated February 27, 2017" found at Tab 3 of the Application Record dated February 27, 2017 is confidential; and

4. the hearing of the Application for Hearing and Review shall commence on March 30, 2017, at 11:30 a.m. EST.

DATED at Toronto, this 28th day of February 2017.

"Timothy Moseley"

2.2.3 Lance Kotton – ss. 127(7), 127(8)

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

AND

**IN THE MATTER OF
LANCE KOTTON**

**TEMPORARY ORDER
(Subsections 127(7) and (8))**

WHEREAS:

1. on November 6, 2015, the Ontario Securities Commission (the "Commission") ordered pursuant to subsections 127(1) and (5) of the *Securities Act*, RSO 1990, c S.5 (the "Act"), that:

   (a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Lance Kotton ("Kotton") shall cease; and

   (b) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Kotton;

   (the "Temporary Order");

2. the Commission further ordered that the Temporary Order shall take effect immediately and shall expire on the 15th day after its making unless extended by order of the Commission;

3. on November 9, 2015, the Commission issued a Notice of Hearing providing notice that it would hold a hearing on November 19, 2015, to consider whether, pursuant to subsections 127(7) and 127(8) of the Act, it is in the public interest for the Commission to extend the Temporary Order until the conclusion of the hearing or until such further time as considered necessary by the Commission, and to make such further orders as the Commission considers appropriate;

4. Kotton consented to an extension of the Temporary Order until December 17, 2015, which order was further extended until March 3, 2017;

5. on March 1, 2017, Staff of the Commission and counsel for Kotton appeared before the Commission requesting that the Temporary Order be extended on consent as against Kotton until April 6, 2017, and made submissions; and

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

IT IS ORDERED that:

1. the Temporary Order is extended as against Kotton until April 6, 2017; and

2. the hearing of this matter is adjourned until April 5, 2017 at 10:00 a.m., or such other date and time as provided by the Office of the Secretary and agreed to by the parties.

DATED at Toronto, Ontario this 1st day of March, 2017.

"Timothy Moseley"

2.2.4 Thomson Reuters Corporation – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids

Headnote

Section 6.1 of NI 62-104 – Issuer bid – relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 – Issuer proposes to purchase, at a discounted purchase price, up to 2,000,000 of its common shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in accordance with the TSX rules governing normal course issuer bids, in reliance on the issuer bid exemption in subsection 4.8(2) of NI 62-104 – the selling shareholder did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and no common shares have been purchased by the selling shareholder for a minimum of 30 days prior to the date of the application seeking the requested relief in anticipation or contemplation of a sale of common shares by the selling shareholder to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or other security holders – proposed purchases exempt from the requirements applicable to issuer bids in Part 2 of NI 62-104, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer not make any proposed purchase unless it has first obtained written confirmation from the selling shareholder that between the date of the order and the date on which the proposed purchase is completed, the selling shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any common shares of the Issuer to re-establish its holdings of common shares which will have been reduced as a result of the sale of the subject shares pursuant to the proposed purchases.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
THOMSON REUTERS CORPORATION

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of Thomson Reuters Corporation (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* ("**NI 62-104**") exempting the Issuer from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the "**Issuer Bid Requirements**") in respect of the proposed purchases (the "**Proposed Purchases**") by the Issuer of up to 2,000,000 (the "**Subject Shares**") of the Issuer's common shares (the "**Common Shares**") in one or more trades with Royal Bank of Canada (the "**Selling Shareholder**");

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

AND UPON the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 12, 23 and 24 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (Ontario).

2. The head office of the Issuer is located at 3 Times Square, New York, New York 10036 and its registered office is located at 333 Bay Street, Suite 400, Toronto, Ontario M5H 2R2.

3. The Issuer is a reporting issuer in each of the provinces of Canada and the Common Shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") and the New York Stock Exchange (the "**NYSE**") under the symbol "TRI". The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The Issuer's authorized share capital consists of an unlimited number of Common Shares, an unlimited number of preference shares, issuable in series, and one Thomson Reuters Founders Share, of which 727,774,134 Common Shares, 6,000,000 series II preference shares and one Thomson Reuters Founders Share were issued and outstanding as of February 10, 2017.

5. The corporate headquarters of the Selling Shareholder is located in Toronto, Ontario.

6. The Selling Shareholder does not, directly or indirectly, own more than 5% of the issued and outstanding Common Shares.

7. The Selling Shareholder is the beneficial owner of at least 2,000,000 Common Shares. None of the Subject Shares were acquired by, or on behalf of, the Selling Shareholder in anticipation or contemplation of resale to the Issuer.

8. The Subject Shares are held by the Selling Shareholder in connection with arrangements to hedge client transactions in respect of the Common Shares. Between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder will not purchase, have purchased on its behalf, or otherwise accumulate, any Common Shares to re-

establish its holdings of Common Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

9. No Common Shares were purchased by, or on behalf of, the Selling Shareholder on or after January 16, 2017, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares by the Selling Shareholder to the Issuer.

10. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the *Securities Act* (Ontario) (the "**Act**"). In addition, the Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.

11. Pursuant to the terms of a "Notice of Intention to Make a Normal Course Issuer Bid" filed with, and accepted by, the TSX, dated May 24, 2016 (the "**Notice**"), the Issuer is permitted to make purchases pursuant to a normal course issuer bid (the "**Normal Course Issuer Bid**"), during the 12-month period beginning on May 30, 2016 and ending on May 29, 2017, up to a maximum of 37,500,000 Common Shares, representing approximately 5% of the issued and outstanding Common Shares as at the date specified in the Notice. The Issuer may make purchases under the Normal Course Issuer Bid through the facilities of the TSX, the NYSE and/or other exchanges and alternative trading systems, if eligible, or by such other means as may be permitted by the TSX and/or the NYSE or under applicable law by a registered investment dealer (or an affiliate of the dealer) in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"), including by private agreements under issuer bid exemption orders issued by a securities regulatory authority (each, an "**Off-Exchange Block Purchase**"). The TSX has been advised of the Issuer's intention to enter into the Proposed Purchases and has confirmed that it has no objection to the Proposed Purchases.

12. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an "**Agreement**"), pursuant to which the Issuer will agree to acquire some or all of the Subject Shares from the Selling Shareholder by way of one or more Proposed Purchases, each occurring by May 29, 2017 for a purchase price (each such price, a "**Purchase Price**" in respect of such Proposed Purchase) that will be negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price, in each case, will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the applicable Proposed Purchase.

13. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX NCIB Rules.

14. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for the purposes of the Act to which the Issuer Bid Requirements would apply.

15. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the applicable Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire Subject Shares from the Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.

16. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the applicable Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares through the facilities of the TSX as a "block purchase" (a "**Block Purchase**") in accordance with the block purchase exception in clause 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.

17. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

18. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

19. Management of the Issuer is of the view that: (a) through the Proposed Purchases, the Issuer will be able to purchase the Subject Shares at a lower price than the price at which the Issuer would otherwise be able to purchase Common Shares under the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104; and (b) the Proposed Purchases are an appropriate use of the Issuer's funds.

20. The purchase of Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's security holders and it will not materially affect

control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Common Shares in the open market at the then-prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.

21. To the best of the Issuer's knowledge, as of February 10, 2017, the "public float" for the Common Shares represented approximately 37% of all issued and outstanding Common Shares for the purposes of the TSX NCIB Rules.

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

23. Other than the Purchase Price, no fee or other consideration will be paid by the Issuer to the Selling Shareholder in connection with the Proposed Purchases.

24. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Equity Finance Canada group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided any advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

25. The Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that, between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

26. The Commission granted two orders on September 23, 2016 pursuant to section 6.1 of NI 62-104 exempting the Issuer from the Issuer Bid Requirements in respect of the proposed purchases by the Issuer pursuant to private agreements of up to 2,000,000 Common Shares from Royal Bank of Canada (the "**RBC Order**") and 4,500,000 Common Shares from National Bank of Canada (the "**NBC Order**" and, together with the RBC Order, the "**Existing Orders**").

27. The Issuer has made one other application to the Commission for exemptive relief from the Issuer Bid Requirements in respect of the proposed purchases by the Issuer of up to 4,000,000 Common Shares from one holder of Common Shares, pursuant to one or more private agreements (the "**Concurrent Application**"). As of February 10, 2017, the Issuer has acquired a total of 25,694,842 Common Shares pursuant to the Normal Course Issuer Bid, including 2,000,000 under the RBC Order and 4,500,000 under the NBC Order.

28. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to 12,500,000 Common Shares as of the date of this Order, taking into account, for greater certainty, the Subject Shares and the Common Shares which are the subject of the Concurrent Application and the Existing Orders.

29. The Issuer has established a form of automatic share repurchase plan (the "**Plan**") that would permit the Issuer to make purchases under its Normal Course Issuer Bid during internal trading blackout periods, including regularly scheduled quarterly blackout periods, when the Issuer would not otherwise be permitted to trade in its Common Shares (each such time, a "**Blackout Period**"). No Plan is in place as of the date of this Order, but the Issuer intends to enter into a Plan prior to the commencement of the Issuer's next scheduled quarterly blackout period. The form of Plan was approved by the TSX and is in compliance with the TSX NCIB Rules, applicable securities laws and this Order. The terms of the Plan provide that, at times when it is not subject to blackout restrictions, the Issuer may, but will not be required to, instruct its designated broker to make purchases under the Normal Course Issuer Bid in accordance with the terms of the Plan. Such purchases under the Plan will be determined by the designated broker in its sole discretion based on parameters established by the Issuer prior to any Blackout Period in accordance with the TSX NCIB Rules, applicable securities laws (including this Order) and the terms of the agreement between the designated broker and the Issuer. If the Issuer implements a Plan prior to completing the Proposed Purchases, the Issuer will ensure that the Plan contains provisions restricting the Issuer from conducting any Block Purchases during any calendar week in which the Issuer completes a Proposed Purchase and restricting the Issuer from making any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase.

30. No Agreement will be negotiated or entered into during a time when the Issuer would not be permitted to trade in Common Shares, including a Blackout Period. If a Blackout Period is in effect, the Issuer will not purchase Subject Shares pursuant to the Proposed Purchases until the later of (a) the end of such Blackout Period, and (b) the passage of two clear trading days from the date of the dissemination to the public of the Issuer's financial results and/or any and all "material changes" or any "material facts" (each as defined in the Act) in respect of the Issuer or the Common Shares relating to such Blackout Period.

31. Assuming completion of the purchase of the maximum number of Subject Shares, being 2,000,000 Common Shares, and the maximum number of Common Shares that are the subject of the Concurrent Application, being 4,000,000 Common Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 12,500,000 Common Shares pursuant to Off-Exchange Block Purchases, representing one-third of the maximum of 37,500,000 Common Shares authorized to be purchased under the Normal Course Issuer Bid.

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

IT IS ORDERED pursuant to section 6.1 of NI 62-104 that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchases, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

(b) the Issuer will refrain from conducting either a Block Purchase in accordance with the TSX NCIB Rules, or another Off-Exchange Block Purchase, during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;

(c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last "independent trade" (as that term is used in clause 629(l)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of such Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Common Shares pursuant to the Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by such other means as may be permitted by the TSX and, subject to condition (i) below, by Off-Exchange Block Purchases;

(e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of such Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Equity Finance Canada group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided any advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and (ii) that information regarding each Proposed Pur-chase, including the number of Subject Shares purchased and the aggregate Purchase Price, will be available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") following the completion of each such Proposed Purchase;

(h) the Issuer will report information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase;

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 12,500,000 Common Shares; and

(j) the Issuer will not make any Proposed Purchase unless it has first obtained

confirmation in writing from the Selling Shareholder that, between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

DATED at Toronto this 28th day of February, 2017.

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

2.2.5 Thomson Reuters Corporation – s. 6.1 of NI 62-104 Take-Over Bids and Issuer Bids

Headnote

Section 6.1 of NI 62-104 – Issuer bid – relief from the requirements applicable to issuer bids in Part 2 of NI 62-104 – Issuer proposes to purchase, at a discounted purchase price, up to 4,000,000 of its common shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in accordance with the TSX rules governing normal course issuer bids, in reliance on the issuer bid exemption in subsection 4.8(2) of NI 62-104 – the selling shareholder did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and no common shares have been purchased by the selling shareholder for a minimum of 30 days prior to the date of the application seeking the requested relief in anticipation or contemplation of a sale of common shares by the selling shareholder to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or other security holders – proposed purchases exempt from the requirements applicable to issuer bids in Part 2 of NI 62-104, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer not make any proposed purchase unless it has first obtained written confirmation from the selling shareholder that between the date of the order and the date on which the proposed purchase is completed, the selling shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any common shares of the Issuer to re-establish its holdings of common shares which will have been reduced as a result of the sale of the subject shares pursuant to the proposed purchases.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
THOMSON REUTERS CORPORATION

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of Thomson Reuters Corporation (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to section 6.1 of National Instrument 62-104 *Take-Over Bids and Issuer Bids* ("**NI 62-104**") exempting

the Issuer from the requirements applicable to issuer bids in Part 2 of NI 62-104 (the "**Issuer Bid Requirements**") in respect of the proposed purchases (the "**Proposed Purchases**") by the Issuer of up to 4,000,000 (the "**Subject Shares**") of the Issuer's common shares (the "**Common Shares**") in one or more trades with Canadian Imperial Bank of Commerce (the "**Selling Shareholder**");

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

AND UPON the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 12, 23 and 24 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (Ontario).

2. The head office of the Issuer is located at 3 Times Square, New York, New York 10036 and its registered office is located at 333 Bay Street, Suite 400, Toronto, Ontario M5H 2R2.

3. The Issuer is a reporting issuer in each of the provinces of Canada and the Common Shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") and the New York Stock Exchange (the "**NYSE**") under the symbol "TRI". The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The Issuer's authorized share capital consists of an unlimited number of Common Shares, an unlimited number of preference shares, issuable in series, and one Thomson Reuters Founders Share, of which 727,774,134 Common Shares, 6,000,000 series II preference shares and one Thomson Reuters Founders Share were issued and outstanding as of February 10, 2017.

5. The corporate headquarters of the Selling Shareholder is located in Toronto, Ontario.

6. The Selling Shareholder does not, directly or indirectly, own more than 5% of the issued and outstanding Common Shares.

7. The Selling Shareholder is the beneficial owner of at least 4,000,000 Common Shares. None of the Subject Shares were acquired by, or on behalf of, the Selling Shareholder in anticipation or contemplation of resale to the Issuer.

8. The Subject Shares are held by the Selling Shareholder in connection with arrangements to hedge client transactions in respect of the Common Shares. Between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder will not purchase, have purchased on its behalf, or otherwise accumulate, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

9. No Common Shares were purchased by, or on behalf of, the Selling Shareholder on or after January 16, 2017, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares by the Selling Shareholder to the Issuer.

10. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the *Securities Act* (Ontario) (the "**Act**"). In addition, the Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.

11. Pursuant to the terms of a "Notice of Intention to Make a Normal Course Issuer Bid" filed with, and accepted by, the TSX, dated May 24, 2016 (the "**Notice**"), the Issuer is permitted to make purchases pursuant to a normal course issuer bid (the "**Normal Course Issuer Bid**"), during the 12-month period beginning on May 30, 2016 and ending on May 29, 2017, up to a maximum of 37,500,000 Common Shares, representing approximately 5% of the issued and outstanding Common Shares as at the date specified in the Notice. The Issuer may make purchases under the Normal Course Issuer Bid through the facilities of the TSX, the NYSE and/or other exchanges and alternative trading systems, if eligible, or by such other means as may be permitted by the TSX and/or the NYSE or under applicable law by a registered investment dealer (or an affiliate of the dealer) in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"), including by private agreements under issuer bid exemption orders issued by a securities regulatory authority (each, an "**Off-Exchange Block Purchase**"). The TSX has been advised of the Issuer's intention to enter into the Proposed Purchases and has confirmed that it has no objection to the Proposed Purchases.

12. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an "**Agreement**"), pursuant to which the Issuer will agree to acquire some or all of the Subject Shares from the Selling Shareholder by way of one or more Proposed Purchases, each occurring by May 29, 2017 for a purchase price (each such price, a "**Purchase Price**" in respect of such Proposed Purchase) that will be negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price, in each case, will be at a discount to the prevailing market price and below the prevailing

bid-ask price for the Common Shares on the TSX at the time of the applicable Proposed Purchase.

13. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX NCIB Rules.

14. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for the purposes of the Act to which the Issuer Bid Requirements would apply.

15. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the applicable Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire Subject Shares from the Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.

16. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of the applicable Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares through the facilities of the TSX as a "block purchase" (a "**Block Purchase**") in accordance with the block purchase exception in clause 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.

17. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

18. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

19. Management of the Issuer is of the view that: (a) through the Proposed Purchases, the Issuer will be able to purchase the Subject Shares at a lower price than the price at which the Issuer would otherwise be able to purchase Common Shares under the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104; and (b) the Proposed Purchases are an appropriate use of the Issuer's funds.

20. The purchase of Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's security holders and it will not materially affect control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Common Shares in the open market at the then-prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.

21. To the best of the Issuer's knowledge, as of February 10, 2017, the "public float" for the Common Shares represented approximately 37% of all issued and outstanding Common Shares for the purposes of the TSX NCIB Rules.

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

23. Other than the Purchase Price, no fee or other consideration will be paid by the Issuer to the Selling Shareholder in connection with the Proposed Purchases.

24. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Canadian Equity Derivatives Trading Group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided any advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

25. The Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that, between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

26. The Commission granted two orders on September 23, 2016 pursuant to section 6.1 of NI 62-104 exempting the Issuer from the Issuer Bid Requirements in respect of the proposed purchases by the Issuer pursuant to private agreements of up to 2,000,000 Common Shares from Royal Bank of Canada (the "**RBC Order**") and 4,500,000 Common Shares from National Bank of Canada (the "**NBC Order**" and, together with the RBC Order, the "**Existing Orders**").

27. The Issuer has made one other application to the Commission for exemptive relief from the Issuer Bid Requirements in respect of the proposed purchases by the Issuer of up to 2,000,000 Common Shares from one holder of Common Shares, pursuant to one or more private agreements (the "**Concurrent Application**"). As of February 10, 2017, the Issuer has acquired a total of 25,694,842 Common Shares pursuant to the Normal Course Issuer Bid, including 2,000,000 under the RBC Order and 4,500,000 under the NBC Order.

28. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to 12,500,000 Common Shares as of the date of this Order, taking into account, for greater certainty, the Subject Shares and the Common Shares which are the subject of the Concurrent Application and the Existing Orders.

29. The Issuer has established a form of automatic share repurchase plan (the "**Plan**") that would permit the Issuer to make purchases under its Normal Course Issuer Bid during internal trading blackout periods, including regularly scheduled quarterly blackout periods, when the Issuer would not otherwise be permitted to trade in its Common Shares (each such time, a "**Blackout Period**"). No Plan is in place as of the date of this Order, but the Issuer intends to enter into a Plan prior to the commencement of the Issuer's next scheduled quarterly blackout period. The form of Plan was approved by the TSX and is in compliance with the TSX NCIB Rules, applicable securities laws and this Order. The terms of the Plan provide that, at times when it is not subject to blackout restrictions, the Issuer may, but will not be required to, instruct its designated broker to make purchases under the Normal Course Issuer Bid in accordance with the terms of the Plan. Such purchases under the Plan will be determined by the designated broker in its sole discretion based on parameters established by the Issuer prior to any Blackout Period in accordance with the TSX NCIB Rules, applicable securities laws (including this Order) and the terms of the agreement between the designated broker and the Issuer. If the Issuer implements a Plan prior to completing the Proposed Purchases, the Issuer will ensure that the Plan contains provisions restricting the Issuer from conducting any Block Purchases during any calendar week in which the Issuer completes a Proposed Purchase and restricting the Issuer from making any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase.

30. No Agreement will be negotiated or entered into during a time when the Issuer would not be permitted to trade in Common Shares, including a Blackout Period. If a Blackout Period is in effect, the Issuer will not purchase Subject Shares pursuant to the Proposed Purchases until the later of (a) the end of such Blackout Period, and (b) the passage of two clear trading days from the date of the dissemination to the public of the Issuer's financial results and/or any and all "material changes" or any "material facts" (each as defined in the Act) in respect of the Issuer or the Common Shares relating to such Blackout Period.

31. Assuming completion of the purchase of the maximum number of Subject Shares, being 4,000,000 Common Shares, and the maximum number of Common Shares that are the subject of the Concurrent Application, being 2,000,000 Common Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 12,500,000 Common Shares pursuant to Off-Exchange Block Purchases, representing one-third of the maximum of 37,500,000 Common Shares authorized to be purchased under the Normal Course Issuer Bid.

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

IT IS ORDERED pursuant to section 6.1 of NI 62-104 that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchases, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

(b) the Issuer will refrain from conducting either a Block Purchase in accordance with the TSX NCIB Rules, or another Off-Exchange Block Purchase, during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;

(c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last "independent trade" (as that term is used in clause 629(l)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of such Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Common Shares pursuant to

the Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by such other means as may be permitted by the TSX and, subject to condition (i) below, by Off-Exchange Block Purchases;

(e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of such Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Canadian Equity Derivatives Trading Group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided any advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and (ii) that information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, will be available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") following the completion of each such Proposed Purchase;

(h) the Issuer will report information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase;

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 12,500,000 Common Shares; and

(j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that, between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

DATED at Toronto this 28th day of February, 2017.

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

2.2.6 Optam Holdings Inc. et al.

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

AND

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

ORDER

WHEREAS:

1. On October 18, 2016, Staff of the Ontario Securities Commission filed a Statement of Allegations, in which Staff seeks an order against Optam Holdings Inc., Infinivest Mortgage Investment Corporation and Wade Robert Closson (collectively, the "Respondents"), pursuant to subsections 127(1) and 127(10) of the *Securities Act* (the "**Act**");

2. On October 19, 2016, the Commission issued a Notice of Hearing in respect of that Statement of Allegations, setting November 16, 2016 as the date of the hearing;

3. On November 11, 2016, Staff filed an affidavit of service sworn by Lee Crann, describing steps taken by Staff to serve the Respondents with the Notice of Hearing, Statement of Allegations and Staff's disclosure materials;

4. On November 16, 2016:

   a. Staff appeared before the Commission and made submissions;

   b. the Respondents did not appear or make submissions, although properly served;

   c. Staff applied to continue this proceeding by way of a written hearing, in accordance with Rule 11.5 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168, and subsection 5.1(1) of the *Statutory Powers Procedure Act*, RSO 1990, c S.22; and

   d. the Commission issued an Order (the "**Order**") granting Staff's application to continue to proceeding by way of written hearing and setting a schedule for the delivery of the parties' materials;

5. On November 25, 2016, Staff filed its Hearing Brief, Brief of Authorities and Factum in accordance with the schedule in the Order;

6. On December 1, 2016, Staff filed an affidavit of service sworn by Lee Crann, describing steps taken by Staff to serve the Respondents with the Order, Staff's Hearing Brief, Brief of Authorities and Factum;

7. The Respondents did not file responding materials although they were properly served with the Order and Staff's materials;

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

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

IT IS ORDERED:

1. against Optam Holdings Inc. ("**Optam**") and Infinivest Mortgage Investment Corporation ("**Infinivest**") that :

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

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

   c. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Optam or by Infinivest is prohibited permanently;

   d. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Optam or to Infinivest permanently; and

   e. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Optam and Infinivest are each prohibited permanently from becoming or acting as registrants, investment fund managers or promoters;

2. against Wade Robert Closson ("**Closson**") that:

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

   b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any

securities by Closson is prohibited permanently;

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

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

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

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

DATED at Toronto this 1st day of March, 2017.

"Monical Kowal"
Vice-Chair

2.2.7 Steven J. Martel et al. – s. 127

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

AND

**IN THE MATTER OF
STEVEN J. MARTEL,
MARTEL GROUP OF COMPANIES INC. and
8446997 CANADA INC.**

**ORDER
(Section 127 of the Securities Act)**

WHEREAS:

1. On March 29, 2016, Staff of the Ontario Securities Commission filed a Statement of Allegations and the Commission issued a Notice of Hearing in respect of that Statement of Allegations, setting April 15, 2016 as the hearing date;

2. On April 15, 2016, Staff of the Commission and an agent for a respondent, Steven J. Martel ("**Martel**"), attended the hearing. The Commission adjourned the matter to a Second Appearance on August 10, 2016 and ordered a schedule for delivery of Staff's disclosures, witness lists and information regarding experts;

3. On August 10, 2016, Staff and counsel for Martel attended the Second Appearance and requested the scheduling of a pre-hearing conference. The Commission ordered that the matter be adjourned to a prehearing conference on September 27, 2016;

4. On September 27, 2016, Staff and counsel for Martel attended a pre-hearing conference and requested the scheduling of a further pre-hearing conference and a Third Appearance. The Commission issued an Order (the "**September 2016 Order**"), adjourning this matter to a further pre-hearing conference on November 4, 2016, scheduling the Third Appearance for December 12, 2016, and ordering delivery of the respondents' witness lists, witness summaries and information regarding experts by no later than 30 days before the date of the Third Appearance;

5. On October 31, 2016, counsel for Martel requested amendments to the schedule set in the September 2016 Order and Staff consented;

6. On November 2, 2016, the Commission issued an Order vacating the pre-hearing conference scheduled for November 4, 2016, vacating the Third Appearance scheduled for December 12, 2016, adjourning this matter to a further pre-hearing conference on December 12, 2016 and adjourning the respondents' other obligations

arising out of the September 2016 Order pending the rescheduling of the Third Appearance;

7. On December 8, 2016, counsel for Martel and counsel for Staff agreed to request an adjournment of the pre-hearing conference scheduled for December 12, 2016. The Commission issued an Order, vacating the pre-hearing conference scheduled for December 12, 2016 and adjourning this matter to a further pre-hearing conference on January 11, 2017;

8. On January 11, 2017, Staff and counsel for Martel attended a pre-hearing conference and Martel requested the scheduling of a motion seeking a stay of proceedings. The Commission issued an Order scheduling a motion brought by Martel seeking a stay of proceedings for April 27, 2017 and a timeline for the exchange of materials (the "**January 2017 Order**");

9. On February 6, 2017, Martel served and filed an Amended Notice of Motion and Motion Record, seeking a stay of proceedings and other relief, including constitutional relief (the "**Privilege Motion**");

10. On February 22, 2017, Staff served and filed a Notice of Motion seeking an adjournment of the Privilege Motion and an extension to the timeline for the exchange of materials (the "**Extension Motion"**). The Extension Motion was scheduled to be heard on March 2, 2017 at 9:00 a.m.;

11. On March 1, 2017, counsel for Martel and counsel for Staff agreed to request an adjournment of the Extension Motion to March 16, 2017 and to adjourn the obligations of the parties to serve and file materials as set down in the January 2017 Order; and

12. On March 2, 2017, counsel for Martel and counsel for Staff appeared before the Panel and requested an adjournment of the Extension Motion and an adjournment of the obligations of the parties to serve and file materials as set down in the January 2017 Order, on consent;

IT IS ORDERED that:

1. The Extension Motion is adjourned to March 16, 2017 at 10:00 a.m., or such other date as may be agreed to by the parties and set by the Office of the Secretary; and

2. The obligations of the parties to serve and file materials and conduct cross-examinations in advance of the hearing of the Privilege Motion, pursuant to the schedule set out in the January 2017 Order, are hereby adjourned to such other dates to be determined by the Commission after hearing the Extension Motion.

DATED at Toronto, this 2nd day of March, 2017.

"D. Grant Vingoe"

2.2.8 Mettrum Health Corp. –s. 1(6) of the OBCA

Headnote

Applicant deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 1(6).

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
METTRUM HEALTH CORP.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. The Applicant is incorporated under the OBCA, is an "offering corporation" as defined therein, and has an authorized capital consisting of an unlimited number of common shares (the **Common Shares**).

2. The head office of the Applicant is located at 314 Bennett Road, Bowmanville, Ontario, L1C 3K5.

3. On December 1, 2016, Canopy Growth Corporation (**Canopy**) and the Applicant entered into an arrangement agreement pursuant to which Canopy agreed to acquire all of the issued and outstanding Common Shares of the Applicant (the **Transaction**). The Transaction was effected by way of a court-approved plan of arrangement in accordance with Section 182 of the OBCA.

4. Upon the consummation of the Transaction:

   (a) the issued and outstanding Common Shares were exchanged for fully-paid and non-assessable common shares in the capital of Canopy (the **Canopy Shares**), on the basis of one Canopy Share for every 0.7132 Common Share; and

   (b) each issued and outstanding stock option of the Applicant (the **Options**) was cancelled and in its place, Canopy granted a replacement option to purchase such number of Canopy Shares (rounded down to the nearest whole share) equal to 0.7132 multiplied by the number of Common Shares subject to such Option immediately prior to the effective time of the Transaction.

5. The Transaction was completed on January 31, 2017 and the Applicant became a wholly-owned subsidiary of Canopy.

6. As of the date hereof, all of the outstanding securities of the Applicant are beneficially owned, directly or indirectly, by Canopy.

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

8. The Common Shares of the Applicant were de-listed (the **De-listing**) from the TSX Venture Exchange, effective as of the close of trading on February 2, 2017.

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

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

11. On February 6, 2017, the Applicant made an application to the Ontario Securities Commission, as principal regulator on behalf of the securities regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island (collectively, the **Jurisdictions**), for a decision that the Applicant is not a reporting issuer in the Jurisdictions in accordance with the simplified procedure set out in National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (the **Order**). The Order was granted on February 21, 2017.

12. The Applicant is not a reporting issuer or the equivalent in any other jurisdiction of Canada.

13. The Applicant is not in default of any requirement of the securities legislation in any of the Jurisdictions.

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

IT IS HEREBY ORDERED by the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public for the purposes of the OBCA.

DATED at Toronto on this 28th day of February, 2017.

"Anne Marie Ryan"
Commissioner
Ontario Securities Commission

"Philip Anisman"
Commissioner
Ontario Securities Commission

2.2.9 Garth H. Drabinsky et al. – ss. 127, 127.1

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

AND

**IN THE MATTER OF
GARTH H. DRABINSKY,
MYRON I. GOTTLIEB and
GORDON ECKSTEIN**

**ORDER
(Sections 127 and 127.1 of the Securities Act)**

WHEREAS:

1. On February 20, 2013, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing in relation to an Amended Statement of Allegations issued by Staff of the Commission ("**Staff**") regarding Garth H. Drabinsky, Myron I. Gottlieb and Gordon Eckstein (collectively, the "**Respondents**"), setting March 19, 2013 as the hearing date;

2. On March 19, 2013, the Commission convened a hearing and ordered that the matter be adjourned to a confidential pre-hearing conference on May 23, 2013;

3. On May 23, 2013, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for each of the Respondents attended;

4. On September 8, 2014, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for each of the Respondents attended. The Commission adjourned the matter to a further confidential pre-hearing conference on December 2, 2014, set the hearing dates and ordered a schedule for delivery of the parties' expert evidence, witness lists, witness summaries and hearing briefs;

5. On September 9, 2014, the Commission approved the settlement agreement reached between Staff and Gottlieb;

6. On December 2, 2014, a confidential pre-hearing conference was held, at which counsel for Staff, counsel for Drabinsky and counsel for Eckstein attended, and all parties agreed to adjourn the matter to a further confidential pre-hearing conference to be held at a later-scheduled date;

7. On April 7, 2015, a confidential pre-hearing conference was commenced, at which counsel for each of Staff, Drabinsky and Eckstein attended;

8. On April 23 and May 6, 2015, the confidential pre-hearing conference was continued, counsel for each of Staff and Drabinsky attended, and Drabinsky requested that the scheduled hearing be adjourned;

9. On May 22, 2015, the Commission issued an Order approving the Settlement Agreement between Staff and Eckstein dated April 20, 2015;

10. On May 25, 2015, the Commission adjourned the matter to a further confidential pre-hearing conference on September 24, 2015, vacated the previous hearing dates, set new hearing dates and ordered a revised schedule for delivery of the parties' expert evidence, witness lists, witness summaries and hearing briefs;

11. On September 24, 2015, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for Drabinsky attended, and Drabinsky requested that the scheduled hearing be adjourned to a later date;

12. On September 29, 2015, the Commission adjourned the matter to a further confidential pre-hearing conference on February 22, 2016, vacated the previous hearing dates, set new hearing dates and ordered a revised schedule for delivery of the parties' expert evidence, witness lists, witness summaries and hearing briefs:

13. On February 22, 2016, a confidential pre-hearing conference was held, at which counsel for Staff and counsel for Drabinsky attended, and Drabinsky again requested that the hearing scheduled in this matter be adjourned to a later date. The Commission adjourned the matter to a further confidential pre-hearing conference on June 20, 2016, vacated the previous hearing dates, set new hearing dates and ordered a revised schedule for delivery of the parties' expert evidence, witness lists, witness summaries and hearing briefs;

14. Staff requested, on consent, that the pre-hearing conference scheduled to take place on June 20, 2016 be rescheduled to June 27, 2016;

15. On June 27, 2016, a confidential pre-hearing conference was held, at which Staff and counsel for Drabinsky attended, and Drabinsky again requested that the hearing scheduled in this matter be adjourned to a later date. The Commission adjourned the matter to a further confidential pre-hearing conference on November 22, 2016, vacated the previous hearing dates, set new hearing dates for the matter to be heard on February 22, 23, 24, 27 and 28, 2017 and March 10, 2017and ordered a revised schedule for delivery of the parties' expert evidence, witness lists, witness summaries and hearing briefs;

16. Drabinsky continues to be subject to an interim undertaking made to the Director of Enforcement of the Commission (the "**Director**") providing that, pending the conclusion of the Commission proceeding, he will not apply to become a registrant or an employee of a registrant or an officer or director of a reporting issuer without the express written consent of the Director or an order of the Commission releasing him from the undertaking;

17. Drabinsky continued to be subject to parole terms in effect until September 2016 (the "**Parole Terms**") which prohibited him from owning or operating a business or being in a position of responsibility for the management of finances or investments of any other individual, charity, business or institution, among other things;

18. Upon expiry of the Parole Terms, and as a condition of the adjournment sought on June 27, 2016, Drabinsky agreed to the following terms until the conclusion of the Commission proceeding:

    a. He will not own or operate a business; and

    b. He will not be in a position that would entail the management, control or administration of finances or investments of any other individual, charity, business or institution;

19. On November 22, 2016, a confidential pre-hearing conference was held, at which Staff and counsel for Drabinsky attended;

20. On January 10, 2017, a confidential pre-hearing conference was held, at which Staff and counsel for Drabinsky attended;

21. On February 22, 2017, the hearing commenced and continued on February 23 and 24, 2017; and

22. On February 27, 2017, the Commission ordered that the further hearing dates were vacated and oral closing submissions shall be heard on a date to be determined by the Commission;

IT IS HEREBY ORDERED that:

1. Staff's written submissions shall be served and filed on or before March 13, 2017;

2. The Respondent's written submissions shall be served and filed on or before March 21, 2017;

3. Staff's reply written submissions, if any, shall be served and filed on or before March 31, 2017; and

4. Oral closing submissions shall be heard on April 12, 2017 at 10:00 a.m., or such other date as may be agreed to by the parties and set by the Office of the Secretary.

DATED at Toronto this 3rd day of March, 2017

"D. Grant Vingoe"

"Judith N. Robertson"

"William J. Furlong"

2.2.10 Campar Capital Corporation

Headnote

National Policy 11-206 Process for Cease to be a Reporting Issuer Applications – application for a decision that the issuer is not a reporting issuer under applicable securities laws – previous order that the issuer is not a reporting issuer is not effective as it did not include all jurisdictions in which the issuer was a reporting issuer – issuer in default of certain obligations as a reporting issuer under applicable securities laws.

Applicable Legislative Provisions

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

February 27, 2017

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

AND

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

AND

IN THE MATTER OF
CAMPAR CAPITAL CORPORATION
(collectively, the "Filer")

ORDER

Background

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

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

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

(b) the Filers have provided notice that sub-section 4C.5(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, British Columbia and Québec.

Interpretation

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

Representations

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

1. The Filer is a corporation existing under the laws of the *Business Corporations Act* (Ontario).

2. The Filer's head office is located in Toronto, Ontario.

3. On September 6, 2016, the Filer, Starlight U.S. Multi-Family Core Fund, Starlight U.S. Multi-Family (No. 2) Core Fund, Starlight U.S. Multi-Family (No. 3) Core Fund, Starlight U.S. Multi-Family (No. 4) Core Fund (collectively, the **Starlight Funds**) and Starlight U.S. Multi-Family (No. 5) Core Fund (the **Purchaser**), among others, entered into an arrangement agreement pursuant to which the Purchaser, agreed to acquire all of the issued and outstanding limited partnership units of each Starlight Fund pursuant to an arrangement (the **Arrangement**) under the *Business Corporations Act* (Alberta) and all of the issued and outstanding common shares (the **Common Shares**) of the Filer pursuant to the *Business Corporations Act* (Ontario).

4. The Arrangement was approved at joint special meetings of the unitholders of the Starlight Funds and the shareholders of the Filer held on October 6, 2016.

5. The Arrangement was effected on October 14, 2016 and completed on October 15, 2016.

6. The Common Shares were delisted from the TSX Venture Exchange on October 17, 2016.

7. All of the Common Shares are held by the Purchaser and no person has a right to acquire Common Shares.

8. The Filer applied on October 20, 2016 to the principal regulator for an order (the **Previous Order**) under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* for the Filer to cease to be a reporting issuer in the provinces of Ontario, Alberta and British Columbia.

9. The principal regulator granted the Previous Order on November 29, 2016.

10. As of the date that the Previous Order was granted, the Filer's profile on the System for Electronic Document Analysis and Retrieval indicated that the Filer was a reporting issuer in Alberta, British Columbia and Ontario only.

11. The Autorité des marchés financiers informed the principal regulator on December 9, 2016 that the Filer was deemed to be a reporting issuer in the province of Québec as a result of the Arrangement.

12. As a result, the Previous Order contained an incorrect representation that the Filer ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer, and the Previous Order is not effective.

13. The Filer is applying for an order that the Filer has ceased to be a reporting issuer in the provinces of Alberta, British Columbia, Ontario and Québec.

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

15. The outstanding securities of the Filer, including debt securities, are beneficially owned by a sole securityholder, the Purchaser.

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

17. The Filer is not in default of securities legislation in any jurisdiction other than an obligation to file on or before November 29, 2016 its interim financial statements and its management discussion and analysis in respect of such statements for the three and nine months ended September 30, 2016, as required under National Instrument 51-102 *Continuous Disclosure Obligations* and the required certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

18. If the Filer had applied to cease to be a reporting issuer before November 29, 2016 in Ontario, Alberta, British Columbia and Québec, the order would have been granted. If not for the inadvertent omission of the Filer being a reporting issuer in Quebec, the Filer would not have been in default of securities legislation in any jurisdiction as the default occurred subsequent to the date that the order would have been granted.

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

Order

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

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

"Philip Anisman"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

2.2.11 MarketAxess Canada Limited – s. 15.1 of NI 21-101 Marketplace Operation

Headnote

National Policy 11-203 Process for Exemptive Relief Application in Multiple Jurisdictions – relief from section 6.3 of National Instrument 21-101 Marketplace Operation to permit MarketAxess Canada Limited to trade fixed income securities not listed in section 6.3 of NI 21-101 under certain terms and conditions.

Applicable Legislative Provisions

National Instrument 21-101 Marketplace Operation, ss. 6.3, 15.1.
National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions, s. 3.6(10).
Multilateral Instrument 11-102 Passport System, s. 4.4(c).
Securities Act, R.S.O. 1990, c. S.5, s. 144(1).

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

AND

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

AND

IN THE MATTER OF
MARKETAXESS CANADA LIMITED
(THE APPLICANT)

DECISION
(s. 15.1 of National Instrument 21-101 Marketplace Operation)

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Applicant for a decision under securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption pursuant to section 15.1 of National Instrument 21-101 – *Marketplace Operation* (**NI 21-101**) from the restriction in section 6.3 of NI 21-101 relating to trading in Non-Canadian Fixed Income Securities, as defined below (**Exemption Sought**).

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

(a) The Ontario Securities Commission is the principal regulator for the Applicant, and

(b) The Applicant 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 Quebec, British Columbia and Alberta.

The Applicant has also applied for an order pursuant to Section 144 of the *Securities Act* (Ontario) (the **Act**) to revoke, as of the date thereof, the 2016 Relief, as defined below (the **Revocation**).

Interpretation

Terms defined in National Instrument 14-101 Definitions and National Policy 11-203 *Process for Exemptive Relief in Multiple Jurisdictions* (**NP 11-203**), NI 21-101 and the Act have the same meaning if used in this Decision, unless otherwise defined.

Representations

The Decision is based on the following facts represented by the Applicant:

1. The Applicant is a corporation formed under the laws of the Province of Nova Scotia and is an indirect wholly-owned subsidiary of MarketAxess Holdings Inc., a corporation formed under the laws of the State of Delaware, listed and publicly traded on NASDAQ.

2. The Applicant is an alternative trading system (**ATS**) under NI 21-101 that is registered as an investment dealer (or equivalent) in Ontario, Quebec, British Columbia and Alberta and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

3. The Applicant is an affiliate of MarketAxess Corporation. MarketAxess Corporation operates an ATS for the trading of fixed income securities in the United States, is registered as a broker-dealer under the United States *Securities Exchange Act of 1934*, relies in Ontario on the international dealer registration exemption in section 8.18 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, and is a member of the Financial Industry Regulatory Authority. The Applicant is also an affiliate of MarketAxess Europe Limited (together with MarketAxess Corporation, the **Affiliate ATSs**), which has received regulatory approval from the Financial Services Authority (**FSA**) in the United Kingdom to operate as a multilateral trading facility (**MTF**). The Applicant and the Affiliate ATSs are all wholly-owned subsidiaries of MarketAxess Holdings Inc.

4. The Applicant, as an ATS, facilitates the execution of orders on its Affiliate ATSs by its subscribers, as defined in NI 21-101 and described in its Form 21-101F2 *Information Statement Alternative Trading System*, as amended from time to time, (**Subscribers**), through the use of routing and execution agreements between the Applicant and its Affiliate ATSs.

5. The Applicant, as an ATS, currently offers access to its Subscribers based in Ontario, Quebec, British Columbia and Alberta to a fixed income system (the **Fixed Income System**) operated by its Affiliate ATSs that facilitate trading in the following **Non-Canadian Fixed Income Securities**:

   i. High-grade and high-yield U.S. corporate bonds;

   ii. U.S. Government sponsored agency bonds (e.g. Ginnie Mae, issued by the Government National Mortgage Association, Fannie Mae, issued by the Federal National Mortgage Association, and Freddie Mac, issued by the Federal Home Loan Mortgage Corporation);

   iii. Emerging market bonds, which are defined as U.S. dollar or Euro-denominated bonds issued by sovereign entities or corporations domiciled in a developing country, including both high-grade and non-investment grade debt;

   iv. European high-grade corporate bonds, which are defined as corporate bonds issued by entities domiciled in Europe;

   v. Non-Canadian structured products, consisting of asset-backed securities, non-agency residential mortgage-backed securities and commercial mortgage-backed securities;

   vi. Preferred stock of Non-Canadian issuers, which are shares of ownership in a corporation that have a higher claim on its assets and earnings than common stock, and that generally have a dividend that must be paid out before dividends to common shareholders;

6. The Applicant, as an ATS, wishes to offers access to its Subscribers based in Ontario, Quebec, British Columbia and Alberta to additional Non-Canadian Fixed Income Securities, such as:

   vii. Municipal bonds issued by U.S. states, cities, counties and other governmental entities; and

   viii. Leverage loans of Non-Canadian issuers.

7. Section 6.3 of NI 21-101 provides that an ATS can only execute trades in Corporate Debt Securities. The definition of Corporate Debt Securities only includes debt securities issued in Canada by companies or corporations that are not listed on a recognized exchange or on a recognized quotation and trade reporting system.

8. By order dated September 13, 2016 and cited as *In the Matter of MarketAxess Canada Limited* (2016) 39 OSCB 8276, the Applicant was granted relief (the **2016 Relief**) from section 6.3 of NI 21-101 to be able to offer Non-Canadian Fixed Income Securities described in paragraph 5i to 5vi for trading to its Subscribers in Ontario, Quebec, British Columbia and Alberta.

9. The effect of the Exemption Sought and the Revocation will be to replace and extend the 2016 Relief in Ontario, Quebec, British Columbia and Alberta to grant the Exemption Sought, in each case with the effect as of and from the date thereof. The Revocation is required to ensure a clear and consistent public record.

10. Should the Applicant extend its registration in the future as to be permitted to offer access to the Fixed Income System in Canadian jurisdictions other than Ontario, Quebec, British Columbia and Alberta, the Applicant may seek to extend the Exemption Sought to such other jurisdictions on such terms and conditions as may be appropriate from time to time.

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 2016 Relief is revoked and the Exemption Sought is granted provided that the Fixed Income System is only made available to the Subscribers as described above.

Dated this 6th, day of March, 2017

"Susan Greenglass"
Director, Market Regulation Branch
Ontario Securities Commission

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions

3.1.1 Waverley Corporate Financial Services Ltd. and Donald McDonald – s. 8

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

AND

IN THE MATTER OF
WAVERLEY CORPORATE FINANCIAL SERVICES LTD. and
DONALD McDONALD

REASONS AND DECISION
(Section 8 of the Act)

Hearing:	September 12, 15, 2016 October 11, 2016		
Decision:	March 1, 2017		
Panel:	D. Grant Vingoe	–	Vice-Chair, Chair of the Panel
	Monica Kowal	–	Vice-Chair
	William J. Furlong	–	Commissioner
Appearances:	Michelle Vaillancourt Michael Denyszyn	–	For Staff of the Commission
	Melissa MacKewn Natalia Vandervoort	–	For the Respondents

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REASONS AND DECISION

I. OVERVIEW

[1] The Applicants, Waverley Corporate Financial Services Ltd. (**Waverley**) and Donald McDonald, have been registered with the Ontario Securities Commission (the **Commission**) as an exempt market dealer (**EMD**) and as Waverley's Ultimate Designated Person (**UDP**) and Chief Compliance Officer (**CCO**), respectively, since June 26, 2012. They are the subject of a decision of a Director of the Compliance and Registrant Regulation (**CRR**) branch of the Commission, dated July 15, 2016 (*Re Waverley Corporate Financial Services Ltd.* (2016), 39 OSCB 6657) (the **Director's Decision**).

[2] The Applicants sought and were granted a stay of the Director's Decision and have applied for a review of that decision. These Reasons and Decision result from the hearing and review in respect of that application conducted on September 12 and 15, 2016 and October 11, 2016 (**Hearing and Review**). For the reasons that follow, we order that the Applicants comply with the terms and conditions set forth in Part VIII of this decision.

II. BACKGROUND

A. History of the Matter

[3] On September 4, 2014, CRR Staff commenced a compliance review of Waverley for a review period from August 1, 2013 to July 31, 2014 (the **Compliance Review**). As Waverley began trading in May 2014, the Compliance Review only captures the first three months and the first 22 trades of the firm's operation. However, as discussed below, CRR Staff continued inquiring into Waverley's business beyond the Compliance Review period, including interviews, e-mail exchanges and requests for documents, evidence of which was presented to this Panel.

[4] On January 22, 2015, CRR Staff held an interview with Mr. McDonald to discuss the Compliance Review. At the interview, CRR Staff noted the deficiencies it had found and advised Mr. McDonald that it would be referring these deficiencies to the Registrant Conduct Team.

[5] CRR Staff delivered to Waverley its Compliance Field Review Report on July 3, 2015 (the **Compliance Report**). In the cover letter, CRR Staff stated that it was "not requesting a response at this time" with respect to the noted deficiencies.

[6] Following the release of the Compliance Report, CRR Staff and Waverley engaged in further discussions to resolve issues arising therein, some of which became the subject of this proceeding.

[7] On February 8, 2016, CRR Staff sent a recommendation letter to the Director (the **Recommendation Letter**) recommending that Waverley's registration be subject to certain terms and conditions.

[8] In response, on February 19, 2016, the Applicants requested an opportunity to be heard (the **OTBH**) in writing pursuant to section 31 of the *Securities Act*, RSO 1990, c S.5 (the **Act**). Written submissions were exchanged between March 14, 2016 and April 22, 2016. On May 25, 2016, the Director convened an in-person meeting between herself, CRR Staff and the Applicants in respect of the OTBH.

[9] On July 15, 2016, the Director issued the Director's Decision, in which she ordered that:

- Waverley shall cease all activity conducted under the Issuer-Connected DR Model … and shall not sponsor a dealing representative, except in accordance with Ontario securities law, effective 30 days from the date of this decision to allow for an orderly transition; and
- McDonald is required to successfully complete, and provide proof thereof for, the Osgoode Certificate in Regulatory Compliance and Legal Risk Management for Financial Institutions, by no later than July 15, 2017.

[10] The Director's Decision defined those dealing representatives who fall under Waverley's "Issuer-Connected DR Model" to be:

- employees, principles [*sic*] or connected to an independent issuer and they exclusive[ly] market the securities of that issuer to clients through their registration with Waverley (*i.e.*, they do not market or sell any other exempt security that is offered by Waverley);
- primarily compensated by the issuer, but receives a commission from the sale of the securities that is split 90 to 95% to the Issuer-Connected DR and 5 to 10% to Waverley;

- located in the offices of the issuer and conducts all registerable activity from that office;
- required to pay a "desk fee", which is a flat fee to Waverley for use of technology and supervision and compliance oversight provided by Waverley; and
- [required to] execute a Dealing Representative and Branch Services agreement, which is a business services agreement with Waverley.

[11] Rather than rely on the attributes of a business model for the purposes of these Reasons and Decision, based on the evidence presented in the Hearing and Review, the Panel chose to focus on the broad array of financial and family relationships affecting Waverley's dealing representatives, who account for most of the firm's revenues and trading activities, and on Waverley's issuer clients and the conflicts of interest and other business and compliance risks created by these relationships.

B. Introduction

[12] Waverley's business relies primarily upon marketing its services to issuers (**Sponsoring Issuers**), who introduce dealing representatives (**Representatives** or **DRs**) to Waverley in order to market their securities. Marketing to investors, who thereby become Waverley's customers, can be conducted directly or can occur through referral agents, who direct potential trades to Waverley's Representatives. Waverley markets its services to issuers as a way of avoiding the financial costs and compliance responsibilities that would be required of issuers if they were to register as dealers themselves, referred to, in such cases, as "captive dealers."

[13] As part of the service that Waverley offers to issuers, Waverley has undertaken, among other responsibilities, to:

a. train Representatives on the legal and compliance requirements involved in their sales activities;

b. maintain required books and records;

c. maintain required capital and prepare required financial statements;

d. interface with securities regulators, making all required filings (including National Registration Database (**NRD**) filings), developing and maintaining client intake forms for know-your-client (**KYC**) and suitability requirements and disclosing conflicts of interest;

e. conduct due diligence for each securities offering;

f. supervise referral fee arrangements;

g. review proposed sales for compliance with suitability requirements; and

h. update Representatives on changes in legal and compliance requirements.

[14] Waverley conducts its business using an independent contractor model under which its Representatives are not intended to be full-time employees of Waverley. The Representatives' business activities are conducted using a "virtual office model," in which the Representatives typically operate from locations connected with the Sponsoring Issuers.

[15] Representatives overwhelmingly sell only the securities of the Sponsoring Issuer that introduced them to Waverley. Many of the Representatives have either business connections, through business interests or roles with Sponsoring Issuers, or family connections with the owners or personnel of Sponsoring Issuers.

[16] Waverley is compensated through a combination of monthly desk fees paid by or on behalf of the Representatives and a share of commissions paid by the Sponsoring Issuers with, in cases in which commissions are directly earned by a Representative, the substantial majority of the commission dollars going to the Representative rather than to Waverley.

[17] Where the relationship between a Representative and a Sponsoring Issuer is perceived by Mr. McDonald to be direct, the Representative does not receive the direct payment of commissions. As discussed below, these Representatives nevertheless receive other benefits arising from their relationships with the Sponsoring Issuers.

[18] The sharing of commissions is further adjusted to reflect payments made to referral agents, which generally come out of the Representatives' share of commissions.

[19] These arrangements are not applied in a completely consistent manner and are subject to differing practices.

[20] In its application to register a new limited partnership in June 2014, Waverley described its business on its Form 33 – 109F6 as follows: "Corporate finance advisory services to small and mid-cap issuers." Waverley's new business plan did not disclose its intended business practice of sourcing Representatives from Sponsoring Issuers, a practice that became the core of its business. At no point in time was this business practice disclosed to the Commission in a business plan submitted as part of its registration application or in connection with its proposed change in corporate structure.

[21] Once CRR Staff learned of the business practice, Waverley was already trading on behalf of customers. The disagreements between CRR Staff and Waverley regarding this business practice were subsequently addressed by way of the Recommendation Letter and then through the OTBH, rather than being considered as part of Waverley's registration process.

[22] The Panel expects that novel features of any dealer's business be reflected in business plans submitted to CRR Staff or be raised in discussions with CRR Staff if no application is pending and if the activities were not reasonably covered in the firm's prior applications. It appears to the Panel that Mr. McDonald believes either that (i) Waverley's business practice is not novel and is essentially the same as the captive dealer model or (ii) Waverley's business practice and the captive dealer model are sufficiently similar that he could persuade CRR Staff of its permissibility after the fact rather than seek approval from the outset. The former view is erroneous since the captive dealer model, unlike Waverley's business practice, requires the issuer and its chief executive officer to be subject to registration and full Commission jurisdiction as registrants. The latter view is equally erroneous since this business practice raises material conflicts of interest and supervisory issues. Either perception suggests a potential lack of proficiency on Mr. McDonald's part in his understanding of the principles underlying Ontario securities regulation and our expectations of those seeking to conduct a securities business with the public. Mr. McDonald's lack of proficiency in these areas is confirmed by the evidence, as discussed below.

[23] Regardless of why the Applicants proceeded the way they did, this Panel is now required to consider the attributes of Waverley's business practices, including the perceived deficiencies in Waverley's management of conflicts of interest of its Representatives, its systems of control and supervision and Mr. McDonald's proficiency.

III. LAW

A. Nature of Hearing and Review

[24] Pursuant to subsection 8(3) of the Act, upon a hearing and review of a Director's decision, the Commission may "confirm the decision … or make such other decision as [it] considers proper."

[25] A hearing and review of a Director's decision is a hearing *de novo* and therefore a fresh consideration of the matter (*Re Sterling Grace & Co* (2014), 37 OSCB 8298 at para 24). The Commission may substitute its own decision for that of the Director (*Sterling Grace* at para 23; *Re Sawh* (2012), 35 OSCB 7431 at paras 16-17).

[26] Staff bears the onus of establishing that terms and conditions ought to be imposed upon the registrations of Waverley and Mr. McDonald (*Sterling Grace* at para 25; *Sawh* at paras 147-48).

B. Basis for Imposition of Terms and Conditions

[27] Section 28 of the Act provides that the Director "may impose terms and conditions of registration at any time during the period of registration of [a] company if it appears to the Director" that one or more of the following three tests are satisfied:

a. the person or company "is not suitable for registration";

b. the person or company "has failed to comply with Ontario securities law"; or

c. "the registration is otherwise objectionable."

[28] Each one of these tests, if satisfied, is a sufficient basis by itself for the imposition of terms and conditions (*Sterling Grace* at para 150).

[29] At the OTBH and at the Hearing and Review, Staff relied on the first two tests set out in section 28 of the Act; namely, that it is apparent that the Applicants have failed to comply with Ontario securities law and that Mr. McDonald is not suitable for registration.

[30] As we explain below, given our findings regarding the first two tests, we find it unnecessary to engage in an analysis of the third test: whether Waverley's or Mr. McDonald's registrations are otherwise objectionable.

[31] After a consideration of the first two tests, the Panel must then determine whether or not terms and conditions should be imposed on Waverley and Mr. McDonald and what, if any, terms and conditions are appropriate.

IV. FAILURE TO COMPLY WITH ONTARIO SECURITIES LAW

[32] Staff alleges that Waverley has failed to comply with numerous provisions of Ontario securities law, including:

a. subsection 25(1)(b) of the Act, which requires dealing representatives to act on behalf of their sponsoring firm;

b. subsection 32(1) of the Act and section 13.4 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), which describes the requirements of a firm in identifying and addressing conflicts of interest; and

c. subsection 32(2) of the Act, which sets out the control and supervision obligations required of a firm.

A. To What Extent are Waverley's Representatives Acting on Behalf of Sponsoring Issuers?

[33] Subsection 25(1)(b) of the Act states:

> Unless a person or company is exempt under Ontario securities law from the requirement to comply with this subsection, the person or company shall not engage in or hold himself, herself or itself out as engaging in the business of trading in securities unless the person or company,
>
> …
>
> (b) is a representative registered in accordance with Ontario securities law as a dealing representative of a registered dealer and is acting on behalf of the registered dealer.

[34] CRR Staff has issued guidance on its interpretation and application of this requirement in the context of regulatory concerns that some EMDs are inappropriately "renting out" their firm's registration to issuers who are avoiding the registration requirement. While it does not form part of Ontario securities law, OSC Staff Notice 33-746 – *Annual Summary Report for Dealers, Advisers and Investment Fund Managers*, published on September 21, 2015, which we note was a few months after the Compliance Report was sent to Waverley, states (at 54):

> A person or company engaged in the business of trading must be registered as a dealer. To comply with the dealer registration requirement, section 25(1)(b) of the Act requires that individuals not only be registered as dealing representatives of a registered firm, but that they be acting on behalf of that registered firm. A dealing representative who engages in, or holds themselves out as engaging in, the business of trading on behalf of an unregistered entity (such as their employing issuer) is therefore not complying with the dealer registration requirement.

We consider this guidance to accurately state the effect of subsection 25(1)(b) of the Act and turn to the application of this provision of the Act to Waverley.

1. Analysis

[35] Staff alleges that Representatives are acting entirely on behalf of the Sponsoring Issuers when performing registrable activities in contravention of subsection 25(1)(b) of the Act. On the record before us, we do not find such a breach.

[36] The Director, in her decision, found that Waverley's Representatives operating under the "Issuer-Connected DR Model" are not acting on behalf of Waverley and that, as a result, Waverley was in breach of subsection 25(1)(b) of the Act. The Director defined the "Issuer-Connected DR Model" as Waverley's business of providing "registration and compliance services to independent issuers by sponsoring an employee, principle [*sic*] or person connected to an independent issuer as a dealing representative."

[37] It is Staff's position, which it confirmed when questioned by the Panel, that some of the Representatives are not acting on behalf of Waverley at all but instead are exclusively operating on behalf of the Sponsoring Issuers with whom they are connected. In support of its argument, Staff pointed to the following:

a. Representatives are introduced to Waverley by Sponsoring Issuers with whom many continue to have close relationships;

b. Representatives sell only, or substantially only, the product of their Sponsoring Issuers;

c. desk fees payable by Representatives to Waverley are, in some instances, paid by an affiliate of their Sponsoring Issuer;

d. conflicts of interest continually arise from the relationships between Representatives and their respective Sponsoring Issuers;

e. Waverley relies, at least in some instances, on books and records prepared by Sponsoring Issuers as its own books and records (e.g. the trade blotters prepared by RESCO Mortgage Investment Corporation (**RESCO**);

f. Waverley has limited oversight over the marketing materials used by the Representatives;

g. Waverley remotely supervises the Representatives, who typically share office space with their respective Sponsoring Issuer;

h. Waverley appears to have a lack of control over substantial portions of the Representatives' compensation regardless of the written compensation arrangements in place; and

i. Representatives receive less compensation or fewer other financial benefits from Waverley relative to those that they directly or indirectly receive from their Sponsoring Issuers and thus do not appear to be financially dependent on Waverley, suggesting that Waverley consequently lacks authority over them.

[38] Staff argued in submissions to the Director that registrable actions of a Representative on behalf of its Sponsoring Issuer constitute a breach of subsection 25(1)(b) of the Act:

> In Waverley's case, the fact that [c]onflicted DRs primarily earn their compensation from their employing issuers, and not Waverley, demonstrates that they are in fact acting on behalf of their employing issuers. When the [c]onflicted DRs act on behalf of their employing issuers when soliciting or contacting directly any prospective purchasers, they are not complying with ss. [*sic*] 25(1) of the Act and they are removing the ability of the particular issuer to rely on s. 8.5 of NI 31-103.

[39] The Applicants submit that Waverley's Representatives solely perform registrable activities on the firm's behalf. The Applicants argue that Waverley's level of supervision is sufficient to demonstrate that the Representatives are acting solely on behalf of Waverley. The Applicants pointed out the ways in which Waverley takes the issue of "holding out" seriously, emphasizing the capacity in which Representatives are required to act as set out in their contractual arrangements, in customer communications, through the use of separate business cards and through training of the Representatives.

[40] The Applicants assert that, since Waverley markets itself as a registration alternative to issuers, the issue of Representatives not holding themselves out on behalf of the Sponsoring Issuers is at the very heart of Waverley's business conduct and is certainly not ignored by the firm.

[41] To find that Representatives are not acting on behalf of Waverley to any degree, as argued by Staff, we would have to find that:

a. the Representatives are in a continuing and material breach of contractual terms that:

   i. require them to carefully observe the capacity in which they are acting; and

   ii. do not provide them with the power to bind Waverley, with all trades remaining subject to Waverley's approval; and

b. Waverley is essentially no more than a compliance consultant to Sponsoring Issuers and their Representatives, who engage in registrable activities away from Waverley.

On the record before us, we are not persuaded this is the case.

[42] We are, rather, persuaded by the Applicants' evidence that Waverley's Representatives, at least to some extent, act on behalf of Waverley. Indeed, in some instances, the Representatives may act entirely on behalf of Waverley. In no instance, however, do we find that a Representative acts solely for his or her Sponsoring Issuer.

[43] It was open to Staff to advance the argument that Representatives who both conduct registrable activity on behalf of their Sponsoring Issuer and on behalf of Waverley contravene subsection 25(1)(b) of the Act. Staff declined to do so.

2. Conclusion

[44] To establish a breach of subsection 25(1)(b) of the Act, it is insufficient to demonstrate that Waverley performs its supervisory functions inadequately since that does not necessarily indicate that the Representatives are acting on behalf of the Sponsoring Issuer. Such evidence goes to the adequacy of Waverley's supervision and compliance of its Representatives rather than to the capacity in which they are acting.

[45] Only by showing that Representatives act exclusively on behalf of Sponsoring Issuers would Staff be justified in seeking terms and conditions that substantially discontinue Waverley's business. To impose such terms and conditions, this Panel would need to be persuaded that Staff's specific concerns in respect of Waverley's business practice could not otherwise be remedied, which would have required more developed submissions from Staff.

[46] We conclude that no violation of subsection 25(1)(b) has been established such that Waverley would be required to discontinue its present business, provided that the shortcomings in compliance that we have identified are addressed.

B. Is Waverley's Management of Conflicts of Interest Adequate?

[47] Staff alleges that Waverley has committed breaches of subsection 32(1) of the Act and section 13.4 of NI 31-103 by inadequately responding to conflicts of interest between Waverley and its Representatives.

[48] Section 13.4 of NI 31-103 requires a firm to identify and respond to material conflicts of interest:

> (1) A registered firm must take reasonable steps to identify existing material conflicts of interest, and material conflicts of interest that the registered firm in its reasonable opinion would expect to arise, between the firm, including each individual acting on the firm's behalf, and a client.
>
> (2) A registered firm must respond to an existing or potential conflict of interest identified under subsection (1).
>
> (3) If a reasonable investor would expect to be informed of a conflict of interest identified under subsection (1), the registered firm must disclose, in a timely manner, the nature and extent of the conflict of interest to the client whose interest conflicts with the interest identified.

[49] The Companion Policy to NI 31-103 (**31-103CP**) describes conflicts of interest as "any circumstance where the interests of different parties, such as the interests of a client and those of a registrant, are inconsistent or divergent." Section 13.4 of 31-103CP sets out three methods to respond to conflicts of interest: avoidance, control and disclosure.

[50] 31-103CP provides further guidance that under subsection 13.4(3) of NI 31-103 "if a reasonable investor would expect to be informed of a conflict, a registered firm must disclose the conflict in a timely manner" and a registered firm must "explain the conflict of interest and how it could affect the service the client is being offered." Such disclosure should "be prominent specific, clear and meaningful to the client."

[51] The Panel notes that subsection 14.2(1) of NI 31-103 requires relationship disclosures to be provided to clients:

> A registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant.

[52] Paragraph (e) of subsection 14.2(2) of NI 31-103 requires this information to include "a description of the conflicts of interest that the registered firm is required to disclose to a client under securities legislation."

[53] The Panel interprets Ontario securities law to require Waverley to:

a. identify material conflicts of interest;

b. respond to the material conflicts of interest by appropriately disclosing, managing or avoiding the conflict; and

c. describe in writing to a client the conflicts of interest and how they could affect the service the client is being offered.

[54] Subsection 2.2(1) of National Instrument 33-109 – *Registration Information Requirements* requires registrants to submit Form 33-109F4 to the NRD website. Item 10 of the form requires applicants to complete Schedule G, which is titled, "Current employment, other business activities, officer positions held and directorships." Parts 3 and 5 of Schedule G require applicants to:

a. describe the duties for which they will be responsible at their sponsoring firm; and

b. disclose any potential for confusion by clients and any potential conflicts of interest arising from other employment, confirm whether the applicant's firm has procedures for minimizing potential conflicts of interest and confirm that the applicant is aware of those procedures.

[55] Staff further alleges that Waverley has breached paragraph (g) of subsection 32(1) of the Act, which states that every person and company registered under the Act shall comply at all times with Ontario securities law, specifically including regulations that relate to conflicts of interest.

1. Application

[56] Many of Waverley's Representatives have either business connections, through business interests or roles with Sponsoring Issuers, or family connections with the owners or personnel of Sponsoring Issuers. Waverley and these Representatives are dependent on or benefit from, to varying degrees, Sponsoring Issuers through desk fees paid by such issuers or their affiliates and, in the case of some Representatives, through employment income or capital appreciation.

[57] The Panel heard evidence relating to Representatives' conflict of interest disclosures that were provided to customers and conflict of interest descriptions in Representatives' NRD filings. Mr. McDonald stated at the Hearing and Review that he prepared each Form 33-109F4 for each Representative.

[58] The disclosures of the conflicts of interest arising from these outside activities and relationships made to customers and in the NRD filings are inconsistent and deficient. Additional disclosures are made in offering memoranda, potentially allowing an investor to gain a somewhat better understanding of the relationships by carefully parsing these multiple disclosures. In the Panel's view, this does not constitute clear and effective communication of these conflicts.

[59] We detail the deficiencies in Waverley's conflict of interest disclosures and NRD filings that were in evidence, with the expectation that they will be remedied by Waverley pursuant to our order in this matter and that future disclosures will be compliant.

(a) Chris Cheng

[60] Chris Cheng has been registered with the Commission as a Waverley Representative since February 2014. Mr. McDonald, in his testimony and as reflected in filings made under his direction, did not appear to be diligent in identifying potential conflicts of interest in relation to Mr. Cheng. For example, Mr. McDonald testified that RESCO and Radiance Mortgage Brokerage Inc. (**Radiance**), the manager of RESCO, are independent companies despite their common owners. He also does not readily recognize that the multiple roles Mr. Cheng has with RESCO, his Sponsoring Issuer, Radiance and 5C Capital Inc. (**5C Capital**), the administrator of RESCO, create material conflicts of interest.

[61] Mr. Cheng, in addition to being a Waverley Representative, is a Director and the Chief Operating Officer of RESCO and a Managing Partner of both Radiance and 5C Capital. The evidence provided indicates that Mr. Cheng is also a significant shareholder, in the range of 15-25%, of one or both of Radiance and 5C Capital. Radiance collects a management fee from RESCO in the amount of 1.5% of RESCO assets. 5C Capital receives an administration fee from Radiance equal to one third of the management fee Radiance receives from RESCO (*i.e.*, 0.5% of RESCO assets). The profit-earning vehicles for the owners of RESCO are therefore Radiance and 5C Capital, whose revenues grow as more securities of RESCO are sold.

[62] Mr. McDonald acknowledged in his cross-examination that, as a shareholder of both Radiance and 5C Capital, Mr. Cheng benefits financially from the sale of RESCO securities as the management fee for Radiance (and the corresponding administration fee for 5C Capital) increases with the size of RESCO's assets. However, he did not appear to appreciate the significance of Waverley's failure to appropriately identify Mr. Cheng's conflicts of interest to

the Commission in its NRD applications. In response to the question on Mr. Cheng's NRD disclosure that asked the applicant to "disclose any potential for confusion by clients and any potential for conflicts of interest arising from your multiple employment or business related activities," Mr. McDonald responded on this NRD form that "the company [Radiance] as a mortgage broker, does not issue exempt products and we do not see the potential for any confusion." Mr. McDonald provided a similar answer in response to the same question in the NRD section that related to Mr. Cheng's relationship with 5C Capital, where he indicated that "5C Capital, the company, is a mortgage administrator, it does not issue exempt products and we do not see the potential for any confusion." Here, in completing this form on behalf of Waverley, Mr. McDonald seemed to exclusively focus on possible client confusion as to which entity was offering securities rather than on the conflicts of interest arising from compensation arrangements that could reasonably be viewed as influencing Mr. Cheng's recommendations of RESCO securities to Waverley's customers.

[63] Mr. McDonald sought to justify Mr. Cheng's conflicts of interest by analogizing the benefit Mr. Cheng receives through an increase in Radiance's revenues from management fees, which increases with the size of RESCO assets, to the sales commission that a dealing representative receives when selling a product. This view, if accepted, would reduce these conflicts to the same level of significance.

[64] We reject the view that a commission paid by a dealer to a representative where the dealer is exercising appropriate control over the representative's activities is the same as a payment to the representative from the issuer, or a related party, where the representative is beholden to the issuer for his or her livelihood. In either case, as a general matter, the control of compensation can be used to either promote sales efforts that further compliance objectives or as leverage in sales efforts that are harmful to investors. However, a registrant's control over compensation with the attendant regulatory expectations and oversight over the registrant does not pose the same inherent compliance risks as the type of leverage over a representative's livelihood exhibited in this instance.

[65] Mr. McDonald appeared to minimize the significance of the fact that Mr. Cheng benefits financially from the sale of RESCO securities. When he acknowledged that a significant portion of his Representatives' compensation is derived from growing sales of their Sponsoring Issuers' securities due to their relationship to their Sponsoring Issuer, either as an employee of the Sponsoring Issuer or otherwise, he analogized the practice to a portfolio manager:

> My model is because there are other forms of benefit to the Waverley dealer rep, in this case the growth of assets under management, and I think I compared it before to a portfolio manager who is also registered as an EMD, they would be out collecting client funds and they benefit from increased AUM. So that's the exact same model here. Clearly my DRs benefit from the growth of AUM, which is why they do not receive a commission.

[66] In his testimony, Mr. McDonald did not communicate an appreciation for why an undisclosed benefit to a Representative derived from selling securities would be an important matter on which a reasonable customer would expect to be informed. Not all conflicts are equal. Unlike Waverley's Representatives, portfolio managers are fiduciaries of the investors whose assets they manage and have a legal obligation to act in their clients' best interest, and the arrangements would be required to be disclosed in material detail. Incentives provided directly by the Sponsoring Issuer to a Representative are particularly sensitive and are not of the kind that an investor would reasonably expect to exist in the absence of clear disclosure. They are essentially "secret commissions" that are obscured from an investor's view.

[67] At the time of the Compliance Review, Waverley had not provided a conflict of interest disclosure to any of Mr. Cheng's customers. Assuming that Mr. Cheng's conflicts are not of a type that must be avoided, this disclosure failure breached section 13.4 of NI 31-103.

[68] Waverley's conflict of interest disclosures provided to Mr. Cheng's customers initially and for the period that Radiance paid desk fees to Waverley in respect of Mr. Cheng's registration make no mention of the fact that an entity that was benefitting financially from sales of RESCO securities was paying a monthly desk fee to Waverley in support of Waverley's continued sponsorship of Mr. Cheng's registration. Omitting this information from the customer disclosure is a deficiency.

[69] Mr. Cheng's current "Conflict of Interest Disclosure Statement" does not disclose the nature and extent of how his various positions could affect the interests of customers. For example, there is no reference to the fact that Mr. Cheng is a shareholder of Radiance and 5C Capital and that he benefits indirectly from his sales of RESCO securities. Again, omitting this information from the customer disclosure is a deficiency.

[70] The Applicants submit that a customer is not prejudiced by the non-disclosure of Mr. Cheng's shareholdings, as the implication of an indirect financial benefit may be drawn from RESCO's offering memorandum. These arguments are unpersuasive, as customers should not have to search multiple documents to parse together the implications of partially disclosed conflicts of interest affecting the investment services offered by a Representative.

[71] Waverley's conflict of interest disclosure to customers also does not explain how Mr. Cheng's conflicts of interest could affect the service the customer is being offered. In particular, customers are not informed that they are being offered, to an overwhelming extent, only one of Waverley's investment products. Nor are customers informed that Mr. Cheng's multiple roles with his Sponsoring Issuer and its affiliates are the reason for the constraint on the products being offered to them.

[72] Assuming that Mr. Cheng's conflicts are not of a type that must be avoided, these deficiencies in disclosure also contravene section 13.4 of NI 31-103.

[73] Mr. Cheng's Conflict of Interest Disclosure Statement goes on to express the view that:

> Chris Cheng's services as COO of the issuer and Dealing Representative of Waverley are integrated and generally not separable from each other when it acts as Dealing Representative on trades of RESCO MIC Class B Preferred Shares.

[74] If these roles are truly inseparable in terms of the duties owed to RESCO on the one hand and Waverley's customers on the other hand, even robust disclosure is insufficient and Waverley falls well short of that. Waverley's own statement clearly demonstrates that the conflicts of interest inherent in Mr. Cheng's dual capacity are not being managed effectively and therefore must currently be avoided.

[75] Taken together, the evidence before us leads us to conclude that Waverley, in its relationship with Mr. Cheng, continues to contravene the requirements under Ontario securities law to identify conflicts of interest; respond to the conflicts of interest by appropriately disclosing, managing or avoiding the conflict; and describe the conflict to a customer in terms of how it could affect the services offered to them.

(b) Chris Wong

[76] Chris Wong has been registered with the Commission as a Waverley Representative since February 2014. Mr. Wong is married to Phoebe Lam, a Director, Managing Partner and part owner of RESCO. She is also a principal of Radiance and 5C Capital. The nature of Mr. Wong's relationship with Ms. Lam creates a potential or actual conflict of interest with Waverley customers when he is selling RESCO products.

[77] The NRD form (Form 33-109F4, Schedule G, Part 3) requires applicants to describe the duties for which they will be responsible at their sponsoring firm. Waverley failed to meet this requirement with respect to Mr. Wong when it did not disclose that his primary role would be the marketing of RESCO units. Instead, it describes Mr. Wong's role as being "responsible for marketing approved exempt products" whose duties include "due diligence assistance on new issues, maintaining client relationships, [and] maintaining account and KYC information."

[78] Mr. Wong's NRD disclosure also does not identify his relationship with Ms. Lam. While this is not a conflict of interest from employment or other business activity requiring disclosure in the NRD filing, this non-disclosure prevented CRR Staff from learning of Mr. Wong's Sponsoring Issuer relationship from the outset.

[79] A conflict of interest disclosure was not provided to Waverley's customers in respect of Mr. Wong prior to the Compliance Review. Customers could reasonably expect to be informed of a family relationship, including a family relationship with a corporate officer, which may be perceived as creating economic incentives to recommend a certain investment product or to offer only one issuer's investment product.

[80] In addition, Waverley received desk fees from Radiance in connection with Mr. Wong up until June 2015. Waverley's conflict of interest disclosure for the period in which Radiance paid desk fees to Waverley in respect of Mr. Wong's registration was deficient. The disclosure made no mention of the fact that an entity that was benefitting financially from the RESCO capital raising was paying a monthly desk fee to Waverley in support of Waverley's continued sponsorship of Mr. Wong's registration.

[81] We find that Waverley's failure to provide conflict of interest disclosure to its customers prior to the Compliance Review in respect of Mr. Wong contravened section 13.4 of NI 31-103. These prior violations are sufficient to establish violations of Ontario securities law.

[82] In addition, Mr. Wong's current disclosure states that his advice "might be perceived as bias[ed] since he is related to the director of the Issuer" and that "no assurance can be given that [he] would be considered to be independent within the meaning of the applicable securities laws." These descriptions are not, in light of Mr. Wong's circumstances, adequate affirmative disclosures concerning the effect of the conflicts on Waverley's customers, including the impact Mr. Wong's conflicts of interest have on the range of investment products he offers customers.

(c) Marshall Liang

[83] Marshall Liang has been registered with the Commission as a Waverley Representative since February 2016. He is also a mortgage broker with Radiance, receives a regular monthly salary from Radiance and reports directly to Ms. Lam in that role.

[84] Mr. McDonald confirmed in his testimony that his response on Mr. Liang's NRD application of "N/A" regarding possible conflicts of interest was satisfactory because he considered Radiance to be an unrelated business. This is inadequate disclosure in the circumstances because it fails to recognize the potential conflicts of interest that can arise when a dealing representative selling securities primarily of an issuer is also an employee of that issuer, which benefits when its securities are sold.

[85] Waverley does not provide customers with any conflict of interest disclosure in respect of Mr. Liang. Mr. Liang's employment with Radiance, the manager of RESCO, is a relationship of which a reasonable customer would expect to be informed. Customers should be informed of the impact that this relationship has on the services and the range of investment products they are offered. The Panel views this as evidence that Waverley failed and continues to fail to consider and evaluate the actual conflicts that exist between its Representatives and its customers.

[86] We find that the conflict of interest information provided by Waverley to the Commission via Mr. Liang's NRD filings is deficient and therefore breaches subsection 32(1) of the Act. We also find that Waverley's failure to provide a conflict of interest disclosure to its customers in respect of Mr. Liang constitutes a breach of section 13.4 of NI 31-103.

(d) Morgan Marchant

[87] Morgan Marchant became registered with the Commission as a Waverley Representative in April 2014. She is the daughter of Greg Marchant, a Vice-President and Director of MM Realty and an Executive Officer of one of the Legacy Lifestyles limited partnerships, both issuers who have engaged the services of Waverley and sponsored Ms. Marchant as a Representative.

[88] Customers were not informed of Ms. Marchant's conflicts of interest prior to March 2016. The Panel was provided with the current disclosure, a document entitled "Connected Issuer Disclosure." We find this disclosure to be ineffective since it does not plainly disclose how Ms. Marchant and her father's relationship may affect the services Ms. Marchant provides to Waverley's customers and the range of investment products she offers. Furthermore, references to the absence of a formal "economic interest" between them are not helpful to customers in understanding the nature of the conflict and, in the Panel's view, are used to explain away the conflict rather than to specifically address the concern.

[89] The disclosure is also imprecise in its reference to limited partner versus limited partnership, as well as in its failure to state that the limited partnership is a connected issuer, not merely that it could be. This type of imprecision hampers the effectiveness of a conflict of interest disclosure by making it inaccessible and unreadable. We expect conflict of interest disclosures to be plainly written with the customer's comprehension as the primary objective.

[90] We find that Ms. Marchant's conflict of interest disclosure to customers falls short of the standard required under section 13.4 of NI 31-103.

(e) Theresa Johnston

[91] Theresa Johnston has been registered with the Commission as a Waverley Representative since December 2015. Ms. Johnston is also the Vice-President of Investor Relations for Canadian Mortgages Inc., a peer-to-peer lending platform for which Waverley is engaged to act as its agent.

[92] Ms. Johnston's NRD profile describes any potential conflicts of interest as follows: "Ms Johnston is a mortgage agent for CMI [Canadian Mortgages Inc.] and may be recommending title mortgage products to clients. While this is not a conflict, we will make it clear to potential investors when she is representing CMI with mortgage products or Waverley with other products." Staff submits that it should have stated "that Johnston was going to be selling units of a MIC that was managed by a company that shared the same ownership as her employer company."

[93] We find that the NRD conflict disclosure related to Ms. Johnston is inadequate and constitutes a violation of Ontario securities law.

(f) Other Representatives

[94] Jason Sucheki has been registered with the Commission as a Waverley Representative since April 2015. We were presented with evidence that, as of the time of the Hearing and Review, Mr. Sucheki's LinkedIn page states: "Through

Waverley, we facilitate clients to become equity partners with MM [Realty]," which Staff submits demonstrates an employment relationship or business activity with MM Realty that should have been disclosed in his NRD profile.

[95] We conclude that the evidence with respect to Mr. Sucheki, although suggesting an employment or other relationship, is too indefinite to support Staff's submission.

[96] The Panel was provided with evidence relating to other Representatives in relation to Staff's allegations regarding breaches of subsection 32(1) of the Act and section 13.4 of NI 31-103. However, the evidence is insufficient for us to address these allegations in relation to these individuals.

2. Conclusion

[97] In each of the cases of Mr. Cheng, Mr. Wong and Mr. Liang, we find that there has been non-compliance by Waverley with both the NRD filing requirement and the customer conflict of interest disclosure requirement.

[98] In the case of Mr. Cheng, we find that the conflicts of interest are so severe due to his entanglements with his Sponsoring Issuer and affiliates that they must be avoided and, based on Waverley's present system of controls and supervision, are not capable of being dealt with through disclosure alone. We also find that in the case of Ms. Marchant, there has been material non-compliance with customer conflict of interest disclosure requirements. Furthermore, we find that Waverley's NRD conflict disclosure related to Ms. Johnston is inadequate and constitutes a violation of Ontario securities law.

C. Are Waverley's Systems of Control and Supervision Adequate?

[99] Subsection 32(2) of the Act requires registrants to "establish and maintain systems of control and supervision in accordance with the regulations for controlling [their] activities and supervising [their] representatives."

[100] Section 11.1 of NI 31-103 requires that a registered firm establish a system of control and supervision to:

> (a) provide reasonable assurance that the firm and each individual acting on its behalf complies with securities legislation, and
>
> (b) manage the risks associated with its business in accordance with prudent business practices.

[101] The Commission's jurisprudence has established that proper supervision is an essential component of a firm's compliance system. In *Re Rowan* (2008), 31 OSCB 6515, the Commission stated:

> The notion of "supervision" may be seen as shorthand for the array of systems, procedures, checks and balances that firms put in place to ensure that trading and other activities carried on with and for firm clients proceeded fairly and in accordance with applicable regulatory requirements and norms. Registered firms, and their supervisory and compliance procedures, serve as gatekeepers for dealings between the firms and the world outside. When they do their job, misconduct or simple error on the part of the individual personnel can be deterred or, failing that, detected promptly before harm (or further harm) to investors and the capital markets generally.
>
> (*Rowan* at para 312, citing *Re Roche Securities Ltd*, [2004] ASCD No 400 at para 151)

[102] Further, in *Sterling Grace*, the Commission stated that "dealing representatives must be connected to an appropriate compliance structure to ensure that a responsible party has appropriate oversight of the trades conducted" (at para 213).

[103] The Panel finds that Waverley's systems of control and supervision are not effective in addressing key attributes of its activities and those of its Representatives. Accordingly, Waverley is in breach of subsection 32(2) of the Act and section 11.1 of NI 31-103, as detailed below.

1. Analysis

(a) Referral Arrangements and Related Books and Records

[104] Sections 13.8 and 13.10 of NI 31-103 permit registrants to enter into referral arrangements if they are appropriately disclosed to customers. Section 13.10 of 31-103CP provides guidance as to the disclosure of information that should be provided to customers. This information should be provided to customers before or at the time the referred services

are provided, and registrants should take reasonable steps to ensure that customers understand the nature of the referral arrangement and any potential resulting conflicts of interest.

[105] Waverley and its Representatives source few, if any, of their own customers. They depend heavily on finders to generate customer relationships. Referral arrangements are clearly a critical aspect of Waverley's business.

[106] When Waverley started to implement its business practice in which Representatives primarily sell the products of Sponsoring Issuers, it did not have independent processes in place to manage its Representatives in respect of referral arrangements and to identify undisclosed referral arrangements. Specifically, there were no controls in place to ensure that such arrangements were appropriately documented by Representatives in written contracts with Waverley or that unauthorized payments were not made by others to finders in respect of sales made through Waverley.

[107] Mr. McDonald was not aware of this deficiency until he received an e-mail from Mr. Cheng on this matter on October 22, 2014. The same issue was raised several months later by Ms. Lam.

[108] No evidence was presented showing any specific recurrences of arrangements with, or payments to, unauthorized finders. However, with respect to Waverley's current practice regarding the monitoring of referral arrangements, Mr. McDonald stated, "If a DR doesn't get paid, but they're supposed to, I would hear about it." This does not demonstrate an established reconciliation system that would reveal whether a Representative or a Sponsoring Issuer entered into a referral arrangement or effected referral payments. A compliance system cannot solely rely on Representatives to monitor any potential breakdowns in that system. Waverley has failed to maintain adequate systems of control over this critical aspect of its business from the outset of its activities, establishing a breach of Ontario securities law. This is not a minor lapse in administrative practice but goes to the core of Waverley's business-generating activities.

[109] We are also concerned that Waverley appears to be excessively dependent, at least in some instances involving its most material Sponsoring Issuers, on the books and records of these entities as the source of information necessary for the control and supervision of its own business. For example, Waverley depended on the trade blotters prepared by RESCO as its source of information on referral fees and commission payments without an apparent ability to control for the accuracy of this information. This concern leads to questions as to who at RESCO prepared the trade blotters and, if it was a Representative, in what capacity and on whose behalf he or she was acting when doing so. Since these questions were not addressed at the Hearing and Review, we draw no conclusions.

[110] From the outset of its operations, Waverley has failed to implement an adequate system of control and supervision in these critical matters involving referral arrangements as required by Ontario securities law.

(b) Marketing Materials and Due Diligence

[111] Waverley typically hires Representatives who, as discussed above, have an array of close relationships with Sponsoring Issuers. These conditions create a serious risk that Representatives have an inherent bias when promoting the securities of the Sponsoring Issuers.

[112] Among other supervisory implications, this serious risk of bias requires that Waverley carefully monitor Sponsoring Issuers' marketing materials to ensure they are fair and accurate. Further, the fact that many of Waverley's Sponsoring Issuers are in near "continuous distribution" (e.g. RESCO and MM Realty) places a responsibility upon Mr. McDonald as Waverley's CCO to ensure that marketing materials in these cases are subject to continuing review and are updated appropriately.

[113] The Panel finds that Mr. McDonald, and hence Waverley, does not demonstrate a comprehensive understanding of a dealer's critical role in reviewing issuers' marketing materials used in offers of securities to the public, as further discussed below. We expect registrants retained in corporate finance mandates to act as gatekeepers of Ontario's capital markets with respect to the key representations made to investors concerning an investment opportunity, regardless of dealers' disclaimers of liability to their customers or issuer clients.

[114] Waverley has no control system in place to identify and review the marketing material used by its Representatives, despite its responsibility under Ontario securities law and its obligation under the terms of its agreement with its Representatives.

[115] The DR Agreement dated December 12, 2013, between Waverley and Mr. Cheng states at section 4(b):

> During the currency of this Agreement, the Dealing Representative is authorised to use only those marketing materials which are pre-approved in writing by the Chief Compliance Office of Waverley. The Dealing Representative also agrees that he or she will always use only Waverley marketing

> materials in conformity with the Standards and Guidelines and in the manner from time to time specified by Waverley.

However, the evidence demonstrates that Waverley was not aware that its RESCO-sponsored Representatives used a product guide and slide deck prepared by RESCO to market RESCO investments to prospective customers of Waverley.

[116] Waverley was also not informed or aware of marketing materials of a Sponsoring Issuer. Problematic statements that encourage investment persisted on the RESCO website as of the date of the commencement of the Hearing and Review. Examples where Waverley should have engaged in a more careful and diligent analysis include:

a. representations of low mortgage delinquency rates in Canada generally being misapplied to specific lower grade market segments;

b. a comparison of RESCO product yields to interest rates paid by Guaranteed Investment Certificates without explaining the differences in products;

c. solicitations to the public on RESCO's website without reference to Waverley and without RESCO being registered; and

d. references that certain RESCO investments are less sensitive to interest rate changes without providing a sufficient discussion concerning factors affecting risk more generally, including default risk.

[117] The Applicants' counsel's assertions that other issuers of comparable securities made similar problematic statements suggest that Waverley believes that it is entitled to substitute the opinion of others rather than conduct an independent assessment of whether such comparisons are misleading. This is not the case. Waverley bears the responsibility of reviewing and forming its own assessment of the marketing materials used by its Representatives.

[118] The standard Agency Agreement between Waverley and the Sponsoring Issuers does not enable Waverley to review all marketing materials and to require changes based on its due diligence efforts.

[119] In its Engagement Letter with RESCO dated February 19, 2014, Waverley offers, but is not obligated, to assist RESCO in the preparation of appropriate marketing materials and any other documentation necessary to complete the financing. These services are on an "if desired" basis. RESCO does not give Waverley the power to insist on changes to their marketing materials.

[120] In its Agency Agreement with MM Realty dated July 3, 2014, Waverley is specifically required to not prepare or distribute any marketing, advertising, education or other promotional material in connection with the limited partnership units. This is antithetical to the role of a dealer in acting as an agent in a corporate finance mandate, for which the expectations are described above.

[121] Mr. McDonald provided evidence that he made certain changes in marketing materials in response to concerns expressed by CRR Staff. Mr. McDonald also testified that the Sponsoring Issuers would make changes to marketing materials if he asked for them, regardless of any contractual ability to insist on such changes. The Applicants' counsel also expressed a commitment that the Agency Agreements with Sponsoring Issuers could be modified to include a provision that enables Waverley to insist on changes, if this Panel requires such a term.

[122] In any event, a critical review of marketing materials is not a function that Waverley consistently performs. Due diligence efforts, rather than being tied to the marketing materials utilized, appear to be more of an exercise to determine whether Waverley is willing to accept the offering as a threshold matter. This review does not routinely include claims made on the websites for those issuers or related parties. A registrant's due diligence review of an issuer should not be designed solely for the purpose of assessing whether to take the issuer on as a client. A due diligence review, among other things, is intended to assess and validate the fairness and accuracy of marketing materials.

[123] If an inadequate due diligence investigation overlooks a material misrepresentation, a registrant is not in a position to satisfy itself that the investment is suitable for a customer. The evidence relating to Waverley's limited due diligence procedures supports our conclusion that Waverley does not appear to have a sufficient know-your-product (**KYP**) process in place to properly support its obligation under section 13.3 of NI 31-103 to conduct suitability assessments.

[124] Mr. McDonald's evidence on the due diligence he conducted and his review of marketing materials lead us to conclude that he does not fully understand his responsibilities as a registrant and the interconnection between the due diligence function and the suitability assessment, and hence Waverley failed in its responsibilities in these respects. Waverley

does not review the Sponsoring Issuers' marketing materials with the care and diligence required by a dealer under Ontario securities law allowing for potentially misleading materials to be used in marketing efforts on its behalf.

(c) Branch Offices

[125] The Commission has previously commented on a registrant's supervisory obligation with respect to branch offices. In *Re Argosy Securities Inc.* (2016), 39 OSCB 4040 at para 121, the Commission stated:

> In the case of a registered firm that has branch offices, this supervisory obligation necessarily extends to those branch offices, which by their very existence make supervision from the head office more difficult. The increased difficulty does not relieve the firm of its obligation.

[126] Waverley's virtual office structure poses additional challenges to effective supervision as compared to a structure where the UDP and CCO work in close proximity to his or her Representatives or a structure that has an alternative, effective means of supervision in place. Similarly, the conflicts of interest inherent in the relationships between many of Waverley's Representatives and their Sponsoring Issuers pose additional challenges as compared to a business model without these conflicts.

[127] These challenges must be addressed in a meaningful way with appropriate policies and procedures. They are not in this case.

[128] The Applicants submit that their written policies and procedures are sufficient, in part, because they were drafted by legal counsel. Upon review by the Panel, it is apparent that Waverley's policies and procedures manual is an off-the-shelf template and was not created with Waverley's compliance challenges in mind. For example, Waverley's current policies and procedures manual contemplates certain measures that have not been implemented, including a two-tier management structure and individual branch managers to supervise the activities of the Representatives.

[129] A firm's policies and procedures manual is an important document for ensuring compliance by a firm's representatives. The Panel expects Waverley's, and indeed all firms', written policies and procedures to reflect their actual business practices and to be responsive to the business and compliance risks posed by those practices.

2. Conclusion

[130] Throughout the Hearing and Review, Waverley repeatedly offered to fix deficiencies identified by Staff. This is an inadequate approach to supervision. A registrant must have systems of control and supervision in place to provide reasonable assurance that the firm, and each individual acting on its behalf, are complying with Ontario securities law. A firm is responsible for establishing and maintaining its compliance system. Waverley's practice of fixing key deficiencies found by regulatory authorities after the fact in areas that are central to its activities is an inadequate approach to compliance.

[131] The weaknesses that we have found involving the most central aspects of Waverley's control and supervision activities (*i.e.*, lack of compliance procedures tailored to the risks posed by its business, failure to supervise referral arrangements, lack of control over books and records, failure to conduct adequate due diligence in connection with marketing materials and inadequate branch office supervision) are significant and together represent a serious violation of Ontario securities law.

V. SUITABLE FOR REGISTRATION

[132] As discussed earlier, section 28 of the Act permits the Director to revoke or suspend a registration or impose terms and conditions on a registration in certain circumstances. One of these circumstances is when the person or company is "not suitable for registration."

[133] Section 28 of the Act does not specify how a lack of suitability is to be determined. We are guided by the same requirements applicable to an application for registration under section 27 of the Act.

[134] Subsection 27(1) of the Act does not explicitly prescribe a test for determining whether a person is "not suitable" for registration. However, it is appropriate to apply the considerations set out in subsection 27(2) of the Act applicable to an application for registration (*Sterling Grace* at para 149):

> **(2) Matters to be considered** — In considering … whether a person or company is not suitable for registration, the Director shall consider,
>
> (a) whether the person or company has satisfied,

(i) the requirements prescribed in the regulations relating to proficiency, solvency and integrity, and

(ii) such other requirements for registration … as may be prescribed by the regulations; and

(b) such other factors as the Director considers relevant.

Paragraph (i) of subsection 27(2)(a) of the Act enumerates three criteria: proficiency, solvency and integrity.

[135] Staff alleges that Mr. McDonald's registration should be subject to terms and conditions pursuant to section 28 of the Act because he does not meet the necessary standard of proficiency of a CCO. We therefore limit our review to that criterion.

[136] Even if we conclude that Mr. McDonald did not act with sufficient proficiency at some time in the past, our inquiry does not end there. Section 27 of the Act requires us to assess Mr. McDonald's proficiency, and therefore his suitability for registration, as of the date of the commencement of the Hearing and Review.

[137] Subsection 3.4(1) of NI 31-103 requires that "[a]n individual must not perform an activity that requires registration unless the individual has the education, training and experience that a reasonable person would consider necessary to perform the activity competently … ." Subsection 3.4(2) relates specifically to the duties of a CCO and states that "a chief compliance officer must not perform an activity set out in section 5.2 [*responsibilities of the chief compliance officer*] unless the individual has the education, training and experience that a reasonable person would consider necessary to perform the activity competently."

[138] The Commission has held that the purpose of proficiency requirements is protective and intended "to ensure that the public deal with qualified registrants … [and] regulatory compliance and enhance the efficiency of the capital markets" (*Re Michalik* (2007), 30 OSCB 6717 at paras 48–49). The Commission has also held that "proficiency requirements are meant to ensure that registered individuals have a sufficient level of knowledge before providing dealing or advising services to clients, or compliance functions for their firms" (*Re Ittihad Securities Inc.* (2010), 33 OSCB 10458 at para 13).

A. Analysis

[139] Section 5.2 of NI 31-103 requires that a CCO, among other things, "establish and maintain policies and procedures for assessing compliance by the firm, and individuals acting on its behalf, with securities legislation" and "monitor and assess compliance by the firm" with these requirements.

[140] Waverley, under Mr. McDonald's direction, hires Representatives with an array of close relationships with Sponsoring Issuers. This business practice exposes a customer to serious risks since the Representative's interests may be closely aligned with his or her Sponsoring Issuer.

[141] The alignment of interests between a Representative and a Sponsoring Issuer increases the complexity of Waverley's business and compliance risks, requiring that a CCO be capable of responding to these more complex risks through a system of appropriate controls and supervision. The proficiency required of a CCO is not satisfied solely by passing qualifying exams. Proficiency is gained through accumulated relevant experience that is then applied from the commencement of a firm's business and adapted as circumstances change.

[142] It is the view of the Panel that Mr. McDonald has not demonstrated the proficiency necessary to establish and maintain policies and procedures that reasonably ensure compliance with Ontario securities legislation by Waverley and its Representatives in a manner that is attuned to Waverley's business and compliance risks.

[143] The Panel does not consider that its conclusions hold Mr. McDonald as CCO of Waverley to a higher standard than CCOs of other EMDs. Rather, the Panel is holding Mr. McDonald to a standard of proficiency dictated by Waverley's business practices.

1. Managing Conflicts of Interest

[144] The Commission has found that a failure to identify or respond to conflicts of interest raises proficiency concerns in circumstances where it appears that registrants do not adequately appreciate their responsibilities to customers (*Sterling Grace* at para 193).

[145] Waverley's business practice of hiring Representatives aligned with Sponsoring Issuers creates the potential for acute conflicts of interest between Waverley and its customers. This situation requires Mr. McDonald, as the firm's CCO, to be focused on and skilled at identifying and managing these conflicts. It is critical for the protection of Waverley's customers that these conflicts are effectively identified and responded to on a continuing basis. Mr. McDonald must monitor and assess whether Waverley's Representatives are prioritizing the interests of their Sponsoring Issuers over those of Waverley's customers.

[146] In response to a question from the Panel, Mr. McDonald stated that he considers the conflict of interest disclosures provided to its customers to be sufficient. As we have found in the cases of at least Chris Cheng, Chris Wong, Marshall Liang and Morgan Marchant, whose activities account for the vast majority of Waverley's activities under review, these disclosures are deficient. Mr. McDonald's failure to adequately address this fundamental issue for the protection of Waverley's customers is problematic.

[147] It also gives the Panel concern that Mr. McDonald consistently failed to correctly provide the information required by Form 33-109F4 for his Representatives, including the following items of information:

a. their potential conflicts of interest arising from outside employment;

b. whether the firm has procedures for minimizing potential conflicts of interest;

c. whether the Representative is aware of those procedures; and

d. if the Representative does not perceive any conflicts of interest arising from this employment, to explain why.

[148] When confronted with this deficient disclosure by Staff at the hearing, Mr. McDonald explained that investors would be able to get this information by parsing together these disclosures with the disclosure provided in documents used for particular offerings.

[149] Continuing his testimony, Mr. McDonald suggested that the deficiencies in the Representatives' NRD filings and the conflict of interest disclosures could have been corrected at the outset had CRR Staff raised these issues with him at an earlier time. The Panel rejects this suggestion. As CCO, it is Mr. McDonald's responsibility to ensure compliance with Ontario securities law by Waverley and its Representatives. CRR Staff's procedures in processing applications and examining for compliance are not a substitute for careful compliance by the firm itself. It appears to us that, too often, Mr. McDonald thought it was sufficient if he corrected matters brought to his attention by CRR Staff rather than being compliant in the first place.

[150] Mr. McDonald testified that, when he crafted the conflict of interest disclosures for those Representatives introduced by RESCO, he considered Radiance and RESCO to be independent entities. He therefore concluded that there was no need to disclose that Radiance was paying desk fees to Waverley on behalf of some of those Representatives. The Panel rejects Mr. McDonald's analysis regarding these two entities. Radiance earns income related to the sale of RESCO securities. Mr. McDonald's assertion that these two entities are independent for the purpose of conflict disclosure demonstrates his lack of proficiency.

[151] The evidence in this proceeding raises serious concerns for the Panel regarding Mr. McDonald's proficiency with respect to his understanding, identification and proper management of conflicts of interest from the time of the first NRD application for a Waverley Representative and continuing up to the date of the commencement of the Hearing and Review.

2. Systems of Control and Supervision

[152] Mr. McDonald, as CCO of Waverley, has not implemented a system of control and supervision that adequately responds to the close alignment of interests between Waverley's Representatives and their Sponsoring Issuers. The Panel concludes that Mr. McDonald has not demonstrated sufficient proficiency in this regard.

(a) Marketing Materials and Due Diligence

[153] Given this close alignment, Mr. McDonald needs to be particularly vigilant in identifying and responding to the risks to Waverley's customers arising from the use of unapproved marketing materials prepared by Sponsoring Issuers, especially with Waverley's Representatives acting in potentially multiple capacities. His failure to implement robust procedures to ensure that fair and accurate marketing materials are used gives the Panel serious concerns regarding his proficiency in carrying out financing mandates. Since Waverley is often engaged by issuer clients involved in ongoing distributions, Mr. McDonald must exercise continuing quality control over these materials to avoid materially misleading disclosures.

[154] When presented by Staff with examples of potentially misleading disclosures in Sponsoring Issuers' marketing materials, Mr. McDonald provided weak rationalizations to the Panel. First, he stated that, since similar statements can be found in equally poor disclosures used by other issuers, this embodies an acceptable industry disclosure practice. Second, he maintained that, where multiple dealers are involved, any one dealer is unable to control an issuer's disclosure practices without recognizing the responsibility of each dealer to decline to participate in any offering based on misleading marketing materials. The Panel finds these reasons to be completely unpersuasive and further finds that such rationalizations show a lack of proficiency up to the date of the commencement of the Hearing and Review. Dealers must rely on their own judgment and must always make an independent decision whether to lend its name and credibility to an offering.

[155] We reviewed the examples presented to the Panel relating to Mr. McDonald's due diligence procedures. The evidence confirms our concerns that his process mainly comprises of a passive acceptance of information from others and a lack of critical analysis of the products being considered. The Panel was not persuaded that the evidence supported Mr. McDonald's proficiency in relation to the due diligence process.

[156] It appears to us that Mr. McDonald views his due diligence efforts as primarily an intake or engagement process. Going forward, it is vital that Mr. McDonald understand that such due diligence procedures are essential aspects of his gatekeeping role in ensuring that Waverley provides its customers with accurate and balanced materials with which to make investment decisions in support of an appropriate customer suitability assessment.

(b) KYC and Suitability Obligations

[157] Section 13.2 of NI 31-103 requires a registrant to take reasonable steps to ensure that it has information regarding a client's investment needs and objectives, financial circumstances and risk tolerance. As required by section 13.3 of NI 31-103, KYC information must be sufficient to enable a registrant to determine whether a proposed purchase or sale of a security for a customer is suitable for the customer. Mr. McDonald is responsible for monitoring and assessing Waverley's Representatives' compliance with KYC and suitability obligations of the firm and its Representatives.

[158] Registrants are required to apply KYC and suitability standards in carrying out their functions and they must have the proficiency to discharge the application of these standards (*Michalik* at para 23).

[159] One counterbalance to the conflicts of interest inherent in Waverley's business activities is an independent, robust and highly proficient KYC process.

[160] Waverley's initial KYC processes were not adequate. For example, Waverley's original KYC form was not clear that a client's asset calculation must be net of liabilities. This is a significant oversight of one of the most fundamental aspects of investor eligibility. Yet, this oversight was not detected by Mr. McDonald but rather by CRR Staff during its Compliance Review when a number of other significant deficiencies were also identified. The Panel, however, accepts that Waverley's KYC process has been updated and improved as a result of CRR Staff's prompting.

[161] While the Panel recognizes that Mr. McDonald has taken steps to correct the deficiencies related to Waverley's KYC process, we emphasize that Waverley's business practices continue to present risks to customers that require Mr. McDonald to respond proficiently to those specific risks.

[162] For example, Mr. McDonald testified that his focus as CCO is in-house compliance and that the Representatives are responsible for customer contact. Given this exclusive assignment of responsibility to the Representatives and given the inherent conflicts that exist, some follow-up with customers on at least a spot-check basis is warranted to assess the effectiveness of the KYC and suitability processes.

B. Conclusion

[163] The alignment of Waverley's Representatives' interests with the interests of Sponsoring Issuers creates pervasive conflicts of interest and supervisory and control challenges that necessitate the engagement of an experienced and skilled CCO.

[164] Proficiency is a principles-based standard necessarily custom-designed for the specific environment and risks of a particular registrant's business. Such proficiency is only partially gained through the successful completion of mandated exams. Indeed, Mr. McDonald testified that he views the specified course requirements relating to the exempt market as insufficient and that registrants are required to rely heavily on the gradual accumulation of experience gained through "on the job learning." During the Hearing and Review, Mr. McDonald said, "So you go through the proficiency requirements and you know really very little about running an exempt market dealer, their regulations, [S]taff's expectations. So it's really on the job learning."

[165] Mr. McDonald lacks the requisite practical, relevant CCO experience to augment his academic credentials and financial industry work experience. Prior to Waverley's registration, Mr. McDonald had been registered as a Representative for only three months, did not have previous compliance responsibilities, had no experience implementing policies and procedures based upon NI 31-103 and had not worked in an environment where he learned these skills.

[166] The evidence presented at the hearing before us strongly supports the view that Mr. McDonald does not possess sufficient proficiency to fulfill this challenging role for Waverley.

VI. REGISTRATION IS OTHERWISE OBJECTIONABLE

[167] Staff submits that Waverley's continued registration is otherwise objectionable.

[168] In light of our conclusions set out above, it is unnecessary for us to consider whether Waverley's registration is otherwise objectionable and we decline to do so.

VII. CONCLUSION

[169] For the reasons set out above, we find it proper to impose upon the registrations of Waverley and Mr. McDonald the terms and conditions set forth in Part VIII of this decision.

VIII. TERMS AND CONDITIONS

[170] The Panel has decided not to prohibit outright Waverley's business practice of sourcing Representatives from Sponsoring Issuers, as requested by Staff. Instead, we are imposing terms and conditions that address the contraventions of Ontario securities law and other material deficiencies we have found in Waverley's activities. These terms and conditions are designed to give Waverley and Mr. McDonald a further opportunity to demonstrate that they can conduct their activities in a manner that will, as a foremost goal, protect investors from the effects of the conflicts of interest pervading this business as well as from Waverley's inadequate systems of control and supervision. These terms and conditions directly address these deficiencies by means of improved disclosure to Waverley's customers and the Commission, more robust supervisory controls and procedures relating to Waverley's oversight of its Representatives' interactions with customers and a prohibition on certain roles that Representatives can perform for their Sponsoring Issuers and their affiliates.

[171] The Panel is also concerned that the way in which Waverley operates may encourage issuers to avoid registration as captive dealers with the possible attendant consequence of an insufficient window into the full scope of relationships between a Sponsoring Issuer and the principals associated with a Sponsoring Issuer on the one hand and a Representative on the other. Such a window is provided by the process of registering captive dealers. We have crafted terms and conditions designed to mitigate this potential gap in the effective identification and management of conflicts of interest while preserving the opportunity to realize the potential efficiencies arising from the reliance on a shared, registered and compliant dealer.

[172] These requirements do not apply directly to Sponsoring Issuers, as they are not parties to this proceeding, but rather apply to Waverley and set out the conditions under which Waverley can provide capital-raising services to these issuers. We note that shielding investors from the conflicts existing in Waverley's activities is of paramount importance and that Waverley itself can only be suitable for registration if investor protection is achieved in practice.

[173] We address particular deficiencies in Waverley's business practices regarding disclosure and record keeping, including due diligence, review of marketing materials, documentation of referral arrangements and payments to referral agents.

[174] We also impose a term and condition on Mr. McDonald designed to increase his proficiency in handling conflicts of interest arising from Waverley's business activities.

[175] We hereby order that the following terms and conditions be imposed upon the registration of Waverley:

A. Waverley shall amend its agreements with each issuer whose securities are offered or sold by Waverley within sixty (60) days of the date of this Decision to require that the issuer:

   i. submit to Waverley all materials, and any amendments to such materials, in any form or media (including, but not limited to, the issuer's or its affiliate's website), to be used in the offer, sale or marketing of its securities (including, but not limited to, training materials and scripts for use by Waverley's Representatives) for Waverley's approval in advance of its first use (or any continued use of pre-existing materials after the date of this Decision);

ii. agree to make such modifications as Waverley may require under subparagraph A(i) as a condition of Waverley's acceptance or continuation of its mandate in connection with the offering of such securities;

iii. provide to Waverley, if the issuer sponsors any Representative, the same information that it would be required to provide CRR Staff in an application for registration as a captive dealer, and on a continuing basis if the issuer were registered as a captive dealer with the Commission concerning the background of the issuer's executive officers and shareholders, or persons occupying similar positions or having a similar control relationship, however arising;

iv. shall not, along with any of its affiliates, directly or indirectly compensate Waverley's Representatives for any registrable activities in respect of securities offered through Waverley, and the issuer or its affiliate may only compensate an employee who is also a Waverley Representative for bona fide non-registrable activities for the issuer or affiliate;

v. provide to Waverley, if the issuer sponsors any Representative, immediate written notice of any facts or circumstances that could give rise to termination for cause by the issuer or Waverley of any of Waverley's Representatives employed by the issuer or any of its affiliates; and

vi. provide to Waverley, if the issuer sponsors any Representative, upon demand such materials and information that a captive dealer would be required to provide to the Commission;

B. Waverley shall immediately cease to provide dealer services to any issuer that does not comply with paragraph A;

C. Waverley shall maintain a file of all materials submitted to it under subparagraph A(i) as part of its books and records;

D. The marketing materials submitted to Waverley under subparagraph A(i) shall be signed by Waverley's UDP and CCO as evidence of their review and approval;

E. Upon request from the Commission, Waverley shall require from an issuer the delivery to it of any materials under subparagraph A(vi) and deliver forthwith such materials to the Commission upon receipt;

F. Waverley shall ensure the implementation of a reconciliation system, or other reliable process or processes, that provides reasonable assurance that no payments attributable to any offer, sale or marketing of a security of an issuer are made to any finder or referral agent unless and until arrangements between Waverley and such finders or referral agents are reflected in a binding written agreement and such arrangements are disclosed to each customer to the extent required by law;

G. As soon as reasonably practicable, Waverley shall prepare a clear and complete revised conflict of interest statement that includes a description of how a Representative's relationships with an issuer or its affiliates may affect the services and range of investment products the Representative offers to customers, which statement shall be prepared for all Representatives who have any direct or indirect economic, family or other material relationship with any issuer or its affiliate in a form satisfactory to CRR Staff (it being acknowledged that the information used in preparing such a statement is within Waverley's control and the accuracy and completeness of such statements is solely Waverley's responsibility), and Waverley shall deliver such approved statement to each customer of Waverley whose account is handled by any such Representative as required by Ontario securities law;

H. Within thirty (30) days of the date of this Decision, all communications by Representatives with customers, potential customers, finders and referral agents, other than in-person meetings, shall be conducted on e-mail servers, telephonic and other electronic communications systems operated by Waverley and capable of being recorded, monitored and stored by Waverley, and shall be subject to review by Waverley to address the risks arising from the conflicts of interest existing in Waverley's business activities as described in this Decision, and this procedure shall be authorized in a binding agreement entered into by Waverley with each of its Representatives to the extent required by law;

I. Waverley shall not permit any of its Representatives to perform executive responsibilities for any issuer or its affiliate, including, but not limited to, the roles of Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer, General Partner, Managing Partner, Corporate Secretary, Chief Legal Officer or any similar role, regardless of title, involving the performance of comparable executive functions;

J. Waverley's written compliance procedures shall incorporate these terms and conditions; and

K. Waverley shall not submit any new applications for Representatives, and the processing of any applications for Representatives that are pending shall be held in abeyance until all of the foregoing terms and conditions have been implemented.

[176] We hereby order that the following terms and conditions be imposed upon the registration of Mr. McDonald:

A. As soon as practicable in the reasonable view of the Director, but no later than twelve (12) months after the date of this Decision, Mr. McDonald shall successfully complete a course, as approved by the Director, for senior executives in the securities industry that provides an in-depth understanding concerning best practices to identify, appropriately respond to and adequately disclose conflicts of interest.

Dated at Toronto this 1st day of March, 2017.

"D. Grant Vingoe"

"Monica Kowal"

"William J. Furlong"

3.1.2 Optam Holdings Inc. et al. – ss. 127(1), 127(10)

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

AND

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

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

Hearing:	In writing		
Decision:	February 28, 2017		
Panel:	Monica Kowal	–	Vice-Chair
Appearances:	Malinda Alvaro Evan Rankin, Student-at-Law	–	For Staff of the Commission
	No one appearing for the Respondents		

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REASONS AND DECISION

I. STAFF'S REQUEST

[1] In this written hearing, Staff of the Ontario Securities Commission seeks an enforcement order pursuant to subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the "**Act**"), imposing sanctions and restrictions on the Respondents: Optam Holdings Inc. ("**Optam**"), Infinivest Mortgage Investment Corporation ("**Infinivest**") and Wade Robert Closson ("**Closson**"). Closson is an officer and director of Optam and Infinivest, which are both Alberta corporations.

[2] The Alberta Securities Commission (the "**ASC**") made orders imposing sanctions, conditions and restrictions on the Respondents. Accordingly, Staff relies on paragraph 4 of the inter-jurisdictional enforcement provision found in subsection 127(10) of the Act.

[3] The Commission conducted a written hearing to consider Staff's request. These are the reasons granting Staff's requested order, which will be issued separately.

II. PROCEDURE

[4] On October 18, 2016, Staff of the Commission filed a Statement of Allegations against the Respondents. On October 19, 2016, the Commission issued a Notice of Hearing in respect of that Statement of Allegations. The Commission set November 16, 2016 for a hearing of Staff's application to continue this proceeding in writing.

[5] On November 16, 2016, the Respondents did not appear although properly served with the Statement of Allegations and Notice of Hearing. Staff made submissions and applied to continue by way of written hearing. The Commission

issued an Order granting Staff's request and setting a timetable. Staff's materials were required to be served and filed no later than November 28, 2016. The Respondents were allowed until January 16, 2017 to serve and file responding materials.

[6] Staff's materials were served and filed in accordance with the ordered schedule. None of the Respondents served or filed responding materials although they were properly served with the Commission's Order and with Staff's materials.

[7] Subsection 7(2) of the *Statutory Powers Procedure Act*, RSO 1990, c S.22 and Rule 7.1 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168 permit the Commission to proceed in the absence of a party where that party has received notice of a written hearing and fails to act or participate. I am therefore authorized to proceed with this written hearing in the absence of the Respondents.

III. ASC PROCEEDINGS

[8] On November 2, 2015, the Respondents entered into a Statement of Admissions with the ASC (the "**Admissions**") with respect to allegations made in a Notice of Hearing issued by the ASC on December 18, 2014. In the Admissions, the Respondents admitted to unregistered trading and illegal distribution and further admitted that their conduct was contrary to the public interest. Closson also admitted to fraud. Specifically, the Respondents' admissions included the following:

a. the Respondents traded in securities of Optam and Infinivest without being registered in accordance with Alberta securities laws and without an exemption from that requirement for some or all of those trades, in breach of subsection 75(1)(a) of the Alberta *Securities Act*, RSA 2000, c S-4 (the "**Alberta Act**");

b. the Respondents traded in distributions of securities without having filed and received a receipt for a preliminary prospectus or a prospectus, and without an exemption from that requirement for some or all of those distributions, in breach of section 110 of the Alberta Act;

c. Closson directly or indirectly engaged or participated in "an act, practice, or course of conduct relating to a security that he knew or ought to have reasonably known would perpetrate a fraud on a person or company", in breach of subsection 93(b) of the Alberta Act; and

d. the misconduct described in the above breaches of the Alberta Act also constituted conduct that was contrary to the public interest.

[9] According to the Admissions, Infinivest "was ostensibly in the business of mortgage lending as a mortgage investment corporation". The Admissions presented alternatives regarding business administration: either Closson administered Infinivest's ostensible business through Optam, or "the investment funds were provided to Optam through Infinivest and other entities controlled by" Closson. Investors also apparently "transfer[red] registered accounts to Closson's control" via Infinivest.

[10] At the hearing on November 23, 2015, the ASC received evidence, including the Admissions (which the ASC accepted as accurate), and heard submissions from counsel for Staff and counsel for the Respondents. Counsel's submissions included the parties' shared position as to appropriate orders. With the parties' agreement, the ASC proceeded to decide both the merits of the allegations and the appropriate orders in a single decision.

[11] The ASC issued a decision dated December 29, 2015 (the "**ASC Decision**"). The ASC Decision found that, from January 1, 2009 to April 2, 2013, Closson raised a total of some $10.8 million for Optam and Infinivest from as many as 125 investors. In exchange, investors received either promissory notes issued by Closson and Optam (the "**Optam Scheme**") or preferred shares in Infinivest (the "**Infinivest Scheme**"). Investors in the Optam Scheme were to earn a return from the profits of the purported mortgage investment operation to which their pooled money was supposedly directed, while investors in the Infinivest Scheme were to receive dividends from the same purported operation.

[12] The ASC Decision found that the reality was different. Almost no investor money was used to fund mortgages. The investments under the Optam Scheme and the Infinivest Schemes (collectively, the "**Schemes**") were not secured by any encumbrance on any real estate in favour of the investors. Instead, Closson diverted money to uses not authorized by investors, including using approximately $5.6 million of investor money to pay returns to other investors, approximately $3.9 million for projects outside the scope of the purpose of the investments, and at least $800,000 for Closson's own use. The ASC held that the Schemes continued at a time when Closson knew or ought to have known that one or more of himself, Optam and Infinivest was insolvent or on the cusp of insolvency. Though investors in the Schemes received some payments of dividends, interest and principal, many reinvested with Optam or Infinivest, such that almost all of the principal invested in the Schemes remained outstanding to investors at the time of the ASC Decision.

[13] The ASC found that Closson had subjective knowledge that his representations were false and that investor money was being diverted to unauthorized purposes. Closson also had subjective knowledge of the risk of resulting harm to investors' pecuniary interests. Therefore, the mens rea of fraud was established.

[14] The ASC found that the case warranted significant sanctions, sufficient in breadth and extent to deliver clear and robust deterrence, both to the Respondents and others. After providing detailed reasons, the ASC Decision ordered the following:

a. under subsection 198(1)(a) of the Alberta Act, all trading in or purchasing in respect of any security or derivative of Optam or Infinivest must cease, permanently;

b. under subsections 198(1)(b) and (c) of the Alberta Act, the Respondents are each permanently prohibited from trading in and purchasing all securities or derivatives, and all exemptions contained in Alberta securities laws do not apply to them, permanently;

c. under subsections 198(1)(e.1), (e.2) and (e.3) of the Alberta Act, the Respondents are each permanently prohibited from advising in securities or derivatives, becoming or acting as a registrant, investment fund manager or promoter, or acting in a management or consultative capacity in connection with activities in the securities market;

d. under subsections 198(d) and (e) of the Alberta Act, Closson must immediately resign all positions he holds as, and he is permanently prohibited from becoming or acting as, a director or officer of any issuer, registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository or recognized quotation and trade reporting system;

e. under section 199 of the Alberta Act, Closson must pay an administrative penalty of $1 million to the ASC; and

f. under section 202 of the Alberta Act, Closson must pay $30,000 of the costs of the ASC's investigation.

IV. ANALYSIS

[15] At paragraph 4 of subsection 127(10), the Act provides for inter-jurisdictional enforcement where another securities regulatory authority has imposed "sanctions, conditions, restrictions or requirements on the person or company". The Commission must determine whether, based on any such finding by another securities regulatory authority, an order should be made under subsection 127(1) of the Act.

[16] I find that Staff established the threshold criteria under paragraph 4 of subsection 127(10) of the Act. In addition, I find that it is in the public interest to grant Staff's requested order. I am guided by the public interest mandate of the Act, to provide protection to investors from unfair, improper or fraudulent practices, and to foster fair and efficient capital markets and confidence in capital markets. While the Commission must make its own determination of what is in the public interest, it is also important that the Commission be aware of and responsive to an increasingly complex and interconnected cross-border securities industry. For comity to be effective and the public interest to be protected, the threshold for reciprocity must be low when the findings of a foreign jurisdiction qualify under subsection 127(10) of the Act.

[17] In my view, Staff's requested order is appropriate for the following reasons:

a. Staff requested trading bans and registrant bans that mirror the bans imposed by the ASC. The terms of Staff's requested bans align with the sanctions imposed in the ASC Decision, to the extent possible under the Act. Appropriately, Staff does not seek an order in Ontario that would require the payment of an additional administrative penalty;

b. The terms of Staff's proposed order are consistent with the fundamental principle that the Commission maintain high standards of fitness and business conduct to ensure honest and responsible conduct by market participants;

c. The sanctions proposed by Staff are prospective in nature, proportionate to the Respondents' conduct and will serve to deter similar wrongdoing in Ontario;

d. The Respondents admitted to their breaches of securities law in Alberta and acknowledged that the Admissions could be used for securities regulatory proceedings in other jurisdictions; and

e. Staff provided no evidence to suggest that the Respondents were soliciting investors in Ontario. But, if the Respondents' conduct had occurred in Ontario, it is almost certain that it would have constituted breaches of the Act in Ontario and would have been considered to be contrary to the public interest, such that it would have attracted similar sanctions.

[18] A nexus to Ontario is not a necessary pre-condition to the exercise of the Commission's jurisdiction under subsection 127(1), in reliance upon subsection 127(10). However, Staff submits that the Respondents' conduct warrants an order designed to protect Ontario investors from similar misconduct by the Respondents by preventing or limiting the Respondents' participation in Ontario's capital markets. I agree with that submission.

V. DECISION

[19] Taking into consideration the evidence filed and the submissions of Staff and having found that it is in the public interest to do so, an Order will be issued imposing the following sanctions:

a. against Optam and Infinivest:

i. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities of Optam or of Infinivest shall cease permanently;

ii. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by Optam or by Infinivest shall cease permanently;

iii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Optam or by Infinivest is prohibited permanently;

iv. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Optam or to Infinivest permanently; and

v. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Optam and Infinivest are each prohibited permanently from becoming or acting as registrants, investment fund managers or promoters;

b. against Closson:

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

ii. pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Closson is prohibited permanently;

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

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

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

vi. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Closson is prohibited permanently from becoming or acting as a registrant, investment fund manager or promoter.

DATED at Toronto this 28th day of February, 2017.

"Monica Kowal"
Vice-Chair

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
Abattis Bioceuticals Corp.	03 February 2017	02 March 2017
9342-8530 Québec Inc.	07 March 2017	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Expire	Date of Issuer Temporary Order

THERE IS NOTHING TO REPORT THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		
Quest Rare Minerals Ltd.	02 February 2017	15 February 2017	15 February 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:
Canoe EIT Income Fund
Principal Regulator – Alberta
Type and Date:
Preliminary Short Form Prospectus (NI 44-101) dated February 17, 2017
Received on February 17, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2585324

Issuer Name:
Desjardins 1-5 year Laddered Canadian Corporate Bond Index ETF
Desjardins 1-5 year Laddered Canadian Government Bond Index ETF
Desjardins Canada Multifactor-Controlled Volatility ETF
Desjardins Canadian Preferred Share Index ETF
Desjardins Canadian Short Term Bond Index ETF
Desjardins Canadian Universe Bond Index ETF
Desjardins Developed ex-USA ex-Canada Multifactor-Controlled Volatility ETF
Desjardins Emerging Markets Multifactor-Controlled Volatility ETF
Desjardins USA Multifactor-Controlled Volatility ETF
Principal Regulator – Quebec
Type and Date:
Preliminary Long Form Prospectus dated February 10, 2017
Received on February 10, 2017
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
DESJARDINS GLOBAL ASSET MANAGEMENT INC.
Project #2582961

Issuer Name:
Diversified Fixed Income Folio Fund
Principal Regulator – Ontario
Type and Date:
Amendment #3 to the Final Simplified Prospectus dated February 27, 2017
Received on February 28, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
Quadrus Investment Services Inc.
none
N/A
Promoter(s):
Mackenzie Financial Corporation
Project #2481507

Issuer Name:
Excel Global Balanced Asset Allocation ETF
Excel Global Growth Asset Allocation ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 3, 2017
NP11-202 Preliminary Receipt dated March 3, 2017
Offering Price and Description:
Class E Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
Excel Funds Management Inc.
Project #2591976

Issuer Name:
Franklin Target Return Fund
Principal Jurisdiction – Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 10, 2017
NP 11-202 Receipt dated February 13, 2017
Offering Price and Description:
Series A, F, PF and O Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
Franklin Templeton Investments Corp.

Project #2583151

Issuer Name:
Horizons Auspice Managed Futures Index ETF
Horizons Gold Yield ETF
Horizons Natural Gas Yield ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated February 28, 2017
NP 11-202 Receipt dated March 3, 2017
Offering Price and Description:
Class E Units @ Net Asset Value
Underwriter(s) or Distributor(s):
–
Promoter(s):
ALPHAPRO MANAGEMENT INC.
Project #2575437

Issuer Name:
Mackenzie Global High Yield Bond Fund
Mackenzie US Strategic Income Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated February 15, 2017
NP 11-202 Receipt dated February 21, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2585274

Issuer Name:
National Bank Money Market Fund
National Bank Corporate Cash Management Fund
National Bank Treasury Management Fund
National Bank U.S. Money Market Fund
National Bank Short Term Yield Class
National Bank Long Term Bond Fund
National Bank U.S. $ Global Tactical Bond Fund
National Bank Monthly Secure Income Fund
National Bank Monthly Conservative Income Fund
National Bank Monthly Moderate Income Fund
National Bank Monthly Balanced Income Fund
National Bank Monthly Growth Income Fund
National Bank Asset Allocation Fund
National Bank Monthly Equity Income Fund
National Bank Dividend Income Fund Inc.
National Bank High Dividend Fund
National Bank AltaFund Investment Corp.
Westwood Global Dividend Fund
Westwood Global Equity Fund
National Bank European Equity Fund
National Bank Asia Pacific Fund
National Bank Japanese Equity Fund
National Bank Global Small Cap Fund
National Bank Science and Technology Fund
National Bank Health Sciences Fund
National Bank Energy Fund
National Bank Precious Metals Fund
NBI U.S. Growth & Income Private Portfolio
NBI Currency-Hedged U.S. High Conviction Equity Private Portfolio
NBI Currency-Hedged International High Conviction Equity Private Portfolio
NBI U.S. High Conviction Equity Private Portfolio
NBI International High Conviction Equity Private Portfolio
Principal Regulator – Quebec
Type and Date:
Amendment #5 to the Final Simplified Prospectus dated March 1, 2017
Received on March 3, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
National Bank Investments Inc.
National Bank Financial Ltd.
National Bank Financial Inc.
Promoter(s):
National Bank Investments Inc.
Project #2453653

Issuer Name:
NEI Ethical Balanced Fund
NEI Northwest Macro Canadian Asset Allocation Corporate Class
NEI Northwest Macro Canadian Asset Allocation Fund
Principal Regulator – Ontario
Type and Date:
Amendment #5 to the Final Simplified Prospectus dated March 2, 2017
Received on March 3, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
–
Project #2477315

Issuer Name:
Renaissance Real Assets Private Pool
Principal Regulator – Ontario
Type and Date:
Amendment #1 to the Final Simplified Prospectus dated February 28, 2017
Received on February 28, 2017
Offering Price and Description:
Premium Class, Premium-T4 Class, Premium-T6 Class, Class H-Premium, Class H-Premium T4, Class H-Premium T6, Class F-Premium, Class F-Premium T4, Class F-Premium T6, Class FH-Premium, Class FH-Premium T4, Class FH-Premium T6, Class N-Premium, Class N-Premium T4, Class N-Premium T6, Class NH-Premium, Class NH-Premium T4 units, and Class NH-Premium T6 units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2547981

Issuer Name:
Sprott Global Agriculture Fund
Sprott Global Infrastructure Fund
Sprott Global Real Estate Fund (formerly Sprott Global REIT & Property Equity Fund)
Sprott Real Asset Class
Sprott Timber Fund
Principal Regulator – Ontario
Type and Date:
Amendment #2 to the Final Simplified Prospectus dated February 7, 2017
Received on February 8, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
–
Promoter(s):
Sprott Asset Management LP
Project #2490444

NON-INVESTMENT FUNDS

Issuer Name:
Aumento Capital VI Corporation
Principal Regulator – Ontario
Type and Date:
Preliminary CPC Prospectus dated February 27, 2017
NP 11-202 Preliminary Receipt dated March 1, 2017
Offering Price and Description:
Maximum of $720,000.00 – 1,440,000 Common Shares
Minimum $600,000.00 – 1,200,000 Common Shares
Price: $0.50 per Common Share

Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
–
Project #2589439

Issuer Name:
Blackbird Energy Inc.
Principal Regulator – Alberta
Type and Date:
Amended and Restated dated Preliminary Short Form Prospectus dated February 28, 2017
NP 11-202 Preliminary Receipt dated February 28, 2017
Offering Price and Description:
Up to $80,992,000.00
Up to 110,000,000 Common Shares, price $0.55 per Common Share
Up to 25,750,000 CEE Flow-Through Shares, price $0.64 per CEE Flow-Through Share
Up to 6,800,000 CDE Flow-Through Shares, price $0.59 per CDE Flow-Through Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Haywood Securities Inc.
Laurentian Bank Securities Inc.
Raymond James Ltd.
Promoter(s):
–
Project #2588360

Issuer Name:
Canada Goose Holdings Inc.
Principal Regulator – Ontario
Type and Date:
Amendment dated March 1, 2017 to Preliminary Long Form Prospectus dated February 15, 2017
NP 11-202 Preliminary Receipt dated March 1, 2017
Offering Price and Description:
$* – 20,000,000 Subordinate Voting Shares
Price: $* per subordinate voting share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Credit Suisse Securities (Canada), Inc.
Goldman Sachs Canada Inc.
RBC Dominion Securities Inc.
Merrill Lynch Canada Inc.
Morgan Stanley Canada Limited
Barclays Capital Canada Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Wells Fargo Securities Canada, Ltd.
Canaccord Genuity Corp.
Promoter(s):
–
Project #2584130

Issuer Name:
Dream Global Real Estate Investment Trust
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 6, 2017
NP 11-202 Preliminary Receipt dated March 6, 2017
Offering Price and Description:
$100,032,000.00 – 10,420,000 Units
Price: $9.60 per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
National Bank Financial Inc.
GMP Securities L.P.
Promoter(s):
–
Project #2589704

Issuer Name:
First Capital Realty Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 3, 2017
NP 11-202 Preliminary Receipt dated March 6, 2017
Offering Price and Description:
$185,400,000.00 – 9,000,000 Common Shares
Price $20.60 per Offered Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Promoter(s):
–
Project #2591225

Issuer Name:
InterRent Real Estate Investment Trust
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 1, 2017
NP 11-202 Preliminary Receipt dated March 1, 2017
Offering Price and Description:
$75,033,600.00 – 9,770,000 trust units
Price: $7.68 per Offered Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
GMP Securities L.P.
Scotia Capital Inc.
TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Industrial Alliance Securities Inc.
National Bank Financial Inc.
Raymond James Ltd.
Echelon Wealth Partners Inc.
Eight Capital
Promoter(s):
–
Project #2588261

Issuer Name:
Lithium X Energy Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Prospectus dated February 28, 2017
NP 11-202 Preliminary Receipt dated February 28, 2017
Offering Price and Description:
$15,010,000.00 – 7,900,000 Common Shares
Price: $1.90 per Offered Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
GMP Securities L.P.
Promoter(s):
Brian Paes-Braga
Project #2587049

Issuer Name:
North American Energy Partners Inc.
Principal Regulator – Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 28, 2017
NP 11-202 Preliminary Receipt dated February 28, 2017
Offering Price and Description:
$40,000,000.00 – 5.50% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Canaccord Genuity Corp.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
–
Project #2586443

Issuer Name:
Prothelis Financial Holding Corp.
Type and Date:
Preliminary Long Form Prospectus dated February 28, 2017
(Preliminary) Receipted on March 2, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2589307

Issuer Name:
Silver Viper Minerals Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated February 27, 2017
NP 11-202 Preliminary Receipt dated February 28, 2017
Offering Price and Description:
Maximum of $10,000,000.00
Minimum of $6,000,000.00
Maximum: 40,000,000 Common Share at a price of $0.25 per Common Share
Minimum:24,000,000 Common Shares at a price of $0.25 per Common Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Gary Cope
Stephen Brohman
Project #2588714

Issuer Name:
SNC-Lavalin Group Inc.
Principal Regulator – Quebec
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated March 3, 2017
NP 11-202 Preliminary Receipt dated March 3, 2017
Offering Price and Description:
$1,500,000,000.00 – Debt Securities , Common Shares, Preferred Shares, Subscription Receipts, Warrants
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2591962

Issuer Name:
Source Energy Services Ltd.
Principal Regulator – Alberta
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated March 2, 2017
NP 11-202 Preliminary Receipt dated March 2, 2017
Offering Price and Description:
–
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Morgan Stanley Canada Limited
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Goldman Sachs Canada Inc.
Raymond James Ltd.
RBC Dominion Securities Inc.
Canaccord Genuity Corp.
AltaCorp Capital Inc.
GMP Securities L.P.
Peters & Co. Limited
Promoter(s):
–
Project #2583452

Issuer Name:
Sprott Resource Holdings Inc. (formerly Adriana Resources Inc.)
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 6, 2017
NP 11-202 Preliminary Receipt dated March 6, 2017
Offering Price and Description:
$* Units
Price: $* per Offered Unit
Underwriter(s) or Distributor(s):
Sprott Private Wealth LP
Haywood Securities Inc.
Promoter(s):
–
Project #2592521

Issuer Name:
Tricon Capital Group Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 3, 2017
NP 11-202 Preliminary Receipt dated March 3, 2017
Offering Price and Description:
C$174,982,500.00 – 17,675,000 Subscription Receipts each representing the right to receive one Common Share and US$150,000,000.00 – 5.75% Extendible Convertible Unsecured Subordinated Debentures
Price: C$9.90 per Subscription Receipt and
Price: US$1,000.00 per Debenture
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
GMP Securities L.P.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
Raymond James Ltd.
Canaccord Genuity Corp.
Paradigm Capital Inc.
Promoter(s):
–
Project #2588607

Issuer Name:
Uranium Energy Corp.
Principal Regulator – British Columbia
Type and Date:
Amendment dated March 3, 2017 to Preliminary Prospectus – MJDS dated January 5, 2017
NP 11-202 Preliminary Receipt dated March 6, 2017
Offering Price and Description:
$100,000,000.00 – Common Shares, Debt Securities, Warrants, Subscription Receipts, Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2571895

Issuer Name:
Ascendant Resources Inc. (formerly, Morumbi Resources Inc.)
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated February 28, 2017
NP 11-202 Receipt dated February 28, 2017
Offering Price and Description:
$17,425,000.00 – 20,500,000 UNITS at a price of $0.85 per Unit
Underwriter(s) or Distributor(s):
Eight Capital
Promoter(s):
–
Project #2585785

Issuer Name:
Barrick Gold Corporation
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated March 3, 2017
NP 11-202 Receipt dated March 3, 2017
Offering Price and Description:
Common Shares
First Preferred Shares
Second Preferred Shares
Debt Securities
Subscription Receipts
Warrants
Share Purchase Contracts
Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
–
Project #2584367

Issuer Name:
Conifex Timber Inc.
Principal Regulator – British Columbia
Type and Date:
Final Short Form Prospectus dated March 1, 2017
NP 11-202 Receipt dated March 1, 2017
Offering Price and Description:
$9,150,000.00 – 3,000,000 Common Shares
Price: $3.05 per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
CIBC World Markets Inc.
Promoter(s):
–
Project #2584989

Issuer Name:
Cronos Group Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated March 2, 2017
NP 11-202 Receipt dated March 2, 2017
Offering Price and Description:
$15,075,000.00 – 6,700,000 Common Shares
Price: $2.25 per Share
Underwriter(s) or Distributor(s):
Eight Capital
PI Financial Corp.
Beacon Securities Limited
GMP Securities L.P.
Cormark Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
Alan Friedman
Project #2585794

Issuer Name:
Fortune Minerals Limited
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated March 2, 2017
NP 11-202 Receipt dated March 2, 2017
Offering Price and Description:
$5,700,000 (22,800,000 Units) at a price of $0.25 per Unit
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Promoter(s):
–
Project #2586070

Issuer Name:
Killam Apartment Real Estate Investment Trust
Principal Regulator – Nova Scotia
Type and Date:
Final Short Form Prospectus dated March 6, 2017
NP 11-202 Receipt dated March 6, 2017
Offering Price and Description:
$70,017,750 – 5,535,000 Trust Units at a price of $12.65 per Offered Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
National Bank Financial Inc.
Raymond James Ltd.
GMP Securities L.P.
Industrial Alliance Securities Inc.
Brookfield Financial Securities LP
Eight Capital
Promoter(s):
–
Project #2586008

Issuer Name:
LEAGOLD MINING CORPORATION
Principal Regulator – British Columbia
Type and Date:
Final Long Form Prospectus dated March 1, 2017
NP 11-202 Receipt dated March 1, 2017
Offering Price and Description:
$175,010,000.00 – 63,640,000 Subscription Receipts at a price of of $2.75 per Subscription Receipt
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
UBS Securities Canada Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
TD Securities Inc.
Promoter(s):
–
Project #2582244

Issuer Name:
Mainstreet Health Investments Inc. (formerly, Kingsway Arms Retirement Residences Inc.)
Principal Regulator – Ontario
Type and Date:
Final Shelf Prospectus dated March 3, 2017
NP 11-202 Receipt dated March 3, 2017
Offering Price and Description:
Common Shares
Preferred Shares
Debt Securities
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
–
Promoter(s):
Mainstreet Investment Company, LLC
Project #2586894

Issuer Name:
New Gold Inc.
Principal Regulator – Ontario
Type and Date:
Final Short Form Prospectus dated March 2, 2017
NP 11-202 Receipt dated March 2, 2017
Offering Price and Description:
US$150,080,000.00 – 53,600,000 Common Shares at a price of US$2.80 per
Offered Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
J.P. Morgan Securities Canada Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
Desjardins Securities Inc.
National Bank Financial Inc.
Paradigm Capital Inc.
Credit Suisse Securities (Canada) Inc.
Eight Capital
GMP Securities L.P.
Promoter(s):
–
Project #2586355

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Portfolio Stewards Inc.	From: Portfolio Manager To: Portfolio Manager and Exempt Market Dealer	February 10, 2017
Change in Registration Category	ETF Capital Management	From: Portfolio Manager To: Investment Fund Manager and Portfolio Manager	March 1, 2017
Voluntary Surrender	Lingohr & Partner North America, Inc.	Portfolio Manager	February 24, 2017
New Registration	CWB Wealth Management Ltd.	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	February 28, 2017
Amalgamation	CWB Wealth Management Ltd. and Adroit Investment Management Ltd. To form: CWB Wealth Management Ltd.	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	March 1, 2017

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – The Proposed IIROC Dealer Member Plain Language Rule Book – Request for Comment

REQUEST FOR COMMENT

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

THE PROPOSED IIROC DEALER MEMBER PLAIN LANGUAGE RULE BOOK

IIROC is republishing for public comment the proposed IIROC Dealer Member plain language rule book (the proposed PLR Rule Book), with the primary objective to rewrite, reformat, rationalize, and reorganize its Dealer Member Rules in plain language (the PLR Project).

The PLR Project started in 2008 by IIROC's predecessor, the Investment Dealers Association of Canada, and was initially drafted and published for comment in a number of discrete tranches. The separately published tranches were compiled to create the proposed PLR Rule Book which was published for comment in March 2016 (IIROC Notice 16-0052).

IIROC is republishing the proposed PLR Rule Book with changes that respond to comments received on the previous publication from the public, the Canadian Securities Administrators and from IIROC's own internal review.

The current publication includes the Consolidated Enforcement, Examination and Approval Rules that became effective on September 1, 2016. The Consolidated Enforcement Rules are therefore not being published for further comment except to the extent changes have been made to formatting and definitions to conform to the proposed PLR Rule Book.

A copy of the IIROC Notice and appendices, which includes the proposed PLR Rule Book, is also published on our website at http://www.osc.gov.on.ca. The comment period ends on May 12, 2017.

13.1.2 IIROC – Proposed Changes to Forms and Guidance Relating to Investment in a Dealer Member – Request for Comment

REQUEST FOR COMMENT

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED CHANGES TO FORMS AND GUIDANCE RELATING TO INVESTMENT IN A DEALER MEMBER

IIROC is proposing changes to its Investor Application Form and Investor Notification Form (the **proposed Forms**) and updated guidance to help Dealer Members complete these forms. These changes reflect current practices, increase the efficiency of the application process and to:

- harmonize with National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) and Companion Policy 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**CP 31-103**);

- ensure consistency with the requirements IIROC is proposing as part of the Dealer Member Plain Language Rule Book Project (the **PLR Project**) (see IIROC Notice 17-0054 for more details).

A copy of the IIROC Notice and appendices is also published on our website at http://www.osc.gov.on.ca. The comment period ends on May 12, 2017.

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