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

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 CSA Staff Notice 13-315 (Revised) Securities Regulatory Authority Closed Dates 2017

Canadian Securities Administrators
Autorités canadiennes en valeurs mobilières

CSA Staff Notice 13-315 (Revised)
Securities Regulatory Authority Closed Dates 2017*

December 6, 2016

We have a review system for prospectuses (including long form, short form and mutual fund prospectuses), prospectus amendments, pre-filings, and waiver applications. It is described in National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* (**NP 11-202**).

Under NP 11-202, a filer that receives a receipt from the principal regulator will be deemed to have a receipt in each passport jurisdiction where the prospectus was filed. However, the principal regulator's receipt will only evidence that the Ontario Securities Commission (**OSC**) has issued a receipt if the OSC is open on the date of the principal regulator's receipt and has indicated that it is "clear for final". If the OSC is not open on the date of the principal regulator's receipt, the principal regulator will issue a second receipt that evidences that the OSC has issued a receipt on the next day that the OSC is open.

The following is a list of the closed dates of the securities regulatory authorities for 2017 and January 2018. Issuers should note these dates in structuring their affairs.

1. Saturdays and Sundays (all)
2. Monday, January 2 (all)
3. Tuesday, January 3 (QC)
4. Monday, February 13 (BC)
5. Monday, February 20 (AB, SK, MB, ON, PE, NS)
6. Friday, February 24 (YT)
7. Monday, March 20 (NL)
8. Friday, April 14 (all)
9. Monday, April 17 (all except AB, SK, ON)
10. Monday, May 22 (all)
11. Wednesday, June 21 (NT)
12. Friday, June 23 (QC)
13. Monday, June 26 (NL)
14. Friday, June 30 (QC)
15. Monday, July 3 (all except QC)
16. Monday, July 10 (NU, NL)
17. Wednesday, August 2 (NL**)
18. Friday, August 4 (SK)
19. Monday, August 7 (all except YT, QC, NL, PE)
20. Friday, August 18 (PE)
21. Monday, August 21 (YT)
22. Monday, September 4 (all)
23. Monday, October 9 (all)

24. Monday, November 13 (all except AB, ON, QC)
25. Friday, December 22 (QC, NT)
26. Friday, December 22 after 12:00 p.m. (NB, PE, NS), after 1:00 p.m. (YT, BC), after 3:00 p.m. (NU)
27. Monday, December 25 (all)
28. Tuesday, December 26 (all)
29. Friday, December 29 (NT, QC)
30. Friday, December 29 after 12:00 p.m. (NB), after 1:00 p.m. (BC), after 3:00 p.m. (NU)
31. Monday, January 1, **2018** (all)
32. Tuesday, January 2, **2018** (QC)

***** Bracketed information indicates those jurisdictions that are closed on the particular date.

** Weather permitting, otherwise observed on the first following acceptable weather day, such determination made on morning of holiday.

1.1.2 CSA Staff Notice 21-319 Data Fees Methodology

CSA Staff Notice 21-319
Data Fees Methodology

December 8, 2016

Introduction

On April 7, 2016, the Canadian Securities Administrators (the CSA or we) formalized a Data Fees Methodology to provide a transparent process for regulatory oversight of real-time professional market data fees.[1] The Data Fees Methodology estimates a fee range that reflects each marketplace's contribution to price discovery and trading activity.

The Data Fees Methodology had been used by Ontario Securities Commission Staff prior to its formal adoption by the CSA.

The text of this CSA Staff Notice is available on the websites of the CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.gov.ns.ca/nssc
www.fcnb.ca
www.osc.gov.on.ca
www.fcaa.gov.sk.ca
www.msc.gov.mb.ca

Purpose

The purpose of this notice is to provide marketplaces and marketplace participants with information about the scope, application, implementation and use of the Data Fees Methodology. The Data Fees Methodology is attached as an appendix to this CSA Staff Notice.

Regulation of Data Fees

The regulatory framework in Canada governs the manner in which exchanges and alternative trading systems (ATSs) conduct their business and set fees, and how marketplace participants access real-time market data.

The initial and ongoing regulatory filing requirements for the operation of marketplaces are found in sections 3.1 and 3.2 of National Instrument 21-101 *Marketplace Operation* (NI 21-101). Section 10.1 requires marketplaces, which includes exchanges and ATSs, to disclose the fees charged for their services, including their market data fees, in Appendix L to the exchange's or ATS's Form 21-101F1 *Information Statement Exchange or Quotation and Trade Reporting System* (F1) or Form 21-101F2 *Information Statement – Alternative Trading System* (F2). Section 3.2 of NI 21-101 requires a marketplace to file an amendment to its F1 or F2 for any change in fees. Some form of regulatory review of fees occurs in most jurisdictions.

When reviewing fees, including market data fees, staff will also assess whether the proposed fees comply with other provisions of NI 21-101, including provisions preventing a marketplace from unreasonably prohibiting, conditioning or limiting access to its services, including by discriminating unreasonably among marketplace participants (subsections 5.1(1) & (3)).

In the context of the review of market data fees, the Data Fees Methodology will be applied to new fees and changes to existing fees. In addition, the methodology will be used in the annual review of market data fees. Subsection 3.2(5) of NI 21-101 requires each recognized exchange and ATS to file an updated and consolidated F1 or F2 within 30 days after the end of each calendar year. The consolidated F1s and F2s will be used in the review of a marketplace's market data fees to determine if these fees are higher than the range identified through the Data Fees Methodology.

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1 See Annex F to CSA Notice of Approval[:] Amendments to National Instrument 23-101 *Trading Rules* and Companion Policy 23-101CP to National Instrument 23-101 *Trading Rules* (2016), 39 O.S.C.B. 3237.

Frequently Asked Questions on the Data Fees Methodology

The Data Fees Methodology was initially proposed in the CSA Staff Notice and Request for Comment *Proposed Amendments to National Instrument 23-101 Trading Rules* published on May 15, 2014. It was subsequently adjusted, based on the public comments and staff's experience in applying it. It was republished when formally adopted, on April 7, 2016. This section provides responses to frequently asked questions regarding the Data Fees Methodology.

Application and use of the methodology

1. How does the Data Fees Methodology work?

The Data Fees Methodology estimates a fee or fee range for top-of-book (Level 1) and depth-of-book (Level 2) market data for securities listed on the TSX and TSXV[2] for each marketplace based on their contribution to price discovery and trading activity. It has a three step approach that involves:

- the calculation of pre- and post-trade metrics;
- a ranking of marketplaces on a relative basis; and
- an estimation of a fee range for the professional market data fees charged by each marketplace based on a domestic reference amount.

2. What is the reference or benchmark?

CSA staff recognize the importance of selecting an appropriate reference or benchmark for the Data Fees Methodology to allocate the aggregate Level 1 and/or Level 2 fees and determine an appropriate fee range for each marketplace. Initially, we are using a domestic reference that takes the data fees charged by each marketplace and aggregates them into a single pool, which is then re-allocated based on the ranking models described in the Appendix A. We intend to develop a process to determine the appropriate reference or benchmark to be used in the future to allocate the aggregate fees to each marketplace.

For more detailed information on the reference or benchmark see question 21.

3. When will the Data Fees Methodology be used?

The Data Fees Methodology will be used in:

- the annual review of professional market data fees charged by each marketplace for both Level 1 and Level 2 data feeds; and
- ad-hoc reviews arising from the review and approval of any new fees and changes to existing fees.

4. Which marketplace fees will be subject to the Data Fees Methodology?

The Data Fees Methodology will apply to all marketplaces regardless of their protected or unprotected status. We think it is appropriate to maintain a level of oversight and ensure a consistent balance across all marketplaces between the values assessed using the Data Fees Methodology and the associated fees that are charged for the data. This is particularly important in the context of compliance with best execution requirements.

5. What will be the period used to review professional market data fees?

For both annual and ad-hoc reviews, we will apply the methodology to the prior 12 months of trading. The review covers a lengthy period of time, therefore short-term fluctuations in a marketplace's share of trading activity will not significantly impact the results of the review.

6. How will the results be communicated to marketplaces?

For both the annual and ad-hoc reviews, a marketplace will be notified only if its fees are above the range. Ranges will not be published or shared with other marketplaces.

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[2] The Data Fees Methodology only applies to securities listed on the TSX and TSXV. The CSA will review and consider the information from the Data Fees Methodology when approving fees for data from other marketplaces.

7. *If marketplaces are charging less than they could under the Data Fees Methodology will they be allowed to increase their fees?*

No. We will not apply the Data Fees Methodology to allow fee increases until such time that an appropriate reference has been established. Any changes in the future to the reference may lead to different results.

8. *When will the Data Fees Methodology be implemented?*

The Data Fees Methodology has already been applied to most marketplaces' data fees and has (in some cases) resulted in an adjustment of those fees. It is currently used for any market data fees changes filed by marketplaces. It will also be applied to all marketplace data fees for the annual review in February 2017.

Data Provider and Pre- and Post-Trade Metrics Inclusions and Exclusions

9. *What is the CSA's source for raw data for the application of the Data Fees Methodology?*

The Investment Industry Regulatory Organization of Canada (IIROC) provides the CSA with the underlying pre- and post-trade metrics.

10. *What quotes are included in the calculation of the underlying pre-trade metrics?*

All quotes from all marketplaces during regular trading hours (9:30 a.m. to 4:00 p.m.) are included in the calculation of the underlying pre-trade metrics.

11. *Are there any quotes excluded from the calculation of the underlying pre-trade metrics?*

Odd-lot quotes are excluded from the calculation of the underlying pre-trade metrics.

12. *Is a listed security that has no quote on any marketplace for the period under consideration included in the pre-trade metrics calculation?*

If a listed security does not have any quotes on any marketplace for the period under consideration (e.g. a trading day), that security would be not be included in the pre-trade metrics calculation for that period.

13. *What trades will be included in the calculation of the underlying post-trade metrics?*

- Regular open market trades
- Crosses (intentional and unintentional)
- Special terms trades
- After-hours trades

14. *What trades will be excluded from the calculation of the underlying post-trade metrics?*

Odd-lot trades will be excluded.

15. *How will cancelled trades be handled for the purpose of the calculation of the underlying post-trade metrics?*

Cancelled trades will be removed from the calculation and corrections will be added.

16. *Is there a different approach in terms of the calculation of the pre- and post-trade metrics for days with early closes?*

There are no changes to the pre- and post-trade formulas to accommodate days when the markets close early. Due to the lengthy period of time considered for the review, we do not think there will be any material impact on the final results.

17. *Is there a different approach in terms of the calculation of the pre- and post-trade metrics for days when trading in certain securities is halted or opening is delayed?*

No, for the same reason given in the answer to question 16.

18. *Is there a different approach in terms of the calculation of the pre- and post-trade metrics for days when marketplaces may declare self-help?*

No, for the same reason given in the answer to question 16.

19. *Are there any changes/corrections to the Data Fees Methodology compared to the methodology that was published?*

We noted an error in the weighting formula of the pre-trade metric $Time(value) and corrected it in Appendix A, section 3 attached to this notice. Specifically, in the denominator of the wj formula we replaced $\sum_{t=1}^{T}\sum_{i=1}^{J}\$Volume_{t,j}$ with $\sum_{t=1}^{T}\sum_{j=1}^{J}\$Volume_{t,j}$. Below is the correct formula.

$$w_j = \frac{\$Volume_{t,j}}{\sum_{t=1}^{T}\sum_{j=1}^{J}\$Volume_{t,j}}$$

Application of the domestic reference to allocate fees

20. How will the domestic reference be determined?

Generally, marketplaces offer at least two levels of market data:

- Level 1, consisting of information on the last sale of a security, the best bid and offer, and the aggregate volume available for purchase or sale at those prices;
- Level 2, consisting of information on all visible orders in the marketplace (price and volume) and all trades.

Level 2 data is generally more expensive than Level 1 data, but some marketplaces offer both Level 1 and Level 2 data for one fee.

Because there are two types of data products being offered, for the purpose of the application of the Data Fees Methodology, we consider two domestic references, one for the Level 1 data and one for the Level 2 data. Furthermore, because most marketplaces charge different data fees for TSX- and TSXV-listed securities, the domestic reference for each level will reflect this fee segregation.

For example, if we are assessing the Level 1 fees charged by marketplaces for TSX-listed securities, we will aggregate the Level 1 fees charged by each marketplace. The result will be the domestic reference for Level 1 fees for TSX-listed securities. A similar approach is taken to determine the domestic reference for Level 1 fees for TSXV-listed securities.

Because certain marketplaces condition the purchase of Level 2 data on acquiring Level 1 data, when we determine the domestic reference for Level 2 fees we take into consideration the approach taken by marketplaces when charging Level 2 fees. For example, for those marketplaces that require purchasing Level 1 data to obtain Level 2 data, we consider the Level 2 fee to be the aggregate of Level 1 and Level 2 fees. For those marketplaces that include Level 1 fees in Level 2 fees, we consider the Level 2 fee to be the actual Level 2 fee charged.

Another issue that we consider in determining the domestic reference is that some marketplaces charge one fee for both TSX- and TSXV-listed securities. For such marketplaces, we look at their volume, value and number of trades, equally weighted, and calculate the percentage of trading that takes place on those marketplaces in TSX- versus TSXV-listed securities. We then allocate the fee charged to each data feed based on those percentages.

21. Will the domestic reference remain the same or it will change over time?

The domestic reference may potentially change over time to reflect changes in fees charged by marketplaces. However, it is the CSA's intention to maintain the domestic reference as close as possible to the existing level until an appropriate benchmark is determined.

Questions

Please refer your questions to any of the following:

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APPENDIX A

Data Fees Methodology

The Data Fee Methodology described below will be used to determine each marketplace's relative contribution to pre- and post-trade activities. The scope of the methodology is to determine whether the professional market data fees charged by the marketplaces in Canada reflect each marketplace's share of trading activity.

The methodology consists of three steps:

1. Calculation of pre- and post-trade metrics
2. Ranking of marketplaces based on the pre- and post-trade metrics calculated in step 1
3. Assigning an estimated fee range to each marketplace.

The methodology uses the following notations for the pre- and post-trade metrics and the ranking methods:

Notation	Description
i	A transparent marketplace
m	Total number of transparent marketplaces
j	Securities traded on a transparent marketplace
J	Total securities traded on all transparent marketplaces
t	A Trade executed on a transparent marketplace
n	Total trades executed on a transparent marketplace
T	Total trades executed on all transparent marketplaces
d	A trading day
D	All trading days for the period under review

a. <u>Pre-Trade Metrics</u>

1. Percent of Best Bid and Offer (BBO)[3] – means the percent of the day for which a marketplace had a quote at the national best bid (BB) or best offer (BO) for security j. This metric is scaled to sum to one.

$$\%BBO_i = \frac{BBO_i}{\sum_{i=1}^{m} BBO_i}$$

$$BBO_i = \frac{1}{J}\sum_{j=1}^{J} \frac{Seconds\ at\ BB_j + Seconds\ at\ BO_j}{2 * (6.5 * 60 * 60)} * 100$$

This metric rewards marketplaces for being at the BBO for a longer period during the day. This metric is constructed from standard quote data. In order to ensure that the addition of each marketplace sums to one, the individual metrics for each marketplace are summed to come up with a market-wide daily percent at the BBO, and each individual marketplace's percentage is then divided by this total to scale the metric to one.

2. Percent of Best Spread – means the percent of the day that a marketplace was quoting the narrowest spread for security j. This metric is scaled to sum to one.

$$\%Spread_i = \frac{Spread_i}{\sum_{i=1}^{m} Spread_i}$$

[3] The time at BBO could be calculated in fractions of a second, given the rapidity of quoting.

$$Spread_i = \frac{1}{J}\sum_{j=1}^{J}\frac{Seconds\ at\ tightest\ spread_j}{6.5 * 60 * 60} * 100$$

This metric tends to reward marketplaces for providing liquidity at both the BB and BO, by establishing the narrowest spread on the market. This metric is also constructed from quote level data. In order to ensure that the addition of each marketplace sums to one, the individual metrics for each marketplace are summed to come up with a market-wide daily percent at the narrowest spread, and each individual marketplace's percentage is then divided by this total to scale the metric to one.

3. **$Time(value)** – means the percent of quoted-time-dollar-volume for a marketplace, out of the total time-dollar-volume for the entire market for the period, when only the BB and BO are considered. Each stock is weighted by the value traded in the period of consideration, as described in the weighting "w" below.

$$\$Time(value)_i = \frac{Time(v)_i}{\sum_{i=1}^{m} Time(v)_i} Time(v)_i$$

$$= \frac{\sum_{j=1}^{J}[Price_j * Volume_j * seconds\ at\ BB + Price_j * Volume_j * seconds\ at\ BO] * w_j}{\sum_{j=1}^{J}\sum_{i=1}^{m}\left(Price_j * Volume_j * seconds\ at\ BB + Price_j * Volume_j * seconds\ at\ BO\right) * w_j} * 100$$

$$w_j = \frac{\$Volume_{t,j}}{\sum_{t=1}^{T}\sum_{j=1}^{J}\$Volume_{t,j}}$$

The use of the value weighting places more emphasis on those stocks that trade heavily and less emphasis on stocks that do not trade frequently. At the extreme, a stock that does not trade at all will not be allocated any weight under this metric.

b. <u>**Post-Trade Metrics**</u>

1. **Percent of each marketplace's volume** – means the volume traded on each marketplace divided by the total volume traded on all marketplaces in the period.

$$\%Volume_i = \frac{Volume_i}{\sum_{i=1}^{m} Volume_i} * 100$$

This metric rewards traded volume and tends to favour those marketplaces that trade in relatively low-priced shares, as it considers only the number of shares traded, not their value. In an extreme scenario, if a marketplace traded only low-priced stocks, this metric would inflate their overall share of the entire market.

2. **Percent of each marketplace's number of trades** – means the number of trades executed on each marketplace divided by the total number of trades on all marketplaces in the period.

$$\%Number_i = \frac{Number_i}{\sum_{i=1}^{m} Number_i} * 100$$

This metric rewards those marketplaces that have a larger number of trades. This metric could be manipulated by encouraging traders to break their orders up into smaller pieces. If this were done, neither the volume nor the dollar volume traded would change, but the number of trades would increase significantly.

3. **Percent of each marketplace's dollar volume (value)** – means the dollar volume traded on each marketplace divided by the total dollar volume traded on all marketplaces in the period. Dollar volume is the product of the price and volume of each trade.

$$\%\ \$Volume_i = \frac{\$Volume_i}{\sum_{i=1}^{m}\$Volume_i} * 100$$

$$\$Volume = Price * Volume$$

This metric takes the value of the transactions into account.

4. **Percent of square-root dollar volume for each trade** – means the square root of the $Volume of each trade t executed on each marketplace divided by the sum of the square-root of the $Volume traded on all marketplaces in the period.

$$\%\sqrt{\$Volume_i} = \frac{\sum_{t=1}^{n} \sqrt{\$Volume_{i,t}}}{\sum_{t=1}^{n} \sum_{i=1}^{m} \sqrt{\$Volume_{i,t}}} * 100$$

The square-root of dollar volume is individually constructed for each transaction. This metric reduces the importance of larger trades in relation to smaller trades.

5. **Scope of trading on each marketplace** – means the average over the period of the number of symbols with greater than 1 traded on each marketplace on day d, divided by the number of symbols traded on all marketplaces for that day.

$$Scope_i = \frac{1}{D} \sum_{d=1}^{D} \frac{Number\ of\ symbols\ traded_{i,d}}{MAX\left[Number\ of\ symbols\ traded_{i,d}\right]}$$

Scope of trading provides a metric that measures the number of symbols a marketplace trades.

c. <u>Ranking Models</u>

In order to rank each marketplace's contribution to price discovery we constructed two models from the pre- and post-trade metrics.

1. **Model 1 (formerly SIP Value)** – is based on the revenue distribution model used by the U.S. SIP.

$$\left[\frac{\%\sqrt{\$Volume_i} + \%Number_i}{2}\right] * 0.5 + \$Time(value)_i * 0.5$$

This model incorporates the metrics used by the U.S. SIP to distribute revenue amongst participating marketplaces. The post-trade metrics used are equally weighted, and are composed of each marketplace's share of square root dollar volume and number of trades. Both of these post-trade metrics together are assigned a weighting of 50% of the value of the model.

The pre-trade metric used is the value weighted percent of quoted dollar-time. This is also given a 50% weighting in the final model. The weighting of this model by the value traded in each security provides a greater emphasis on those stocks that are heavily traded, rewarding marketplaces more for providing liquidity where the majority is consumed.

2. **Model 2 (formerly Model 3)** – differs significantly from the previous model. For the post-trade element, this model considers each marketplace's share of traded volume, share of trades and share of dollar-volume. These three elements are given equal weighting in this index. The pre-trade metrics considered are the percent of the day spent at the best spread and the percent of the day spent at the BBO. Each of these two pre-trade elements is equally weighted. The resulting pre- and post- trade metrics are then equally weighted to come up with the final index.

$$\left[\frac{\%\mathrm{Volume_i} + \%\mathrm{Number_i} + \%\$\mathrm{Volume_i}}{3}\right] * 0.5 + \left[\frac{\%\mathrm{Spread_i} + \%\mathrm{BBO_i}}{2}\right] * 0.5$$

d. <u>Assigning an estimated fee range</u>

After calculating these ranking methods, we would use them to assess whether a marketplace's existing (or proposed) fee is related to its share of trading activity. We use the domestic reference that takes the data fees charged by each marketplace and aggregates them into a single "pool". The result is then considered to be the appropriate fee for the Canadian market, and this result is then re-distributed, based on the two ranking models, giving us four estimated fees for each marketplace.

1.5 Notices from the Office of the Secretary

1.5.1 Michael Patrick Lathigee et al.

FOR IMMEDIATE RELEASE
December 1, 2016

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing in this matter is adjourned to January 12, 2017, at 10:00 a.m., or such further and other date as may be agreed to by the parties and set by the Office of the Secretary.

A copy of the Order dated November 30, 2016 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 William Raymond Malone

FOR IMMEDIATE RELEASE
December 2, 2016

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

AND

IN THE MATTER OF
WILLIAM RAYMOND MALONE

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

(a) Staff's application to continue this proceeding by way of a written hearing is granted;

(b) Staff's materials shall be served and filed no later than 5:00 p.m. EST on December 12, 2016;

(c) The Respondent's responding materials, if any, shall be served and filed no later than 5:00 p.m. EST on January 23, 2017; and

(d) Staff's reply materials, if applicable, shall be served and filed no later than 5:00 p.m. EST on February 6, 2017.

A copy of the Order dated December 1, 2016 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:

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Jefferies LLC

Headnote

U.S. registered broker-dealer exempted from dealer registration under paragraph 25(1) of the Act in respect of certain trades in debt securities with permitted clients, as defined under NI 31-103, where the debt securities are i) debt securities of Canadian issuers and are denominated in a currency other than the Canadian dollar; or ii) debt securities of any issuer, including a Canadian issuer, and were originally offered primarily in a foreign jurisdiction outside Canada and a prospectus was not filed with a Canadian securities regulatory authority for the distribution – relief is subject to sunset clause – relief as contemplated by CSA Staff Notice 31-346 Guidance as to the Scope of the International Dealer Exemption in relation to Foreign-Currency Fixed Income Offerings by Canadian Issuers.

Applicable Legislative Provisions

Statutes Cited

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

Instruments Cited

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.18.

November 29, 2016

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

AND

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

AND

IN THE MATTER OF
JEFFERIES LLC
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer (the **Application**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from the dealer registration requirement under the Legislation in respect of trades in debt securities, other than during the distribution of such securities, with permitted clients, as defined under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**), where the debt securities are

(a) debt securities of Canadian issuers and are denominated in a currency other than the Canadian dollar; or

(b) debt securities of any issuer, including a Canadian issuer, and were originally offered primarily in a foreign jurisdiction outside Canada and a prospectus was not filed with a Canadian securities regulatory authority for the distribution (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, British Columbia, Manitoba, Nova Scotia and Québec (the **Passport Jurisdictions** and together with the Jurisdiction, the **Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer is a limited liability company incorporated under the laws of the State of Delaware. Its head office is located at 520 Madison Avenue, New York, NY 10022, U.S. It is a wholly owned subsidiary of Jefferies Group LLC, a Delaware

limited liability company, and an indirect wholly owned subsidiary of Leucadia National Corporation, a New York corporation.

2. The Filer is registered as a broker-dealer with the U.S. Securities and Exchange Commission (the **SEC**) and is a member of the Financial Industry Regulatory Authority (**FINRA**), a self-regulatory organization. This registration subjects the Filer to requirements over regulatory capital, lending of money, extension of credit and provision of margin, financial reporting to the SEC and FINRA, and segregation and custody of assets which provide protections that are substantially similar to the protections provided by the rules to which dealer-members of the Investment Industry Regulatory Organization of Canada (**IIROC**) are subject.

3. The Filer is a member of a number of major U.S. securities exchanges, including the New York Stock Exchange and NASDAQ.

4. The Filer provides a variety of capital raising, investment banking, market making, brokerage, and advisory services, including fixed income and equity sales and research, commodities trading, foreign exchange sales, emerging markets activities, securities lending and derivatives dealing for governments, corporate and financial institutions.

5. Jefferies Securities, Inc. (**JSI**) is an affiliate of the Filer. JSI is registered as an investment dealer in the provinces of Alberta, British Columbia, Ontario and Saskatchewan, and is a dealer member of IIROC.

6. The Filer is currently relying on the “international dealer exemption” under section 8.18 of NI 31-103 (the **international dealer exemption**) in each of the Jurisdictions.

7. The Filer is in compliance in all material respects with U.S. securities laws. The Filer is not in default of Canadian securities laws.

8. The Filer wishes to trade in debt securities of Canadian issuers with permitted clients other than during such securities’ distribution.

9. Subsection 8.18(2)(b) of NI 31-103 provides that, subject to subsections 8.18(3) and 8.18(4), the dealer registration requirement does not apply in respect of a trade in a debt security with a permitted client during the security’s distribution, if the debt security is offered primarily in a foreign jurisdiction and a prospectus has not been filed with a Canadian securities regulatory authority for the distribution. Subsection 8.18(2)(c) of NI 31-103 provides that, subject to subsections 8.18(3) and 8.18(4), the dealer registration requirement does not apply in respect of a trade in a debt security that is a foreign security with a permitted client, other than during the security’s distribution.

10. The permitted activities under subsection 8.18(2) of NI 31-103 do not include a trade in a debt security of a Canadian issuer with a permitted client, other than during the security’s distribution in the limited circumstances described above.

11. On September 1, 2016, the Staff of the Canadian Securities Administrators (**CSA Staff**) published CSA Staff Notice 31-346 *Guidance as to the Scope of the International Dealer Exemption in relation to Foreign-Currency Fixed Income Offerings by Canadian Issuers* (the **Staff Notice**).

12. CSA Staff stated in the Staff Notice that they did not believe there was a policy reason to limit the exemption in subsection 8.18(2) of NI 31-103 to trades that occur during the initial period of the securities’ distribution or to conclude that an international dealer should be permitted to sell a debt security to a Canadian institutional investor but not be permitted to act for the institutional investor in connection with the resale of the security. CSA Staff further stated that they were prepared to recommend exemptive relief to permit international dealers to deal with institutional investors to facilitate resales of debt securities, subject to conditions the CSA consider appropriate.

13. Accordingly, the Filer is seeking exemptive relief as contemplated by the Staff Notice to permit the Filer to deal with Canadian permitted clients in connection with resales of debt securities that may be distributed to the permitted clients in reliance on the international dealer exemption in section 8.18 of NI 31-103.

14. It may be difficult at the time of a resale of a debt security to determine whether the debt security was originally offered as part of an offering that was made primarily in a foreign jurisdiction or whether a prospectus was filed in Canada in connection with such offering. However, the Filer believes, based on its experience with foreign currency- denominated fixed income offerings by Canadian issuers (**Canadian foreign currency fixed income offerings**), that such offerings are generally made primarily outside of Canada. Accordingly, the Filer believes that the denomination of an offering of debt securities in a foreign currency will be a reasonable proxy for determining whether the offering was originally made primarily outside of Canada.

15. Similarly, the Filer believes, based on its experience with Canadian foreign currency fixed income offerings, that, to the extent that debt securities that are the subject of such offerings are listed on a stock exchange, they will typically not be listed on a stock exchange situated in Canada.

To the extent that foreign currency-denominated debt securities of a Canadian issuer are listed on a stock exchange situated in Canada, investors will be required to trade such debt securities through an IIROC registered dealer.

16. The Filer is a "market participant" as defined under subsection 1(1) of the *Securities Act* (Ontario) (the **OSA**). As a market participant, among other requirements, the Filer is required to comply with the record keeping and provision of information provisions under section 19 of the OSA, which include the requirement to keep such books, records and other documents (a) as are necessary for the proper recording of business transactions and financial affairs, and the transactions executed on behalf of others, (b) as may otherwise be required under Ontario securities law, and (c) as may reasonably be required to demonstrate compliance with Ontario securities laws, and to deliver such records to the OSC if required.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the Filer complies with the terms and conditions described in section 8.18 of NI 31-103 as if the Filer had made the trades in reliance on an exemption contained in section 8.18.

It is further the decision of the principal regulator that the Exemption Sought shall expire on the date that is the earlier of:

(a) the date on which amendments to the international dealer exemption in section 8.18 of NI 31-103 come into force that address the ability of international dealers to trade debt securities of Canadian issuers; and

(b) five years after the date of this decision.

"Janet Leiper"
Commissioner
Ontario Securities Commission

"Tim Moseley"
Commissioner
Ontario Securities Commission

2.1.2 Sprott Asset Management LP et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund mergers – approval required because mergers do not meet the criteria for pre-approved reorganizations and transfer in National Instrument 81-102 – certain merging funds do not have substantially similar investment objectives – certain mergers not a "qualifying exchange" or a tax-deferred transaction under Income Tax Act – securityholders of terminating funds provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

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

November 30, 2016

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

AND

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

AND

IN THE MATTER OF
SPROTT ASSET MANAGEMENT LP
(the Manager)

AND

SPROTT TIMBER FUND,
SPROTT GLOBAL AGRICULTURE FUND,
SPROTT TACTICAL BALANCED FUND,
SPROTT TACTICAL BALANCED CLASS
(each, a Terminating Fund and collectively, the Terminating Funds, and with the Manager, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Manager on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) approving the mergers (the **Mergers**) of the Terminating Funds into the Continuing Funds (defined below) pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 Investment Funds (**NI 81-102**) (the **Approval Sought**).

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

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

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

Interpretation

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

Continuing Fund means each of Sprott Global REIT & Property Equity Fund and Sprott Real Asset Class;

Corporation means Sprott Corporate Class Inc.;

Continuing Corporate Class Fund means Sprott Real Asset Class;

Continuing Trust Fund means Sprott Global REIT & Property Equity Fund;

Corporate Class Fund means each of Sprott Tactical Balanced Class and Sprott Real Asset Class;

Fund or **Funds** means, individually or collectively, the Terminating Funds and the Continuing Funds;

Investment Objective Mergers means each Merger;

IRC means the independent review committee for the Funds;

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

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

Taxable Merger means the Merger of Sprott Tactical Balanced Fund into Sprott Real Asset Class;

Terminating Corporate Class Fund means Sprott Tactical Balanced Class;

Terminating Trust Fund means each of Sprott Global Agriculture Fund, Sprott Timber Fund and Sprott Tactical Balanced Fund; and

Trust Fund means each of Sprott Timber Fund, Sprott Global Agriculture Fund, Sprott Tactical Balanced Fund and Sprott Global REIT & Property Equity Fund.

Representations

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

The Manager

1. The Manager is a corporation governed by the laws of Canada with its head office in Toronto, Ontario.

2. The Manager is the investment fund manager of the Funds and is registered under the securities legislation: (i) in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador as an adviser in the category of portfolio manager; (ii) in Ontario, Newfoundland and Labrador and Quebec as an investment fund manager; and (iii) in British Columbia, Alberta, Quebec, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, and Newfoundland and Labrador as a dealer in the category of exempt market dealer. The Manager is also registered in Ontario as a commodity trading manager.

The Funds

3. The Funds are either open-ended mutual fund trusts established under the laws of Ontario or separate classes of securities of the Corporation, a mutual fund corporation governed under the laws of Ontario.

4. Securities of the Funds are currently qualified for sale under three separate simplified prospectuses, annual information forms and fund facts: securities of Sprott Tactical Balanced Fund are qualified under a simplified prospectus, annual information form and fund facts each dated May 30, 2016; securities of Sprott Tactical Balanced Class are qualified under a simplified prospectus, annual information form and fund facts each dated May 30, 2016; and securities of Sprott Timber Fund, Sprott Global Agriculture Fund, Sprott Real Asset Class and Sprott Global REIT & Property Equity Fund are qualified under a simplified prospectus, annual information form and fund facts each dated June 28, 2016, as amended on September 14, 2016 (collectively, the **Offering Documents**).

5. Each of the Funds is a reporting issuer under the applicable securities legislation of Ontario and the Other Jurisdictions.

6. Neither the Manager nor the Funds is in default under the applicable securities legislation of Ontario or the Other Jurisdictions.

7. Other than circumstances in which the securities regulatory authority of a province or territory of Canada has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices established under NI 81-102.

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.

Reason for Approval Sought

9. Regulatory approval of the Mergers is required because each Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102. The pre-approval criteria are not satisfied in the following ways:

   (a) The fundamental investment objectives of the Continuing Funds in the Investment Objective Mergers are not, or may be considered not to be, "substantially similar" to the investment objectives of their corresponding Terminating Funds; and

   (b) The Taxable Merger will not be completed as a "qualifying exchange" under the Tax Act.

10. Except as described in this decision, the proposed Mergers comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

The Proposed Mergers

11. The Manager intends to reorganize the Funds as follows:

   (a) Sprott Timber Fund will merge into Sprott Global REIT & Property Equity Fund;

   (b) Sprott Global Agriculture Fund will merge into Sprott Global REIT & Property Equity Fund;

   (c) Sprott Tactical Balanced Fund will merge into Sprott Real Asset Class; and

   (d) Sprott Tactical Balanced Class will merge into Sprott Real Asset Class.

12. In accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**), a press release announcing the proposed Mergers was issued and filed via SEDAR on September 9, 2016. Amendments to the Offering Documents dated September 14, 2016 and a material change report dated September 16, 2016 with respect to the proposed Mergers were filed via SEDAR on September 16, 2016.

13. As required by NI 81-107, an IRC has been appointed for the Funds. The Manager presented the potential conflict of interest matters related to the proposed Mergers to the IRC for a decision. The IRC reviewed the potential conflict of interest matters related to the proposed Mergers and on September 21, 2016 provided its positive decision for each of the Mergers, after determining that each proposed Merger, if implemented, would achieve a fair and reasonable result for each applicable Fund.

14. Securityholders of the Terminating Funds and the Continuing Trust Fund will be asked to approve the Mergers at special meetings to be held on or about December 16, 2016.

15. In accordance with corporate law requirements, securityholders of the Continuing Corporate Class Fund will be asked to approve an amendment to the articles of the Corporation in connection with the exchange of securities relating to the applicable Merger for the Continuing Corporate Class Fund at special meetings to be held on or about December 16, 2016.

16. The Merger involving an exchange of securities of the Corporation has also been approved by the Manager as the sole common voting shareholder of the Corporation, as required under applicable corporate law.

17. The Manager was granted relief on October 27, 2016 to exempt each Fund from the requirement in paragraph 12.2(2)(a) of NI 81-106 to send an information circular and proxy-related materials to the securityholders of the Funds and instead allow the Funds to make use of the notice-and-access process in section 2.7.1 of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (**NI 54-101**). If approved, the notice prescribed by section 2.7.1 of NI 54-101 (the **Notice-and-Access Document**), the form of proxy and the fund facts relating to the relevant series of the Continuing Funds will be sent to securityholders of the Funds commencing on or about November 14, 2016. Additionally, the Notice-and-Access Document and information circular (the Notice-and-Access Document and information circular together, the **Meeting Materials**) will be concurrently filed via SEDAR and posted on the Filer's website.

18. The tax implications of the Mergers as well as the differences between the investment objectives of the Terminating Funds and the Continuing Funds and the IRC's recommendation of the Mergers are described in the Meeting Materials so that the securityholders of the Terminating Funds may consider this information before voting on the

Mergers. The Meeting Materials also describe the various ways in which investors can obtain a copy of the simplified prospectus, annual information form and fund facts for the Continuing Fund and its most recent interim and annual financial statements and management reports of fund performance.

19. Securityholders of each Terminating Fund will continue to have the right to redeem securities of the Terminating Fund at any time up to the close of business on the business day immediately before the effective date of the Mergers.

Merger Steps

20. The proposed Mergers of a Terminating Trust Fund into the Continuing Corporate Class Fund and of a Terminating Trust Fund into the Continuing Trust Fund will be structured as follows:

    (a) Prior to effecting the Merger, the Terminating Trust Funds will liquidate securities in its portfolio, including any securities that do not meet the investment objectives and investment strategies of the applicable Continuing Fund. As a result, some of the Terminating Trust Funds may temporarily hold cash or money market instruments and may not be fully invested in accordance with their investment objectives for a brief period of time prior to the Merger being effected.

    (b) The value of each Terminating Trust Fund's portfolio and other assets will be determined at the close of business on the effective date of each applicable Merger in accordance with the constating documents of the applicable Terminating Trust Fund.

    (c) The Continuing Trust Fund or the Corporation (in the case of the Continuing Corporate Class Fund), as applicable, will acquire the investment portfolio and other assets of the applicable Terminating Trust Fund in exchange for securities of the Continuing Fund.

    (d) The Continuing Trust Fund and the Corporation will not assume any liabilities of the applicable Terminating Trust Fund and the Terminating Trust Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the effective date of the applicable Merger.

    (e) The Terminating Trust Funds will distribute a sufficient amount of their net income and net realized capital gains, if any, to securityholders to ensure that they will not be subject to tax for their current tax year.

    (f) The securities of each Continuing Fund received by the applicable Terminating Trust Fund will have an aggregate net asset value equal to the value of the portfolio assets and other assets that the Continuing Fund is acquiring from the Terminating Trust Fund, and the securities of the Continuing Fund will be issued at the applicable series net asset value per security as of the close of business on the effective date of the applicable Merger.

    (g) Immediately thereafter, securities of each Continuing Fund received by the applicable Terminating Trust Fund will be distributed to securityholders of the Terminating Trust Fund in exchange for their securities in the Terminating Trust Fund on a dollar-for-dollar basis, as applicable.

    (h) As soon as reasonably possible following each Merger, and in any case within 60 days following the effective date of the Merger, the applicable Terminating Trust Fund will be wound up.

21. The proposed Merger of the Terminating Corporate Class Fund into the Continuing Corporate Class Fund will be structured as follows:

    (a) Prior to effecting the Merger, the Corporation will liquidate securities in the portfolio underlying the Terminating Corporate Class Fund, including any securities that do not meet the investment objective and investment strategies of the Continuing Corporate Class Fund. As a result, the portfolio of the Terminating Corporate Class Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objective for a brief period of time prior to the Merger being effected.

    (b) The value of the Terminating Corporate Class Fund's portfolio and other assets will be determined at the close of business on the effective date of the Merger in accordance with the constating documents of the Terminating Corporate Class Fund.

    (c) The Corporation may pay ordinary dividends or capital gains dividends to securityholders of the Terminating Corporate Class Fund and/or the

Continuing Corporate Class Fund, as determined by the Manager at the time of the Merger.

(d) The portfolio of assets attributable to the Terminating Corporate Class Fund will be included in the portfolio of assets attributable to the Continuing Corporate Class Fund and the net asset value of the Continuing Corporate Class Fund will be increased by an amount equal to the value of the portfolio of assets being attributed to the Continuing Corporate Class Fund determined at the close of business on the effective date of the Merger in accordance with the constating documents of the Continuing Corporate Class Fund.

(e) The articles of the Corporation will be amended so that all of the issued and outstanding securities of the Terminating Corporate Class Fund will be exchanged for securities of the Continuing Corporate Class Fund on a dollar-for-dollar basis, so that securityholders of the Terminating Corporate Class Fund become security-holders of the Continuing Corporate Class Fund and then the securities of the Terminating Corporate Class Fund will be cancelled.

22. The Manager will pay for the costs of the Mergers. These costs consist mainly of brokerage charges associated with the Merger-related trades that occur both before and after the effective date of the Mergers and legal, proxy solicitation, printing, mailing and regulatory fees.

23. No sales charges will be payable in connection with the acquisition by a Continuing Fund of the investment portfolio of its applicable Terminating Fund.

24. The investment portfolio and other assets of each Terminating Fund to be acquired by the applicable Continuing Fund in order to effect the Mergers are currently, or will be, acceptable, on or prior to the effective date of the Mergers, to the portfolio manager(s) of the applicable Continuing Fund and are, or will be, consistent with the investment objectives of the applicable Continuing Fund.

25. Each Terminating Fund will merge into its applicable Continuing Fund and the Continuing Funds will continue as publicly offered open-ended mutual funds.

Benefits of Mergers

26. The Manager believes that the Mergers are beneficial to securityholders of each Terminating Fund and Continuing Fund for the following reasons:

(a) the Mergers will eliminate the administrative and regulatory costs of operating each Terminating Fund and Continuing Fund as separate funds;

(b) following the Mergers, each Continuing Fund will have a portfolio of greater value, which may allow for increased portfolio diversification opportunities if desired;

(c) each Continuing Fund, as a result of its greater size, may benefit from its larger profile in the marketplace;

(d) investors of Sprott Tactical Balanced Fund and Sprott Tactical Balanced Class will receive securities of the Continuing Fund that have a management fee that is the same as the management fee charged in respect of the securities of the Terminating Fund that they currently hold; and

(e) investors of Sprott Timber Fund and Sprott Global Agriculture Fund will receive securities of the Continuing Fund that have a management fee that is lower than the management fee charged in respect of the securities of the Terminating Fund that they currently hold.

Decision

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

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

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

2.1.3 NGAM Canada LP et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – approval of investment fund mergers – approval required because mergers do not meet the criteria for pre-approved reorganizations and transfers in National Instrument 81-102 Investment Funds – terminating funds and continuing funds do not have substantially similar fundamental investment objectives – one of the mergers is not "qualifying exchange" or a tax-deferred transactions under the Income Tax Act – mergers to otherwise comply with pre-approval criteria, including securityholder vote, IRC approval – securityholders provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

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

November 30, 2016

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

AND

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

AND

**IN THE MATTER OF
NGAM CANADA LP
(the Manager)**

AND

**NEXGEN CANADIAN DIVERSIFIED INCOME
REGISTERED FUND,
NEXGEN CANADIAN DIVERSIFIED INCOME TAX
MANAGED FUND
(each, a Terminating Fund and collectively, the
Terminating Funds, and with the Manager, the Filers)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Manager on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) approving the mergers (the **Mergers**) of the Terminating Funds into the Continuing Funds (defined below) pursuant to paragraph 5.5(1)(b) of National Instrument 81-102 *Investment Funds* (**NI 81-102**) (the **Approval Sought**).

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

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

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

Interpretation

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

Continuing Fund means each of NexGen Turtle Canadian Balanced Registered Fund (*to be renamed, Natixis Strategic Balanced Registered Fund*) and NexGen Turtle Canadian Balanced Tax Managed Fund (*to be renamed, Natixis Strategic Balanced Tax Managed Fund*);

Continuing Tax Managed Fund means NexGen Turtle Canadian Balanced Tax Managed Fund;

Continuing Trust Fund means NexGen Turtle Canadian Balanced Registered Fund;

Corporation means NGAM Canada Investment Corporation;

Fund or **Funds** means, individually or collectively, the Terminating Funds and the Continuing Funds;

IRC means the independent review committee for the Funds;

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

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

Taxable Merger means the Merger of NexGen Canadian Diversified Income Registered Fund into NexGen Turtle Canadian Balanced Registered Fund;

Tax Managed Fund means each of NexGen Canadian Diversified Income Tax Managed Fund and NexGen Canadian Diversified Income Tax Managed Fund, each an investment portfolio consisting of certain classes and series of the Corporation;

Terminating Tax Managed Fund means NexGen Canadian Diversified Income Tax Managed Fund;

Terminating Trust Fund means NexGen Canadian Diversified Income Registered Fund; and

Trust Fund means each of NexGen Canadian Diversified Income Registered Fund and NexGen Turtle Canadian Balanced Registered Fund.

Representations

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

The Manager

1. The Manager is a corporation governed by the laws of Canada with its head office in Toronto, Ontario.

2. The Manager is the investment fund manager of the Funds and is registered as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador, and as a mutual fund dealer in Ontario and the Other Jurisdictions.

The Funds

3. The Funds are either open-ended mutual fund trusts established under the laws of Ontario or separate classes of securities of the Corporation, a mutual fund corporation governed under the laws of Ontario.

4. Securities of the Funds are currently qualified for sale under a simplified prospectus, annual information form and fund facts each dated June 10, 2016 as amended on September 22, 2016 (collectively, the **Offering Documents**).

5. Each of the Funds is a reporting issuer under the applicable securities legislation of Ontario and the Other Jurisdictions.

6. Neither the Manager nor the Funds is in default under the applicable securities legislation of Ontario or the Other Jurisdictions.

7. Other than circumstances in which the securities regulatory authority of a province or territory of Canada has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices established under NI 81-102.

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.

Reason for Approval Sought

9. Regulatory approval of the Mergers is required because each Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102. The pre-approval criteria are not satisfied in the following ways:

   (a) The fundamental investment objectives of each Continuing Fund is not, or may be considered not to be, "substantially similar" to the investment objectives of its corresponding Terminating Fund; and

   (b) The Taxable Merger will not be completed as a "qualifying exchange" under the Tax Act.

10. Except as described in this decision, the proposed Mergers comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

The Proposed Mergers

11. The Manager intends to reorganize the Funds as follows:

   (a) NexGen Canadian Diversified Income Tax Managed Fund will merge into NexGen Turtle Canadian Balanced Tax Managed Fund; and

   (b) NexGen Canadian Diversified Income Registered Fund will merge into NexGen Turtle Canadian Balanced Registered Fund.

12. In accordance with National Instrument 81-106 *Investment Fund Continuous Disclosure*, a press release announcing the proposed Mergers was issued and filed via SEDAR on September 12, 2016. A material change report and amendments to the Offering Documents with respect to the proposed Mergers were filed via SEDAR on September 15, 2016 and September 22, 2016, respectively and disclosed the fact that the portfolio sub-advisor of both the Terminating Funds and the Continuing Funds was changing to Cidel Asset Management Inc. (**Cidel**) and the investment strategies were changing to reflect the investment style of Cidel.

13. The changes to the portfolio sub-advisors and investment strategies are beneficial to the Funds, as the historical institutional track record of the new portfolio sub-advisor under the strategies adopted by the Funds are superior to the historical performance of the Funds during the same time periods. The changes to the portfolio sub-advisors and investment strategies will occur as soon as possible, regardless of the Mergers because the

Manager believes such changes are in the best interest of the Funds. It is consistent with the Manager's fiduciary duty to change portfolio managers if the Manager believes that securityholders will benefit from the change.

14. Any associated costs resulting from the implementation of the changes to the portfolio sub-advisors will be borne by the Funds, and any costs associated with aligning the portfolio of the Terminating Funds with that of their respective Continuing Funds will be borne by the Manager.

15. As required by NI 81-107 the IRC has been appointed for the Funds. The Manager presented the potential conflict of interest matters related to the proposed Mergers to the IRC for a recommendation. On September 8, 2016, the IRC reviewed the potential conflict of interest matters related to the proposed Mergers and provided its positive recommendation for each of the Mergers, after determining that each proposed Merger, if implemented, would achieve a fair and reasonable result for each applicable Fund.

16. Securityholders of the Terminating Funds will be asked to approve the Mergers at special meetings to be held on or about December 2, 2016.

17. In accordance with corporate law requirements, securityholders of the Continuing Tax Managed Fund will be asked to approve an amendment to the articles of the Corporation in connection with the exchange of securities relating to the applicable Merger for the Continuing Tax Managed Fund at special meetings to be held on or about December 2, 2016.

18. The Merger involving an exchange of securities of the Terminating Tax Managed Fund for securities of the Continuing Tax Managed Fund has also been approved by the Filer as the sole common voting shareholder of the Corporation, as required under applicable corporate law.

19. A notice of meeting, a management information circular and a proxy in connection with special meetings of securityholders (collectively, the **Meeting Materials**) were mailed to securityholders of the Terminating Funds and the Continuing Tax Managed Fund commencing on November 3, 2016 and were concurrently filed via SEDAR.

20. Fund facts relating to the relevant series of the Continuing Funds were mailed to securityholders of the corresponding Terminating Funds.

21. The tax implications of the Mergers as well as the differences between the investment objectives of the Terminating Funds and the Continuing Funds and the IRC's recommendation of the Mergers are described in the Meeting Materials so that the securityholders of the Terminating Funds may consider this information before voting on the Mergers. The Meeting Materials also describe the various ways in which investors can obtain a copy of the simplified prospectus, annual information form and fund facts for the Continuing Fund and its most recent interim and annual financial statements and management reports of fund performance.

22. Securityholders of each Terminating Fund will continue to have the right to redeem securities of the Terminating Fund at any time up to the close of business on the business day immediately before the effective date of the Mergers.

23. The Terminating Trust Fund will be wound up on or about December 30, 2016 if the Merger between the Tax Managed Funds is approved and the Trust Funds is not approved since the Terminating Trust Fund will no longer be able to meet its investment objective.

24. The Terminating Tax Managed Fund will continue as a separate fund if the Merger between the Tax Managed Funds is not approved.

Merger Steps

25. The proposed Merger of the Terminating Tax Managed Fund into the Continuing Tax Managed Fund will be structured as follows:

    (a) Prior to effecting the Merger, if required, the Corporation will sell any securities in the portfolio underlying the Terminating Tax Managed Fund that do not meet the investment objective and investment strategies of the Continuing Tax Managed Fund. As a result, the portfolio of the Terminating Tax Managed Fund may temporarily hold a portion of its assets in cash or money market instruments and may not be fully invested in accordance with its investment objective for a brief period of time prior to the Merger being effected.

    (b) The value of the Terminating Tax Managed Fund's portfolio and other assets will be determined at the close of business on the effective date of the Merger in accordance with the articles of the Corporation.

    (c) The Corporation may pay ordinary dividends or capital gains dividends to securityholders of the Terminating Tax Managed Fund and/or the Continuing Tax Managed Fund, as determined by the Filer at the time of the Merger.

(d) The portfolio of assets and liabilities attributable to the Terminating Tax Managed Fund will be included in the portfolio of assets and liabilities attributable to the Continuing Tax Managed Fund after the close of business on the effective date.

(e) The articles of the Corporation will be amended so that all of the issued and outstanding securities of the Terminating Tax Managed Fund will be exchanged for securities of the Continuing Tax Managed Fund on a dollar-for-dollar and a class-by-class and series-by-series basis, so that securityholders of the Terminating Tax Managed Fund become securityholders of the Continuing Tax Managed Fund.

(f) The securities of the Terminating Tax Managed Fund will be cancelled.

26. The proposed Merger of the Terminating Trust Fund into the Continuing Trust Fund will be structured as follows:

(a) The master declaration of trust of the Funds will be amended to facilitate the Merger. Among other changes, the investment objective of each of the Funds will be amended to facilitate the Merger.

(b) Prior to effecting the Merger, the Terminating Trust Fund will sell all of its portfolio assets, being comprised of non-publicly offered limited recourse debt and the shares of the Inter-Fund class of the underlying Terminating Tax Managed Fund, as such assets will not meet the investment objectives and investment strategies of the Continuing Trust Fund. As a result, the Terminating Trust Fund will temporarily hold cash 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 being effected.

(c) The value of the Terminating Trust Fund's portfolio and other assets will be determined at the close of business on the effective date of the Merger in accordance with the constating documents of the Terminating Trust Fund.

(d) The Continuing Trust Fund will acquire the investment portfolio and other assets of the Terminating Trust Fund in exchange for securities of the Continuing Trust Fund.

(e) The Continuing Trust Fund will not assume any liabilities of the Terminating Trust Fund and the Terminating Trust Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the effective date of the Merger.

(f) The Terminating Trust Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to securityholders to ensure that they will not be subject to tax for their current tax year.

(g) The securities of the Continuing Trust Fund received by the Terminating Trust Fund will have an aggregate net asset value equal to the value of the portfolio assets and other assets that the Continuing Trust Fund is acquiring from the Terminating Trust Fund, and the securities of the Continuing Trust Fund will be issued at the applicable series net asset value per security as of the close of business on the effective date of the Merger.

(h) Immediately thereafter, units of the Continuing Trust Fund received by the Terminating Trust Fund will be distributed to securityholders of the Terminating Trust Fund in exchange for their units in the Terminating Trust Fund on a dollar-for-dollar and series-by-series basis, as applicable.

(i) As soon as reasonably possible following the Merger, the Terminating Trust Fund will be wound up.

27. The Manager will pay for the costs of the Mergers. These costs consist mainly of brokerage charges associated with the Merger-related trades that occur both before and after the effective date of the Mergers and legal, proxy solicitation, printing, mailing and regulatory fees.

28. No sales charges will be payable in connection with the acquisition by a Continuing Fund of the investment portfolio of its applicable Terminating Fund.

29. The investment portfolio and other assets of each Terminating Fund to be acquired by the applicable Continuing Fund in order to effect the Mergers are currently, or will be, acceptable, on or prior to the effective date of the Mergers, to the portfolio manager(s) of the applicable Continuing Fund and are, or will be, consistent with the investment objectives of the applicable Continuing Fund.

30. Each Terminating Fund will merge into its applicable Continuing Fund and the Continuing Funds will continue as publicly offered open-ended mutual funds.

Benefits of Mergers

31. Due to the fund-on-fund investment structure of the Terminating Funds and the Continuing Funds, the Manager believes that the Mergers are beneficial to securityholders of each Terminating Fund and Continuing Fund for the same reasons as follows:

    (a) the Mergers will result in a more stream-lined and simplified product line-up that is easier for investors to understand;

    (b) the Mergers will eliminate similar fund offerings across product line ups, thereby reducing the administrative and regu-latory costs of operating each Termina-ting Fund and Continuing Fund as separate funds;

    (c) following the Mergers, each Continuing Fund will have a portfolio of greater value, which may allow for increased portfolio diversification opportunities if desired;

    (d) there is or will be, following the portfolio sub-advisor change to Cidel, significant overlap between portfolio holdings of the Terminating Tax Managed Fund and portfolio holdings of the Continuing Tax Managed Fund, which means there is or will be, very little change to the investment exposure for investors in the Terminating Tax Managed Fund; and

    (e) each Continuing Fund, as a result of its greater size, may benefit from its larger profile in the marketplace.

32. Further, the Manager believes that proceeding with the Merger of NexGen Canadian Diversified Income Registered Fund into NexGen Turtle Canadian Balanced Registered Fund on a taxable basis is appropriate because:

    (a) All investors in the Terminating Trust Fund and Continuing Trust Fund hold their securities in registered plans or are non-taxable investors, as the Trust Funds may only be purchased by non-taxable or registered plan investors. A taxable merger is neither beneficial nor detri-mental to a registered plan investor or non-taxable investor.

    (b) The administrative costs of a taxable merger are less than the administrative costs of a tax-deferred merger because neither the Terminating Trust Fund nor the Continuing Trust Fund experience a deemed taxation year end on the effective date of the taxable merger. Although the Terminating Trust Fund is still required to file a tax return, it is not required to prepare the detailed tax election that is required as part of a tax-deferred merger. The Continuing Trust Fund is not required to file a tax return for the short taxation year.

Decision

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

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

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

2.1.4 Canoe Financial LP

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – fund family relief from the requirement to send a printed information circular to registered holders of the securities of an investment fund – relief subject to a number of conditions, including sending an explanatory document in lieu of the printed information circular and giving securityholders the option to request and obtain at no charge a printed information circular – notice-and-access for investment funds.

Applicable Legislative Provisions

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

Citation: Re Canoe Financial LP, 2016 ABASC 287

November 30, 2016

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

AND

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

AND

IN THE MATTER OF
CANOE FINANCIAL LP
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer, on behalf of existing and future investment funds (each a **Fund**) that are or will be managed from time to time by the Filer or by an affiliate or successor of the Filer, 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**) that a person or company that solicits proxies, by or on behalf of management of a Fund, send an information circular to each registered holder of securities of a Fund whose proxy is solicited, to permit use of a notice-and-access process (the **Exemption Sought**).

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

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

(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 the other jurisdictions of Canada, other than Ontario; and

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

Interpretation

Terms defined in MI 11-102, NI 81-106, National Instrument 14-101 *Definitions*, 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 in this decision, unless otherwise defined herein.

Representations

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 Calgary, Alberta.

2. The Filer is registered in the categories of portfolio manager in Alberta, Ontario and Quebec, exempt market dealer in each jurisdiction of Canada, investment fund manager in Alberta, Ontario, Quebec and Newfoundland and Labrador and derivatives portfolio manager in 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 of Canada.

5. Neither the Filer, any affiliate of the Filer, nor any of the existing Funds is in default of any of the requirements of securities legislation in any of the jurisdictions of Canada.

Meetings of Securityholders of the Funds

6. Pursuant to applicable legislation, the Filer must call a meeting (**Meeting**) of securityholders of each Fund 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, which include a requirement that a person or company that solicits proxies by or on behalf of management of a Fund from registered holders send to each such registered holder, with the notice of Meeting, an information circular prepared in compliance with the requirements of Form 51-102F5 of NI 51-102.

8. A Fund is also required to comply with NI 51-102 in respect of communicating with registered holders of its securities and NI 54-101 in respect of 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 a notice-and-access procedure and send to each of the registered holders of its voting securities, instead of an information circular, a notice 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.

Reasons supporting the Exemption Sought

11. There is no policy reason to treat a Meeting of investment fund securityholders differently than a meeting of non-investment fund issuer securityholders. The notice-and-access procedure set forth in NI 51-102 and in NI 54-101 can be used by a non-investment fund issuer for a meeting of its securityholders in order to send a notice-and-access document instead of an information circular. It would not be detrimental to the protection of investors to allow an investment fund to also use a notice-and-access procedure and to send a notice-and-access document, instead of the information circular.

12. If the Exemption Sought is granted, securityholders of the Funds will have access to the same disclosure currently available.

    (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, if they so desire.

    (b) The conditions to the Exemption Sought mandate that a notice-and-access document will be sent to each securityholder 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, its affiliate or successor, directly or through an agent, to send the information circular.

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 Meeting if it has concluded that it is appropriate and consistent to do so, also taking into account the purpose of the Meeting and whether the Fund would obtain a better participation rate by sending the information circular with the other proxy-related materials.

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

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 in respect of each Fund is granted provided that:

1. Each registered holder or beneficial owner, as applicable, of securities of the Fund is sent a document that contains the following information and no other information (the **Notice-and-Access Document**):

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

    (b) 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 (2)(c) of this decision;

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

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

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

    (f) a plain-language explanation of the Notice-and-Access Procedure, described in paragraph 2 of this decision, that includes the following information:

        (i) 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;

        (ii) an explanation of how the registered holder or beneficial owner, as applicable, of securities of the Fund is to return voting instructions, including any deadline for return of those instructions;

        (iii) 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

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

2. The Filer, an affiliate or successor of the Filer, on behalf of the Fund, sends the Notice-and-Access Document in compliance with the following procedure (the **Notice-and-Access Procedure**):

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

    (b) if proxy-related materials are sent:

        (i) directly to a NOBO, 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

        (ii) indirectly to a beneficial owner, 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 (A) 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 (B) 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;

(c) 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;

(d) the Filer, its affiliate or successor, 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);

(e) 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 and beneficial owners, as applicable, of securities of the Fund in the following manner:

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

(ii) 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 Fund or of the Filer, an affiliate or successor of the Filer;

(f) a toll-free telephone number is provided for use by the registered holders and 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 and the beneficial owners, as applicable, up to and including the date of the meeting, including any adjournment;

(g) 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:

(i) 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

(ii) 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;

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

(i) a form of proxy;

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

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

(i) a Notice-and-Access Document is not combined as a single document with any document other than a form of proxy;

(j) if the Filer, directly or through its 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 in the Notice-and-Access Document or by any other means, it must not do any of the following:

(i) 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

(ii) 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;

(k) the Filer, directly or through its 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 (2)(e)(ii) of this decision;

(l) in addition to the proxy-related materials posted on a website in the manner referred to in condition (2)(e)(ii) of this decision, the Filer, its affiliate or successor, must also post on the website the following documents:

(i) any disclosure document regarding the Meeting that the Filer, its affiliate or successor, on behalf of the Fund, has sent to registered holders or beneficial owners of securities of the Fund; and

(ii) any written communications the Filer, its affiliate or successor, 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;

(m) materials that are posted on a website pursuant to condition (2)(e)(ii) 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:

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

(ii) download and print the documents;

(n) 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;

(o) in addition to section 2.20 of NI 54-101, the Fund only abridges 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;

(p) the notification of meeting date and record date sent pursuant to paragraph 2.2(1)(b) of NI 54-101 also specifies 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;

(q) 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

(r) the Filer pays for delivery of the information circular and, if applicable, the financial statements of the Fund, to each registered holder and beneficial owner, as applicable, of securities of the Fund that requests them 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.

"Tom Graham, CA"
Director, Corporate Finance
Alberta Securities Commission

2.1.5 OPKO Health, Inc.

Headnote

Subsection 1 (10) of the Securities Act – Application by a reporting issuer for an order that it is not a reporting issuer. Applicant not eligible to use the simplified procedure under National Policy 11-206 Process for Cease to be a Reporting Issuer Applications because the Applicant does not have fewer than 51 securityholders worldwide and its securities are listed on the NASDAQ. U.S. Applicant eligible to use the modified approach provided the Applicant demonstrates that Canadian securityholders will receive adequate disclosure under foreign securities law or exchange requirements. Residents of Canada do not, directly or indirectly, beneficially own more than 2% of each class or series of outstanding securities of the Applicant worldwide, and do not, directly or indirectly, comprise more than 2% of the total number of securityholders of the Applicant worldwide. Issuer has issued a press release announcing that it has submitted an application to cease to be a reporting issuer - requested relief granted.

Applicable Legislative Provisions

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

December 2, 2016

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

AND

**IN THE MATTER OF
OPKO HEALTH, INC.
(THE FILER)**

DECISION

Background

The principal regulator in the Jurisdiction (the **Decision Maker**) 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 be deemed to cease to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the **Order Sought**).

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

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

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

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 State of Delaware. The Filer's head office is located at 4400 Biscayne Blvd., Miami, Florida 33137;

2. the Filer is a diversified healthcare company that seeks to establish industry-leading positions in large, rapidly growing markets;

3. the Filer is a reporting issuer in each of the Jurisdictions and is not in default of securities legislation in any jurisdiction in Canada;

4. the common shares of the Filer (the **Common Shares**) have traded on the NASDAQ Stock Market (the **NASDAQ**) since June 24, 2016;

5. as of the date of this application, no securities of the Filer, including debt securities, are listed, traded or quoted in Canada 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 and the Filer does not intend to have any of its securities listed, traded or quoted on such a marketplace in Canada;

6. the Filer files continuous disclosure materials under U.S. securities laws and is listed on the NASDAQ;

7. the Filer is not eligible to use the simplified procedure under National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications* (**NP 11-206**) as its securities are listed on the NASDAQ and the Filer has therefore applied under the modified approach for foreign issuers set forth under NP 11-206;

8. in support of the representations set forth below concerning the percentage of outstanding securities and the total number of security holders in Canada, the Filer has done the following:

   (a) undertaken a thorough and diligent examination of the Filer's record holder list;

   (b) undertaken a thorough and diligent examination of the Filer's non-objecting beneficial owner list (the **NOBO list**);

   (c) made inquiries of the American Stock Transfer & Trust Company, LLC (the **Transfer Agent**) regarding the beneficial ownership of the Filer;

   (d) reviewed materials prepared by the Transfer Agent in connection with the plan of arrangement (the **Plan of Arrangement**) with Transition Therapeutics Inc. (**Transition**), which named the beneficial owners of Transition; and,

   (e) examined the Transfer Agent's records for any indication of shareholdings in Canada;

9. the Filer calculated Canadian resident shareholdings using the most recent data available to the Filer, by assuming that all of Transition's shareholders were Canadian (which was not the case, but is appropriately conservative for the purposes of this calculation) and by assuming that the percentage shares on the NOBO list held by Canadian residents is equal to the percentage of shares of objecting beneficial owners (**OBOs**) held by Canadian residents, which the Filer submits is a reasonable assumption. The results of these calculations were as follows:

   (a) the percentage of Common Shares that are held by Canadian resident registered shareholders is 0.097% and registered shareholders accounted for 56.1% of all outstanding Common Shares;

   (b) the percentage of Common Shares that are held by Canadian residents on the NOBO list was 0.047% and the NOBO list accounted for 23.7% of all outstanding Common Shares;

   (c) the percentage of Common Shares that are held by Canadian resident OBOs was estimated to be 0.04% and OBOs accounted for 20.2% of all outstanding Common Shares;

   (d) as a result of the calculations above in 9(a), (b) and (c), the total percentage of Canadian ownership of the Filer prior to the Plan of Arrangement is estimated to be 0.184%;

   (e) if all of the shares issued pursuant to the Plan of Arrangement are held by Canadians, which is not true but is used herein as a conservative estimate, the estimated total percentage of Canadian ownership of the Filer would be 1.337%; and,

   (f) even with the conservative estimate in (e), in order for Canadian ownership of the Filer to be greater than 2%, there would have to be approximately 17 times more Common Shares held by Canadian resident OBOs than estimated; these inquiries and calculations in all cases support the disclosure made herein and, importantly, indicate that shareholdings in Canada are substantially lower than the applicable 2% threshold. The Applicant believes that these inquiries were reasonable and sufficient to determine the beneficial ownership of its securities;

10. residents of Canada do not, directly or indirectly, beneficially own more than 2% of each class or series of outstanding securities of the Filer worldwide, and they do not, directly or indirectly, comprise more than 2% of the total number of securityholders of the Filer worldwide;

11. in the 12 months before applying for the decision, the Filer has not taken any steps that indicate there is a market for its securities in Canada, including conducting a prospectus offering in Canada, establishing or maintaining a listing on an exchange in Canada or having its securities traded on a marketplace or any other facility in Canada for bringing together buyers and sellers where trading data is publicly reported;

12. the Filer provided advance notice to Canadian resident securityholders in a news release dated October 12, 2016 stating that it has applied to the Ontario Securities Commission for a decision that it is not a reporting issuer in any jurisdiction in Canada;

13. the Filer has provided an undertaking that it will concurrently deliver to its Canadian securityholders all disclosure material the Filer would be required under U.S. securities laws or exchange requirements to deliver to U.S. resident securityholders; and,

14. upon the receipt of the Order Sought, the Filer will no longer be a reporting issuer or the equivalent thereof in any jurisdiction in Canada.

Order

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

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

"Judith Robertson"
Commissioner
Ontario Securities Commission

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

2.1.6 Bell Canada

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for relief whereas distributions of Notes issued by the Filer and offered for sale in Canada and the United States are exempt from the prospectus requirement under the Legislation – requested relief granted.

Applicable Legislative Provisions

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

TRANSLATION

November 25, 2016

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

AND

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

AND

IN THE MATTER OF
BELL CANADA
(the "Filer")

DECISION

Background

The securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**"), in respect of certain negotiable promissory notes or commercial paper maturing not more than one year from the date of issue ("**Notes**"), that distributions of Notes issued by the Filer and offered for sale in Canada are exempt from the prospectus requirement under the Legislation (the "**Multiple-Jurisdiction Relief**").

The Autorité des marchés financiers has received an application from the Filer for a decision under section 263 of the *Securities Act* (Québec) (the **Act**) that distributions of Notes issued by the Filer and offered for sale in the United States are exempt from section 11 of the Act (the "**Québec-Only Relief**").

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

(a) the Autorité des marchés financiers is the principal regulator for this application;

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System (*"**MI 11-102**") is intended to be relied upon in respect of the Multiple-Jurisdiction Relief in each of British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador; and

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

Interpretation

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

Representations

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

1. The Filer is a corporation governed by the *Canada Business Corporations Act* with its head and registered office located in Montreal, Québec.

2. The Filer is a reporting issuer in each of the provinces of Canada and is not in default of its obligations as a reporting issuer under the securities legislation of any of the jurisdictions in which it is a reporting issuer.

3. The Filer is a wholly-owned subsidiary of BCE Inc. ("**BCE**"), a reporting issuer in each of the provinces of Canada that is not in default of its obligations as a reporting issuer under the securities legislation of any of the jurisdictions in which it is a reporting issuer.

4. The common shares of BCE are listed on the Toronto Stock Exchange and the New York Stock Exchange.

5. The Filer has implemented a commercial paper program that involves the sale, from time to time, of Notes issued by the Filer to purchasers located in Canada and to purchasers located in the United States.

6. The offering and sale of Notes issued by the Filer are subject to the prospectus requirement under the Legislation.

7. Prior to August 8, 2016, the Notes had a designated rating of "R-1 (low)" from DBRS Limited ("**DBRS**") and "A-1 (low) (Canada national scale)" from Standard & Poor's Ratings Services (Canada), both of which satisfied the rating categories prescribed in the exemption (the "**CP Exemption**") from the prospectus requirement under paragraphs 2.35(1)(b) and (c) of National Instrument 45-106 *Prospectus Exemptions* ("**NI 45-106**"). The Notes also have a designated rating of P-2 from Moody's Canada Inc.

8. Accordingly, prior to August 8, 2016, the Notes were offered and sold pursuant to, and in accordance with, the CP Exemption.

9. On August 8, 2016, DBRS issued a news release indicating, among other things, that it had downgraded the Notes by one ratings notch to "R-2 (high)" (the "**Downgrade**") with stable trends, following the announcement by BCE of acquisition transactions.

10. As a result of the Downgrade, the Filer is no longer able to rely on the CP Exemption for the distribution of Notes.

11. All Notes will have a maturity not exceeding 365 days from the date of issuance, and will be sold in denominations of not less than $250,000.

12. The Notes are unconditionally guaranteed as to payment of principal and interest by BCE.

13. The Notes will be offered and sold in Canada only:

    (a) through investment dealers registered, or exempt from the requirement to register, under applicable securities legislation in Canada ("**Canadian Dealers**"); and

    (b) to persons or companies ("**Canadian Qualified Purchasers**") that are "accredited investors" as defined in NI 45-106, other than those that are any of the following:

        (i) an individual referred to in any of paragraphs (j), (j.l), (k) and (1) of that definition;

        (ii) a person or company referred to in paragraph (t) of that definition in respect of which any owner of an interest, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, is an individual referred to in any of paragraphs (j), (j.l), (k) and (1);

        (iii) a trust referred to in paragraph (w) of that definition.

14. The Notes will be offered and sold to purchasers in the United States pursuant to an exemption (the "**US Commercial-Paper Exemption**") from the registration requirements under the 1933 Act and only:

    (a) through investment dealers registered, or exempt from the requirement to register, under applicable US securities laws ("**US Dealers**"); and

(b) to persons or companies ("**US Qualified Purchasers**") that are either:

(i) institutions that are "accredited investors" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the 1933 Act; or

(ii) "qualified institutional buyers" within the meaning of Rule 144A under the 1933 Act.

15. The Filer will require each Canadian Dealer to follow procedures to ensure that sales of Notes by such Canadian Dealer, as well as any subsequent resales of previously-issued Notes by such Canadian Dealer, are made only to Canadian Qualified Purchasers.

16. The Filer will require each US Dealer to follow procedures to ensure that sales of Notes by such US Dealer, as well as any subsequent resales of previously-issued Notes by such US Dealer, are made only to US Qualified Purchasers.

Decision

Each of the Decision Makers is satisfied that the decision concerning the Multiple-Jurisdiction Relief meets the test set out in the Legislation to make the decision.

The decision of the Decision Makers is that the Multiple-Jurisdiction Relief is granted in respect of the distribution of a Note, provided that:

(a) the Note is not convertible or exchangeable into, or accompanied by a right to purchase, another security other than a Note;

(b) the Note is not a "securitized product", as defined in NI 45-106;

(c) the Note is of a class of Notes that has a rating issued by a "designated rating organization" or a "DRO affiliate", both as defined in NI 45-106, at or above one of the following rating categories:

Designated Rating Organization	Rating
DBRS	R-1 (low)
Fitch, Inc.	F1
Moody's Canada Inc.	P-1
Standard & Poor's Ratings Services (Canada)	A-1 (low) (Canada national scale)

and has no rating below:

Designated Rating Organization	Rating
DBRS	R-2 (high)
Fitch, Inc.	F2
Moody's Canada Inc.	P-2
Standard & Poor's Ratings Services (Canada)	A-1 (low) (Canada national scale)

(d) the distribution is made:

(i) to a purchaser that is purchasing as principal and is a Canadian Qualified Purchaser; and

(ii) through a Canadian Dealer; and

(e) each Canadian Dealer has agreed to follow the procedures referred to in paragraph 15 of this decision.

The decision of the principal regulator is that the Québec-Only Relief is granted in respect of the distribution of a Note, provided that:

(a) the Note is not convertible or exchangeable into, or accompanied by a right to purchase, another security other than a Note;

(b) the Note is not a “securitized product”, as defined in NI 45-106;

(c) the distribution is made

(i) in accordance with the US Commercial-Paper Exemption;

(ii) through a US Dealer; and

(iii) to a US Qualified Purchaser; and

(d) each US Dealer has agreed to follow the procedures referred to in paragraph 16 of this decision.

“Lucie J. Roy”
Senior Director, Corporate Finance

2.1.7 Jet Metal Corp.

Headnote

National Instrument 44-101 Short Form Prospectus Offerings – requirement to have a current AIF and not be an issuer whose operations have ceased, or whose principal asset is cash, cash equivalents, or its exchange listing – Qualification – An issuer that does not have a current AIF or whose operations have ceased, or whose principal asset is cash, cash equivalents, or its exchange listing wishes to use the short form prospectus system in NI 44-101 – the issuer has announced, but not yet completed, a restructuring transaction; the restructuring transaction includes a financing condition; if the restructuring transaction completes, the purchasers under the prospectus will have acquired an interest in an issuer that has a sufficient following in the marketplace and sufficient disclosure to support using a short form prospectus; if the restructuring transaction does not complete, the proceeds of the offering will be returned to the purchasers.

Applicable Legislative Provisions

National Instrument 44-101 Short Form Prospectus Offerings, ss. 2.2, 8.1.

November 25, 2016

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

AND

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

AND

**IN THE MATTER OF
JET METAL CORP.
(THE FILER)**

<u>DECISION</u>

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the qualification criteria in sections 2.2(d)(ii) and 2.2(e) (the Qualification Criteria) of National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) that the Filer have a current annual information form (AIF) and not be an issuer whose operations have ceased, or whose principal asset is cash, cash equivalents or its exchange listing, do not apply to the Filer in connection with the Offering, as such term is defined below (the Exemption Sought).

Under the Process for Exemptive Relief Application 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 subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Nova Scotia, Newfoundland, New Brunswick, Prince Edward Island, the Yukon, Northwest Territories and Nunavut, and

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

Interpretation

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

Representations

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

1. the Filer was incorporated under the laws of the Province of British Columbia on September 2, 1966;

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

3. the Filer is a reporting issuer under the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and an electronic filer within the meaning of National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR) (NI 13-101);

4. the Filer is not in default of securities legislation in any jurisdiction or any of the rules, regulations or polices of the TSX Venture Exchange (the TSXV);

5. the Filer has filed current audited annual financial statements for its fiscal year ended April 30, 2016 on SEDAR;

6. as a venture issuer under National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102), the Filer is not required to file an AIF;

7. the Filer is an SEC issuer for the purposes of NI 51-102 and filed an annual report on Form 20-F dated August 26, 2016 (Annual Report) with the United States Securities and Exchange Commission and on SEDAR;

8. the Annual Report qualifies as the Filer's AIF for the purposes of NI 51-102; however, the Filer was previously engaged in the business of mineral exploration but such operations ceased upon the Filer announcing the Transaction (as defined below) and therefore the Annual Report is no longer current;

9. the Filer is authorized to issue an unlimited number of common shares (each, a Share), of which 28,218,451 Shares are issued and outstanding as at the date hereof; the Shares are listed for trading on the TSXV under the symbol "JET";

10. on February 17, 2016, the Filer announced its proposed acquisition of Canada Jetlines Ltd. (Jetlines), a private company incorporated under the laws of Canada, which, if completed, will result in Jetlines becoming a wholly-owned subsidiary of the Filer (the Transaction);

11. the Transaction will result in a reverse takeover of the Filer by Jetlines and thus will be a restructuring transaction for the purposes of NI 44-101;

12. the Transaction is subject to the prior approval of the TSXV and the Filer meeting TSXV Initial Listing Requirements upon completion of the Transaction. On July 14, 2016 the Filer received conditional approval from the TSXV for the Transaction;

13. in connection with the Transaction, the Filer is required to undertake a public offering of subscription receipts (each, a Subscription Receipt) to raise gross proceeds of at least $5,000,000, or such other amount as is determined by the Filer and Jetlines (the Offering);

14. each Subscription Receipt will entitle the holder thereof to receive one unit (Unit), without payment of additional consideration, upon the completion of the Transaction. Each Unit will consist of one Share and one half of one common share purchase warrant (each whole warrant, a Warrant). Each Warrant shall entitle the holder thereof to purchase one additional Share of the Company at any time up to 24 months from the closing of the Offering;

15. at the closing of the Offering, the subscription funds will be deposited with Computershare Trust Company of Canada, as escrow agent. If the Transaction does not close within one hundred twenty (120) days of the closing of the Offering, each one Subscription Receipt will be exercisable into 1.05 Units, and thereafter at the end of each additional thirty (30) day period up, each Subscription Receipt will be exercisable for an additional 0.05 Units. If the Transaction does not close within one hundred eighty (180) days of the closing of the Offering, the applicable subscription funds will be returned by the Filer to the holder;

16. prior completion of the Offering is a condition to the closing of the Transaction;

17. assuming completion of the Transaction, the Filer will adopt the business of Jetlines, Jetlines will be the reverse takeover acquirer and the Filer will be the reverse takeover acquiree;

18. the Filer wishes to file a short form prospectus pursuant to NI 44-101 to qualify the distribution of the Subscription Receipts under the Offering (the Prospectus), but the Filer does not meet the Qualification Criteria because the Filer does not have a current AIF, its operations ceased upon announcing the Transaction and its principal assets are cash and cash equivalents;

19. the Filer and Jetlines were both required to obtain the approval of their respective shareholders for completion of the Transaction, and such approval was obtained on July 27, 2016;

20. in connection with obtaining shareholder approval, the Filer prepared a management information circular in the form prescribed by TSXV Form 3D1 Information Required in an Information Circular for a Reverse Take-Over or Change of Business (the Information Circular);

21. the Information Circular is dated June 17, 2016, was mailed to the shareholders of the Filer and is filed on SEDAR;

22. the Information Circular includes prospectus-level disclosure with respect to Jetlines and its business, including audited annual consolidated financial statements of Jetlines for the fiscal years ended December 31, 2015, 2014 and 2013, and information with respect to the Filer, on a pro forma consolidated basis, assuming completion of the Transaction;

23. the Filer will incorporate the Information Circular by reference into the Prospectus;

24. an exemption from paragraph 2.2(d) of NI 44-101 is provided under subsection 2.7(2) of NI 44-101 to permit a successor issuer that does not have a current AIF to qualify to file a prospectus in the form of a short form prospectus, subject to certain conditions; in particular, the condition in paragraph 2.7(2) of NI 44-101 that an information circular relating to the restructuring transaction that resulted in the successor issuer was filed by the successor issuer or an issuer that was a party to the restructuring transaction, and such information circular: (i) complied with applicable securities legislation; and (ii) included disclosure in accordance with Section 14.2 or 14.5 of Form 51-102F5 *Information Circular* (51-102F5) for the successor issuer;

25. the Filer is unable to rely on the exemption in subsection 2.7(2) of NI 44-101 because it has not yet completed the Transaction and is therefore not a “successor issuer” as defined in NI 44-101; and

26. other than pursuant to the Exemption Sought, the Filer has been eligible to file a short form prospectus under NI 44-101 since November 7, 2007 when the Filer filed on SEDAR a notice pursuant to section 2.8 of NI 44-101 declaring its intention to be qualified to file a short form prospectus.

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:

(a) the Information Circular complies with applicable securities legislation and includes disclosure in accordance with Section 14.2 or 14.5 of 51-102F5 in relation to the Transaction; and

(b) the Filer complies with the representations in sections 13, 14, 15, 16, 17, 22 and 23.

“Robert Kirwin”
Director, Corporate Finance
British Columbia Securities Commission

2.1.8 Scotia Capital Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Large investment dealer, futures commission merchant and derivatives dealer with three distinct operating divisions exempted from the requirement to register an individual as a chief compliance officer (CCO) – permitted to register three CCOs, one for each operating division.

Statutes cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 11.3, 15.1.
Derivatives Act (Québec), s. 86.
Derivatives Regulation (Québec), s. 11.1.

Decisions cited

In the Matter of Scotia Capital Inc., dated July 16, 2014

December 5, 2016

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

AND

IN THE MATTER OF
THE DERIVATIVES LEGISLATION OF QUÉBEC

AND

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

AND

IN THE MATTER OF
SCOTIA CAPITAL INC.
(the Filer)

DECISION

Background

The principal regulator in Ontario has received an application from the Filer for a decision under the securities legislation of Ontario (the **Legislation**) for relief from the requirement contained in section 11.3 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to designate an individual to be the chief compliance officer (**CCO**) pursuant to section 15.1 of NI 31-103 to allow the Filer to designate and register three individuals in the category of CCO indefinitely, one for each of its three distinct lines of securities business, each a substantial business operation for the Filer (the **Securities Exemption Sought**);

The securities regulatory authority in Québec (the **Derivatives Decision Maker**) has received an application from the Filer for a decision under the derivatives legislation of Québec for relief from the requirement contained in section 11.1 of the *Derivatives Regulation* (Québec) to designate an individual to be the CCO pursuant to section 86 of the *Derivatives Act* (Québec), (the **Derivatives CCO Requirement**) to allow the Filer to designate and register three individuals in the category of CCO indefinitely, one for each of its three distinct lines of securities business, each a substantial business operation for the Filer (the **Derivatives Exemption Sought**).

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

(a) the Ontario Securities Commission (the **OSC**) 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 each jurisdiction of Canada outside of Ontario (together with Ontario, the **Jurisdictions**);

(c) the decision with respect to the Securities Exemption Sought is the decision of the principal regulator; and

(d) the decision with respect to the Derivatives Exemption Sought evidences the decision of the Derivatives Decision Maker.

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation amalgamated under the laws of Ontario on November 1, 2013, and is wholly-owned by the Bank of Nova Scotia.

2. The Filer's head office is located in Toronto, Ontario.

3. The Filer is registered as:

   (a) an investment dealer in each of the Jurisdictions;

   (b) a futures commission merchant in Ontario and Manitoba; and

   (c) a derivatives dealer in Québec.

4. The Filer is a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

The Divisions

5. Effective as of November 1, 2013,

   (a) the Filer amalgamated with its affiliate, DWM Securities Inc. (the **Amalgamation**), and carries on business under the name "Scotia Capital Inc."; and

   (b) the Filer carries on the Canadian investment dealer business formerly carried on by each of the Filer and DWM Securities Inc. through the following three distinct lines of securities business, each a substantial business operation for the Filer (each, a **Division**):

      (i) HollisWealth, which prior to the Amalgamation was DWM Securities Inc., and which currently comprises the full service retail brokerage business conducted by agents of the Filer (the **HollisWealth Division**);

      (ii) ScotiaMcLeod, which prior to the Amalgamation was a division of the Filer, and which currently comprises the full service retail brokerage business and the Scotia iTrade discount online brokerage business conducted by employees of the Filer (the **ScotiaMcLeod Division**); and

      (iii) Global Banking and Markets, which prior to the Amalgamation was a division of the Filer, and which currently comprises the institutional business conducted by employees of the Filer (the **Global Banking and Markets Division**).

6. The Divisions have separate, distinct and independent:

   (a) senior managers (each, a **Division Head**);

   (b) CCOs, each having direct access, and reporting, to the Division Head and the ultimate designated person of the respective Division for which they are designated, and the Filer's board of directors; there are no lines of reporting among the CCOs;

   (c) compliance departments;

   (d) oversight, supervisory and compliance systems; and

(e) personnel and infrastructure.

7. Although they are parts of the same corporate entity, namely the Filer, each Division functions as a stand-alone, substantial business operation within the Filer based on the nature of the clients, the types of securities products and services which are provided to them, and whether dealing representatives are agents or employees of the Filer.

8. The HollisWealth Division is a full service retail brokerage firm with over 450 advisors servicing clients in more than 44 offices across Canada. The ScotiaMcLeod Division is a full service retail brokerage firm with over 750 advisors servicing clients in more than 70 offices across Canada. The Global Banking and Markets Division is part of a larger global business that provides corporate and investment banking and capital markets products and services to corporate, institutional and government clients domestically and internationally, with over numerous offices globally and more than 300 relationship managers organized around industry specialties.

9. By a decision dated July 16, 2014, *In the Matter of Scotia Capital Inc.*, the Director of the OSC as the principal regulator exempted the Filer from the CCO Requirement so that the Filer could designate and have registered three individuals as CCO, one for each of its three distinct lines of securities business (the **Prior CCO Decision**), subject to a two year sunset clause (the **Sunset Clause**).

10. By a decision dated July 16, 2014, *In the Matter of Scotia Capital Inc.*, the Derivatives Decision Maker as the decision maker exempted the Filer from the Derivatives CCO Requirement so that the Filer could designate and have registered three individuals as CCO (the **Prior Derivatives CCO Decision**), one for each of its three distinct lines of securities business, subject to the Sunset Clause.

11. The Filer relied on the Prior CCO Decision and Prior Derivatives CCO Decision for the duration of the Sunset Clause.

12. The Filer and certain affiliated parties agreed to a no-contest settlement agreement with the OSC, which was approved on July 29, 2016 in relation to a matter that the parties discovered and self-reported to the OSC (the **Settlement Agreement**). While having neither admitted nor denied the accuracy of the facts and conclusions of OSC staff, the Filer provided prompt, detailed and candid co-operation to OSC staff, and also implemented additional controls and supervision to prevent a recurrence of this matter.

13. The Securities Exemption Sought and Derivatives Exemption Sought by the Filer are substantially similar to the relief sought in the Prior CCO Decision and Prior Derivatives CCO Decision, with the exception that the Filer now requests that the relief be granted for an indefinite period.

14. This decision is based on the same representations made by the Filer in each of the Prior CCO Decision and the Prior Derivatives CCO Decision, which remain true and complete, and on the additional representations made by the Filer in this decision.

Reasons for the Securities Exemption Sought and the Derivatives Exemption Sought

15. The purpose of the Sunset Clause was to provide the Filer with an opportunity to consider integrating the compliance systems of the HollisWealth Division and the ScotiaMcLeod Division.

16. Having considered its options, the Filer concluded that the compliance systems of the HollisWealth Division and the ScotiaMcLeod Division cannot be effectively integrated for the reasons given in the Prior CCO Decision and the Prior Derivatives CCO Decision, including because: (i) the two retail Divisions have their own corporate cultures and operate independently of each other with a high degree of autonomy; (ii) the two retail Divisions use distinct business models, systems, technology, and supporting infrastructure; and (iii) the HollisWealth Division is subject to IIROC's comprehensive rules regarding principal/agent relationships in IIROC dealer member rule 39 which are substantially different from those applying to the employer/employee relationships of the Scotia McLeod Division (the **IIROC Principal/Agent Requirements**).

17. Given the size, autonomy and complexity of each Division, each CCO requires different subject matter and business expertise, with different experience and focus, to effectively discharge his/her compliance responsibilities. It would be difficult for any CCO to: (i) act as the Filer's CCO; (ii) identify and stay abreast of the different compliance issues applicable to each Division; and (iii) escalate all such compliance issues to the Filer's board of directors in a timely and effective manner.

18. Each CCO communicates and engages directly with the Division for which he/she is the designated CCO for more effective management of compliance programs tailored to the needs of the Division. Not granting the Securities Exemption Sought and the Derivatives Exemption Sought would have the detrimental effect of reducing the CCOs' effectiveness in this regard.

19. There are no lines of reporting among the CCOs. The CCO of each Division reports directly to the ultimate designated person of that Division and has direct access, and reports annually, to the Filer's board of directors.

20. Subject to the matters to which the Securities Exemption Sought and the Derivatives Exemption Sought relate, the Filer is not in default of securities legislation in any jurisdiction in Canada or under the *Derivatives Act* (Québec).

21. Permitting the Filer to continue to designate and have registered a separate CCO for each Division is:

    (a) consistent with the policy objectives that the CCO Requirement and the CCO Derivatives Requirement are intended to achieve, because each of the Divisions is an independent operation that is distinct from the other Divisions and is conducted on a very large scale;

    (b) consistent with the Prior CCO Decision and the Prior Derivatives CCO Decision;

    (c) appropriate in view of the idiosyncratic IIROC Principal/Agent Requirements; and

    (d) consistent with the Director's decision dated June 30, 2014 *In the Matter of 1832 Asset Management L.P.*, where the Filer's affiliate, 1832 Asset Management L.P., was permitted to designate and register three CCOs.

Decision

Each of the principal regulator and the Derivatives Decision Maker is satisfied that the decision meets the test set out in the Legislation and the Derivatives Act (Québec) for the principal regulator and the Derivatives Decision Maker, respectively, to make the decision.

The decision of the principal regulator under the Legislation is that the Securities Exemption Sought is granted so that the Filer may have a separate CCO for each of its three Divisions, provided that:

(a) each Division has its own CCO;

(b) only one individual is the CCO of each Division;

(c) each CCO reports to the ultimate designated person of the Division for which he/she is the designated CCO;

(d) each CCO fulfills the responsibilities set out in section 5.2 of NI 31-103, or any successor provisions thereto, in respect of the Division for which he or she is the designated CCO; and

(e) each CCO has direct access to the Filer's board of directors.

The decision of the Derivatives Decision Maker under the Derivatives Act (Québec) is that the Derivatives Exemption Sought is granted so that the Filer may have a separate CCO for each of its three Divisions provided that:

(a) each Division has its own CCO;

(b) only one individual is the CCO of each Division;

(c) each CCO reports to the ultimate designated person of the Division for which he/she is the designated CCO;

(d) each CCO fulfills the responsibilities set out in section 11.11 of the Derivatives Regulation (Québec), or any successor provisions thereto, in respect of the Division for which he or she is the designated CCO; and

(e) each CCO has direct access to the Filer's board of directors.

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

2.2 Orders

2.2.1 Michael Patrick Lathigee et al.

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

AND

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

ORDER

WHEREAS:

1. On November 8, 2016, Staff (**Staff**) of the Ontario Securities Commission (the **Commission**) filed a Statement of Allegations seeking an order against Michael Patrick Lathigee (**Lathigee**), Earle Douglas Pasquill (**Pasquill**), FIC Real Estate Projects Ltd. (**FIC Projects**), FIC Foreclosure Fund Ltd. (**FIC Foreclosure**) and WBIC Canada Ltd. (**WBIC**) (collectively, the **Respondents**), pursuant to subsections 127(1) and 127(10) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

2. On November 9, 2016, the Commission issued a Notice of Hearing in respect of that Statement of Allegations, setting November 30, 2016 as the date of the hearing;

3. On November 30, 2016, the Commission held a hearing and heard the submissions of Staff, appearing in person, Lathigee, attending via teleconference, and who made submissions on his own behalf and for the corporate respondents, FIC Projects, FIC Foreclosure and WBIC; with no one appearing for Pasquill, although properly served as appears from the Affidavit of Lee Crann, sworn November 24, 2016; and

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

IT IS ORDERED THAT the hearing in this matter is adjourned to January 12, 2017, at 10:00 a.m., or such further and other date as may be agreed to by the parties and set by the Office of the Secretary.

DATED at Toronto this 30th day of November, 2016.

"D. Grant Vingoe"

2.2.2 RONA Inc.

Headnote

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

Applicable Legislative Provisions

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

[TRANSLATION]

November 29, 2016

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

AND

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

AND

IN THE MATTER OF
RONA INC.
(the Filer)

ORDER

Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

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

(a) the Autorité des marchés financiers is the principal regulator for this application,

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

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, Regulation 11-102 and, in Québec, in *Regulation 14-501Q on definitions* have the same meaning if used in this order, unless otherwise defined.

Representations

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

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

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

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

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

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

Order

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

The decision of the Decision Makers under the Legislation is that the Order Sought is granted.

"Martin Latulippe"
Director, Continuous Disclosure
Autorité des marchés financiers

2.2.3 Fidelity Investments Canada ULC et al. – ss. 78(1), 80 of the CFA

Headnote

Subsection 78(1) of the Commodity Futures Act (Ontario) – Order to revoke previous relief from the adviser registration requirement of paragraph 22(1)(b) of the CFA granted to sub-advisers headquartered in a foreign jurisdiction in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions.

Section 80 of the Commodity Futures Act (Ontario) – Order to grant relief from the adviser registration requirement of paragraph 22(1)(b) of the CFA granted to sub-advisers headquartered in a foreign jurisdiction in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions – Relief mirrors exemption available in section 8.26.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations made under the Securities Act (Ontario) – Relief is subject to a sunset clause.

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 1(1), 22(1)(b), 78(1), 80.
Securities Act, R.S.O. 1990, c. S.5, as am., s. 25(3).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.26.1.
Ontario Securities Commission Rule 35-502 Non-Resident Advisers, s. 7.11.

November 29, 2016

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

AND

IN THE MATTER OF
FIDELITY INVESTMENTS CANADA ULC,
FIDELITY (CANADA) ASSET MANAGEMENT ULC,
FIAM LLC,
FMR CO., INC.,
FIL LIMITED,
FIDELITY INVESTMENTS MONEY MANAGEMENT, INC.,
FMR INVESTMENT MANAGEMENT (UK) LIMITED,
GEODE CAPITAL MANAGEMENT, LLC AND
FIDELITY INSTITUTIONAL ASSET MANAGEMENT TRUST COMPANY

ORDER
(Section 80 and Subsection 78(1) of the CFA)

UPON the application (the Application) of:

(a) FMR Co., Inc. (**FMRCo**), FIL Limited (**FIL**), Fidelity Investments Money Management, Inc. (**FIMM**), FMR Investment Management (UK) Limited (**FMR IM**) and Fidelity Institutional Asset Management Trust Company (**FIAM TC** and, together with FMRCo, FIL, FIMM and FMR IM, the **Previous Sub-Advisers**) and Fidelity Investments Canada ULC (**Fidelity**), FIAM LLC (**FIAM**) and Fidelity (Canada) Asset Management ULC (**FCAM** and, together with FIAM and Fidelity, the **Principal Advisers** and each a **Principal Adviser**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to subsection 78(1) of the CFA, revoking the exemption order granted by the Commission to the Previous Sub-Advisers on June 17, 2015 (the **Previous Order**); and

(b) FMRCo, FIL, FIMM, FMR IM and Geode Capital Management, LLC (**Geode** and, together with FMRCo, FIL, FIMM and FMR IM, the **Sub-Advisers** and each a **Sub-Adviser**) and the Principal Advisers to the Commission for an order, pursuant to section 80 of the CFA, that each Sub-Adviser (and individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of a Sub-Adviser in respect of the Sub-Advisory Services (as defined below) (the **Representatives**)) be exempt, for a specified period of time, from the adviser registration requirements in paragraph 22(1)(b) of the CFA when acting as a sub-adviser to a Principal Adviser for the benefit of the Clients (as defined below) regarding

commodity futures contracts and commodity futures options traded on commodity futures exchanges (collectively, the **Contracts**) and cleared through clearing corporations;

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

AND UPON the Sub-Advisers and the Principal Advisers having represented to the Commission that:

Principal Advisers

1. Fidelity was incorporated under the laws of Canada and has subsequently continued under the laws of Alberta. Fidelity is resident in Canada, with a head office in Toronto, Ontario.

2. Fidelity is registered as a mutual fund dealer and portfolio manager under the relevant securities legislation of each of the provinces and territories of Canada. Fidelity is also registered as an adviser in the category of commodity trading manager under the CFA. Further, Fidelity is registered as an investment fund manager under the relevant securities legislation of the provinces of Ontario, Québec and Newfoundland and Labrador.

3. FIAM (formerly known as Pyramis Global Advisors, LLC) is a limited liability company organized under the laws of the State of Delaware. FIAM is resident in the United States (the **U.S.**), with its principal office and place of business in Smithfield, Rhode Island.

4. FIAM is registered as an investment adviser with the U.S. Securities and Exchange Commission (the **SEC**). FIAM is an exempt commodity trading advisor and an exempt commodity pool operator with the U.S. National Futures Association (the **NFA**). FIAM engages in the business of an adviser in respect of Contracts in the U.S.

5. FIAM is registered as a portfolio manager under the *Securities Act* (Ontario) (the **OSA**) and as an adviser in the category of commodity trading manager under the CFA.

6. FCAM (formerly known as Pyramis Global Advisors (Canada) ULC) was incorporated under the laws of Alberta. Pyramis Canada is resident in Canada, with a head office in Toronto, Ontario.

7. FCAM is registered as a portfolio manager under the relevant securities legislation of the provinces of Ontario and Québec and as an adviser in the category of commodity trading manager under the CFA.

Sub-Advisers

8. FMRCo is a corporation organized under the laws of the Commonwealth of Massachusetts. FMRCo is resident in the U.S., with its principal office and place of business in Boston, Massachusetts. FMRCo is registered as an investment adviser with the SEC and is an exempt commodity trading advisor with the NFA. FMRCo engages in the business of an adviser in respect of Contracts in the U.S.

9. FIMM is a corporation organized under the laws of the State of New Hampshire. FIMM is resident in the U.S., with its principal office and place of business in Boston, Massachusetts. FIMM is registered as an investment adviser with the SEC and is an exempt commodity trading advisor with the NFA. FIMM engages in the business of an adviser in respect of Contracts in the U.S.

10. Each of FMRCo and FIMM is registered in a category of registration, or operates under an exemption from registration under the commodities futures or other applicable legislation of the U.S. that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario. As such, each of FMRCo and FIMM is authorized and permitted to carry on the Sub-Advisory Services.

11. FMR IM is a private limited liability company organised and existing under the laws of England and Wales. The principal place of business of FMR IM is located in London, England. FMR IM is authorized and regulated by the Financial Conduct Authority in the United Kingdom (the **U.K.**) and is registered in the U.S. as an investment adviser with the SEC. FMR IM is an exempt commodity trading advisor with the NFA.

12. FMR IM engages in the business of an adviser in respect of Contracts in the U.K. FMR IM is registered in a category of registration, or operates under an exemption from registration under the commodities futures or other applicable legislation of the U.K. and the U.S. that permits it to carry on the activities in those jurisdictions that registration as an adviser under the CFA would permit it to carry on in Ontario. As such, it is authorized and permitted to carry on the Sub-Advisory Services.

13. FIL is a corporation organized under the laws of Bermuda and is resident in Bermuda. FIL is registered with the Bermuda Monetary Authority. FIL engages in the business of an adviser in respect of Contracts in Bermuda. FIL is registered in a category of registration, or operates under an exemption from registration under the commodities futures or other applicable legislation of Bermuda that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario. As such, it is authorized and permitted to carry on the Sub-Advisory Services.

14. Geode is a limited liability company organized under the laws of the state of Delaware. Geode is resident in the U.S., with its principal office and place of business in Boston, Massachusetts. Geode engages in the business of an adviser in respect of Contracts in the U.S. for the clients it advises. Geode is registered as an investment adviser with the SEC. Geode is registered with the NFA as a commodity pool operator and a commodity trading advisor, and is also exempt or excluded from registration as a commodity pool operator or commodity trading adviser for some of its clients under the rules of the U.S. Commodity Futures Trading Commission. Geode is registered in a category of registration, or operates under an exemption from registration under the commodities futures or other applicable regulation of the U.S. that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario. As such, it is authorized and permitted to carry on the Sub-Advisory Services.

15. Geode is relying on the international adviser exemption in section 8.26 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**).

16. None of the Sub-Advisers are registered in any capacity under the CFA or the OSA. The Sub-Advisers each act in reliance on the exemption from the requirement to register as an adviser under the OSA available to it pursuant to section 8.26.1 of NI 31-103.

17. The Principal Advisers and the Sub-Advisers are not in default of securities legislation, commodity futures legislation or derivatives legislation in any jurisdiction of Canada. FMRCo, FIMM and Geode are in compliance in all material respects with securities laws, commodity futures laws and derivatives laws in the U.S. FMR IM is in compliance in all material respects with securities laws, commodity futures laws and derivatives laws in each of the U.K. and the U.S. FIL is in compliance in all material respects with securities laws, commodity futures laws and derivatives laws in Bermuda.

18. The Principal Advisers provide, or may in the future provide, investment advice and/or discretionary portfolio management services in Ontario to: (i) investment funds, the securities of which are qualified by prospectus for distribution to the public in Ontario and the other provinces and territories of Canada (the **Investment Funds**); (ii) pooled funds, the securities of which are sold on a private placement basis in Ontario and certain other provinces and territories of Canada pursuant to prospectus exemptions contained in National Instrument 45-106 *Prospectus Exemptions* (the **Pooled Funds**); (iii) clients who have entered into investment management agreements with a Principal Adviser to establish managed accounts (the **Managed Account Clients**); and (iv) other Investment Funds, Pooled Funds and Managed Account Clients that may be established or retained in the future and in respect of which a Principal Adviser engages a Sub-Adviser to provide portfolio advisory services (the **Future Clients**) (each of the Investment Funds, Pooled Funds, Managed Account Clients and Future Clients being referred to individually as a **Client** and collectively as the **Clients**).

19. Certain of the Clients may, as part of their investment program, invest in Contracts. The Principal Advisers each act as a commodity trading manager in respect of such Clients.

20. In connection with the Principal Advisers acting as advisers to Clients in respect of the purchase or sale of securities and Contracts, each Principal Adviser, pursuant to written agreements made between the Principal Adviser and each respective Sub-Adviser, has retained the respective Sub-Adviser to act as a sub-adviser to the Principal Adviser in respect of securities and Contracts in which that Sub-Adviser has experience and expertise by exercising discretionary authority on behalf of the Principal Adviser, in respect of all or a portion of the assets of the investment portfolio of the respective Client, including discretionary authority to buy or sell Contracts for the Client (the **Sub-Advisory Services**), provided that:

    (a) in each case, the Contracts must be cleared through an “acceptable clearing corporation” (as defined in National Instrument 81-102 *Investment Funds*, or any successor thereto (**NI 81-102**)) or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A of NI 81-102, or any successor thereto; and

    (b) such investments are consistent with the investment objectives and strategies of the applicable Client.

21. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative or as a partner or an officer of a registered adviser and is acting on behalf of such registered adviser.

22. By providing the Sub-Advisory Services, the Sub-Advisers will be engaging in, or holding themselves out as engaging in, the business of advising others with respect to Contracts and, in the absence of being granted the requested relief, would be required to register as advisers under the CFA.

23. There is presently no rule or regulation under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA that is similar to the exemption from the adviser registration requirement in subsection 25(3) of the OSA, which is provided under section 8.26.1 of NI 31-103.

24. The relationship among any Principal Adviser, the Sub-Advisers and any Client is consistent with the requirements of section 8.26.1 of NI 31-103.

25. A Sub-Adviser will only provide the Sub-Advisory Services to a Principal Adviser as long as that Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.

26. As would be required under section 8.26.1 of NI 31-103:

    (a) the obligations and duties of each Sub-Adviser are set out in a written agreement with each Principal Adviser; and

    (b) the relevant Principal Adviser or Principal Advisers have entered into a written contract with each Client, agreeing to be responsible for any loss that arises out of the failure of any Sub-Adviser:

        (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Principal Adviser and each Client; or

        (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (together with (i), the **Assumed Obligations**).

27. The written agreement between a Principal Adviser and a Sub-Adviser sets out the obligations and duties of each party in connection with the Sub-Advisory Services and permits the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the Sub-Adviser in respect of the Sub-Advisory Services.

28. The Principal Advisers will deliver to the Clients all required reports and statements under applicable securities, commodity futures and derivatives legislation.

29. The prospectus or other offering document, if any, (in either case, the **Offering Document**) for each Client that is an Investment Fund or a Pooled Fund and for which a Principal Adviser engages one or more Sub-Advisers to provide the Sub-Advisory Services will include the following disclosure (the **Required Disclosure**):

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of any Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Advisers (or any of their Representatives) because the Sub-Advisers are resident outside of Canada and all or substantially all of their assets are situated outside of Canada.

30. Prior to purchasing any securities of one or more of the Clients that are Investment Funds or Pooled Funds directly from a Principal Adviser, all investors in the Investment Funds or Pooled Funds who are Ontario residents will receive, or have received, the Required Disclosure in writing (which may be in the form of an Offering Document).

31. Each Client that is a Managed Account Client for which a Principal Adviser engages one or more Sub-Advisers to provide the Sub-Advisory Services will receive, or has received, the Required Disclosure in writing prior to the purchasing of any Contracts for such Client.

32. The Principal Advisers and the Previous Sub-Advisers obtained substantially similar relief in the Previous Order, pursuant to which the Previous Sub-Advisers provided Sub-Advisory Services to the Principal Advisers in respect of the Clients. However, since FIAM TC (formerly known as Pyramis Global Advisors Trust Company) is no longer providing the Sub-Advisory Services and Geode will be providing the Sub-Advisory Services, the Previous Sub-Advisers and the Principal Advisers have applied to the Commission for an order revoking the Previous Order and the Sub-Advisers and the Principal Advisers have applied for an order granting substantially similar relief as that in the Previous Order.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the relief requested;

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

IT IS FURTHER ORDERED, pursuant to section 80 of the CFA, that each Sub-Adviser and its Representatives are exempt from the adviser registration requirements in paragraph 22(1)(b) of the CFA when acting as a sub-adviser to a Principal Adviser in respect of the Sub-Advisory Services provided that at the relevant time that such activities are engaged in:

(a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

(b) the Sub-Adviser's head office or principal place of business is in a foreign jurisdiction;

(c) the Sub-Adviser is registered in a category of registration, or operates under an exemption from registration, under the commodity futures or other applicable legislation of the foreign jurisdiction in which its head office or principal place of business is located, that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario;

(d) the Sub-Adviser engages in the business of an adviser in respect of Contracts in the foreign jurisdiction in which its head office or principal place of business is located;

(e) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

(f) the Principal Adviser has entered into a written agreement with the Clients, agreeing to be responsible for any loss that arises out of any failure of the Sub-Adviser to meet the Assumed Obligations;

(g) the Offering Document of each Client that is an Investment Fund or Pooled Fund and for which a Principal Adviser engages a Sub-Adviser to provide the Sub-Advisory Services will include the Required Disclosure;

(h) prior to purchasing any securities of one or more of the Clients that are Investment Funds or Pooled Funds directly from a Principal Adviser, all investors in the Investment Funds or Pooled Funds who are Ontario residents will receive, or have received, the Required Disclosure in writing; and

(i) each Client that is a Managed Account Client for which a Principal Adviser engages a Sub-Adviser to provide the Sub-Advisory Services will receive, or has received, the Required Disclosure in writing prior to the purchasing of any Contracts for such Client; and

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

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

(b) six months, or such other transition period as may be provided by law, after the coming into force of any amendment to Ontario commodity futures law (as defined in the CFA) or Ontario securities law (as defined in the OSA) that affects the ability of a Sub-Adviser to act as a sub-adviser to a Principal Adviser in respect of the Sub-Advisory Services; and

(c) five years after the date of this Order.

DATED at Toronto, Ontario, this 29th day of November 2016

"Tim Moseley"
Commissioner
Ontario Securities Commission

"Janet Leiper"
Commissioner
Ontario Securities Commission

2.2.4 Saputo Inc. – 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
SAPUTO INC.

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of Saputo Inc. (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 by the Issuer of up to an aggregate of 2,000,000 Common Shares (as defined below) of the Issuer (collectively, the "**Subject Shares**") in one or more trades from 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, 13, 24, and 25, as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.

2. The head and registered office of the Issuer is located at 6869, Métropolitain Boulevard East, Saint-Léonard, Québec, H1P 1X8.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the common shares of the Issuer (the "**Common Shares**") are listed for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "SAP". 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 authorized share capital of the Issuer consists of (a) an unlimited number of Common Shares, and (b) an unlimited number of preferred shares. As of October 31, 2016, there were 392,278,885 Common Shares and no preferred shares issued and outstanding.

5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario.

6. The Selling Shareholder does not own, directly or indirectly, 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. All of the Subject Shares are held by the Selling Shareholder in the Province of Ontario. 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 (as defined below) 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 October 2, 2016, 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 or 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**"). The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.

11. On November 15, 2016, the Issuer announced a normal course issuer bid (the "**Normal Course Issuer Bid**") to purchase up to 6,000,000 Common Shares (representing approximately 1.5% of the Issuer's issued and outstanding Common Shares as of the date specified in the Notice (as defined below)) during the period from November 17, 2016 to November 16, 2017 pursuant to the terms of a "Notice of Intention to Make a Normal Course Issuer Bid" (the "**Notice**") submitted to, and accepted by, the TSX. The Notice contemplates that purchases under the Normal Course Issuer Bid may be made by such other means as may be permitted by the TSX or a securities regulatory authority, in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"), including by private agreements under issuer bid exemption orders issued by securities regulatory authorities (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 implemented an automatic share purchase plan ("**ASPP**") to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in the Common Shares, including during internal blackout periods (each such time, a "**Blackout Period**"). Under the ASPP, at times it is not subject to blackout restrictions, the Issuer may, but is not required to, instruct the designated broker under the ASPP (the "**ASPP Broker**") to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ASPP. Such purchases will be determined by the ASPP Broker in its sole discretion based on parameters established by the Issuer prior to any Blackout Period in accordance with TSX rules, applicable securities laws (including this Order) and the terms of the agreement between the ASPP Broker and the Issuer. If the Issuer determines to instruct the ASPP Broker to make purchases under the ASPP during a particular Blackout Period, the Issuer will instruct the ASPP Broker not to conduct a block purchase (a "**Block Purchase**") in reliance on the block purchase exception in clause 629(l)7 of the TSX NCIB Rules in the calendar week in which either (a) the Issuer completes a Proposed Purchase, or (b) a Blackout Period ends and a new trading window of the Issuer opens. The ASPP has been pre-cleared by the TSX and complies with the TSX NCIB Rules, applicable securities laws and this Order, and was implemented on November 17, 2016.

13. The Issuer intends to enter into one or more agreements of purchase and sale with the Selling Shareholder (each, an "**Agreement**") pursuant to which the Issuer will agree to purchase Subject Shares from the Selling Shareholder by way of one or more trades, each occurring by November 16, 2017 (each such purchase, a "**Proposed Purchase**") 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 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 relevant Proposed Purchase.

14. 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.

15. 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 applicable Issuer Bid Requirements would apply.

16. 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 relevant 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.

17. 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 relevant Proposed Purchase, the Issuer could otherwise

acquire the applicable Subject Shares through the facilities of the TSX as a Block Purchase in reliance on the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.

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

19. 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.

20. 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 it 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.

21. 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.

22. To the best of the Issuer's knowledge, as of October 31, 2016, the "public float" of the Common Shares represented more than 55% of all the issued and outstanding Common Shares for the purposes of the TSX NCIB Rules.

23. 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.

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

25. 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 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 advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

26. 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 the 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.

27. As of November 25, 2016, the Issuer has acquired 804,620 Common Shares pursuant to the Normal Course Issuer Bid, all of such Common Shares being acquired in reliance on the exemption from the Issuer Bid Requirements in subsection 4.8(2) of NI 62-104.

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 its Normal Course Issuer Bid, such one-third being equal to 2,000,000 Common Shares as of the date of this Order.

29. No Agreement will be negotiated or entered into during 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.

30. Assuming completion of the purchase of the maximum number of Subject Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 2,000,000 Common Shares pursuant to Off-Exchange Block Purchases, representing approximately 33.3% of the maximum of 6,000,000 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 its 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 paragraph 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 its 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 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 advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or any "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 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 its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 2,000,000 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 the Subject Shares pursuant to the Proposed Purchases.

DATED at Toronto this 29th day of November, 2016.

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

2.2.5 Ontario Genomics Institute – s. 74(1)

Headnote

Application by non-profit corporation pursuant to subsection 74(1) of the Securities Act (Ontario) – Applicant's mandate relates to funding research and development projects based in genomics, proteomics or associated technologies (Eligible Projects) – Applicant does not fall within any of the enumerated classes of "accredited investor" in section 73.3 of the Securities Act (Ontario) and National Instrument 45-106 Prospectus and Registration Exemptions – Applicant will only invest in securities of Eligible Projects (Eligible Project Securities) – Applicant's staff are experts in the field of genomics and related life sciences and are qualified to determine the quality and viability of the projects in which the Applicant invests – All investments and divestitures in Eligible Project Securities will be reviewed by the Applicant's commercialization committee, the members of which, individually and collectively, have significant knowledge and experience in investment matters – Order that the prospectus requirements in section 53 of the Act of the do not apply in respect of a trade in Eligible Project Securities to the Applicant granted, subject to conditions – Order expires in two years.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 73.3, 74(1).
National Instrument 45-106 Prospectus and Registration Exemptions, s. 1.1, 6.1.
Form 45-106F1 Report of Exempt Distribution.
National Instrument 45-102 Resale of Securities, s. 2.5.

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

AND

IN THE MATTER OF
ONTARIO GENOMICS INSTITUTE

ORDER
(Subsection 74(1))

WHEREAS Ontario Genomics Institute ("**OGI**") has filed an application (the "**Application**") with the Ontario Securities Commission (the "**Commission**") for recognition as an accredited investor for the purposes of securities legislation;

AND WHEREAS the Commission may, pursuant to subsection 74(1) of the Act, rule that any trade, intended trade, security, person or company is not subject to section 53 of the Act (the "**Prospectus Requirement**") where it is satisfied that to do so would not be prejudicial to the public interest;

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

AND UPON it being represented by OGI to the Commission that:

1. OGI was established by letters patent on October 18, 2000 under the *Canada Corporations Act* as a non-profit corporation and was continued under the *Canada Not-For-Profit Corporations Act* on October 31, 2013.

2. OGI's offices are located at 661 University Avenue, Suite 490, Toronto, Ontario, M5G 1M1.

3. OGI's mandate is to fund world-class research to create strategic genomics resources and accelerate Ontario's development of a globally-competitive life sciences sector.

4. OGI primarily receives its funding from Genome Canada (a not-for-profit corporation which is funded by Industry Canada) and from the Government of Ontario.

5. OGI receives separate funding for: (i) operation, administration and business development of OGI ("**Operations Funding**"), and (ii) investment in genomics research and development projects ("**Project Funding**").

6. In its most recently completed fiscal year (the fiscal year ended March 31, 2016), OGI received $2.6 million of Operations Funding and $13.1 million of Project Funding.

7. The business development mandate at OGI is to catalyze access to, and the impact of, genomics capacity and the applicable resources. One of the ways that OGI does this is through a pre-commercial business development fund ("**PBDF**"), the principal purpose of which is to enhance progress towards the marketplace for genomics outcomes or genomics-related technologies and to thereby assist the relevant scientific founder in formative efforts to commercialize that early stage research.

8. In connection with the PBDF program, OGI wishes to structure the funding of, and/or investments in, research and development projects based in genomics, proteomics or associated technologies ("**Eligible Projects**") being conducted on a for-profit basis through an investment by OGI from its Operations Funding in the corporate entity undertaking each such Eligible Project and, in return for providing funding and other resources to such corporate entity, OGI would receive equity (or convertible debt) or other securities in the corporation ("**Eligible Project Securities**").

9. OGI only enters into funding arrangements in respect of Eligible Projects after careful research and consideration by experts in the industry and has designed its PBDF program to use the same careful analysis and metrics.

10. OGI staff are experts in the field of genomics and related life sciences and are qualified to determine the quality and viability of the projects in which OGI invests.

11. All investments in, and divestitures of, Eligible Project Securities by OGI will be reviewed by OGI's commercialization committee. The members of OGI's commercialization committee, individually and collectively, all have significant knowledge and experience in investment matters.

12. OGI does not fall within any of the enumerated classes of accredited investors set forth in the definition of "accredited investor" in section 73.3 of the *Securities Act* (Ontario) and in section 1.1 of National Instrument 45-106 *Prospectus Exemptions*.

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

NOW THEREFORE the Commission orders that the Prospectus Requirement does not apply in respect of a trade in Eligible Project Securities to OGI as if OGI were an accredited investor, provided that:

(a) OGI purchases as principal;

(b) if the trade is a distribution, the issuer of the Eligible Project Securities files a Form 45-106F1 – Report of Exempt Distribution in Ontario on or before the tenth day after the distribution;

(c) the first trade in such Eligible Project Securities will be deemed to be a distribution that is subject to section 2.5 of National Instrument 45-102 Resale of Securities; and

(d) this order expires two years from the date of this order, unless earlier renewed.

DATED at Toronto, Ontario on this 2nd day of November, 2016.

"Janet Leiper"
Commissioner
Ontario Securities Commission

"Garnet W. Fenn"
Commissioner
Ontario Securities Commission

2.2.6 William Raymond Malone

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

AND

**IN THE MATTER OF
WILLIAM RAYMOND MALONE**

ORDER

WHEREAS:

1. On November 8, 2016, Staff ("Staff") of the Ontario Securities Commission (the "Commission") filed a Statement of Allegations, in which Staff seeks an order against William Raymond Malone (the "Respondent"), pursuant to subsections 127(1) and 127(10) of the *Securities Act*;

2. On November 9, 2016, the Commission issued a Notice of Hearing in respect of that Statement of Allegations, setting December 1, 2016 as the date of the hearing;

3. On November 25, 2016, Staff filed an affidavit of service sworn by Lee Crann on the same day, describing steps taken by Staff to serve the Respondent with the Notice of Hearing, Statement of Allegations and Staff's disclosure materials;

4. At the hearing on December 1, 2016:

    a. Staff appeared before the Commission and made submissions;

    b. The Respondent 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 Commission's *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. Staff advised that the Respondent did correspond with Staff by email on November 30, 2016 and in that email the Respondent did not take any position on the request for a written hearing; and

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

IT IS ORDERED THAT:

(a) Staff's application to continue this proceeding by way of a written hearing is granted;

(b) Staff's materials shall be served and filed no later than 5:00 p.m. EST on December 12, 2016;

(c) The Respondent's responding materials, if any, shall be served and filed no later than 5:00 p.m. EST on January 23, 2017; and

(d) Staff's reply materials, if applicable, shall be served and filed no later than 5:00 p.m. EST on February 6, 2017.

DATED at Toronto this 1st day of December, 2016.

"Monica Kowal"
Vice-Chair

2.2.7 Telesta Therapeutics Inc.

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 – issuer in default of its obligation to file and deliver its interim financial statements and related management's discussion and analysis – requested relief granted.

Applicable Legislative Provisions

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

December 2, 2016

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

AND

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

AND

IN THE MATTER OF
TELESTA THERAPEUTICS INC.
(the Filer)

ORDER

Background

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

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

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

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

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 *Canada Business Corporations Act* (the **CBCA**).

2. The Filer's head office is located in Belleville, Ontario.

3. The Filer is a reporting issuer in each of the provinces of Canada.

4. On August 23, 2016, the Filer entered into an arrangement agreement with ProMetic Life Sciences Inc. (the **Purchaser**) pursuant to which the Purchaser agreed to, among other things, acquire all of the issued and outstanding common shares of the Filer (the **Common Shares**) for a consideration of 0.04698 of a common share of the Purchaser per Common Share, by way of a plan of arrangement (the **Arrangement**) under the CBCA.

5. The Arrangement was approved at the special meeting of shareholders of the Filer on October 25, 2016 and by the Superior Court of Justice of Ontario on October 28, 2016.

6. The Arrangement became effective on October 31, 2016.

7. The Common Shares were delisted from the Toronto Stock Exchange at the close of business on November 1, 2016.

8. All Common Shares are held by the Purchaser and no person has a right to acquire Common Shares.

9. The Filer has no current intention to seek public financing by way of an offering of securities in any jurisdiction in Canada.

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. 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.

12. 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.

13. The Filer is not in default of securities legislation in any jurisdiction, except for its failure to file its interim financial statements and interim management's discussion and analysis for the period ended September 30, 2016 as required under National Instrument 51-102 *Continuous Disclosure Obligations* and the related interim certificates as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the **Filings**), all of which became due on November 14, 2016, after the Filer became a wholly-owned subsidiary of the Purchaser.

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

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

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

Order

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

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

“Judith Robertson”
Commissioner
Ontario Securities Commission

“Edward P. Kerwin”
Commissioner
Ontario Securities Commission

2.2.8 Thompson Creek Metals Company Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – The securities of the issuer are beneficially owned by not more than 50 persons and are not traded through any exchange or market – The issuer is not an OTC reporting issuer; the securities of the issuer are beneficially owned by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders worldwide; no securities of the issuer are traded on a market in Canada or another country; the issuer is not in default of securities legislation except it has not filed certain continuous disclosure documents following the completion of a going private transaction.

Applicable Legislative Provisions

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

December 2, 2016

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA AND ONTARIO
(THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
THOMPSON CREEK METALS COMPANY INC.
(THE FILER)

ORDER

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

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

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

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

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

Interpretation

2 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

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

1. the Filer is a corporation amalgamated under the *Business Corporations Act* (British Columbia);

2. the Filer's authorized share capital consists of: (i) an unlimited number of common shares (Common Shares); and (ii) an unlimited number of first preferred shares (Preferred Shares);

3. there are 225,984,231 Common Shares issued and outstanding, all of which are owned by Centerra B.C. Holdings Inc. (Centerra B.C. Holdings), a wholly-owned direct subsidiary of Centerra Gold Inc. (Centerra);

4. on October 20, 2016, all of the Common Shares of the Filer were acquired by Centerra by way of a plan of arrangement (the Arrangement) under the *Business Corporations Act* (British Columbia) in exchange for 0.0988 of a Centerra common share for each Common Share; pursuant to the Arrangement, the Common Shares were then contributed to Centerra B.C. Holdings;

5. there are no Preferred Shares issued and outstanding;

6. the Filer has no securities issued and outstanding other than as set out in paragraph 3;

7. the Common Shares were delisted from the Toronto Stock Exchange on October 21, 2016, removed from the OTCQX on

October 20, 2016 and deregistered under the United States *Securities Exchange Act of 1934*, as amended, on October 26, 2016;

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

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

10. 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;

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

12. the Filer is not in default of securities legislation in any jurisdiction, other than an obligation (arising after the Arrangement) to file on or before November 14, 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 Issuer's Annual and Interim Filings* (collectively, the Filings);

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

Order

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

The decision of the Decision Makers under the Legislation is that the Order Sought is granted.

"Robert Kirwin"
Director, Corporate Finance
British Columbia Securities Commission

2.2.9 CGI Group Inc. and Canadian Imperial Bank of Commerce – s. 6.1 of National Instrument 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, pursuant to a repurchase program and at a discounted purchase price, up to a specified number of its Subordinate Voting Shares under its normal course issuer bid from a third party – the third party will abide by the requirements governing normal course issuer bids as though it was the issuer, subject to certain modifications, including that the third party will not make any purchases under the program pursuant to a pre-arranged trade – subordinate voting shares delivered to the issuer for cancellation will be subordinate voting shares from the third party's existing inventory – the third party will purchase subordinate voting shares under the program on the same basis as if the Issuer had conducted the bid in reliance on the normal course issuer bid exemptions set out in securities legislation – no adverse economic impact on, or prejudice to, the Issuer or its security holders – acquisition of securities exempt from the requirements applicable to issuer bids in Part 2 of NI 62-104, subject to conditions, including that the number of subordinate voting shares transferred by the third party from its existing inventory to the issuer for purchase under the program be equivalent to the number of subordinate voting shares that the third party has purchased, or had purchased on its behalf, on Canadian markets.

Statutes Cited

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
CGI GROUP INC. AND
CANADIAN IMPERIAL BANK OF COMMERCE

ORDER
(Section 6.1 of National Instrument 62-104)

UPON the application (the "**Application**") of CGI Group Inc. (the "**Issuer**") and Canadian Imperial Bank of Commerce ("**CIBC**" and, together with the Issuer, the "**Filers**") 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 by the Issuer of up to 2,750,000 (the "**Program Maximum**") of the Issuer's Class A subordinate voting shares (the "**Subordinate Voting Shares**") from CIBC pursuant to a repurchase program (the "**Program**").

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

AND UPON the Issuer (and the CIBC Entities (as defined below) in respect of paragraphs 6 to 9, inclusive, 18 to 22, inclusive, 25, 26, 28 to 33, inclusive, 35, 39, 41 and 42 as they relate to the CIBC Entities) having represented to the Commission that:

1. The Issuer was incorporated on September 29, 1981 under Part IA of the *Companies Act* (Québec), predecessor to the *Business Corporations Act* (Québec) which now governs the Issuer. The Issuer continued the activities of Conseillers en Gestion et Informatique CGI Inc., which was originally founded in 1976.

2. The head office of the Issuer is situated at 1350 René-Lévesque Blvd. West, 15th Floor, Montreal, Québec, H3G 1T4.

3. The Issuer is a reporting issuer in each of the provinces of Canada. It is also registered as a foreign private issuer with the United States Securities and Exchange Commission. 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 Subordinate Voting Shares, an unlimited number of Class B shares (multiple voting) (the "**Multiple Voting Shares**"), an unlimited number of first preferred shares, issuable in series, and an unlimited number of second preferred shares, issuable in series, all without par value, of which 272,098,920 Subordinate Voting Shares and 32,852,748 Multiple Voting Shares were issued and outstanding as of October 31, 2016.

5. The Subordinate Voting Shares are listed for trading on the Toronto Stock Exchange (the "**TSX**") and the New York Stock Exchange (the "**NYSE**").

6. CIBC is a full service Schedule 1 bank governed by the *Bank Act* (Canada). The corporate headquarters of CIBC is located in the Province of Ontario.

7. CIBC does not directly or indirectly own more than 5% of the issued and outstanding Subordinate Voting Shares.

8. CIBC is the beneficial owner of at least that number of Subordinate Voting Shares equal to the Program Maximum, none of which were acquired by, or on behalf of, CIBC in anticipation or contemplation of resale to the Issuer (such Subordinate Voting Shares over which CIBC has beneficial ownership, the "**Inventory Shares**"). All of the Inventory Shares are held by CIBC in the Province of Ontario. No Subordinate Voting Shares were acquired by, or on behalf of, CIBC on or after October 26, 2016, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Subordinate Voting Shares by CIBC to the Issuer.

9. CIBC is at arm's length to the Issuer and is not an "insider" of the Issuer or 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**"). CIBC is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.

10. Pursuant to a "Notice of Intention to Make a Normal Course Issuer Bid" accepted by the TSX effective February 9, 2016 (the "**NCIB Notice**"), the Issuer was permitted to make a normal course issuer bid (the "**NCIB**") to purchase up to 21,425,992 Subordinate Voting Shares, representing approximately 10% of the Issuer's public float of Subordinate Voting Shares as of the date specified in the NCIB Notice. In accordance with the NCIB Notice, the NCIB is conducted through the facilities of the TSX in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**") and the Issuer may also purchase Subordinate Voting Shares on the open market through the facilities of the NYSE and through alternative trading systems, as well as outside the facilities of the TSX pursuant to exemption orders issued by securities regulatory authorities.

11. The NCIB is being conducted in reliance upon the exemption from the Issuer Bid Requirements set out in subsection 4.8(2) of NI 62-104 (the "**Designated Exchange Exemption**").

12. The NCIB is also being conducted in the normal course on the NYSE and other permitted published markets (collectively with the NYSE, the "**Other Published Markets**") in reliance upon the exemption from the Issuer Bid Requirements set out in subsection 4.8(3) of NI 62-104 (the "**Other Published Markets Exemption**", and together with the Designated Exchange Exemption, the "**Exemptions**").

13. Pursuant to the TSX NCIB Rules, the Issuer has appointed National Bank Financial Inc. as its designated broker in respect of the NCIB (the "**Responsible Broker**"). The Issuer has not established an automatic share repurchase plan in connection with the NCIB.

14. The Issuer may, from time to time, appoint a non-independent purchasing agent (a "**Plan Trustee**") to fulfill requirements for the delivery of Subordinate Voting Shares under the Issuer's security-based compensation plans (the "**Plan Trustee Purchases**"). A Plan Trustee has not been appointed by the Issuer and no Plan Trustee Purchases will be required during the Program Term (as defined below).

15. The maximum number of Subordinate Voting Shares that the Issuer is permitted to repurchase under the NCIB, being 21,425,992 Subordinate Voting Shares, will be reduced by the number of Plan Trustee Purchases, if any.

16. To the best of the Issuer's knowledge, as of October 31, 2016, the "public float" in respect of the Subordinate Voting Shares for the purposes of the TSX NCIB Rules (as defined below) consisted of a total of 217,121,835 Subordinate Voting Shares. The Subordinate Voting Shares are "highly-liquid securities" as that term is defined in section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* ("**OSC Rule 48-501**") and section 1.1 of the Universal Market Integrity Rules ("**UMIR**").

17. The Autorité des marchés financiers (Québec) granted an order on March 3, 2016 pursuant to section 263 of the *Securities Act* (Québec) from the Issuer Bid Requirements in connection with the purchase by the Issuer of 7,112,375 Subordinate Voting Shares from Caisse de dépôt et placement du Québec, which was concluded on March 3, 2016 and settled on March 8, 2016 as part of the NCIB.

18. The Filers wish to participate in the Program during, and as a part of, the NCIB to enable the Issuer to purchase from CIBC, and for CIBC to sell to the Issuer, that number of Subordinate Voting Shares equal to the Program Maximum.

19. CIBC has retained CIBC World Markets Inc. ("**CIBC WM**") to acquire Subordinate Voting Shares through the facilities of the TSX and on Other Published Markets in Canada (each, a "**Canadian Other Published Market**" and collectively with the TSX, the "**Canadian Markets**") under the Program. No Subordinate Voting Shares will be acquired under the Program on any Other Published Markets other than Canadian Other Published Markets.

20. CIBC WM is registered as an investment dealer under the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Yukon, the Northwest Territories and Nunavut. It is also registered as a futures commission merchant under the *Commodity Futures Act* (Ontario), a derivatives dealer under the *Derivatives Act* (Québec) and a dealer (futures commission merchant) under *The Commodity Futures Act* (Manitoba). CIBC WM is a member of the Investment Industry Regulatory Organization of Canada ("**IIROC**") and the Canadian Investor Protection Fund, a participating organization or member of the TSX, TSX Venture Exchange and Canadian Securities Exchange, and an approved participant of the Bourse de Montréal. The head office of CIBC WM is located in the Province of Ontario.

21. The Program will be governed by, and conducted in accordance with, the terms and conditions of a Repurchase Program Agreement (the "**Program Agreement**") that will be entered into among the Filers and CIBC WM prior to the commencement of the Program and a copy of which will be delivered by the Filers to the Commission promptly thereafter.

22. The Program will begin at least two clear trading days after the issuance of the Press Release (as defined below) and terminate on the earlier of February 3, 2017 and the date on which the Issuer will have purchased the Program Maximum under the Program (the "**Program Term**"). Neither the Issuer nor any of the CIBC Entities may unilaterally terminate the Program Agreement during the Program Term, except in the case of an event of default by a party thereunder.

23. The Issuer will issue a press release that will have been pre-cleared by the TSX and will describe the material features of the Program and disclose the Issuer's intention to participate in the Program during the NCIB (the "**Press Release**").

24. The Program Maximum will be less than the number of Subordinate Voting Shares remaining that the Issuer is entitled to acquire under the NCIB, calculated as at the date of the Program Agreement.

25. The Program Term may include a regularly scheduled quarterly blackout period that is imposed by the Issuer on its directors, executive officers and other insiders pursuant to the Issuer's internal insider trading policy (a "**Blackout Period**"). During a Blackout Period, the Program would become an "automatic securities purchase plan" as defined in National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (as applied, *mutatis mutandis*, to purchases made by an issuer), and CIBC WM will conduct the Program in its sole discretion, in accordance with the irrevocable instructions established by the Issuer, and conveyed by the Issuer to CIBC WM, at a time when the Issuer has not imposed a Blackout Period, in compliance with exchange and securities regulatory requirements applicable to automatic share repurchase plans. The TSX has been advised of the Issuer's intention to enter into the Program and will be provided with a copy of the Program Agreement, and the Program will be pre-cleared by the TSX.

26. At such times during the Program Term when the Issuer has not imposed a Blackout Period, CIBC WM will purchase Subordinate Voting Shares on the applicable Trading Day (as defined below) in accordance with instructions received by CIBC WM from the Issuer prior to the opening of trading on such day, which instructions will be the same instructions that the Issuer would give to the Responsible Broker as its designated broker in respect of the NCIB if it was conducting the NCIB in reliance on the Exemptions.

27. The Issuer will not give purchase instructions in respect of the Program to CIBC WM at any time that the Issuer is aware of Undisclosed Information (as defined below).

28. All Subordinate Voting Shares acquired for the purposes of the Program by CIBC WM on a day during the Program Term on which Canadian Markets are open for trading (each, a "**Trading Day**") must be acquired on Canadian Markets in accordance with the TSX NCIB Rules and any by-laws, rules, regulations or policies of any Canadian Markets upon which purchases are carried out (collectively, the "**NCIB Rules**") that would be applicable to the Issuer in connection with the NCIB, provided that:

    (a) the aggregate number of Subordinate Voting Shares to be acquired on Canadian Markets by CIBC WM on each Trading Day shall not exceed the maximum daily limit that is imposed upon the NCIB pursuant to the TSX NCIB Rules, determined with reference to an average daily trading volume that is based on the trading volume of the Subordinate Voting Shares on all Canadian Markets rather than being limited to the trading volume on the TSX only (the "**Modified Maximum Daily Limit**"), it being understood that the aggregate number of Subordinate Voting Shares to be acquired on the TSX by CIBC WM on each Trading Day will not exceed the maximum daily limit that is imposed on the NCIB pursuant to the TSX NCIB Rules; and

(b) notwithstanding the block purchase exception provided for in the TSX NCIB Rules, no purchases will be made by CIBC WM on any Canadian Markets pursuant to a pre-arranged trade.

29. The aggregate number of Subordinate Voting Shares acquired by CIBC WM in connection with the Program:

(a) shall not exceed the Program Maximum; and

(b) on Canadian Other Published Markets, shall not exceed that number of Subordinate Voting Shares remaining eligible for purchase by the Issuer pursuant to the Other Published Markets Exemption, calculated as at the date of the Program Agreement.

30. On every Trading Day, CIBC WM will purchase the Number of Subordinate Voting Shares. The "**Number of Subordinate Voting Shares**" will be no greater than the least of:

(a) the maximum number of Subordinate Voting Shares established in the instructions received by CIBC WM from the Issuer prior to the opening of trading on such day;

(b) the Program Maximum less the aggregate number of Subordinate Voting Shares previously purchased by CIBC WM under the Program;

(c) on a Trading Day where trading ceases on the TSX or some other event that would impair CIBC WM's ability to acquire Subordinate Voting Shares on Canadian Markets occurs (a "**Market Disruption Event**"), the number of Subordinate Voting Shares acquired by CIBC WM on such Trading Day up until the time of the Market Disruption Event; and

(d) the Modified Maximum Daily Limit.

31. The "**Discounted Price**" per Subordinate Voting Share will be equal to (i) the volume weighted average price of the Subordinate Voting Shares on the Canadian Markets on the Trading Day on which purchases were made for the period from 9:31 a.m. to 3:30 p.m. (Eastern time) (excluding blocks of 10,000 or more shares and any trade above the maximum price established in the instructions received by CIBC WM from the Issuer prior to the opening of trading on such day) less an agreed upon discount, or (ii) upon the occurrence of a Market Disruption Event, the volume weighted average price of the Subordinate Voting Shares on the Canadian Markets from 9:31 a.m. (Eastern time) up to the time the Market Disruption Event occurred (subject to the same exclusions) less an agreed upon discount.

32. CIBC will deliver to the Issuer that number of Inventory Shares equal to the number of Subordinate Voting Shares purchased by CIBC WM on a Trading Day under the Program on the second Trading Day thereafter, and the Issuer will pay CIBC a purchase price equal to the Discounted Price for each such Inventory Share. Each Inventory Share purchased by the Issuer under the Program will be cancelled upon delivery to the Issuer.

33. CIBC will not sell any Inventory Shares to the Issuer under the Program unless CIBC WM has purchased the equivalent number of Subordinate Voting Shares on Canadian Markets. The number of Subordinate Voting Shares that are purchased by CIBC WM on Canadian Markets on a Trading Day will be no greater than the Number of Subordinate Voting Shares for such Trading Day. CIBC WM will provide the Issuer with a daily written report of CIBC WM's purchases, which report will indicate, inter alia, the aggregate number of Subordinate Voting Shares acquired, the Canadian Market on which such Subordinate Voting Shares were acquired and the Modified Maximum Daily Limit.

34. During the Program Term, the Issuer will (a) not purchase any Subordinate Voting Shares (other than Inventory Shares purchased under the Program), (b) prohibit the Responsible Broker from acquiring any Subordinate Voting Shares on its behalf, and (c) prohibit any Plan Trustee from undertaking any Plan Trustee Purchases.

35. All purchases of Subordinate Voting Shares under the Program will be made by CIBC WM and neither of the CIBC Entities will engage in any hedging activity in connection with the conduct of the Program.

36. The Issuer will report its purchases of Subordinate Voting Shares under the Program to the TSX in accordance with the TSX NCIB Rules. In addition, immediately following the completion of the Program, the Issuer will: (a) report the total number of Subordinate Voting Shares acquired under the Program to the TSX and the Commission, and (b) file a notice on the System for Electronic Document Analysis and Retrieval ("SEDAR") disclosing the number of Subordinate Voting Shares acquired under the Program and the aggregate dollar amount paid for such Subordinate Voting Shares.

37. The Issuer is of the view that (a) it will be able to purchase Subordinate Voting Shares from CIBC at a lower price than the price at which it would be able to purchase an equivalent quantity of Subordinate Voting Shares under the NCIB in

reliance on the Exemptions, and (b) the purchase of Subordinate Voting Shares pursuant to the Program is in the best interests of the Issuer and constitutes a desirable use of the Issuer's funds.

38. The entering into of the Program Agreement, the purchase of Subordinate Voting Shares by CIBC WM in connection with the Program, and the sale of Inventory Shares by CIBC to the Issuer 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.

39. The sale of Inventory Shares to the Issuer by CIBC will not be a "distribution" (as defined in the Act).

40. The Issuer will be able to acquire the Inventory Shares from CIBC without the Issuer being subject to the dealer registration requirements of the Act.

41. At the time that the Issuer and the CIBC Entities enter into the Program Agreement, neither the Issuer, nor any member of the Equity Derivatives Trading Group of CIBC, nor any personnel of either of the CIBC Entities that negotiated the Program Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Program Agreement and sell the Subordinate Voting Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) with respect to the Issuer or the Subordinate Voting Shares that has not been generally disclosed (the "**Undisclosed Information**").

42. Each of the CIBC Entities:

    (a) has policies and procedures in place to ensure that the Program will be conducted in accordance with, among other things, the Program Agreement and this Order, and to preclude those persons responsible for administering the Program from acquiring any Undisclosed Information during the conduct of the Program; and

    (b) will, prior to entering into the Program Agreement, (i) ensure that its systems are capable of adhering to, and performing in accordance with, the requirements of the Program and this Order, and (ii) provide all necessary training and take all necessary actions to ensure that the persons administering and executing the purchases under the Program are aware of, and understand the terms of this Order.

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 respect of the purchase of Inventory Shares from CIBC pursuant to the Program, provided that:

(a) at least two clear trading days prior to the commencement of the Program, the Issuer issues the Press Release;

(b) all purchases of Subordinate Voting Shares under the Program are made on Canadian Markets by CIBC WM, and are:

    (i) made in accordance with the NCIB Rules applicable to the NCIB, as modified by paragraph 28 of this Order;

    (ii) taken into account by the Issuer when calculating the maximum annual aggregate limits that are imposed upon the NCIB in accordance with the TSX NCIB Rules, with those Subordinate Voting Shares purchased on Canadian Other Published Markets being taken into account by the Issuer when calculating the maximum aggregate limits that are imposed upon the Issuer in accordance with the Other Published Markets Exemption;

    (iii) marked with such designation as would be required by the applicable marketplace and UMIR for trades made by an agent of the Issuer; and

    (iv) monitored by the CIBC Entities on a continual basis for the purposes of ensuring compliance with the terms of this Order, NCIB Rules, and applicable securities law;

(c) during the Program Term, (i) the Issuer does not purchase any Subordinate Voting Shares (other than Inventory Shares purchased under the Program), (ii) no Subordinate Voting Shares are purchased on behalf of the Issuer by the Responsible Broker, and (iii) no Plan Trustee Purchases are undertaken by any Plan Trustee;

(d) the number of Inventory Shares transferred by CIBC to the Issuer for purchase under the Program in respect of a particular Trading Day is equivalent to the number of Subordinate Voting Shares purchased by CIBC WM on Canadian Markets in respect of the Trading Day;

(e) no hedging activity is engaged in by the CIBC Entities in connection with the conduct of the Program;

(f) at the time that the Program Agreement is entered into by the Filers and CIBC WM:

(i) the Subordinate Voting Shares are "highly liquid securities", as that term is defined in section 1.1 of OSC Rule 48-501 and section 1.1 of UMIR; and

(ii) none of the Issuer, any member of the Equity Derivatives Trading Group of CIBC, or any personnel of either of the CIBC Entities that negotiated the Program Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Program Agreement and sell the Subordinate Voting Shares, was aware of any Undisclosed Information;

(g) no purchase instructions in respect of the Program are given by the Issuer to CIBC WM at any time that the Issuer is aware of Undisclosed Information;

(h) the CIBC Entities maintain records of all purchases of Subordinate Voting Shares that are made by CIBC WM pursuant to the Program, which will be available to the Commission and IIROC upon request; and

(i) in addition to reporting its purchases of Subordinate Voting Shares under the Program to the TSX in accordance with the TSX NCIB Rules, immediately following the completion of the Program, the Issuer will: (i) report the total number of Subordinate Voting Shares acquired under the Program to the TSX and the Commission, and (ii) file a notice on SEDAR disclosing the number of Subordinate Voting Shares acquired under the Program and the aggregate dollar amount paid for such Subordinate Voting Shares.

DATED at Toronto, Ontario, this 2nd day of December, 2016.

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

2.2.10 1083651 B.C. Ltd.

Headnote

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

Applicable Legislative Provisions

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

November 30, 2016

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

AND

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

AND

**IN THE MATTER OF
1083651 B.C. LTD.
(the Filer)**

ORDER

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for an order under the securities legislation of the Jurisdictions (the Legislation) that the Filer has ceased to be a reporting issuer in all jurisdictions of Canada in which it is a reporting issuer (the Order Sought).

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

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

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

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

Interpretation

2 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

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

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

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

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

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

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

Order

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

The decision of the Decision Makers under the Legislation is that the Order Sought is granted.

"Robert Kirwin"
Director, Corporate Finance
British Columbia Securities Commission

Chapter 3

Reasons: Decisions, Orders and Rulings

3.2 Director's Decisions

3.2.1 George Ranisau – s. 31

IN THE MATTER OF
STAFF'S RECOMMENDATION TO
IMPOSE TERMS AND CONDITIONS
ON THE REGISTRATION OF
GEORGE RANISAU

OPPORTUNITY TO BE HEARD BY THE DIRECTOR
UNDER SECTION 31 OF THE SECURITIES ACT (ONTARIO)

Decision

1. For the reasons outlined below, my decision is to accept the recommendation of staff (**Staff**) of the Ontario Securities Commission (**OSC**) to impose restricted client terms and conditions on George Ranisau (**Ranisau** or the **Registrant**), a dealing representative in the category of mutual fund dealer, sponsored by Quadrus Investment Services Ltd. (**Quadrus**), as follows:

   As of the effective date of these terms and conditions, the Registrant may not act as a dealing representative in respect of any new account held by, or on behalf of, any person who is a member of the Romanian Christian Fellowship Inc. (**Restricted Clients**), or of a spouse, parent, brother, sister, grandparent or child of Restricted Clients.

   (the **Restricted Client Terms and Conditions**)

Overview

2. On July 13, 2016, Quadrus submitted a current employment change submission to update Item 10 – *Current employment, other business activities, officer positions held and directorships* of Form 33-109F4 – *Registration of Individuals and Review of Permitted Individuals* (**Form 33-109F4**) for Ranisau. Ranisau disclosed that he had been serving as president of the Romanian Christian Fellowship (**RCF**), a church and charitable organization, since February 2013 (the **Change Submission**).

3. Ranisau and Quadrus failed to timely file the notice to update his registration record.

4. Restricted Client Terms and Conditions are imposed on registrants for a number of reasons, including when the registrant has an outside business activity that puts him/her in a position of power or potential influence over clients or potential clients.

5. The OSC oversees the registration process, including the applicability of terms and conditions, if any, of individual dealing representatives of a mutual fund dealer.

Law and Reasons

6. Section 28 of the *Securities Act*, RSO 1990, c S.5, as amended (the **Act**) provides the director, in his or her discretion, with the power to impose terms and conditions on the registration of any person or company when it appears that the person or company has failed to comply with Ontario securities law or the registration is otherwise objectionable.

7. Subsection 2.2(1) of National Instrument 33-109 – *Registration Information* (**NI 33-109**) required the Registrant to submit a completed Form 33-109F4, which includes information relating to business activities outside the sponsoring firm, and subsection 4.1(1) of NI 33-109 requires the Registrant to notify the OSC of this information.

8. Staff's basis for recommending the Restricted Client Terms and Conditions is that, in a situation where a registrant is in a position of power or potential influence, what should be an arm's length transaction with a client can be influenced by the client's perception of the dealing representative's role in a charitable or faith-based outside activity.

9. In OSC Staff Notice 33-738 – *2012 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers* (**OSC Notice 33-738**), issued November 22, 2012, the OSC provided the following guidance to registrants:

> We remind registered firms of their obligation to ensure the OBAs [outside business activities] of the individuals they sponsor do not impair or impede the performance of their regulatory obligations. See CSA Staff Notice 31-326 *Outside Business Activities* for issues to consider when reviewing the circumstances of an individual's OBAs.
>
> We also wish to remind registrants that all OBAs must be disclosed in Form 33-109F4 (or Form 33-109F5 for changes in OBAs after registration). Required disclosure includes
>
> - having a paid or unpaid role with a charitable or religious organization […]

10. While Staff guidance is not the law, it informs and guides registrants on how to comply with regulatory obligations. In *Sawh*, the OSC panel stated that the conduct of the registrants would be assessed against the statutory requirements, the requirements and the guidance existing at the time of the conduct (*Re Sanjiv Sawh and Vlad Trkulja* (2012) 35 OSCB 7431 (***Sawh***) at para. 157)

11. Staff submits that the Restricted Client Terms and Conditions are appropriate for three reasons. First, Ranisau is in a position of trust and potential influence over members of the RCF as the organization's president and an individual who has been granted cheque signing authority. Second, Staff has imposed similar "restricted client" terms and conditions on the basis of outside business activities, including eleven examples cited for lay religious officials. Finally, the Restricted Client Terms and Conditions are necessary for Ranisau's sponsoring firm to adequately supervise his outside business activities.

12. Counsel for Ranisau takes the position that the Restricted Client Terms and Conditions would have a significant burden on his business, due to requirements for pre-approval of trades, ensuring that all new business that has a letter attached confirming that applicants are not RCF members and there will be more onerous and ongoing audits of Ranisau's client files. This, Ranisau submits, will have a chill effect on his business. Further, Ranisau submits that his position is strictly administrative, with minimal to no interaction with individuals that are vulnerable.

13. Ranisau proposes to provide a voluntary undertaking that includes: his withdrawal from the position of president at the RCF, effective February 2017; he will refrain from accepting other immediate formal position with the RCF and engage the OSC in dialogue to future volunteer positions; and between now and February 28, 2017, he will not solicit or accept any new RCF members as clients.

14. In reviewing the evidence, I found that the Change Submission, filed on July 13, 2016, under Item 5 "Conflicts of Interest" states the following:

> All clients are provided with a outside business activity disclosure form which stated there is no connection between the investment representative's business activity with the Romanian Christian Fellowship Inc. and Quadrus Investment Services Ltd.

15. On July18, 2016, Staff advised Ranisau of the concerns with the nature of his other business activities with RCF and provided recommended terms and conditions. After that date, on July 25, 2016, Ranisau accepted a client application form for TT, a member of the RCF, for which no disclosure was made about the outside business activity. Evidence was also presented of the opening documents, in September 2015 and September 2016, for two additional investors who are members of RCF and there is no indication of outside business disclosure having been made in those instances, despite the policy provided in the Change Submission.

16. Based on the fact that Ranisau failed to comply with Quadrus' policy, I am not persuaded that Ranisau's proposed voluntary undertaking would be effective in addressing the potential undue influence concerns that form the basis for the Restricted Client Terms and Conditions.

17. I am mindful of the OSC's mandate, in section 1.1 of the Act: (a) to provide protection to investors from unfair, improper or fraudulent practices; and (b) to foster fair and efficient capital markets and confidence in capital markets. I have also considered the need for "effective and responsive securities regulation [which] requires timely, open and efficient administration and enforcement of th[e] Act" (section 2.1 of the Act).

18. Having considered the submissions, I am satisfied that the Registrant is in a position of power or potential influence over clients or potential clients who are members of the RCF and that his circumstances warrant the imposition of the Restricted Client Terms and Conditions. Ranisau was clearly placed in a position of trust as the President of the RCF, a

role which required and/or permitted him to head board meetings, control certain finances, and liaise between the church and church leadership.

19. Furthermore, I do not find that Ranisau is required to withdraw from his role as President of the RCF. The objective of the Restricted Client Terms and Conditions is not to prohibit dealing activity, but rather to limit the scope of clients that the Registrant can deal with. Also, the purpose of the Restricted Client Terms and Conditions is not to prohibit registrants from volunteering with charitable or religious organizations, but to protect clients from potential undue influence of a registrant who is in a position of power or trust, whether spiritual or otherwise.

20. As for the proposal by Ranisau that a voluntary undertaking not to act would suffice in this situation, I agree with Staff's submission that there ought to be timely, open and efficient administration and enforcement of securities laws. I am persuaded that the Registrant is being treated fairly, just as the eleven other registrants, who were also lay religious officials and had similar terms and conditions imposed upon their registration.

21. Finally, the argument advanced by Ranisau that the Restricted Client Terms and Conditions would create burden on his business due to supervisory compliance procedures that would be imposed upon him, is not persuasive. The Restricted Client Terms and Conditions will permit Quadrus to more adequately supervise his outside business activities.

22. My conclusion is to impose the Restricted Client Terms and Conditions as recommended by Staff.

"Debra Foubert" J.D.
Director
Compliance and Registrant Regulation Branch
Ontario Securities Commission

November 30, 2016

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

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

THERE IS NOTHING TO REPORT THIS WEEK.

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
Altitude Resources Inc.	02 December 2016	
Argentum Silver Corp.	03 November 2016	05 December 2016
BitRush Corp.	02 December 2016	
ChitrChatr Communications Inc.	02 December 2016	
Dominion Citrus Income Fund	05 December 2016	
Maclos Capital Inc.	05 December 2016	
RYM Capital Corp	02 December 2016	

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
AlarmForce Industries Inc.	19 September 2016	30 September 2016	30 September 2016		
Performance Sports Group Ltd.	19 October 2016	31 October 2016	31 October 2016		
Starrex International Ltd.	30 December 2015	11 January 2016	11 January 2016		

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Chapter 5

Rules and Policies

5.1.1 CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts and ETF Facts – CSA Notice of Amendments to National Instrument 81-102 Investment Funds and Related Consequential Amendments

Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA MUTUAL FUND RISK CLASSIFICATION METHODOLOGY FOR USE IN FUND FACTS AND ETF FACTS

CSA NOTICE OF AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS* AND RELATED CONSEQUENTIAL AMENDMENTS

December 8, 2016

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are making amendments to mandate a CSA risk classification methodology (the **Methodology**) for use by fund managers to determine the investment risk level of conventional mutual funds and exchange-traded mutual funds (**ETFs**) (which are collectively referred to as **mutual funds**) for use in the Fund Facts document (**Fund Facts**) and in the ETF Facts document[1] (**ETF Facts**) respectively.

The amendments are to:

- National Instrument 81-102 *Investment Funds* (**NI 81-102**).

We are also making related consequential amendments to:

- National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**), and
- Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**81-101CP**).

We refer to the amendments to NI 81-102, and the related consequential amendments to NI 81-101 and 81-101CP together as the **Amendments**. The Amendments are part of Stage 3 of the CSA's implementation of the point of sale disclosure project (the **POS Project**). The text of the Amendments is included in annexes to this Notice and is available on the websites of members of the CSA.

We expect the Amendments to be adopted in each jurisdiction of Canada.

Subject to Ministerial approval requirements for rules, the Amendments come into force on March 8, 2017.

Substance and Purpose

We think that a mandated standardized risk classification methodology will provide for greater transparency and consistency than currently available, which will allow investors to more readily compare the investment risk levels of different mutual funds.

[1] As published on December 8, 2016 "Mandating a Summary Disclosure Document for Exchange-Traded Mutual Funds and its Delivery – CSA Notice of Amendments to National Instrument 41-101 *General Prospectus Requirements* and to Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements* and Related Consequential Amendments".

Background

Currently, the fund manager of a conventional mutual fund determines the investment risk level of the mutual fund for disclosure in the Fund Facts based on a risk classification methodology selected at the fund manager's discretion. The fund manager also identifies the mutual fund's investment risk level on the five-category scale prescribed in the Fund Facts ranging from Low to High.

The 2013 Proposal

An earlier version of the Methodology was published on December 12, 2013 by the CSA in CSA Notice 81-324 and Request for Comment *Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts* (the **2013 Proposal**). The 2013 Proposal was developed in response to stakeholder feedback that the CSA had received throughout the implementation of the POS Project for mutual funds, notably that a standardized risk classification methodology proposed by the CSA would be more useful to investors, as it would provide a consistent and comparable basis for measuring the investment risk level of different mutual funds.

A summary of the key themes arising from the 2013 Proposal was published in CSA Staff Notice 81-325 *Status Report on Consultation under CSA Notice 81-324 and Request for Comment on Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts*.

The 2015 Proposal

After considering the comments received on the 2013 Proposal, the CSA published an amended version of the Methodology on December 10, 2015 (the **2015 Proposal**) for a 90 day comment period that ended on March 9, 2016.

Summary of Written Comments Received by the CSA

We received 26 comment letters on the 2015 Proposal. We thank everyone who provided comments. Copies of the comment letters are posted on the website of Autorité des marchés financiers at www.lautorite.qc.ca and the website of the Ontario Securities Commission at www.osc.gov.on.ca. You can find the names of the commenters and a summary of the comments relating to the 2015 Proposal and our responses to those comments in Annex A to this Notice.

Generally, the majority of commenters supported the implementation of a standardized, mandatory risk classification methodology, and agreed with the use of standard deviation as the sole risk indicator to determine a mutual fund's investment risk level on the risk scale in the Fund Facts and the ETF Facts.

Summary of Key Changes to the 2015 Proposal

After considering the comments received, we have made some non-material changes to the 2015 Proposal. These changes are reflected in the Amendments that we are publishing as Annexes to this Notice. As these changes are not material, we are not republishing the Amendments for a further comment period.

The following is a summary of the key changes made to the 2015 Proposal.

- **Mutual funds with less than 10 years of history – Item 4 of Appendix F, NI 81-102**

  We are requiring a mutual fund that does not have the sufficient 10-year performance history to use the past performance of another mutual fund as proxy for the missing performance history: (i) when the mutual fund is a clone fund as defined under NI 81-102 and the underlying fund has 10 years performance history; or (ii) when there is another mutual fund with 10 years of performance history, that is subject to NI 81-102 and that has the same fund manager, portfolio manager, investment objectives and investment strategies as the mutual fund. The latter accommodation allows a corporate class version of the mutual fund or a mutual fund trust version of the mutual fund, with 10 years of performance history, to be used as a proxy for the missing performance history to calculate standard deviation under the Methodology.

- **Reference Index – Item 5 of Appendix F, NI 81-102**

  In selecting an appropriate reference index, we have clarified that each of the factors must be considered. While a mutual fund must consider each of the factors listed in Instruction (2) of Item 5 of Appendix F, NI 81-102 when selecting and monitoring the reasonableness of a reference index, we clarified that other factors may also be considered in selecting and monitoring the reasonableness of a reference index if such factors are relevant to the specific characteristics of the mutual fund.

In providing this clarification, we acknowledge that a reference index that reasonably approximates, or is expected to reasonably approximate, the standard deviation of the mutual fund may not necessarily meet all of the factors in Instruction (2) of Item 5 of Appendix F, NI 81-102.

- **Prospectus Disclosure of the Methodology – Item 9.1 of Part B, Form 81-101F1**

  If the performance history of another mutual fund is used as a proxy, a mutual fund must disclose in the prospectus a brief description of the other mutual fund. If the other mutual fund is changed, details of when and why the change was made must also be disclosed in the prospectus.

  We are now also requiring that the Methodology be available on request at no cost.

Anticipated Costs and Benefits

The Methodology was developed in response to comments we received throughout the course of the POS Project regarding the need for a standardized risk classification methodology to determine the investment risk level of a conventional mutual fund in the Fund Facts. The Methodology will also be used to determine the investment risk level of an ETF in the ETF Facts. We think that the implementation of the Methodology will benefit both investors and the market participants by providing:

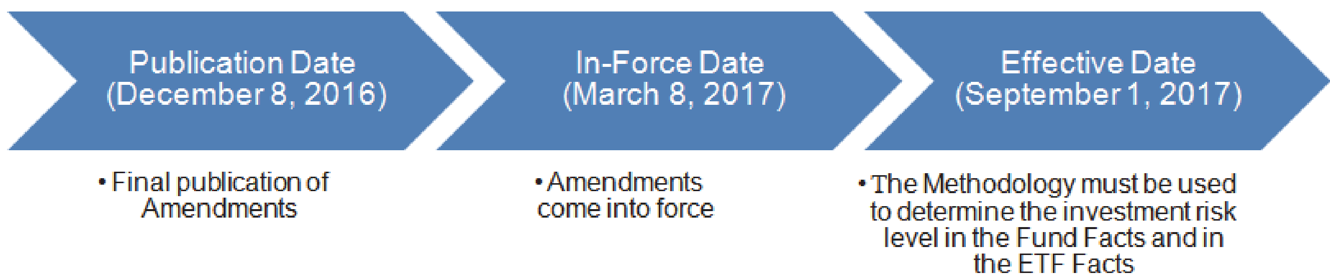
- a standardized risk classification methodology across all conventional mutual funds for use in the Fund Facts and all ETFs for use in the ETF Facts;[2]
- consistency and improved comparability between conventional mutual funds and/or ETFs; and
- enhanced transparency by enabling third parties to independently verify the risk rating disclosure of a conventional mutual fund in the Fund Facts or an ETF in the ETF Facts.

We further think that the costs of complying with the Methodology will be minimal since most fund managers already use standard deviation to determine, in whole or in part, a conventional mutual fund's investment risk level on the scale prescribed in the Fund Facts. In addition, as risk disclosure changes in the Fund Facts or ETF Facts between renewal dates are expected to occur infrequently, the costs involved would be insignificant.

Overall, we think the potential benefits of improved comparability of the investment risk levels disclosed in the Fund Facts and ETF Facts for investors, as well as enhanced transparency to the market, are proportionate to the costs of complying with the Methodology.

Transition

The Amendments will be proclaimed into force 90 days after their publication, that is on March 8, 2017. The Amendments have a transition period of 9 months after publication date so the Amendments will take effect on September 1, 2017 (the **Effective Date**). As of the Effective Date, the investment risk level of conventional mutual funds and ETFs must be determined by using the Methodology for each filing of a Fund Facts or ETF Facts, and at least annually.



The Effective Date also coincides with the effective date for the filing requirement for the initial ETF Facts. As of the Effective Date, an ETF that files a preliminary or pro forma prospectus must concurrently file an ETF Facts for each class or series of securities of the ETF offered under the prospectus and post the ETF Facts to the ETF's or ETF manager's website.[3]

[2] See footnote 1.
[3] See footnote 1.

Local Matters

Annex E to this Notice is being published in any local jurisdiction that is making related changes to local securities legislation, including local notices or other policy instruments in that jurisdiction. It also includes any additional information that is relevant to that jurisdiction only.

Some jurisdictions may require amendments to local securities legislation, in order to implement the Amendments. If statutory amendments are necessary in a jurisdiction, these changes will be initiated and published by the local provincial or territorial government.

Unpublished Materials

In developing the Amendments, we have not relied on any significant unpublished study, report or other written materials.

Content of the Annexes

The text of the Amendments is contained in the following annexes to this Notice and is available on the websites of members of the CSA:

Annex A – Summary of Public Comments on the 2015 Proposal

Annex B – Amendments to National Instrument 81-102 *Investment Funds*

Annex C – Amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*

Annex D – Changes to Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*

Annex E – Local Matters

Questions

Please refer your questions to any of the following:

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ANNEX A

SUMMARY OF PUBLIC COMMENTS AND CSA RESPONSES ON CSA NOTICE AND REQUEST FOR COMMENT CSA MUTUAL FUND RISK CLASSIFICATION METHODOLOGY FOR USE IN FUND FACTS AND ETF FACTS PROPOSED AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS* AND RELATED CONSEQUENTIAL AMENDMENTS (DECEMBER 10, 2015)

Table of Contents

PART	TITLE
Part I	Background
Part II	General Comments
Part III	Comments on the 2015 Proposal
Part IV	Comments on Transition
Part V	Other Comments
Part VI	List of Commenters

Part I – Background

Summary of Comments

On December 10, 2015, the Canadian Securities Administrators (the **CSA** or **we**) published for comment proposed amendments (the **Proposed Amendments** or the **2015 Proposal**) to National Instrument 81-102 *Investment Funds* (**NI 81-102**) and related consequential amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, National Instrument 41-101 *General Prospectus Requirements*, Companion Policy to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and Companion Policy to National Instrument 41-101 *General Prospectus Requirements*, to implement the CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts and ETF Facts (the **Proposed Methodology**).

The comment period expired on March 9, 2016. We received 26 comment letters and the commenters are listed in Part VI. This document only contains a summary of the comments received on the Proposed Methodology and the CSA's responses. We received comments on disclosure items in the Fund Facts, but we are not considering any additional disclosure items at this time. We also received comments on the application of the Proposed Methodology to alternative funds but the Proposed Amendments only contemplate the application of the Proposed Methodology to conventional mutual funds and exchange-traded mutual funds.

We have considered the comments we received and in response to the comments, we have made some amendments (the **Methodology**) to the Proposed Methodology.

We thank everyone who took the time to prepare and submit comment letters.

Part II – General Comments		
Issue	**Comments**	**Responses**
General Support for the Proposed Methodology	Commenters expressed broad support for a standardized risk classification methodology. They were supportive of providing greater transparency and consistency to allow investors to compare the investment risk levels of different mutual funds more readily.	We thank all commenters for their feedback. We are proceeding with the final publication of the Methodology with amendments to implement the Methodology for use by conventional mutual funds in the Fund Facts and exchange-traded mutual funds (**ETFs**, together with conventional mutual funds, **mutual funds**) in the ETF Facts.[1]

Part III – Comments on the 2015 Proposal		
Issue	**Comments**	**Responses**
1. Application to ETFs	Many industry commenters, industry associations and investor advocates expressed support for extending the application of the Proposed Methodology to the ETF Facts.	We thank the commenters for their support. Through the analysis it conducted, the CSA concluded that the Proposed Methodology can be applied to all mutual funds whether conventional or exchange-traded. We think that a standardized risk classification methodology for all mutual funds provides for greater transparency and consistency, which will allow investors to more readily compare mutual funds.
	One industry association commented that standard deviation for ETFs should be calculated with returns based on the net asset value (**NAV**), which would be consistent with performance reporting and continuous disclosure requirements. Few ETFs would have a different investment risk level calculated with returns based on market price.	We agree with the commenter and are proposing that an ETF's standard deviation should be calculated with reference to the NAV rather than market value to ensure consistency with performance reporting and continuous disclosure requirements across mutual funds.
	One investor advocate indicated that it would not be appropriate to apply the Proposed Methodology to inverse and leveraged ETFs as they have risks that will not be captured by volatility.	We respectfully disagree with the commenter. We continue to be of the view that the Proposed Methodology works well for a range of investment strategies, including inverse and leveraged ETFs. Our research indicates that inverse and leveraged ETFs have historically had very high standard deviation values and would, therefore, have a High risk rating under the Proposed Methodology.
2. Application to Conventional Mutual Funds	Some commenters suggested that it would not be appropriate to apply the Proposed Methodology to determine the investment risk levels of certain types of mutual funds.	

[1] See Mandating a Summary Disclosure Document for Exchange-Traded Mutual Funds and its Delivery, CSA Notice of Amendments to National Instrument 41-101 *General Prospectus Requirements* and to Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements and Related Consequential Amendments* as published on December 8, 2016.

	Target Date Funds – Some investor advocates and one industry association suggested that the Proposed Methodology should be modified for target date funds to reflect the fact that volatility changes over time.	In developing the Proposed Methodology, we performed an analysis of the shift in volatility profile of target date funds over their life. We noted that while the volatility of target date funds lowered as they approached their maturity date, the shift in volatility was relatively small. The vast majority of target date funds will remain in the same risk band over the course of their existence even with the lowering of the volatility and the small minority that do shift, will not shift by more than one risk band. As such, we do not believe that any modifications are required to the Proposed Methodology for target date funds.
	Fixed Income Funds – One industry association commented that it is inappropriate to use historic standard deviation to determine the investment risk level of fixed income funds because the factors affecting risk are forward looking, i.e. time to maturity of the underlying bonds and stability of interest rates. The commenter also suggested that the price of long term bonds tend to be more volatile than short term bonds and a bond's interest rate risk decreases every year it moves closer to maturity. The commenter suggested that duration is a better measure of a bond's price sensitivity to changes in interest rates and, therefore, is a more appropriate risk measure for fixed income funds.	The Proposed Methodology is based on historical volatility and not on future projections of any risk attributes. One of the primary purposes of introducing the Proposed Methodology was to address stakeholder concerns regarding the lack of consistency in the way risk for mutual funds was being assessed. A forward looking measure or a methodology based on future projections of risk could result in widely varying projections for the same asset class from one fund manager to another. Therefore, to ensure consistency of risk disclosure, we chose historical volatility as an appropriate risk measure. We are of the view that the Proposed Methodology can be used to determine the investment risk level for all mutual funds, including fixed income funds. The Proposed Methodology allows for the use of discretion to classify a mutual fund at a higher investment risk level should the fund manager deem that appropriate.
	Precious Metals Funds – One commenter was of the view that standard deviation may not be the correct measure of risk for precious metals funds. The commenter was of the view that volatility is not an appropriate measure of risk because gold has intrinsic value and provides protection against falling equity prices and has low historical correlation to other asset classes and is an alternative holding for overall wealth protection.	We respectfully disagree with the commenter. We reiterate that we are of the view that the Proposed Methodology can be used to determine the investment risk level for all mutual funds, including precious metal funds. The risk rating in the summary disclosure document is meant to provide the volatility risk of a particular series or class of a fund and is not meant to measure the contribution of that fund towards diversification within a portfolio.
	Fund of Funds and Model Portfolios – One industry association suggested that fund of funds and model portfolios should provide a separate Fund Facts to summarize the risk profile of the underlying funds as a weighted percentage composition.	For model portfolios, investors invest in each fund in a model portfolio. Accordingly, the investor is delivered the Fund Facts for each of the funds in the model portfolio which sets out the risk ratings for each of those funds. For a fund of funds, investors invest in the top fund. It would be misleading to represent the risk of a fund of funds as a weighted average of the risk of the underlying funds.

	Currency Hedged Series – One investor advocate suggested that currency hedged series of a fund should have a separate investment risk level.	The Proposed Methodology requires that the investment risk level of a mutual fund be determined by using the oldest series of the mutual fund, unless the oldest series has an attribute that results in a different investment risk level for the series. As such, the investment risk level of currency hedged series of a mutual fund should be determined separately if it is materially different from the oldest series of the mutual fund.
3. Standard Deviation	A number of industry commenters and industry associations expressed support for the use of standard deviation in the Proposed Methodology. Many industry commenters confirmed that they currently use the standard deviation methodology developed by the Investment Funds Institute of Canada (**IFIC**) (**IFIC Methodology**). One industry association commented that while standard deviation is an informative measure, it is not a complete measure of risk and can mask risks arising from complexity of a mutual fund. For example, a short term fixed income fund or ETF can have very low historical volatility but may be quite risky due to the complexity of its underlying investments and very asymmetric risk profiles in the event of a credit event, liquidity issues or interest rate shock. The same commenter also noted that past performance is not an indicator of future performance, but using standard deviation of past returns is an implicit endorsement of the use of past returns in an investor's evaluation of their risk and return goals. One industry association and some investor advocates told us that because many risks are not captured by volatility, standard deviation could potentially be misleading to investors.	We thank the commenters for their feedback. Before accepting standard deviation as the preferred risk indicator, the CSA conducted a thorough study of 14 other indicators. This included an assessment of tail risk indicators such as Value at Risk (**VaR**) and Conditional Value at Risk (**CVaR**). Our analysis revealed that these tail risk measures had a high correlation with standard deviation. We found that standard deviation tended to underestimate risk relative to VaR in only a small minority of instances (a maximum of 3% of fund series in any given period, and typically less than 1% of fund series in any given period) and in such instances the funds were typically already classified as Medium to High or High risk. Considering the limits regarding data availability for funds and the amount of data required to calculate tail risk measures accurately and given the high correlation between these measures and standard deviation, we have concluded that standard deviation is the most appropriate risk indicator for the purposes of the Proposed Methodology. Under the "*How risky is it?*" section, the Fund Facts clearly acknowledges that the mutual fund's rating is based on how much the mutual fund's returns have changed from year to year and that the indicated rating does not provide the future volatility of the mutual fund. Investors are referred to the simplified prospectus for more information on the mutual fund's risks. Standard deviation is a good general measure of risk that can be applied to funds with widely varying investment mandates. Standard deviation can adequately capture many types of risk that have affected funds historically. As a measure of volatility, we think that standard

		deviation is not misleading to investors. We note that the Committee of European Regulators (**CESR**)[2] and IFIC both adopted standard deviation for their methodologies.
	Some investor advocates were of the view that volatility is not understood by investors. Some investor advocates and one industry commenter told us that standard deviation is a measure of market fluctuation and investors are concerned with the risk of loss of capital, not market fluctuation. The investor advocates expressed concern that a mutual fund with no market fluctuation would be considered no risk which would provide false sense of security to investors. They told us that volatility itself is not risk, it is a weak proxy for risk and it does not show downside risk.	The Fund Facts and the proposed ETF Facts provide a plain language explanation of what volatility means. The explanation indicates that money can be lost by a mutual fund even though it has a low risk rating. This language has tested well with investors in document testing conducted in other workstreams of the POS project. It is important to note that we have retained standard deviation for a number of reasons: 1. It has a high correlation with many downside risk oriented metrics. 2. Many mutual funds have limited history and often close or merge shortly after a tail event, thus we question how accurate many tail risk measures can actually be in practice. Therefore, we see value in the inclusion of upside volatility as we believe it is telling the investor something about the downside risk. 3. We question how useful it is to base an investment decision or to compare investment products based on one data point such as minimum return or maximum drawdown given that these extreme events are hard to measure accurately (they are typically measured in practice only by realized loss which is inappropriate). 4. The Fund Facts already includes disclosure of a loss metric: the worst 3-month period return.
	One investor advocate suggested showing the mean along with the standard deviation. The commenter also suggested using VaR because it quantifies the extent of a loss of an investment with a given level of confidence over a period of time.	As mentioned in our previous consultation, the CSA are of the view that adding another risk indicator would complicate things without providing much in terms of information to investors. In performing our analysis of risk indicators, we looked at conventional mutual fund, index and ETF data from 1985 to 2013 both in Canada and in some cases, in other markets. We noted that if VaR, as an example, indicated high risk for a particular fund, standard deviation would have a similar higher risk indication. In only a small minority of instances (less than 3%) did standard deviation tend to underestimate risk relative to other tail risk indicators such as VaR. In such

2 Now, the European Securities and Market Authority (ESMA).

		instances, these funds tended to already be classified in the Medium to High or High risk category based on the standard deviation calculation. We, therefore, concluded that standard deviation did as good a job as any other indicator while the additional complexity and regulatory burden associated with adding a secondary indicator was not justified. We found that standard deviation calculated over a 10 year period is a very stable and meaningful indicator. We do not believe that showing the mean along with the standard deviation would be useful for or well understood by the majority of investors.
	A number of investor advocates told us that standard deviation assumes a normal distribution curve and does not address how mutual funds behave in extreme market conditions. They asked the CSA to consider warning investors that not all mutual funds have a normal distribution curve and market conditions can change suddenly and increase volatility unexpectedly.	The amount of data and complexity of the modelling required to accurately forecast how funds will behave in extreme market events is prohibitive. The presence of non-normality by itself does not necessarily imply that standard deviation is incorrect to use as a measure of relative risk, particularly when the data suggests that the use of alternative risk measures does not materially alter the risk ratings. Standard deviation can adequately convey risk, given the disclosure provided in the risk section of the Fund Facts and ETF Facts.
4. Risk Scale	Several industry commenters agreed with the decision to keep the five-category risk scale currently prescribed in the Fund Facts.	We thank the commenters for their feedback.
	Some investor advocates told us that the risk scale should be 6 or 7 categories to prevent clustering of investment risk levels and to allow for more differentiation.	Since the implementation of the Fund Facts, a five-category risk scale has been adopted by the CSA and used by the industry. While a six or seven category risk scale would provide for more differentiation of asset classes across risk bands, we acknowledged stakeholder feedback regarding costs for industry, and ultimately, for investors in adopting such a change. As such, we decided to retain the current five-band risk scale used in the Fund Facts and the proposed ETF Facts to avoid unnecessary reclassification of mutual funds.
	One industry commenter commented that the five-category risk scale has not been tested with investors and investors cannot meaningfully interpret it. The commenter, along with some investor advocates, suggested that the calculated standard deviation number should be shown on the five-category scale to allow investors to make their own interpretation. Some other	The five-category risk scale in the Fund Facts and in the ETF Facts model was well received by investors in earlier stages of the POS project.

	investor advocates suggested that the risk scale should not use words but use numbers instead so the investor's representative can explain it in plain language.	
	One industry commenter told us that a risk scale does not communicate the concept of loss and recovery to investors. Some commenters suggested showing recovery time while some investor advocates suggested showing maximum drawdown and the best and worst performance periods instead of using the risk scale.	The concept of loss and recovery time has not been retained by the CSA for a number of reasons. Inception date bias is a significant problem for metrics such as maximum drawdown and time to recovery, and unlike standard deviation, the accuracy of these metrics is not improved by the use of benchmark data. However, under the "*How has the fund performed?*" section of the Fund Facts a table already shows the concept of loss in the best and worst returns in a 3-month period over the last 10 years.
5. Frequency of Determining Investment Risk Level	Some industry commenters and industry associations agreed that the investment risk level of mutual funds should be determined with each filing of the Fund Facts or ETF Facts, as applicable, and at least annually.	We thank the commenters for their feedback.
	One investor advocate suggested that the CSA provide guidance as to when it would be appropriate to review each mutual fund's investment risk level more frequently than annually.	We indicate in the Proposed Methodology that the investment risk level should be determined again whenever it is no longer reasonable in the circumstances. It is the fund manager's responsibility to determine if there is a change in circumstances that would trigger a review of the mutual fund's investment risk level.
6. Use of Discretion	Some industry commenters and industry associations told us that fund managers should be allowed to use discretion to both decrease and increase the investment risk level of a mutual fund given the fund manager's statutory duty to act in the best interests of the mutual fund. Some fund managers may want to decrease the investment risk level of a mutual fund derived from the standard deviation calculation to avoid unnecessary disruption and confusion to investors due to general market conditions and market volatility fluctuations, or where a mutual fund is on the cusp of, or fluctuates between, two standard deviation ranges.	The CSA recognize that circumstances could give rise to the need for consideration of qualitative factors in addition to the quantitative calculation in determining the investment risk level of mutual funds. Therefore, the Proposed Methodology allows the use of discretion to classify a mutual fund at a higher investment risk level than that indicated by the quantitative calculation.

	One industry commenter and an industry association asked for clarification on when it would be "reasonable in the circumstances" to exercise discretion under the Proposed Methodology.	While we acknowledge that the fund manager should have the knowledge and expertise to weigh all risk factors, objectively, it is important in order to maintain consistency in the disclosure across funds that a minimum risk disclosure, as determined by the 10 year standard deviation, be established. In the feedback to CSA Notice 81-324 and Request for Comment *Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts* **(2013 Proposal)**, we were told that the fund manager will be able to determine when it is reasonable in the circumstances to use discretion to increase the fund's investment risk level based on its knowledge and experience.
	Two industry associations suggested that the use of discretion should be disclosed in the description of the reference index in the management report of fund performance (**MRFP**) and one industry commenter suggested that it be disclosed in the Fund Facts. One investor advocate noted that a fund manager's use of discretion without an explanation gives investors no information about material qualitative risks.	The ability to use discretion to increase the investment risk level of a mutual fund is part of the Proposed Methodology. Under the Proposed Methodology, a mutual fund must keep and maintain records if its investment risk level was increased including why it was reasonable to do so under the circumstances.
7. 10 Years of History	While two industry commenters and one investor advocate supported using 10 years of history in the Proposed Methodology, other investor advocates commented that 10 years of history is too long as most funds do not have 10 years of history. Another industry commenter also suggested using a five year period. Similarly, one industry association noted that the CESR methodology for UCITS funds uses 5 years of history.	The CSA conducted extensive analysis while reviewing various time periods: three, five, seven and ten years and for the calculation of the standard deviation the CSA chose the 10-year history period as it provides a reasonable balance between indicator stability and data availability. In regard to shorter time periods (three, five and seven years) we note that shorter time periods cause frequent changes in the investment risk level for a number of mutual funds. We also note that a 10-year time period typically tends to catch at least one, if not more, downturns in economic and/or financial markets.
	An industry commenter suggested that the time period used for the Proposed Methodology should be as of the most recently completed calendar year so that it would be consistent with the time period for the year by year returns in the Fund Facts. This would allow for the investment risk level for all Fund Facts in a given year to be based on the same 10 year period.	We think that using the calendar year would not properly reflect the standard deviation for mutual funds that have a prospectus renewal in the third quarter, for instance, as several months would not be reckoned with in calculating the standard deviation. Except for the year-by-year returns section, the determination of the investment risk level and of all other information items in the Fund Facts or the proposed ETF Facts must be made as at the end of the period that ends within 60 days before the date of the Fund Fact or the proposed ETF Facts.

8. **Reference Index**	Use of a Reference Index	
	Some industry commenters expressed support for the use of a reference index to be used a proxy for a mutual fund with less than 10 years of history for the purpose of determining its investment risk level.	We thank the commenters for their feedback.
	One industry commenter expressed concern that the earlier version of the Proposed Methodology published on December 12, 2013 by the CSA in the 2013 Proposal allowed the use of actual fund returns to the extent available and to backfill the missing data with the reference index returns, however, the Proposed Methodology did not.	The Proposed Methodology has been revised to clarify that if a mutual fund has less than 10 years of history, then the mutual fund must select a reference index to use as a proxy to impute the return history for the remainder of the 10-year period.
	One industry commenter and some investor advocates suggested using only actual returns for a mutual fund with less than 10 years of history as it would be misleading to use reference index returns to determine its investment risk level. One investor advocate suggested showing both the actual returns and reference index returns separately.	The Proposed Methodology requires the selection of a reference index that reasonably approximates the volatility and risk profile of the mutual fund. The Proposed Methodology also sets out criteria for selecting and monitoring the appropriateness of the reference index. We respectfully disagree that the use of a reference index would be misleading as the reference index only acts as a proxy for missing data in determining the investment risk level of the mutual fund. We are of the view that it would be more misleading to introduce significant inception date bias were we to use only the available return histories. As the reference index must reasonably approximate the standard deviation of the mutual fund, showing the actual returns and reference index returns separately does not seem to be necessary and may be misleading for investors.
	Two investor advocates suggested using actual data from the relevant Canadian Investment Funds Standards Committee (**CIFSC**) category to backfill missing data for funds with less than 10 years of history.	We are of the view that the criteria for selecting a reference index in accordance with the Methodology means that a reference index will reasonably approximate the volatility and risk profile of the mutual fund which makes it a better proxy for missing data than general CIFSC category benchmarks assigned by data providers or an industry association.
	Another suggestion from an industry commenter was to use a single universal benchmark index for all the funds rather than use reference indices. This commenter also suggested providing a range of standard deviation for asset classes for comparison.	A single universal reference index would not be appropriate for all mutual funds due to their distinctive risk profile and investment objectives. Additional disclosure in the Fund Facts, such as providing a range of standard deviations for various asset classes for comparison would, in our view, make the Fund Facts and ETF Facts more difficult to use for the average investor.

	One investor advocate expressed concern that using a reference index means an investor cannot determine if a fund manager's active management style adds volatility to a mutual fund or if it is a function of the reference index selected. The same commenter also suggested that a reference index will likely exhibit survivorship bias and inflate the investment risk level of a mutual fund.	The Methodology provides specific guidance and requirements that must be met in selecting and monitoring a reference index so that it reasonably approximates the standard deviation of the mutual fund. The fund manager may also contemplate factors other than the ones identified in the Methodology in selecting a reference index if the fund manager considers them relevant to the specific characteristics of the mutual fund.
	<u>Reference Index Selection Principles</u>	
	A few industry commenters and one industry association asked for further guidance to clarify what is expected in adhering to the principles, i.e. whether all the principles for reference fund selection need to be followed or whether they are only examples of principles to be considered.	We have revised the commentary in Item 5 of Appendix F – *Investment Risk Classification Methodology,* NI 81-102 to indicate that a mutual fund must consider each of the factors listed in Instruction (2) of Item 5 when selecting and monitoring the reasonableness of a reference index. We also indicated that a mutual fund may consider other factors as appropriate in selecting and monitoring the reasonableness of a reference index. We acknowledge that a reference index that reasonably approximates the standard deviation of the mutual fund may not necessarily meet all of the factors in Instruction (2) of Item 5.
	Some industry associations and industry commenters told us that it would be difficult to meet all the principles for reference fund selection and that flexibility should be given to source an appropriate risk proxy.	The factors that a mutual fund should consider in selecting and monitoring the reasonableness of a reference index have been revised. We are of the view that an appropriate reference index can be selected in accordance with the revised factors.
	One industry association commented that the reference indices available do not take into account certain investment strategies permitted in NI 81-102, e.g. short selling and use of derivatives. If an appropriate reference index cannot be sourced, one industry commenter told us that a reference index will need to be created but index creation involves significant costs and in some instances, it will not even be possible to create an appropriate reference index.	Based on the feedback provided, we have made revisions to the Instructions to Item 5, Appendix F – *Investment Risk Classification Methodology*, NI 81-102, for selecting and monitoring an appropriate reference index for funds with less than 10 years of history. As indicated in the commentary, while all factors listed in the Instructions to Item 5, Appendix F – *Investment Risk Classification Methodology*, NI 81-102 when determining the reasonableness of a reference index must be considered, a reference index that reasonably approximates or is expected to reasonably approximate, the standard deviation of a mutual fund may not necessarily meet all the factors.

	A number of commenters asked for clarification regarding the principles for selecting an appropriate reference index for funds with less than 10 years of history. Commenters provided comments on the following principles set out in Proposed Amendments to Instruction (1), Item 4, Appendix F, NI 81-102:	
	● ***Instruction (1)(a):*** "***is made up of one or a composite of several market indices that best reflect the returns and volatility of the mutual funds and the portfolio of the mutual fund***" – One industry commenter asked for CSA guidance on the meaning of "best reflect the returns and volatility" and did not understand the distinction between the fund and its portfolio.	This is now Instruction (1) and we have revised it to: *A reference index must be made up of one permitted index, or where necessary, to more reasonably approximate the standard deviation of a mutual fund, a composite of several permitted indices.*".
	● ***Instruction (1)(b): "has returns highly correlated to the returns of the mutual fund"*** – A few commenters asked for clarification on the meaning of "highly correlated". Another industry commenter was of the view that returns that are highly correlated do not mean volatility between the mutual fund and the reference index are highly correlated. One industry association and some industry commenters told us that new or young mutual funds do not have the performance history from which to calculate correlation and there are also some mutual funds that do not have a high correlation to a reference index. One commenter suggested adding the language "expected to be" for new and young mutual funds.	This is now Instruction 2(b) and we have revised it to: "*has returns, or is expected to have returns, highly correlated to the returns of the mutual fund*." The phrase "*is expected to have returns*" has been added in response to feedback about new or young mutual funds that do not have performance history. The phrase "*highly correlated to the returns of the mutual fund*" means that the reference index has returns that are closely linked to the returns of the mutual fund and will likely result in highly correlated returns of the reference index.
	● ***Instruction (1)(c): "contains a high proportion of the securities represented in the mutual fund's portfolio with similar portfolio allocations"*** – One industry association and some industry commenters told us that new funds or funds that do not have a high correlation to a reference index such as a fund with an innovative strategy or is actively managed would not be able to meet this principle. Another industry commenter was of the view that a reference index that best represents a mutual fund's volatility may not necessarily contain a high proportion of securities represented in the mutual fund's portfolio. Other commenters told us that if the principle means the mutual fund has to have a low active share relative to a particular reference index, then some mutual funds that do not have an appropriate active share	This is now Instruction 2(a) and we have revised it to: "*contains a high proportion of securities represented, or is expected to be represented, in the mutual fund's portfolio*". The phrase "*is expected to be represented*" has been added in response to feedback about new or young mutual funds that do not have performance history. For actively managed mutual funds, or mutual funds with an innovative strategy, we note that a reference index can be made up of a composite of several permitted indices.

	ratio will not be able to meet this principle. Another industry commenter told us that this principle would require index constituent data that may not be readily available, may be expensive to obtain and difficult to obtain where a blend of indices is selected as the reference index. These commenters suggest removal of this principle.	
	● ***Instruction (1)(d): "has a historical systemic risk profile highly similar to the mutual fund"*** – One industry commenter asked for clarification on the meaning of "similar". One industry commenter told us that new funds or funds that do not have a high correlation to a reference index will not meet this principle. Another industry commenter and one industry association told us this principle is a problem for actively managed funds because it may not be possible to come in the "beta" range and asked for guidance as to the appropriate period to measure beta. Alternatively, others commenters suggest removal of this principle.	This is now Instruction 2(c) and we have revised it to: "*has risk and return characteristics that are, or expected to be, similar to the mutual fund*". The term "*similar*" means that the reference index has a historical systemic risk profile that is close to the historical systemic risk profile of the mutual fund. The phrase "expected to be" has been added in response to feedback about new or young mutual funds that do not have performance history. For actively managed mutual funds, we note that a reference index can be made up of a composite of several permitted indices.
	● ***Instruction (1)(e): "reflects the market sectors in which the mutual fund is investing"*** – One industry commenter noted that actively managed funds would have difficulty meeting this principle and even if new reference indices need to be created, it is not clear if this would be possible. This commenter also asked for clarification and specifically, if the principle means all or some of market sectors in the mutual fund should be included in the reference index and vice versa.	This is now Instruction 2(e) and we have revised it to: "*is consistent with the investment objectives and investment strategies in which the mutual fund is investing*". The revision was made in response to comments.
	● ***Instruction (1)(f): "has security allocations that represent invested position sizes on a similar pro rata basis to the mutual fund's total assets"*** – One industry commenter told us that new funds or funds that do not have a high correlation to a reference index would not be able to meet this principle. For mutual funds with a concentrated portfolio, one industry commenter told us that it would be impossible to find a reference index to meet this principle. Another industry commenter told us that only index funds would be able to comply and suggested removal of this principle.	This is now Instruction 2(f) and we have revised it to: "*has investable constituents, and has security allocations that represent investable position sizes for the mutual fund*." By "*investible constituents*" we mean assets classes in which mutual funds are able to invest in relatively easily. In this regard, the Consumer Price Index, for example, does not have investable constituents that a mutual fund can invest in. For mutual funds with a concentrated portfolio, we note that a reference index can be made up of a composite of several permitted indices. There are a large number of narrowly focused indices for most markets and asset classes from a large number of index providers available today.

	● ***Instruction (1)(g): "is denominated in, or converted into, the same currency as the mutual fund's reported net asset value"*** – One industry commenter supported keeping this principle.	This is now Instruction 2(g) and remains unchanged.
	● ***Instruction (1)(h): "has its returns computed on the same basis (e.g. total return, net of withholding taxes, etc.) as the mutual fund's returns"*** ***and*** ● ***Instruction (1)(j): "is based on an index or indices that have been adjusted by its index provider to include the reinvestment of all income and capital gains distributions in additional securities of the mutual fund"*** – One industry commenter suggested replacing both principles with the requirement to use a reference index that is computed in the same manner as the mutual funds is required to calculate performance, as set forth in s.15.10, NI 81-102.	Both Instruction (1)(h) and (1)(j) are now combined as Instruction 2(d) and we have revised it to: "*has its returns computed (e.g. total return net of withholding taxes, etc.) on the same basis as the mutual fund's returns.*"
	● ***Instruction (1)(i): "is based on an index or indices that are each administered by an organization that is not affiliated with the mutual fund, its fund manager, portfolio fund manager or principal distributor, unless the index is widely recognized and used"*** – One industry commenter supported keeping this principle.	This Instruction replicates the definition of "permitted index" in NI 81-102. The term "permitted indices" has been added to Instruction (1) and Instruction (1)(i) has been removed.
	<u>Clone Funds, Corporate Class Fund Versions of Trust Funds</u>	
	Two industry commenters were of the view that the Proposed Methodology should specifically allow top funds that do not have 10 years of history and that meet the definition of "clone fund" in NI 81-102 to use the underlying fund's history without having to seek exemptive relief. One of the two commenters also suggested that the Proposed Methodology allow a "sister fund" that has 10 years of history to be used as a proxy for a mutual fund with less than 10 years of history. There may be mutual funds offered in Canada that are the same or similar in strategy to funds offered by the same fund manager in other parts of the world under, for example, the UCITS directives in Europe. The UCITS funds are subject to investment restrictions and practices that are substantially similar to those that govern the Canadian mutual funds. If these "sister funds" have the same portfolio fund manager, investment objectives and strategies as the Canadian mutual fund, then the "sister fund" should be	We agree that mutual funds that do not have 10 years of history and meet the definition of "clone fund" in NI 81-102 should use the underlying fund's performance history to determine its investment risk level without exemptive relief. We have revised the Proposed Methodology so that a mutual fund that is a "clone fund" with less than 10 years' history and that has an underlying fund with at least 10 years' history can impute the return history of the underlying fund for the remainder of the 10-year period. Similarly, we have revised the Proposed Methodology so that mutual funds with less than 10 years' performance history and that have a mutual fund corporate class version or trust version with 10 years of performance history, is subject to NI 81-102, and has the same fund manager, portfolio fund manager, investment objectives and investment strategies as the mutual fund can impute the return history of the other mutual fund for the remainder of the 10-year period. For a mutual fund with less than 10 years' performance

	allowed to be used a proxy for a mutual fund with less than 10 years of history for the purpose of determining its investment risk level. The other commenter also suggested that where there is a trust fund with a corporate class version, the Proposed Methodology should allow a trust fund with 10 years of history to be used as a proxy for a corporate class fund with less than 10 years of history. Otherwise, the investment risk levels of the trust fund, which has actual returns, and corporate class fund, which uses reference index returns, may end up with different investment risk levels despite being identical funds.	history but has a "sister fund" that is not subject to NI 81-102, we may consider allowing, through exemptive relief, the use of the sister fund's performance history for the purposes of determining the investment risk level of the mutual fund.
	<u>Multiple Indices</u> One industry commenter asked whether multiple reference indices can be used for one mutual fund where one reference fund is appropriate in one period but another reference fund is more appropriate for another period. The commenter suggested this might occur when either the mutual fund's mandate has changed or the reference index has changed or has less than 10 years of history.	The Proposed Methodology allows for the use of a composite of several permitted indices. The Proposed Methodology also requires that if the reference index has changed since the last prospectus, the prospectus provides details of when and why the change was made.
	<u>Disclosing Reference Indices</u> Two investor advocates suggested requiring disclosure to indicate when a reference index has been used by a mutual fund to determine its investment risk level.	The Methodology requires that the prospectus of a mutual fund provides a brief description of the reference index and also requires that if the reference index has changed since the last disclosure, details of when and why the change was made are included.
	<u>MRFP</u> We received a number of comments regarding the reference index and the index that is shown in a mutual fund's MRFP. Two industry commenters suggested that the Proposed Methodology indicate that the index in the MRFP can also be used as the reference index to determine a mutual fund's investment risk level. An investor advocate suggested that this should be a requirement. However, one industry association and an industry commenter noted that given the principles to be adhered to in selecting a reference fund, the index used in the MRFP cannot be used as the reference index for the Proposed Methodology.	The reference index or indices used in the MRFP of a mutual fund can be used to determine the investment risk level if the reference index is selected in accordance with the Instructions to Item 5, Appendix F – *Investment Risk Classification Methodology*, NI 81-102. We acknowledge that the index or indices used in the MRFP of a mutual fund may be different than its reference index used to determine its investment risk level under the Proposed Methodology.

	Another industry commenter noted that sales communications are generally required to be consistent with the simplified prospectus, annual information form and Fund Facts. The commenter expressed concern that for mutual funds with less than 10 years of history, any index used in sales communications would need to be the same as the reference index. Similarly, the reference index disclosed in the simplified prospectus may be different than the index used in the MRFP, which may result in investor confusion.	For sales communications, the requirements in Part 15, NI 81-102 are required to be followed. We disagree that the use of different indices will result in investor confusion as the purpose for using an index is different for sales communication purposes and for use in the Funds Facts and the proposed ETF Facts.
9. Fundamental Changes	One industry commenter agreed that where there is a merger, the returns of the continuing fund should be used to determine the investment risk level.	We thank the commenter for their feedback.
	Another industry commenter asked that the instructions in the Proposed Methodology be clarified to indicate that where there is a fundamental change, the fund manager must determine if the mutual fund's past performance is relevant and if it is not relevant, a new reference index must be selected.	The Proposed Methodology sets out that if there has been a reorganization or a transfer of assets pursuant to paragraphs 5.1(1)(f) or (g) or subparagraph 5.1(1)(h)(i) of NI 81-102, the standard deviation must be calculated using the monthly "return on investment" of the continuing mutual fund, as the case may be. If there has been a change in the fundamental investment objectives of a mutual fund pursuant to paragraph 5.1(1)(c) of NI 81-102, the standard deviation must be calculated using the monthly "return on investment" of the mutual fund starting from the date of that change. In the Proposed Methodology, where there has been a fundamental change, the past performance of a mutual fund is not used to calculate the standard deviation.
10. "How risky is it?" in the Fund Facts	A couple of investor advocates suggested that the section "*How risky is it?*" in the Fund Facts be changed to "*How volatile is it?*".	We do not propose to make any changes to the heading "*How risky is it?*" in the Fund Facts. The prescribed disclosure under this heading clearly indicates: "*One way to gauge risk is to look at how much a fund's return changed over time. This is called "volatility"*."
	One industry association asked that the disclosure under "*How risky is it?*" in the Fund Facts be changed to indicate that fund managers are now following a prescribed risk classification methodology.	Currently, the Fund Facts does not require disclosure of the risk classification methodology used by the fund manager to determine the investment risk level of a mutual fund. As all mutual funds will be required to use the Methodology upon implementation, we do not propose requiring such disclosure in the Fund Facts or the proposed ETF Facts. However, a description of the Methodology is required to be disclosed in the prospectus.

	Some investor advocates suggested that the risk scale in the Fund Facts and ETF Facts should also provide a narrative explanation of the investment risk level and its main limitations and a list of the material risks as required by the International Organization of Securities Commissions' (**IOSCO**) principle 1 of point of sale disclosure.	Principle 1 of IOSCO's Principles on Point of Sale Disclosure states: "Key information should include disclosures that inform the investor of the fundamental benefits, risks, terms and costs of the product and the remuneration and conflicts associated with the intermediary through which the product is sold." The IOSCO Principles on Point of Sale Disclosure report published in February 2011 does not mandate how to meet the principles. In fact, the report states that "In some jurisdictions, a scale may be considered appropriate to identify overall risk measurement or classification of the product, rather than a list of specific product risks." As part of Stage 2 of the POS project, we tested a list of top risks with investors. The document testing revealed that a majority of investors did not understand the specific risks very clearly or at all. The investors were more likely to ask their representative to explain the specific risks of the fund or to obtain this information from the simplified prospectus, than to try to obtain information about these risks from the Fund Facts. In response to this testing and commenters' concerns, we removed the list of the top risks of the fund in the Fund Facts. The "*How risky is it*?" section of the Fund Facts and the proposed ETF Facts refers to the mutual fund's prospectus for more information about the risk rating and specific risks that can affect the mutual fund's returns.
	Some investor advocates also provided drafting suggestions for the disclosure under this section, such as an explanation of why the mutual fund is in a particular risk category and a statement that the investment risk level is not a measure of capital loss risk, but a measure of past changes of value. One investor advocate suggested that a narrative of the range of expected returns be given for each investment risk level.	The Fund Facts and the proposed ETF Facts are documents that are written in plain language, are no more than two pages double-sided and are intended to provide investors with key information about mutual funds. The risk section in the Fund Facts and the proposed ETF Facts is intended to provide key information about the investment risk level of a mutual fund. Investors are also encouraged to speak to their representatives for further information about the investment risk level of a mutual fund, and, in particular, how the mutual fund may feature in their own individual risk profile.
11. Amendments	Some investor advocates commented that the investment risk level of a mutual fund should be promptly updated in the event of a significant change to the mutual fund's risk/reward profile.	In Commentary (2) to Item 1 of Appendix F – *Investment Risk Classification Methodology*, NI 81-102, we have indicated that: "*Generally, a change to the mutual fund's investment risk level disclosed on the most recently filed fund facts document or ETF facts document, as applicable, would be a material change under securities legislation in accordance with Part 11 of National Instrument 81-106 Investment Fund Continuous Disclosure*."

		In accordance with this National Instrument, when there is a material change the mutual fund must issue a press release and a material change report and must file amendments to its prospectus, annual information form and Fund Facts, as appropriate.
	Two industry commenters asked for clarification on whether or not the investment risk level of a mutual fund is required to be reviewed at the time of filing of an amendment to the Fund Facts or ETF Facts.	Under the Methodology, a mutual fund must determine its investment risk level, at least annually. However, as stated in Commentary (1) to Item 1 of Appendix F – *Investment Risk Classification Methodology*, NI 81-102: "*The investment risk level may be determined more frequently than annually. Generally, the investment risk level must be determined again whenever it is no longer reasonable in the circumstances*".
12. Record Retention Period	A number of industry commenters and one industry association told us they agreed that the current requirement in securities legislation to maintain records for a period of 7 years should apply to the records relating to the Proposed Methodology.	We agree that 7 years is the appropriate record retention period.
13. Drafting Comments	One industry commenter suggested that "annualized" be added before "standard deviation" in the Proposed Methodology as the formula annualizes standard deviation of monthly returns.	We do not think that adding "annualized" before "standard deviation" in the Proposed Methodology is warranted as the standard deviation formula clearly annualizes standard deviation.

Part IV – Comments on Transition		
<u>Issue</u>	**<u>Comments</u>**	**<u>Responses</u>**
Transition	One industry commenter supported the transition to the Proposed Methodology at the time of the funds' prospectus renewal.	We thank the commenter for their feedback.
	A few commenters asked for a longer transition period. One commenter requested six months between the effective date of the Proposed Methodology and a fund's prospectus renewal. Another industry commenter asked for a one year transition period. One industry association asked for at least a one year transition period to test and upgrade systems to generate new risk ratings. This commenter also noted that funds not currently using the IFIC Methodology may have changes to their risk ratings and dealers and advisors would need a separate transition period of two years.	The CSA is providing a 9-month transition period after final publication of the Methodology. Given that the investment risk level of mutual funds will be determined by the Methodology for each filing of a Fund Facts and ETF Facts after the effective date, this means that fund managers have between 3 months and 15 months to transition, depending on their prospectus renewal date. As most fund managers use the IFIC Methodology to determine the investment risk levels of mutual funds, which is also based on standard deviation and the standard deviation ranges in the Proposed Methodology are consistent with the IFIC Methodology, we do not anticipate widespread changes to investment risk levels in the Fund Facts.

		For these reasons, we believe that a 9-month transition period after publication will be sufficient for all mutual funds to implement the Methodology.
	Two commenters asked for confirmation that the Proposed Methodology applied to the ETF Facts, once introduced, and not to the summary disclosure documents for ETFs required pursuant to exemptive relief.	The Methodology is not applicable to the summary disclosure documents for ETFs that is required pursuant to currently granted exemptive relief. We confirm that the Methodology will only apply to the ETF Facts upon the coming into force of amendments implementing the ETF Facts.
	One commenter suggested that the effective date for the Proposed Methodology be a month-end date rather than a mid-month date.	The effective date for the Methodology is September 1, 2017.

Part V – Other Comments		
Issue	**Comments**	**Responses**
Annual Review of the Proposed Methodology	Some industry commenters and investor advocates suggested that the CSA should conduct an annual review of the Proposed Methodology to ensure that it remains meaningful and relevant with market trends, volatility and new innovative products. One industry commenter noted that an annual review is particularly relevant in the absence of allowing fund manager discretion to lower the investment risk level of a fund. Another industry commenter suggested that without a mechanism to review and adjust the standard deviation ranges, the risk levels of funds will be reclassified unnecessarily, causing unnecessary disruption and confusion to investors. One industry association asked for confirmation that any future proposed changes to the Proposed Methodology would be subject to the CSA's public comment process.	The CSA will monitor the effectiveness of the Methodology and its application to mutual funds on an ongoing basis. Should any material changes to the Methodology be required, they will be subject to public consultation.
Regulatory and Product Arbitrage	Two industry commenters encouraged the CSA to work with the insurance and banking regulators so that the Proposed Methodology would apply to competing products such as segregated funds and guaranteed investment certificates.	We expect that the disclosure for all types of investment products will evolve over time. The scope of our work, however, is limited to investment products that are considered "securities" under securities legislation. We understand that the Canadian Council of Insurance Regulators (**CCIR**) is considering whether the Proposed Methodology would be appropriate for segregated funds and whether it should be adopted by the insurance regulators. CCIR sought specific input in this regard in a consultation paper titled *Segregated Funds Working Group Issues*

		Paper, which was published for comment in May 2016. While we meet periodically with CCIR to discuss regulatory issues that affect both mutual funds and segregated funds, to the extent that industry participants are of the view that the Methodology could be applied to segregated funds, we would encourage those commenters to make their views known directly to CCIR. The 2013 Proposal contemplated that the Proposed Methodology would apply only to Fund Facts. In the 2015 Proposal, we extended the application of the Proposed Methodology to the proposed ETF Facts. In September 2016, the CSA published *Modernization of Investment Fund Product Regulation – Alternative Funds*, which set out proposed amendments dealing with alternative funds. Those amendments contemplate that a summary disclosure document regime, including the applicability of the Proposed Methodology, will also apply to alternative funds. As part of our consultation efforts, we have sought specific feedback on whether the proposed changes to the investment restrictions that are being contemplated would have any impact on the applicability of the Proposed Methodology to alternative funds. In particular, we have sought feedback on whether any elements of the Proposed Methodology would need to be amended in any way or whether the Proposed Methodology could continue to apply without modification.
	One investor advocate suggested that the Proposed Methodology should also apply to structured products and alternative funds.	Currently structured products (linked notes) are not required to determine their investment risk level. Should the disclosure requirements for these products change, the CSA would consider the applicability of the Methodology.
Suitability	Two investor advocates along with one industry association commented that the CSA should issue guidance stating that the investment risk levels determined by the Proposed Methodology are not determinative of suitability, and is only one of many factors to consider as part of a dealer representative's Know Your Product and Know Your Client suitability assessment.	The investment risk level in the Fund Facts and in the proposed ETF Facts is intended to provide disclosure to investors about the investment risk level of a mutual fund. A representative's assessment of suitability for an investor is a separate obligation.
Educational Materials	Some investor advocates suggested that the CSA should prepare a user guide for investors to explain the investment risk levels in the five-category risk scale in the Fund Facts.	While we agree that investor education is a key aspect of investor protection, we do not propose to create a user guide for the five-category risk scale in the Fund Facts and the proposed ETF Facts as we think it is unnecessary.

Part VI – List of Commenters
Commenters
Advocis Alternative Investment Management Association (AIMA) Borden Ladner Gervais LLP Canadian Advocacy Council for Canadian CFA Institute Societies Canadian ETF Association (CETFA) Canadian Foundation for Advancement of Investor Rights (FAIR) Fidelity Investments Canada ULC Fieldstone, David Fortier, Sophia Franklin Templeton Investments Corp. HighView Asset Management Ltd. Invesco Canada Ltd. Investment Funds Institute of Canada (IFIC) Investment Industry Association of Canada (IIAC) Investor Advisory Panel, Ontario Securities Commission (IAP) Investors Group Inc. Kenmar Associates Kivenko, Ken Lespérance, Jean Mackenzie Financial Corporation Mouvement des caisses Desjardins Portfolio Management Association of Canada (PMAC) PUR Investing Inc. Ross, Arthur Small Investor Protection Association (SIPA) Whitehouse, Peter

ANNEX B

AMENDMENTS TO NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

1. National Instrument 81-102 Investment Funds is amended by this Instrument.

2. The Instrument is amended by adding the following Part:

PART 15.1 INVESTMENT RISK CLASSIFICATION METHODOLOGY

15.1.1 Use of Investment Risk Classification Methodology – A mutual fund must

(a) determine its investment risk level, at least annually, in accordance with Appendix F *Investment Risk Classification Methodology* and

(b) disclose its investment risk level in the fund facts document in accordance with Part I, Item 4 of Form 81-101F3, or the ETF facts document in accordance with Part I, Item 4 of Form 41-101F4, as applicable.*.*

3. The Instrument is amended by adding the following Appendix F:

APPENDIX F

INVESTMENT RISK CLASSIFICATION METHODOLOGY

Commentary

This Appendix contains rules and accompanying commentary on those rules. Each member jurisdiction of the CSA has made these rules under authority granted to it under the securities legislation of its jurisdiction.

The commentary explains the implications of a rule, offers examples or indicates different ways to comply with a rule. It may expand on a particular subject without being exhaustive. The commentary is not legally binding, but it does reflect the views of the CSA. Commentary always appears in italics and is titled "Commentary."

Item 1 Investment risk level

(1) Subject to subsection (2), to determine the "investment risk level" of a mutual fund,

(a) determine the mutual fund's standard deviation in accordance with Item 2 and, as applicable, Item 3, 4 or 5,

(b) in the table below, locate the range of standard deviation within which the mutual fund's standard deviation falls, and

(c) identify the investment risk level set opposite the applicable range.

Standard Deviation Range	Investment Risk Level
0 to less than 6	Low
6 to less than 11	Low to medium
11 to less than 16	Medium
16 to less than 20	Medium to High
20 or greater	High

(2) Despite subsection (1), the investment risk level of a mutual fund may be increased if doing so is reasonable in the circumstances.

(3) A mutual fund must keep and maintain records that document:

(a) how the investment risk level of a mutual fund was determined, and

(b) if the investment risk level of a mutual fund was increased, why it was reasonable to do so in the circumstances.

Commentary:

(1) The investment risk level may be determined more frequently than annually. Generally, the investment risk level must be determined again whenever it is no longer reasonable in the circumstances.

(2) Generally, a change to the mutual fund's investment risk level disclosed on the most recently filed fund facts document or ETF facts document, as applicable, would be a material change under securities legislation in accordance with Part 11 of National Instrument 81-106 Investment Fund Continuous Disclosure.

Item 2 Standard deviation

(1) A mutual fund must calculate its standard deviation for the most recent 10 years as follows:

Standard Deviation	$\sqrt{12} \times \sqrt{\frac{1}{n-1} \sum_{i=1}^{n} (R_i - \overline{R})^2}$
where	n = 120 months R_i = return on investment in month i $\overline{R}$ = average monthly return on investment

(2) For the purposes of subsection (1), a mutual fund must make the calculation with respect to the series or class of securities of the mutual fund that first became available to the public and calculate the "return on investment" for each month using:

(a) the net asset value of the mutual fund, assuming the reinvestment of all income and capital gain distributions in additional securities of the mutual fund, and

(b) the same currency in which the series or class is offered.

Commentary:

For the purposes of Item 2, except for seed capital, the date on which the series or class of securities "first became available to the public" corresponds or approximately corresponds to the date on which the securities of the series or class were first issued to investors.

Item 3 Difference in classes or series of securities of a mutual fund

Despite Item 2(2), if a series or class of securities of the mutual fund has an attribute that results in a different investment risk level for the series or class than the investment risk level of the mutual fund, the "return on investment" for that series or class of securities must be used to calculate the standard deviation of that particular series or class of securities.

Commentary:

Generally, all series or classes of securities of a mutual fund will have the same investment risk level as determined by Items 1 and 2. However, a particular series or class of securities of a mutual fund may have a different investment risk level than the other series or classes of securities of the same mutual fund if that series or class of securities has an attribute that differs from the other. For example, a series or class of securities that employs currency hedging or that is offered in the currency of the United States of America (if the mutual fund is otherwise offered in the currency of Canada) has an attribute that could result in a different investment risk level than that of the mutual fund.

Item 4 Mutual funds with less than 10 years of history

(1) For the purposes of Item 2, if it has been less than 10 years since securities of the mutual fund were first available to the public, and if the mutual fund is a clone fund and the underlying fund has 10 years of performance history, or if there is another mutual fund with 10 years of performance history which is subject to this Instrument, and has the same fund manager, portfolio manager, investment objectives and investment strategies as the mutual fund, then in either case the mutual fund must calculate the standard deviation of the mutual fund in accordance with Item 2 by

(a) using the available return history of the mutual fund, and

(b) imputing the return history of the underlying fund or the other mutual fund, respectively, for the remainder of the 10 year period.

(2) For the purposes of Item 2, if it has been less than 10 years since securities of the mutual fund were first available to the public, and paragraph (1) above does not apply, then the mutual fund must select a reference index in accordance with Item 5, and calculate the standard deviation of the mutual fund in accordance with Item 2 by

(a) using the return history of the mutual fund, and

(b) imputing the return history of the reference index for the remainder of the 10 year period.

Commentary:

Generally, if a mutual fund that is structured as a mutual fund trust does not have 10 years of performance history, the past performance of a corporate class version of that mutual fund should be used to fill in the missing past performance information required to calculate standard deviation. Likewise, if a mutual fund that is structured as a corporate class fund does not have 10 years of performance history, the past performance of a mutual fund trust version of that mutual fund should be used to fill in the missing past performance information required to calculate standard deviation.

Item 5 Reference index

(1) For the purposes of Item 4(2), the mutual fund must select a reference index that reasonably approximates, or for a newly established mutual fund, is expected to reasonably approximate, the standard deviation of the mutual fund.

(2) When using a reference index, a mutual fund must

(a) monitor the reasonableness of the reference index on an annual basis or more frequently if necessary,

(b) disclose in the mutual fund's prospectus in Part B, Item 9.1 of Form 81-101F1 or Part B, Item 12.2 of Form 41-101F2, as applicable

(i) a brief description of the reference index, and

(ii) if the reference index has changed since the last disclosure under this section, details of when and why the change was made.

Instructions:

(1) A reference index must be made up of one permitted index or, where necessary, to more reasonably approximate the standard deviation of a mutual fund, a composite of several permitted indices.

(2) In selecting and monitoring the reasonableness of a reference index, a mutual fund must consider a number of factors, including whether the reference index

(a) contains a high proportion of the securities represented, or expected to be represented, in the mutual fund's portfolio,

(b) has returns, or is expected to have returns, highly correlated to the returns of the mutual fund,

(c) has risk and return characteristics that are, or expected to be, similar to the mutual fund,

(d) has its returns computed (total return, net of withholding taxes, etc.) on the same basis as the mutual fund's returns,

(e) is consistent with the investment objectives and investment strategies in which the mutual fund is investing,

(f) has investable constituents and has security allocations that represent investable position sizes, for the mutual fund, and

(g) is denominated in, or converted into, the same currency as the mutual fund's reported net asset value.

(3) In addition to the factors listed in (2), the mutual fund may consider other factors if relevant to the specific characteristics of the mutual fund.

Commentary:

A mutual fund must consider each of the factors in (2), and may consider other factors, as appropriate, in selecting and monitoring the reasonableness of a reference index. However, a reference index that reasonably approximates, or is expected to reasonably approximate, the standard deviation of a mutual fund may not necessarily meet all of the factors in (2).

Item 6 Fundamental changes

(1) For the purposes of Item 2, if there has been a reorganization or transfer of assets of the mutual fund pursuant to paragraphs 5.1(1)(f) or (g) or subparagraph 5.1(1)(h)(i) of the Instrument, the standard deviation must be calculated using the monthly "return on investment" of the continuing mutual fund, as the case may be.

(2) Despite subsection (1), if there has been a change to the fundamental investment objectives of the mutual fund pursuant to paragraph 5.1(1)(c) of the Instrument, for the purposes of Item 2, the standard deviation must be calculated using the monthly "return on investment" of the mutual fund starting from the date of that change..

4. Any exemption from or waiver of a provision of Form 81-101F3 *Contents of Fund Facts Document* in relation to the disclosure under the heading "How risky is it?" expires on September 1, 2017.

5. Subject to section 6, this Instrument comes into force on March 8, 2017.

6. The provision of this Instrument listed in column 1 of the following table comes into force on the date set out in column 2 of the table:

Column 1: Provision of this Instrument	Column 2: Date
Section 3	September 1, 2017

ANNEX C

AMENDMENTS TO NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.

2. Item 9.1 of Part B of Form 81-101F1 Contents of Simplified Prospectus is replaced with the following:

Item 9.1 Investment Risk Classification Methodology

For a mutual fund,

(a) state in words substantially similar to the following:

The investment risk level of this mutual fund is required to be determined in accordance with a standardized risk classification methodology that is based on the mutual fund's historical volatility as measured by the 10-year standard deviation of the returns of the mutual fund.;

(b) if the mutual fund has less than 10 years of performance history and complies with Item 4 of Appendix F *Investment Risk Classification Methodology* to National Instrument 81-102 *Investment Funds*, provide a brief description of the other mutual fund or reference index, as applicable; if the other mutual fund or reference index has been changed since the most recently filed prospectus, provide details of when and why the change was made; and

(c) disclose that the standardized risk classification methodology used to identify the investment risk level of the mutual fund is available on request, at no cost, by calling [toll free/collect call telephone number] or by writing to [address].***.***

3. Item 4 of Part I of Form 81-101F3 Contents of Fund Facts Document is amended by

(a) replacing in paragraph (2)(a) "adopted by the manager of the mutual fund***" with "***prescribed by Appendix F *Investment Risk Classification Methodology* to National Instrument 81-102 *Investment Funds",*

(b) deleting in paragraph 2(a) "mutual fund's***", and***

(c) replacing in the Instructions "adopted by the manager of the mutual fund***" with "***prescribed by Appendix F *Investment Risk Classification Methodology* to National Instrument 81-102 *Investment Funds*, as at the end of the period that ends within 60 days before the date of the fund facts document***".***

4. Subject to section 5, this Instrument comes into force on March 8, 2017.

5. The provision of this Instrument listed in column 1 of the following table comes into force on the date set in column 2 of the table:

Column 1: Provision of this Instrument	Column 2: Date
Section 3	September 1, 2017

ANNEX D

CHANGES TO COMPANION POLICY 81-101CP TO NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. The changes to Companion Policy 81-101CP to National Instrument 81-101 Mutual Fund Prospectus Disclosure are set out in this Annex.

2. Subsection 2.1.1(5) is repealed.

3. Subsection 2.7(2) is changed by deleting "or risk level***" from the last sentence.***

4. These changes become effective on March 8, 2017.

ANNEX E

ADDITIONAL INFORMATION REQUIRED IN ONTARIO

ONTARIO SECURITIES COMMISION

CSA MUTUAL FUND RISK CLASSIFICATION METHODOLOGY FOR USE IN FUND FACTS AND ETF FACTS

NOTICE OF AMENDMENTS TO NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

AND TO

NATIONAL INSTRUMENT 81-102 *INVESTMENT FUNDS*

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are making amendments (the **Amendments**) to:

- National Instrument 81-102 *Investment Funds*, and
- National Instrument 81-101 *Mutual Fund Prospectus Disclosure*.

These Amendments and related changes (the Related Changes) to Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* are described in the related CSA notice (the **CSA Notice**) to which this Ontario Securities Commission (the **Commission**) notice is annexed.

The purpose of this Commission notice is to supplement the CSA Notice.

Commission Approval

On October 18, 2016, the Commission approved and adopted the Amendments and the Related Changes pursuant to sections 143 and 143.8 of the *Securities Act* (Ontario).

Delivery to the Minister

Delivery of the Amendments, the Related Changes and other required materials to the Minister of Finance will occur on or about December 8, 2016. The Minister may approve or reject the Amendments or return them for further consideration. If the Minister approves the Amendments (or does not take any further action), then the Amendments will come into force on March 8, 2017.

Substance and Purpose of the Amendments

Please refer to the section entitled “Substance and Purpose of the Amendments” in the CSA Notice.

Summary of Written Comments

We published the Amendments for comment on December 10, 2015. Please refer to Annex A of the CSA Notice for a summary of public comments and CSA responses.

Summary of Changes to the Amendments

Please refer to the CSA Notice for a summary of changes made to the Amendments.

Questions

Please refer your questions to:

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December 8, 2016

5.1.2 Mandating a Summary Disclosure Document for Exchange-Traded Mutual Funds and its Delivery – CSA Notice of Amendments to National Instrument 41-101 General Prospectus Requirements and to Companion Policy 41-101CP to National Instrument 41-101 General Prospectus Requirements and Related Consequential Amendments

Canadian Securities Administrators
Autorités canadiennes en valeurs mobilières

MANDATING A SUMMARY DISCLOSURE DOCUMENT FOR EXCHANGE-TRADED MUTUAL FUNDS AND ITS DELIVERY

CSA NOTICE OF AMENDMENTS TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS* AND TO COMPANION POLICY 41-101CP TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS* AND RELATED CONSEQUENTIAL AMENDMENTS

December 8, 2016

Introduction

The Canadian Securities Administrators (the CSA or we) are making amendments to mandate a summary disclosure document for exchange-traded mutual funds (ETFs). The amendments are to:

- National Instrument 41-101 *General Prospectus Requirements* (the Instrument); and
- Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements* (the Companion Policy).

New Form 41-101F4 *Information Required in an ETF Facts Document* (Form 41-101F4) is part of the Instrument. We are also making related consequential amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure* and related changes to Companion Policy 81-106CP to National Instrument 81-106 *Investment Fund Continuous Disclosure* (the Consequential Amendments). We refer to the amendments to the Instrument, the changes to the Companion Policy and the Consequential Amendments together as the Amendments.

The Amendments are part of Stage 3 of the CSA's implementation of the point of sale disclosure project (the POS Project).

The Amendments will require ETFs to produce and file a summary disclosure document called "ETF Facts", which must be made available on the ETF's or the ETF manager's website (the ETF Facts Filing Requirement). The Amendments also introduce a new delivery regime which will require dealers that receive an order to purchase ETF securities to deliver an ETF Facts to investors within two days of the purchase (the ETF Facts Delivery Requirement). Delivery of the prospectus will not be required, but there will be a requirement for the prospectus to be made available to investors upon request, at no cost.

We think the introduction of the ETF Facts will help provide investors with access to key information about an ETF, in language they can easily understand. Delivery of the ETF Facts to investors will also help improve the consistency with which disclosure is provided to investors of ETFs, and help create a more consistent disclosure framework between conventional mutual funds and ETFs. However, delivery of the ETF Facts will be on a post-sale basis while delivery of the Fund Facts is on a pre-sale basis. The CSA expects to consider the feasibility of requiring pre-sale delivery of the ETF Facts. Any proposals in this regard will be subject to the consultation process.

The text of the Amendments follows this Notice and is available on the websites of members of the CSA.

We expect the Amendments to be adopted in each jurisdiction of Canada. While no legislative amendments are needed to implement the ETF Facts Filing Requirement, some jurisdictions will need to seek legislative amendments to implement the ETF Facts Delivery Requirement, as well as investor rights related to failure to deliver the ETF Facts. As of the date of publication of the Amendments (Publication Date), Alberta, Manitoba, New Brunswick, Nova Scotia, Ontario[1], Québec[2], and Saskatchewan have either obtained the necessary legislative amendments, or have determined that legislative amendments are not required. It is anticipated that the remaining jurisdictions will seek to obtain any needed legislative amendments in advance of the expiry of the transition period that will apply to the ETF Facts Delivery Requirement.

Subject to Ministerial approval requirements for rules, the Amendments come into force on March 8, 2017 (In-Force Date), which is 3 months after the Publication Date. The Amendments, as they pertain to the ETF Facts Delivery Requirement, will come into force on a later date in those jurisdictions that require legislative amendments in order to implement the ETF Facts Delivery Requirement.

Background

CSA Staff Notice 81-319 *Status Report on the Implementation of Point of Sale Disclosure for Mutual Funds*[3] outlined the CSA's decision to implement the POS Project in three stages.

The third and final stage of the POS Project consists of three separate workstreams:

1. Pre-sale delivery of the fund facts document (Fund Facts) for conventional mutual funds – Since July 2011, every conventional mutual fund has been required to prepare a Fund Facts for each class and series. Since June 2014, every dealer has been required to deliver the Fund Facts instead of the prospectus in connection with the purchase of conventional mutual fund securities. On December 11, 2014, the CSA published final amendments implementing the pre-sale delivery of Funds Facts for conventional mutual funds, which became effective on May 30, 2016.

2. CSA mutual fund risk classification methodology – The CSA has developed a mutual fund risk classification methodology (the Risk Methodology) to be applied by fund managers in determining a fund's investment risk level on the scale in the Fund Facts and the ETF Facts. Final rules implementing the Risk Methodology were published today contemporaneously with the Amendments.

3. ETF summary disclosure document and a new delivery model – The Amendments will require the preparation and filing of an ETF Facts and delivery of the ETF Facts within two days of an investor purchasing securities of an ETF.

The ETF Distribution Model

Individual investors seeking to purchase an ETF generally cannot subscribe directly for ETF securities. Instead, they must purchase ETF securities over an exchange. A purchase, however, only results in a distribution when it is a trade in securities of the ETF that have not been previously issued (the Creation Units).

Since the prospectus delivery requirement under securities legislation is triggered by a distribution, prospectus delivery would generally only apply to an investor's purchase if the order is filled with Creation Units. Creation Units are issued by ETFs to dealers that are authorized to purchase newly issued securities directly from the ETF. The dealers, in turn, re-sell these Creation Units on an exchange.[4]

The first re-sale of a Creation Unit on an exchange or another marketplace in Canada will generally constitute a distribution, which triggers the requirement to deliver a prospectus. If, however, the ETF investor's purchase order is filled through a secondary market trade of previously issued existing ETF securities, the prospectus delivery requirement would not apply. However, investors have no way of knowing whether they have purchased Creation Units when they purchase ETF securities.

[1] In Ontario, legislative amendments have been passed and are awaiting proclamation upon the effective date of the Amendments.
[2] In Québec, legislative amendments to the *Securities Act* (Québec) have been in force since May 18, 2016.
[3] Published on June 18, 2010.
[4] This initial re-sale from a "creation unit" on an exchange would be considered a trade in the securities of an issuer that have not been previously issued and a purchase and re-sale by the dealer in the course of or incidental to a distribution.

Exemptive Relief and the Delivery of an ETF Summary Disclosure Document

To deal with issues arising from the ETF distribution model, in Fall 2013, the CSA granted exemptive relief (the Exemptive Relief) to ETF managers and a group of dealers from the existing prospectus delivery requirements under securities legislation in order to permit the delivery of a summary disclosure document (Summary Document) in place of the prospectus.[5]

The Exemptive Relief requires dealers that are parties to the relief to deliver to investors a Summary Document within two days of the investor buying an ETF, whether or not the investor's purchase order is filled with Creation Units.[6] This delivery obligation applies to dealers acting as agents of the purchaser on the "buy" side of the transaction, rather than to dealers acting in a distribution on the "sell" side of the transaction, as currently required under securities legislation.

The Amendments, along with related legislative amendments, codify the concepts of the Exemptive Relief, to make it applicable to all dealers who act as agent of the purchaser of an ETF security.

Substance and Purpose

Consistent with the principles of the POS Project, we think the Amendments will provide investors with the opportunity to make more informed investment decisions, by giving investors access to key information about an ETF, in language they can easily understand.[7] Furthermore, investors in conventional mutual funds and ETFs will be treated more equally with respect to the disclosure available in connection with a purchase of securities.

The ETF Facts has been tested with investors and the content of the ETF Facts is also informed by the results of investor testing that was conducted in respect of the Fund Facts. The ETF Facts will allow investors to review key information about the potential benefits, risks and costs of investing in an ETF in an accessible format. It also highlights for investors where they can find further information about an ETF. Although delivery can take place within 2 days of purchase, we encourage advisors and investors to use ETF Facts as a tool in their conversations prior to any purchase decision.

Summary of Written Comments Received by the CSA

Proposed amendments introducing the ETF Facts and its delivery were first published for comment by the CSA on June 18, 2015 (the 2015 Proposal). The proposed ETF Facts published in the 2015 Proposal was tested with investors and its content was informed by the results of the testing. The testing results are set out in the final report, "*CSA Point of Sale Disclosure Project: ETF Facts Document Testing*," which is available on the websites of the Ontario Securities Commission and the Autorité des marchés financiers at www.osc.gov.on.ca and www.lautorite.qc.ca, respectively. Copies are also available from any CSA member.

We received 20 comment letters on the 2015 Proposal. Generally, commenters were supportive of the codification of the Exemptive Relief, the introduction of the ETF Facts and the delivery requirement for the ETF Facts. Commenters also expressed support of providing a consistent disclosure framework between conventional mutual funds and ETFs. However, we were asked to re-consider the quantitative data in the proposed ETF Facts. Specifically, commenters told us that the Average Premium/Discount to NAV metric is difficult for investors to understand and is calculated using end of day values which may not be reflective of investor experience during the majority of the trading day. As a result of stakeholder feedback, we have removed

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[5] *In the Matter of BMO Nesbitt Burns Inc. and BMO Investorline Inc.* (July 19, 2013); *In the Matter of CIBC World Markets Inc. and CIBC Investor Services Inc.* (July 19, 2013); *In the Matter of ITG Canada Corp.* (November 18, 2014); *In the Matter of National Bank Financial Inc. and National Bank Direct Brokerage Inc.* (July 19, 2013); *In the Matter of RBC Dominion Securities Inc. and RBC Direct Investing Inc.* (July 19, 2013); *In the Matter of Scotia Capital Inc. and DWM Securities Inc.* (July 19, 2013); *In the Matter of TD Securities Inc. and TD Waterhouse Canada Inc.* (July 19, 2013); *In the Matter of Timber Hill Canada Co.* (November 5, 2014); *In the Matter of Blackrock Asset Management Canada Limited et. al.* (July 19, 2013); *In the Matter of BMO Asset Management Inc. et. al.* (July 19, 2013); *In the Matter of First Asset Investment Management Inc. et. al.* (July 19, 2013); *In the Matter of FT Portfolios Canada Co. et. al.* (July 19, 2013); *In the Matter of Horizons ETFs Management (Canada) Inc. and AlphaPro Management Inc. et. al.* (July 19, 2013); *In the Matter of Invesco Canada Ltd. et. al.* (July 19, 2013); *In the Matter of Purpose Investments Inc. et. al.* (August 6, 2013); *In the Matter of Questrade Wealth Management Inc. et. al.* (January 23, 2015); *In the Matter of RBC Global Asset Management Inc. et. al.* (July 19, 2013); and *In the Matter of Vanguard Investments Canada Inc. et. al.* (July 19, 2013). The Exemptive Relief was subject to a sunset clause and was re-issued in Fall 2015.

[6] Similar to delivery of the Fund Facts, delivery would only be required in instances where the investor has not previously received the latest Summary Document of the ETF.

[7] This is consistent with the International Organization of Securities Commission (IOSCO) Principles on Point of Sale Disclosure published in February 2011. See, for example: Principles on Point of Sale Disclosure, Final Report, Technical Committee of the IOSCO, February 2011; G20 High-level principles on Financial consumer protection, Organization for Economic Co-operation and Development (OECD), October 2011; and Regulation of Retail Structured Products, Consultation Report, IOSCO, April 2013.
Principle 2 of the IOSCO Principles on Point of Sale Disclosure specifies: "key information should be delivered, or made available, for free, to an investor before the point of sale, so that the investor has the opportunity to consider the information and make an informed decision about whether to invest."

the requirement to disclose the Average Premium/Discount to NAV from the "Pricing Information" section and the "Trading ETFs" section (formerly, the "How ETFs are Priced" section).

Some commenters also noted that the ETF Facts Delivery Requirement differs from the delivery requirement of the Summary Document under the terms of the Exemptive Relief. The ETF Facts will be required to be delivered to every purchaser of ETF securities, subject to certain exceptions, whereas the Summary Document was only required to be delivered to every investor who received a trade confirmation. While the Amendments do not require the ETF Facts to be delivered with trade confirmations, they do not prevent the ETF Facts from being delivered with the trade confirmation referencing the purchase of the ETF securities. The Exemptive Relief was intended as an interim measure until such time that relevant rule-making and legislative amendments could be implemented.

Copies of the comment letters have been posted on the Ontario Securities Commission website at www.osc.gov.on.ca and on the Autorité des marches financiers website at www.lautorite.qc.ca. You can find the names of the commenters and a summary of comments and our responses to those comments in Annex C to this Notice.

Summary of the Amendments

After considering the comments received, we have made some changes to the 2015 Proposal. See Annex B to this Notice for a summary of the key changes made to the 2015 Proposal. Those revisions are reflected in the Amendments that we are publishing as Annexes to this Notice. As these changes are not material, we are not republishing the Amendments for a further comment period.

Application

The Amendments apply only to ETFs.

ETF Facts

The creation of a summary disclosure document that highlights key information that is important for investors to consider when they purchase an investment product has been a central component of the POS Project. As was the case for the Fund Facts, the ETF Facts is a critical element of the new delivery regime for ETFs.

The starting point for the development of the ETF Facts was the Fund Facts, which was the result of extensive research, consultation and testing. Like the Fund Facts, the ETF Facts is required to be in plain language, no more than two pages double-sided and highlights key information that is important to investors, including risks, past performance, and the costs of investing in an ETF.

Although ETFs are substantially similar to conventional mutual funds, they are different in one significant aspect. Individual investors cannot subscribe for ETF securities directly from the fund. Instead, ETF securities are bought and sold over an exchange like stocks. Therefore, we have included additional content in the ETF Facts that speaks to trading and pricing characteristics of ETFs. For example, we have included information related to market price, volume and bid-ask spread. We have also included content that explains some of the issues to consider when trading ETFs.

The form requirements for the ETF Facts are set out in the Amendments as Form 41-101F4. A separate ETF Facts is required for each class or series of securities of an ETF. For illustrative purposes, a sample ETF Facts is set out as Annex A to this Notice. While we have removed the requirement to disclose average premium/discount to NAV and we have made some changes to the information provided in respect of trading ETFs, no substantive changes have been made. A more detailed discussion of these changes is provided in Annex B to this Notice.

The CSA has developed a mutual fund risk classification methodology (the Risk Methodology) for use in the Fund Facts and the ETF Facts. The "risk rating" in the ETF Facts must be determined according to the Risk Methodology, which will come into effect on the same date that the ETF Facts Filing Requirement comes into effect. The ETF Facts also incorporates disclosure changes that were made to the Fund Facts as a result of the Risk Methodology.

Filing Requirements

The ETF Facts must be filed concurrently with the ETF's prospectus. The certificate page for the ETF, which verifies the disclosure in the prospectus, applies to the ETF Facts just as it applies to all documents incorporated by reference into the prospectus.

If a material change to the ETF relates to a matter that requires a change to the disclosure in the ETF Facts, an amendment to the ETF Facts must be filed. If ETF managers want to update information in the ETF Facts at their discretion, they may choose to amend the ETF Facts at any time. In all instances, an amendment to an ETF Facts must be accompanied by an amendment

to the ETF's prospectus. In cases where the ETF prospectus would not have any changes, it would be sufficient to simply file an updated certificate page.

Any ETF Facts filed after the date of the prospectus is intended to supersede the ETF Facts previously filed. Once filed, the ETF Facts must be posted to the ETF's or the ETF manager's website.

No changes have been made to the ETF Facts Filing Requirement from what was contained in the 2015 Proposal.

Delivery of the ETF Facts Instead of the Prospectus

The Amendments require delivery of the most recently filed ETF Facts to a purchaser within two days of purchase of ETF securities, pursuant to the ETF Facts Delivery Requirement. The ETF Facts Delivery Requirement shifts the current prospectus delivery obligation under securities legislation from the dealer acting as underwriter in an ETF distribution (the "sell" side of an ETF transaction) to the dealer when acting as agent of the purchaser of an ETF security (the "buy" side of an ETF transaction). The ETF Facts Delivery Requirement also provides a carve-out from the existing prospectus delivery requirement for ETF securities.

Consistent with securities legislation in some jurisdictions today, the Amendments do not require delivery of the ETF Facts if the purchaser has already received the most recently filed ETF Facts.

The Amendments restrict the documents that may be combined with the ETF Facts on delivery.

We have not made any changes to an ETF's obligation to file its prospectus. There will be a requirement to provide investors with a copy of the prospectus upon request, at no cost.

The method for delivery of the ETF Facts is expected to be consistent with the method for delivery of a prospectus under securities legislation. For example, it could be in person, by mail, by fax, electronically or by other means. Access will not equal delivery, nor will a referral to the website on which the ETF Facts is posted.

No changes have been made to the ETF Facts Delivery Requirement from what was contained in the 2015 Proposal.

Investor Rights

Right for failure to deliver the ETF Facts

If the investor does not receive the ETF Facts, the investor has a right to seek damages or to rescind the purchase. The rights of the investor for failure of delivery of the ETF Facts has been or will be enacted by legislative amendments and will be consistent with the rights under securities legislation today for failure to deliver the prospectus within two days of purchasing securities of an ETF.

Right for withdrawal of purchase

The Amendments do not extend the current right of withdrawal of purchase to investors of ETF securities. Currently, under securities legislation, investors have a right for withdrawal of purchase within two business days after receiving the prospectus. This right only applies in respect of a distribution for which prospectus delivery is required. As indicated, not all ETF purchases are distributions. Only purchase orders filled with Creation Units trigger a prospectus delivery requirement and would therefore also be subject to a withdrawal right. As a result, this right does not today apply to all ETF investors, nor is there a way for an ETF investor today to know whether they have received Creation Units and are therefore eligible for a withdrawal right.

In some jurisdictions, investors have a right of rescission with delivery of the trade confirmation for the purchase of mutual fund securities, including ETF securities.[8] This right remains unchanged under the Amendments.

Right for misrepresentation

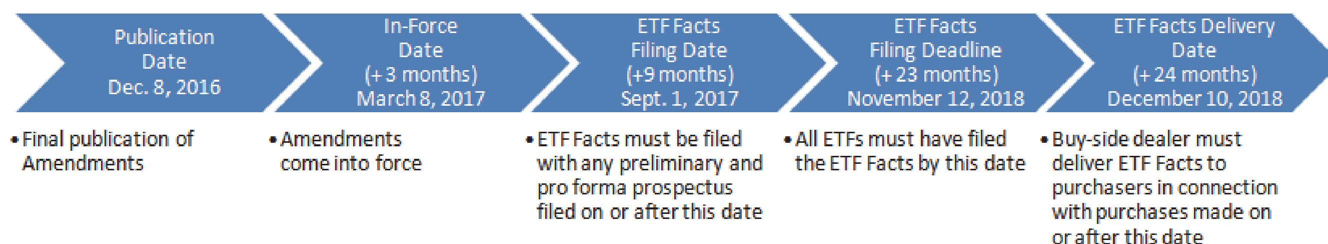
The ETF Facts is incorporated by reference into the prospectus which means that the existing statutory rights of investors that apply for misrepresentations in a prospectus will also apply to misrepresentations in the ETF Facts. Furthermore, as most ETF purchases occur on the secondary market, investors may also have a right of action for civil liability for secondary market disclosure.

[8] See for example section 137 of the *Securities Act* (Ontario). In Ontario, this right only applies in respect of purchases that are less than $50,000. An investor that exercises this right is entitled to receive the lesser of their original investment amount and the net asset value of the shares/units at the time of exercise. The investor would also be entitled to receive all costs incurred in connection with their purchase. In Québec, sections 109.8 and 109.9 of the Securities Act (Québec) apply.

Transition

The Amendments have two transition periods. The first transition period relates to the ETF Facts Filing Requirement and the second transition period relates to the ETF Facts Delivery Requirement. We anticipate the Amendments will be proclaimed into force on the In-Force Date.

The transition period timeline in the Amendments is illustrated below:



Due to the coming into force of the Québec legislative amendments on May 18, 2016, the Autorité des marchés financiers will issue a blanket order exempting ETF managers and dealers from the application of some sections of the Québec *Securities Act* and the Instrument so that they can benefit from similar transition periods and effects as those provided by the amendments to the Instrument in the other Canadian jurisdictions.

ETF Facts Filing Requirement

The ETF Facts Filing Requirement will take effect on September 1, 2017, which is approximately 9 months after the Publication Date (the ETF Facts Filing Date). ETF managers will have 6 months from the In-Force Date to make any changes to compliance and operational systems that are necessary to produce the ETF Facts.

As of the ETF Facts Filing Date, an ETF that files a preliminary or pro forma prospectus must concurrently file an ETF Facts for each class or series of securities of the ETF offered under the prospectus and post the ETF Facts to the ETF's or ETF manager's website. Until such time, ETF managers that are subject to the Exemptive Relief will continue to prepare and file the Summary Document.

In order to fully implement the Amendments within a reasonable time period, an ETF manager must, if it has not already done so, file an ETF Facts for each class or series of securities of the ETF by November 12, 2018, which is approximately 14 months of the ETF Facts Filing Date. Based on the prospectus renewal cycle for ETFs, we anticipate that it would take approximately 13 months for ETF Facts to be filed for all ETFs. This final deadline date, however, will ensure that ETF Facts for all ETFs will be available prior to the effective date of the ETF Facts Delivery Requirement.

ETF Facts Delivery Requirement

The ETF Facts Delivery Requirement will take effect on December 10, 2018, which is approximately 24 months after the Publication Date.

During the transition period, dealers that are subject to Exemptive Relief will be required to deliver either the most recently filed ETF Facts or, until the initial ETF Facts is filed, the most recently filed Summary Document. The sunset provisions of the Exemptive Relief will generally expire by the end of the transition period for the Amendments. We do not anticipate that there will be any significant issues related to the transition from the delivery of the Summary Document to delivery of the ETF Facts.

Dealers that are not subject to the Exemptive Relief will have 21 months from the In-Force Date to make any changes to compliance and operational systems that are necessary to effect ETF Facts delivery.

Anticipated Costs and Benefits

We think the introduction and delivery of the ETF Facts, as set out in the Amendments, would benefit both investors and market participants by helping address the "information asymmetry" that exists between participants in the ETF industry and investors. Unlike industry participants, investors often do not have key information about an ETF and may not know where to find the information. We also know that many investors do not use the information in the prospectus because they have trouble finding and understanding the information they need. The CSA designed the ETF Facts to make it easier for investors to find and use key information, which should help bridge this information gap.

The Amendments would also improve the consistency with which disclosure is provided to investors of ETFs and help create a more consistent disclosure framework between conventional mutual funds and ETFs.

The earlier publications related to the POS Project outlined some of the anticipated costs and benefits of implementation of the point of sale disclosure regime for mutual funds. We consider the costs and benefits set out in prior publications to still be valid and we consider them to be equally applicable to ETFs.[9] You can find these documents on the websites of members of the CSA.

Overall, we continue to believe that the potential benefits of the changes to the disclosure regime for ETFs as contemplated by the Amendments are proportionate to the costs of making them.

Local Matters

Annex H to this Notice is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdiction. It also includes any additional information relevant to that jurisdiction only.

Some jurisdictions may require amendments to local securities legislation, in order to implement the Amendments. If statutory amendments are necessary in a jurisdiction, these changes will be initiated and published by the local provincial or territorial government.

Unpublished Materials

In developing the Amendments, we have not relied on any significant unpublished study, report or other written materials.

Contents of Annexes

The text of the Amendments is contained in the following annexes to this Notice and is available on the websites of members of the CSA:

Annex A	–	Sample ETF Facts Template
Annex B	–	Summary of Changes to the 2015 Proposal
Annex C	–	Summary of Public Comments and CSA Responses
Annex D	–	Amendments to National Instrument 41-101 *General Prospectus Requirements*
Annex E	–	Changes to Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements*
Annex F	–	Amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure*
Annex G	–	Changes to Companion Policy 81-106CP to National Instrument 81-106 *Investment Fund Continuous Disclosure*
Annex H	–	Local Information

Questions

Please refer your questions to any of the following:

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[9] The costs and benefits of pre-sale delivery are not applicable as the Amendments only contemplate delivery of the ETF Facts within two days of purchase of ETF securities.

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ANNEX A

SAMPLE ETF FACTS TEMPLATE

The template follows on unnumbered pages. Bulletin pagination resumes with Annex B.

XYZ S&P/TSX 60 Index ETF

ETF FACTS
July 30, 20XX
XYZ

This document contains key information you should know about XYZ S&P/TSX 60 Index ETF. You can find more details about this exchange-traded fund (ETF) in its prospectus. Ask your representative for a copy, contact XYZ ETFs at 1-800-555-5555 or investing@xyzetfs.com, or visit www.xyzetfs.com.

Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.

Quick facts

Date ETF started	March 31, 20XX
Total value on June 1, 20XX	$220.18 million
Management expense ratio (MER)	0.20%
Fund manager	XYZ ETFs
Portfolio manager	Capital Asset Management Ltd.
Distributions	Quarterly

Trading information

(12 months ending June 1, 20XX)

Ticker symbol	XYZ
Exchange	TSX
Currency	Canadian dollars
Average daily volume	308,000 units
Number of days traded	249 out of 251 trading days

Pricing information

(12 months ending June 1, 20XX)

Market price	$9.50-$13.75
Net asset value (NAV)	$9.52-$13.79
Average bid-ask spread	0.07%

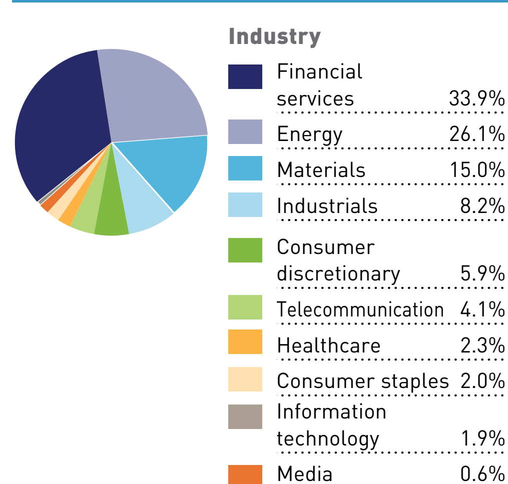
What does the ETF invest in?

This ETF invests in the same companies and in the same proportions as the S&P/TSX 60 Index. The S&P/TSX 60 Index is made up of 60 of the largest (by market capitalization) and most liquid securities listed on the Toronto Stock Exchange (TSX), as determined by S&P Dow Jones Indices.

The charts below give you a snapshot of the ETF's investments on June 1, 20XX. The ETF's investments will change to reflect changes in the S&P/TSX Index.

Top 10 investments (June 1, 20XX)	
1. Royal Bank of Canada	7.5%
2. Toronto-Dominion Bank	7.1%
3. Canadian Natural Resources	5.8%
4. The Bank of Nova Scotia	4.1%
5. Cenovus Energy Inc.	3.7%
6. Suncor Energy Inc.	3.2%
7. Enbridge Inc.	3.1%
8. Canadian Imperial Bank of Commerce	2.9%
9. Manulife Financial Corporation	2.7%
10. Canadian National Railway Company	1.9%
Total percentage of top 10 investments	**42.0%**
Total number of investments	**60**

Investment mix (June 1, 20XX)



How risky is it?

The value of the ETF can go down as well as up. You could lose money.

One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility". In general, ETFs with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money

Risk rating

XYZ ETFs has rated the volatility of this ETF as **medium**. This rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.

For more information about the risk rating and specific risks that can affect the ETF's returns, see the Risk section of the ETF's prospectus.

No guarantees

ETFs do not have any guarantees. You may not get back the amount of money you invest.

For dealer use only: CUSIP 54321E000

How has the ETF performed?

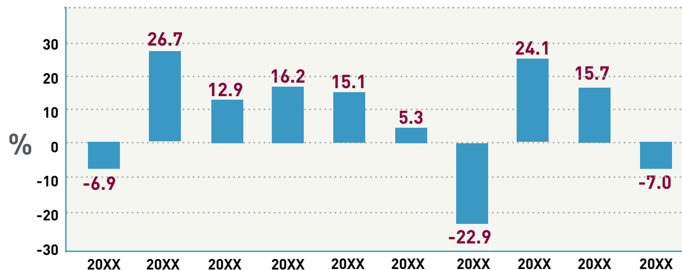
This section tells you how units of the ETF have performed over the past 10 years.

Returns[1] are after expenses have been deducted. These expenses reduce the ETF's returns. This means that the ETF's returns may not match the returns of the S&P/TSX Index.

Year-by-year returns

This chart shows how units of the ETF performed in each of the past 10 years. The ETF dropped in value in 3 of the 10 years.

The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.



Best and worst 3-month returns

This table shows the best and worst returns for units of the ETF in a 3-month period over the past 10 years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested $1,000 at the beginning of the period
Best return	32.6%	Apr. 30, 20XX	Your investment would rise to $1,326.
Worst return	-24.7%	Nov. 30, 20XX	Your investment would drop to $753.

Trading ETFs

ETFs hold a basket of investments, like mutual funds, but trade on exchanges like stocks. Here are a few things to keep in mind when trading ETFs:

Pricing

ETFs have two sets of prices: market price and net asset value (NAV).

Market price

- ETFs are bought and sold on exchanges at the market price. The market price can change throughout the trading day. Factors like supply, demand, and changes in the value of an ETF's investments can affect the market price.
- You can get price quotes any time during the trading day. Quotes have two parts: **bid** and **ask**.
- The bid is the highest price a buyer is willing to pay if you want to sell your ETF units. The ask is the lowest price a seller is willing to accept if you want to buy ETF units. The difference between the two is called the "**bid-ask spread**".
- In general, a smaller bid-ask spread means the ETF is more liquid. That means you are more likely to get the price you expect.

Net asset value (NAV)

- Like mutual funds, ETFs have a NAV. It is calculated after the close of each trading day and reflects the value of an ETF's investments at that point in time.
- NAV is used to calculate financial information for reporting purposes – like the returns shown in this document.

Orders

There are two main options for placing trades: market orders and limit orders. A market order lets you buy or sell units at the current market price. A limit order lets you set the price at which you are willing to buy or sell units.

Timing

In general, market prices of ETFs can be more volatile around the start and end of the trading day. Consider using a limit order or placing a trade at another time during the trading day.

Who is this ETF for?

Investors who:

- are looking for a long-term investment
- want to invest in a broad range of stocks of Canadian companies
- can handle the ups and downs of the stock market.

! Don't buy this ETF if you need a steady source of income from your investment.

A word about tax

In general, you'll have to pay income tax on any money you make on an ETF. How much you pay depends on the tax laws where you live and whether or not you hold the ETF in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your ETF in a non-registered account, distributions from the ETF are included in your taxable income, whether you get them in cash or have them reinvested.

[1] Returns are calculated using the ETF's net asset value (NAV).

How much does it cost?

This section shows the fees and expenses you could pay to buy, own and sell units of the ETF. Fees and expenses – including any trailing commissions – can vary among ETFs.

Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

1. Brokerage commissions

You may have to pay a commission every time you buy and sell units of the ETF. Commissions may vary by brokerage firm. Some brokerage firms may offer commission-free ETFs or require a minimum purchase amount.

2. ETF expenses

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

As of March 31, 20XX, the ETF's expenses were 0.21% of its value. This equals $2.10 for every $1,000 invested.

	Annual rate (as a % of the ETF's value)
Management expense ratio (MER) This is the total of the ETF's management fee and operating expenses. XYZ ETFs waived some of the ETF's expenses. If it had not done so, the MER would have been higher.	0.20%
Trading expense ratio (TER) These are the ETF's trading costs.	0.01%
ETF expenses	**0.21%**

Trailing commission

The trailing commission is an ongoing commission. It is paid for as long as you own the ETF. It is for the services and advice that your representative and their firm provide to you.

This ETF doesn't have a trailing commission.

What if I change my mind?

Under securities law in some provinces and territories, you have the right to cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the prospectus, ETF Facts or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

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

For more information

Contact XYZ ETFs or your representative for a copy of the ETF's prospectus and other disclosure documents. These documents and the ETF Facts make up the ETF's legal documents.

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Website: www.xyzetfs.com

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ANNEX B

SUMMARY OF CHANGES TO THE 2015 PROPOSAL

This Annex describes the key changes we made to the 2015 Proposal in response to the comments received. We do not consider these changes to be material.

The changes include the following:

ETF Facts

- **Dividend Reinvestment Plan (DRIP) – Item 2(1), Part I, Form 41-101F4**

  We removed the requirement to disclose whether the ETF has a dividend reinvestment plan.

- **Average Bid-Ask Spread – Item 2(3), Part I, Form 41-101F4**

  We revised the instructions to calculate the 12 month average bid-ask spread of a $50,000 trade determined using the visible bid and ask orders available on the primary exchange and, where required, on other Canadian marketplaces.

- **Average Premium/Discount to NAV – Item 2(3) and Item 7, Part I, Form 41-101F4**

  We removed the average premium/discount to NAV from the "Pricing Information" section and the "How ETFs are Priced" section of the ETF Facts.

- **Updated Information on Websites – Item 2(4), Part I, Form 41-101F4**

  We added an optional cross-reference to the website of the ETF, ETF's family or fund manager where updated information under the "Quick Facts", "Trading Information" and "Pricing Information" of the ETF Facts is posted.

- **Trading ETFs – Item 7, Part I, Form 41-101F4**

  We renamed the "How ETFs are Priced" section in the ETF Facts to "Trading ETFs" and revised the disclosure to provide information about pricing, orders and timing of ETF trades.

- **Brokerage Commissions – Item 1, Part II, Form 41-101F4**

  We revised the disclosure under "Brokerage Commissions" to indicate that a brokerage commission may be payable every time an investor buys or sells ETF securities.

- **Management Expense Ratio (MER) – Item 3.6(4) and Item 11.1, Form 41-101F2**

  We removed the requirement for ETFs to disclose the MER from the most recently filed annual management report of fund performance in the prospectus.

- **Investment Risk Classification Methodology – Item 12.2, Form 41-101F2**

  We added a requirement to provide a description of the standardized investment risk classification methodology used to determine the ETF's investment risk level, how to obtain a copy of the methodology and a description of the reference index, if any.

ANNEX C

SUMMARY OF PUBLIC COMMENTS ON MANDATING A SUMMARY DISCLOSURE DOCUMENT FOR MUTUAL FUNDS AND ITS DELIVERY (JUNE 18, 2015)

Table of Contents

PART	TITLE
Part 1	Background
Part 2	General Comments
Part 3	Issue for Comment – Content of the ETF Facts
Part 4	Issue for Comment – Anticipated Costs of Delivery of the ETF Facts
Part 5	Issue for Comment – Transition Period
Part 6	Issue for Comment – Right for Withdrawal of Purchase
Part 7	Other Comments
Part 8	List of Commenters

Part 1 – Background

Summary of Comments

On June 18, 2015, the Canadian Securities Administrators (the CSA or we) published for comment proposed amendments (the Proposed Amendments) to National Instrument 41-101 *General Prospectus Requirements* (NI 41-101), including Form 41-101F4 *Information Required in an ETF Facts Document* (Form 41-101F4), Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements* (the Companion Policy), and related consequential amendments aimed at mandating a summary disclosure document for exchange-traded mutual funds (ETFs) and its delivery.

We thank everyone who took the time to prepare and submit comment letters. This document contains a summary of the comments we received on the Proposed Amendments and the CSA's responses. We have considered the comments received and in response to the comments, we have made some amendments (the Final Amendments) to the Proposed Amendments.

Part 2 – General Comments

Issue	Comments	Responses
General Support	Most commenters expressed broad support for the introduction of the ETF Facts to help provide investors with access to key information about an ETF, in language they can easily understand. They were supportive of delivery of the ETF Facts to investors which will improve the consistency with which disclosure is provided to ETF investors. Many commenters also told us they were supportive of a consistent disclosure framework for conventional mutual funds and ETFs. One industry association agreed with the CSA's proposal to codify the Exemptive Relief. The commenter also expressed support for extending the new delivery obligation that will apply in respect of the ETF Facts to all dealers acting as agent of the purchaser on the buy-side of a transaction.	We thank commenters for the feedback that was provided. We appreciate their general support for the overall goals of this initiative.

	One industry association was pleased to see that the format of the ETF Facts is similar to the Fund Facts, for consistency and comparability purposes.	
	One industry commenter expressed reservations about the ability of summary disclosure documents, such as the ETF Facts and Fund Facts, to solve the problem of investors not using information in a prospectus because they have trouble finding and understanding the information they need. The commenter noted that there is research showing that pre-trade delivery of a Summary Document in lieu of a prospectus merely speeds up the investment decision making process and does not necessarily improve the quality of that investment decision making. The commenter questioned why the ETF Facts and the Fund Facts are created and distributed at a significant expense without, in their opinion, the intended benefits. In contrast, another industry commenter indicated that their clients have told them that the Fund Facts makes it easier for retail investors to understand key information about the mutual funds that they are buying and provides a more user-friendly alternative to the prospectus.	We disagree with the commenter. The CSA continue to be of the view that the Fund Facts, and eventually, the ETF Facts, benefits investors by providing key information about a fund in a language they can easily understand. From the investor testing of the Fund Facts throughout its development, and the more recent investor testing of the ETF Facts, we know that investors generally found the Fund Facts and ETF Facts to contain important information presented in easy-to-read language. Also, from time to time, industry participants have told us that investors have provided positive feedback about the Fund Facts.

Part 3 – Issue for Comment – Content of the ETF Facts

Issue	Comments	Responses
1. The ETF Facts is substantially similar to the Fund Facts, except for additional information related to trading and pricing (e.g., average daily volume, number of days traded, market price range, net asset value range, average bid-ask spread and average premium/discount to net asset value (NAV)). We seek specific feedback on these proposed elements of the ETF Facts. In particular, please comment on the disclosure instructions for these elements as outlined in Form 41-101F4. For example,	**Qualitative data** One commenter suggested that the CSA should concentrate on qualitative disclosure regarding factors that may impact an ETF's price and liquidity. This is likely to provide more meaningful insight for investors than the inclusion of quantitative backward looking and potentially stale data.	In our investor testing many investors told us that "examples are better than explanations". This is consistent with our experience with investor testing conducted during earlier stages of the POS project where investors expressed a preference for quantitative information, tables or graphs rather than qualitative explanations. We also note that the ETF Facts provides qualitative as well as quantitative information to investors to allow them to make a more informed investment decision. While the quantitative information provided under the "Trading information" and "Pricing information" sections is more specific to the ETF described in the ETF Facts, the qualitative information provided under the "Trading ETFs" section provides more general information about trading ETFs.

should the range of market prices exclude odd lot trades? In terms of the calculation of the average bid-ask spread, should trading days that do not have a minimum number of quotes be excluded from the calculation? We also seek feedback on whether there are alternative methods or alternative metrics that can be used to convey this information in a more meaningful way for investors.	**Quantitative Data** Some commenters asked the CSA to reconsider the utility of the quantitative information in the ETF Facts. Comments on the proposed quantitative elements are summarized below. ***Average premium/discount to NAV*** A number of commenters opposed inclusion of premium/discount to NAV in the ETF Facts. Commenters noted that NAV is determined following the close of each trading day and is, therefore, a static figure while the ETF's market value fluctuates during the day along with the prices of the ETF's underlying holdings which make up the NAV. The end of day disclosure of an ETF's premium/discount to NAV would be a point in time snapshot and may not be comparable to the investor experience during the majority of the trading day. Other commenters highlighted that ETF NAVs are frequently subject to measurement methodology variation or proprietary fair value estimation. Due to such estimation, the end of day NAV may not be comparable with observed market prices at the end of the trading day. Therefore, the comparison between the end of day market value and NAV may be misleading to investors. One commenter pointed to concerns with this metric for international and fixed income ETFs in particular. The commenter noted that premiums and discounts for international ETFs typically reflect price discovery and the ability to trade the ETF securities in real time. In particular, such ETFs can be used to express a market view on international securities even when the underlying markets are closed. Similarly, premiums or discounts for fixed income ETFs arise due to challenges relating to price discovery when valuing portfolio assets in primarily non-transparent, over the counter markets. Further, the NAV of a fixed income ETF is based on either mid or bid market prices of underlying holdings and, therefore, does not reflect the bid-ask spread that exists for these holdings. An ETF's market prices, in contrast, will reflect this bid-ask spread. This would also contribute to the difference between a fixed income ETF's market value and its NAV.	Our purpose in including the average premium/discount to NAV in the ETF Facts was to provide investors with a market quality metric. A wider premium/discount could be an indicator of an ETF that does not trade in an efficient manner. On this basis we were of the view that including disclosure of this metric would be useful to investors. In considering the feedback provided, however, we have decided to no longer require disclosure of this metric because there are a number of nuances that must be considered in interpreting the metric, which would be difficult to do in the context of the ETF Facts. As the commenters have pointed out: a) market close can be a particularly volatile period because market makers begin to balance their books which can cause wider spreads. As such, the end of day premium/discount values may not be indicative of intra-day premium/discount values, and b) end of day NAV is based on estimated fair values for a number of asset classes such as fixed income holdings, or equity holdings of international markets that are not open simultaneously as the North American markets. As such, the end of day premium/discount is partly based on estimated values rather than actual values. We acknowledge that investor document testing indicated that this metric is difficult for investors to understand and, given the nuances set out above, it may be difficult for investors to interpret correctly. More importantly, this may not be information that investors would find actionable since the premium/discount metric would not be available throughout the course of the trading day.

	Commenters emphasized the role of market makers and designated brokers in the primary market. Given the arbitrage mechanism associated with the ETFs creation and redemption process, liquidity providers have an incentive to keep market prices in line with the value of the underlying holdings and will, therefore, eliminate any sustained premiums or discounts to NAV.	
	Average daily trading volume and number of days traded	
	One commenter supported the inclusion of average daily volume as a useful tool for evaluating the risk of an ETF, especially as it relates to liquidity.	We have decided to retain the average daily trading volume, as well as number of days traded. We find that there is high correlation between these metrics and the bid-ask spread which is a cost to investors trading in the secondary market.
	Some commenters suggested that historical average daily trading volume and the number of trading days are backwards-facing metrics and, therefore, are not likely to inform investors about a particular ETF's current liquidity or suitability for the future. Further these backwards-facing metrics are not accurate or reliable indicators of an ETF's future liquidity or risk.	During quantitative investor testing we noted that, while not all investors understood what the average daily trading volume and number of days traded meant, the majority did. As such, for the less sophisticated investors, we believe these measures provide a complement to the bid-ask spread as a measure of liquidity in secondary market trading.
	A number of commenters suggested that including average daily volume and number of days traded may cause investors to favour established ETFs that have larger average trading volumes at the expense of newer ETFs. This is likely to discourage competition and product innovation in the industry.	In terms of newer ETFs being disadvantaged, we remind commenters that new funds with less than one year of history would be able to indicate in the ETF Facts that the information is not yet available. An ETF would, therefore, have a one year period following the filing of the initial ETF Facts to build up a trading track record. We are of the view that this is a sufficient time period to provide investors with some indication as to the secondary market liquidity of an ETF. We acknowledge comments from investors regarding timeliness of the quantitative trading information provided in the ETF Facts. As such, we have amended the ETF Facts form instructions to allow an optional cross-reference to the ETF's or fund manager's website in cases where equivalent information is provided on a more up-to-date basis. Where such a cross-reference is provided, the information on the website must be calculated using the same methodology as required for the ETF Facts.
	A number of commenters have suggested that these data points are misleading to investors as these may be interpreted to reflect the level of liquidity of an ETF. These commenters contend that the liquidity of an	While we agree that higher average daily volume or number of days traded may not guarantee liquidity, these metrics have a direct correlation with smaller bid-ask spreads, which represents an implicit trading

	ETF is indicated by the liquidity of the underlying securities that comprise the ETF's portfolio, rather than secondary market turnover. In addition, ETFs, unlike other exchanged traded securities, do not have a fixed number of outstanding securities and authorized dealers can issue and redeem units of the ETF at any time to meet demand. One commenter suggested that the bid-ask spread is a more appropriate indicator of liquidity.	cost for investors. Higher trading volume also gives investors trading in smaller lot sizes a better chance of having their orders filled more quickly and efficiently compared to ETFs that do not trade frequently.
	One commenter suggested that a more robust metric for liquidity should be considered by reference to liquidity of underlying assets. As an example, the commenter suggested, disclosing the daily average trading volume of the five least active holdings of the ETF.	We disagree with this proposed measure as it would focus disproportionately on the least liquid holdings of an ETF, which may not be a significant component of the ETF's overall portfolio. We also believe that providing such extensive information may not be possible in a concise summary document and may also prove to be difficult for investors to comprehend.
	Another commenter suggested that, should the CSA retain the number of days traded, it should be expressed as a percentage rather than leaving it to investors to calculate the percentage themselves.	Our investor document testing indicated that investors comprehended this measure as an absolute figure. Therefore, we will not require that this information be disclosed as a percentage.
	Average bid-ask spread	
	A couple of commenters suggested that bid-ask spread is a technical concept that investors find difficult to understand and should, therefore, be excluded from the ETF Facts. Rather, the CSA should include a disclaimer that there can be no assurance that a liquid market will be maintained for the ETF.	While some investors had difficulty comprehending the bid-ask spread during our investor document testing, we note that most investors tended to understand the description of this measure. Furthermore, many of these investors requested that specific numeric values for this metric be provided. We are of the view that it is important for investors to consider the impact of the bid-ask spread on their overall cost of ownership when they consider their decision to purchase or sell an ETF security. Investors who are not familiar with the bid-ask spread can research this metric or have a discussion with their advisors for more information.
	Some commenters suggested that, similar to trading volume, bid-ask spread may be a misleading indicator of an ETF's liquidity, future price or suitability as an investment. A more relevant measure of liquidity is the typical bid-ask spread of the ETF's underlying holdings as compared to the quoted price of the ETF on the secondary market.	We respectfully disagree with the commenters and continue to be of the view that, while not a perfect measure of liquidity, the bid-ask spread represents a good measure of secondary market liquidity and of trading costs for secondary market trading in an ETF. This is particularly important for the average retail investor who typically only transacts in secondary markets rather than through the primary market creation/redemption mechanism.

	One commenter suggested that disclosing bid-ask spread may cause investors to favour ETFs with lower price points as such ETFs will have smaller absolute spreads in cents per share. Further, this would also favour established ETFs with a more active secondary market, which could discourage new entrants or the introduction of innovative products.	We are requiring the bid-ask spread to be disclosed in percentage terms. In our view, this addresses the issue of lack of comparability of the spread between higher priced and lower priced ETFs.
	As with trading volume data, since the bid-ask spread is disclosed in respect of a 12-month period before the ETF Facts date, this information may significantly pre-date delivery of the ETF Facts to a particular investor, and may no longer be relevant or accurate.	As noted above, we now allow for the inclusion of an optional cross reference to the ETF's or fund manager's website where more up-to-date information may be provided.
	Some commenters suggested that the CSA should allow ETF manufacturers to review a sample calculation to ensure that all information necessary to satisfy the disclosure obligation is readily available, accessible and it is practical to obtain such information from third party data providers.	We have consulted with third party data providers and we are satisfied that the data required to comply with the disclosure requirements in the ETF Facts will be readily available and accessible at a reasonable cost.
	In particular, some commenters questioned at what point in time should the bid-ask spread be calculated for a particular day given that bid-ask spreads can change throughout the day.	We are requiring that the bid-ask spread be calculated at one second intervals starting 15 minutes after the opening of the trading day and ending 15 minutes before the closing of the trading day.
	One commenter suggested that focusing on average bid-ask spread without considering the size of trade may be misleading to investors since the bid-ask spread often increases as trade size increases. It may be more useful for investors to use a sample trade size.	We agree with the commenter. Therefore, we are proposing that the bid-ask spread be calculated with depth of quotes set for a $50,000 trade. We are of the view that this depth level should be sufficient to cover most retail trades. In addition, we are of the view that standardizing the depth at which the bid-ask spread is calculated will allow for more meaningful comparison across ETFs and will address the concern raise by the commenter.
	A number of commenters suggested that trading days that do not have a minimum number of trades should not be excluded from the calculation of the average bid-ask spread. Given that authorized participants can create or redeem units in the primary market, the number of trades is not relevant to the bid-ask spread and the liquidity of an ETF remains unaffected by days with few or no trades. Commenters also suggested that including all trading days is also consistent with the approach taken with market price and NAV data.	We are not excluding trading days on the basis of whether or not a minimum number of trades have been executed on that day. However, given that we have modified the calculation to take order book depth into consideration, it is necessary to consider circumstances where an ETF does not have sufficient order book depth to arrive at the $50,000 threshold. In order to avoid situations where the overall average bid-ask spread cannot be calculated due to isolated instances where there is insufficient order book depth, we have added some additional parameters to the calculation. We have also added language to be used in the ETF Facts to explain circumstances where an ETF

		cannot calculate an average bid-ask spread due to insufficient order book depth.
	Exchange	
	One commenter suggested that since all ETFs are primarily listed on the TSX, this component of the Quick Facts should be deleted altogether. If the CSA decide to retain this component, the commenter suggested replacing “Exchange” with “Primary Exchange”.	We do not propose to make any changes to this item because not all ETFs are primarily traded on the TSX. For ETFs that are listed on more than one exchange, Form 41-101F4 allows all the exchanges on which the ETF securities are listed to be disclosed.
	Dividend Reinvestment Plan (DRIP)	
	Some commenters opposed the inclusion of DRIP information under the Quick Facts section. One commenter contended that this disclosure is not required for mutual funds under Form 81-10F3 *Contents of Fund Facts Documents* (Form 81-101F3) and the disclosure frameworks for ETFs and mutual funds should be consistent. The commenters note that the Quick Facts does not require disclosure regarding other types of plans, such as systematic withdrawal plans or pre-authorized cash contribution plans and prioritizing DRIPs over these other plans has no basis. Lastly, it was noted that even when an ETF provider may not implement a DRIP directly, individual dealers may still offer this service to investors. One investor advocate suggested that this item read “DRIP eligible”.	We agree with the commenters and have decided to remove disclosure of DRIP eligibility from the ETF Facts.
	Pricing information	
	A number of commenters suggested that the range of market prices should include odd lot trades. Commenters suggested that this would reflect the experience of retail investors who transact in smaller sizes and suggested that odd lot trades account for a significant amount of volume and contribute significantly to price discovery. Some commenters also suggested that sourcing and processing information that excludes odd lot trades would add to the complexity and cost of preparing ETF Facts.	We agree with the majority of commenters and are of the view that, on balance, the benefits of including odd lot trades outweigh excluding such trades.
	One commenter was in favour of excluding odd lot trades from the market price range information. The rationale presented was that odd lot trades do not impact the last sale price or closing price as they are excluded from the information displayed on orders or trades from each protected marketplace.	While it is true that odd lot trades do not impact the closing price they do impact the high and low market prices, where applicable. Therefore, we expect odd lot trades to be included when determining the market price range of the ETF.

	One commenter suggested that requiring disclosure of pricing information in the ETF Facts would not help investors make investment decisions since it is historical "after the fact" information.	As noted above, we propose to allow an optional cross reference to the ETF or fund manager's website which may provide this information on an updated basis, provided that the information on the website is calculated using the same methodology as required for the ETF Facts document.
	One commenter suggested that, should the CSA retain this disclosure, it should alter the requirements for market price and net asset value. In particular, the current instructions for market price require looking at intra-day values while NAV would only look at end of day values. Given that intra-day volatility of market prices tends to be higher than the day-to-day volatility of closing prices, the commenter suggested using end of day data for both data points.	While we acknowledge that the NAV range looks to end of day values while the market value range captures intra-day values, we do not see this as a sufficient reason for removing this disclosure requirement. While we agreed with commenters and removed the premium/discount to NAV metric from the ETF Facts, we are of the view that the ranges for market price and NAV should be disclosed to alert investors to the fact that there are two sets of values for ETFs.
2. The "How ETFs are priced" section of the ETF Facts is intended to provide ETF investors with some additional information on the factors that influence trading prices and to explain the difference between market price and NAV. This section has been modified in response to investor testing, which showed that investors valued this type of information but were not necessarily aware of how to use it in practice. We seek feedback on whether there is an alternative form of presentation of this information that may better assist investors.	A number of commenters responded to our specific question in regard to the "How ETFs are priced section". While some commenters agreed with the additional information provided regarding factors that influence trading prices and to explain the difference between market price and NAV, a number of commenters either completely opposed inclusion of this information or suggested recommendations to improve the language proposed. Commenters who opposed the inclusion of this information pointed to oversimplification of these factors to the point of being misleading to investors.	The ETF Facts aims to provide key information in a concise manner with a particular focus on the average retail investor. From this perspective, we think it is important to highlight some of the important factors that investors should consider when trading ETFs. As a result, we have retained the idea of including such educational information in the ETF Facts. We acknowledge some of the comments received in respect of oversimplification of certain concepts. In response to these comments we have reframed the information included in the ETF Facts. We have refocused the narrative to concentrate on trading factors that investors should consider instead of focusing on pricing elements, which is reflected in the new heading "Trading ETFs". In addition, we have included some additional concepts like types of orders, while removing others like premium/discount to NAV. As a summary disclosure document, the ETF Facts does not purport to provide an exhaustive discussion of all matters relevant to trading ETFs. With the changes that have been made, however, we think we have achieved an appropriate balance between making the information accessible to the average retail investor without being misleading.
	One commenter suggested that the information provided under this section is generally helpful to investors and should be re-ordered so it appears before the risk discussion.	The order of information in the ETF Facts has been designed to correspond as closely as possible to the Fund Facts to allow for easy comparison. From this perspective, we disagree with the suggestion to reorder the presentation of information.

	Introductory sentence	
	One commenter suggested that it may not be appropriate to refer to ETFs as being "unique" given the proliferation of ETFs with varying attributes. It may be more appropriate to describe ETFs as being "different" or that they "vary" from conventional mutual funds.	In response to this comment, we have changed the introductory sentence to the "Trading ETFs" section.
	Market price	
	In regard to the discussion of market price, some commenters suggested that the statement that supply and demand affects the market price of ETFs is misleading in that, unlike traditional equity shares that have a finite number of units issued and outstanding, ETFs continually issue or redeem securities to deal with demand and supply. Commenters suggested that too much emphasis is placed on supply and demand of ETF units, and that the real drivers of the price of an ETF unit are the market and economic factors that affect the underlying portfolio. Some commenters suggested a general statement that the price of the ETF can be expected to move with the price of the underlying portfolio assets.	The ETF Facts points to a number of factors that impact the market price of an ETF. This includes demand and supply of ETF units as well as demand and supply for the underlying holdings. The ETF Facts also already makes reference to the fact that changes in the value of the ETF's underlying holdings will have an impact on the market price of an ETF. Therefore, we do not believe any further changes are necessary.
	A number of industry participants also opposed inclusion of information regarding the bid-ask spread as they felt this information was unimportant and insignificant relative to other factors such as performance and bid-ask spread of the underlying portfolio of an ETF. Some commenters suggested that readers of ETF Facts are not interested in, nor benefit from knowing more about the technical mechanisms of pricing of ETFs.	We respectfully disagree with the commenters. As noted earlier in our responses, we continue to be of the view that it is important for investors to be informed of the bid-ask spread as it is an implicit cost of investing or trading in ETFs. In some circumstances, the bid-ask spread may even be higher than the management expense ratio (MER) of the ETF. We will, therefore, retain this information in the ETF Facts.
	Commenters also questioned the inference that a smaller bid-ask spread meant that an investor is likely to get the price they expect. Suggestions for improving this disclosure ranged from complete deletion of this language to clarifying that a smaller bid-ask means there is lower opportunity trading cost in the ETF.	We respectfully disagree with the commenters. In our view, references to "opportunity cost" are likely to cause more confusion for the average retail investor than to provide clarity. As such, no references to "opportunity cost" will be required in the ETF Facts.
	Some commenters also opposed references to "liquidity" in this section. Commenters suggested that studies have indicated that investors do not understand the term.	We agree with the commenters and have purposely limited any references to "liquidity" to the extent possible within a summary document. Given the space limitations, it is

	Further, "liquidity" in the context of ETF is more difficult to explain than simplistically pointing to the bid-ask spread, in particular, given the creation/redemption mechanism in the primary market. One commenter suggested that this section should discuss the impact of transaction volume on liquidity, with a particular focus on small or odd lot trades. This discussion should also emphasize that liquidity considerations come into play both at the time of purchase as well as when the ETF investment is disposed of.	not possible to go into a detailed discussion of "liquidity" within the confines of a summary disclosure document at this point. While we have included some basic educational information around trading ETFs, the ETF Facts is meant to be a summary disclosure document and is not intended to be a complete guide to investing in ETFs. With regard to transaction volume, we note that it tested well with investors who understood what transaction volume referred to.
	NAV	
	One commenter noted that unlike the U.S. where intraday NAV is disseminated at regular intervals throughout the trading day, Canadian ETF providers only typically produce an official NAV at the end of the day. As such, the language describing NAV and the premium/discount to NAV encourages investors to compare the intraday market price to a "stale" NAV calculated at the close of the previous day. This was not a true discount or premium to NAV at the time of transaction, and therefore, the CSA should amend the language to clarify this aspect to investors. Some commenters suggested adding language to the end of this section indicating that unitholders have the ability to subscribe for or exchange a prescribed number of units of an ETF at NAV, therefore, it is anticipated that large discounts or premiums to NAV would not be sustained. Another commenter suggested that language should be added explaining that premium and discounts may also result from changes in the value of the ETF's underlying investments that have not yet been reflected in the ETF's NAV.	After further consideration, we have decided to remove information around premium/discount to NAV. Although we are of the view that such information can be an important element to consider, we acknowledge that there are circumstances where a simplistic presentation of this metric could be misleading. Providing a nuanced explanation of the implications of premium/discount to NAV could potentially overwhelm the ETF Facts. Additionally, some of the information that one would derive from premium/discount to NAV is obtainable from the other metrics that are included in the ETF Facts.
3. Please comment on whether there are other disclosure items/topics that should be added to reflect the differences between ETFs and conventional mutual funds	A number of commenters provided suggestions for other disclosure items for inclusion in the ETF Facts.	
	Order types	
	One commenter noted that different order types can affect an investor's transaction price. The commenter recommended explanations of the most common order types and that investors should consider the order types before placing an ETF trade.	We have revised the disclosure to include a brief discussion of different order types.

	Tracking error	
	Some commenters suggested inclusion of information that speaks to tracking error. Commenters highlighted that an indexed ETF's performance can deviate from that of its underlying index due to a number of factors such as fees, transaction costs, taxes, portfolio sampling and timing of changes to composition of the underlying index. One commenter noted that the proposed ETF Facts only prescribes disclosure that performance may deviate due to fund expenses and that this disclosure is inadequate. The commenter suggested that under the "How risky is it?" section of the ETF Facts, specific disclosure relating to "Tracking Error" should be added which highlights the various reasons why an indexed ETF's performance may deviate from that of its underlying index. Another commenter suggested that for indexed ETFs, the ETF Facts should disclose the performance of the ETF's benchmark index. An investor advocate suggested that the performance of the index also be shown for index-tracking ETFs to show tracking error.	We do not propose to add benchmarking information to the ETF Facts. Previous investor testing during Stage 2 of the POS project for Fund Facts indicated that investors generally do not understand benchmarking information very well. In addition tracking error information would only be relevant to index tracking ETFs, and not for all ETFs.
	Returns calculations	
	Some commenters suggested that the returns calculations should be based on market value, not NAV, since market values is what the retail investor typically looks at and experiences.	We have not adopted the suggested change to the presentation of past performance. We note that any presentation of past performance will vary from actual investor experience. Using NAV for performance measurements is consistent with the requirements for conventional mutual funds and allows for consistency across mutual fund products. Furthermore, many ETFs, or particular series or classes of ETFs, do not trade on a frequent basis and would not have up to date market prices available to calculate performance.
	Trading halts	
	One commenter suggested that during periods of unusual volatility, ETFs or their underlying securities may become subject to temporary trading halts imposed by circuit breakers. This can have adverse consequences and, as such, investors are entitled to know this information.	The halting of trading of ETF securities fall under the rules of the exchange on which the securities of an ETF are listed. As such, we do not propose requiring such disclosure in the ETF Facts. We expect that information regarding temporary trading halts would be disseminated to the market through existing communication channels.

	Dividend/distribution yield	
	Commenters suggested adding a section to the ETF Facts showing dividend yield. One commenter suggested that the ETF Facts should include a table that discloses the form of distributions for the past tax year i.e. eligible dividends, non-eligible dividends, capital gains, other income or returns of capital.	Distribution information is required to be disclosed only if distributions are a fundamental feature of the ETF. This is consistent with the Fund Facts. We do not propose to modify the requirements of this item.
	Duration & term to maturity	
	One commenter suggested inclusion of weighted average duration and term to maturity for fixed income ETFs.	We do not propose to include this information for a number of reasons. Firstly, this information would only be applicable to fixed income ETFs and not applicable to all other types of ETFs, therefore, it would not be disclosed consistently across all ETFs. Secondly, this information is not currently required to be disclosed in the Fund Facts and it is important to ensure consistency between the summary documents to the extent possible. And lastly, we are of the view that disclosing *averages* for metrics such as duration and term to maturity can mask significant differences in underlying asset attributes. Fund managers can, at their option, include disclosure addressing these attributes in the asset mix chart which can show the various maturity ranges for the funds, as an example.
	Portfolio turnover	
	One commenter suggested inclusion of portfolio turnover information as this would give the reader a sense of tax exposure.	We do not propose requiring such disclosure in the ETF Facts as it is not required disclosure in the Fund Facts document. In regard to the portfolio turnover, disclosure of Trading Expense Ratio (TER) in the ETF Facts can also be used as an indicator of an ETF that undertakes a large number of transactions.
	Asset type	
	One commenter suggested specifying whether the ETF falls into the fixed income, equity or hybrid category.	The item “What does the ETF invest in?” provides disclosure of the fundamental nature of the ETF. The investment mix section would also generally show a visual breakdown of the exposure of the fund.

	Eligibility for registered plans	
	One commenter suggested indicating the eligibility for registered plans.	The ETF Facts provides general tax disclosure under the item "A word about tax". We do not propose requiring disclosure regarding the eligibility for investment in registered plans in the ETF Facts. We note that this approach is consistent with the Fund Facts.
	Active versus passive	
	A commenter noted that including the words "xyz index" in the name of a fund is not sufficient to convey to investors whether an ETF is an active fund or a passive index tracking fund. Another commenter suggested that the difference between actively managed ETFs and passively managed ETFs be explained in the ETF Facts.	Under the heading "What does the ETF invest in?", Form 41-101F4 requires a description of the fundamental nature of the ETF, or the fundamental features of the ETF that distinguish it from other ETFs. It should be clear from the disclosure provided under this heading whether an ETF is passively managed or actively managed. In this respect, we note that Item 3 Form 41-101F4 requires disclosure of the name/names of the permitted index/indices on which the investments of the ETF are based and to briefly describe the nature of the permitted index/indices.
	Date when index created	
	One commenter noted that while there are many well-established indices in use currently, some indices are created nearly at the same time as a given ETF meant to track that new index.	ETFs that replicate an index must disclose the name/names of the permitted index/indices on which the investments of the ETF are based under the item "What does the ETF invest in?" under Form 41-101F4. We do not consider the date when such index/indices were created to be key information that should be disclosed in the ETF Facts.
	Physical versus synthetic	
	One commenter proposed that the ETF Facts should include an explanation of the difference between physical and synthetic ETFs. Further, for physical index tracking ETFs, a distinction should be made between full replication and sampling of an index.	The uses of derivatives to get exposure to the index/benchmark without investing directly in the securities that make up the index/benchmark would generally be viewed as a fundamental feature of the ETF that differentiates it from ETFs that use physical replication as contemplated under Item 3(2) of Part I of Form 41-101F4. As a result, the synthetic replication strategy would be required to be disclosed under "What does the ETF invest in?".
	Risks	
	Some investor advocates proposed inclusion of relevant risk factors, in plain language, in the ETF Facts. Among other risks, these commenters suggested disclosure of tracking error risk, derivatives risk, trading and liquidity risk, counterparty risk and currency	Document testing during stage 2 of the POS project revealed that a majority of investors did not understand the specific risk factor disclosure very clearly or at all. As a result, we have included a cross reference to the Risk section of the prospectus for investors

	risk as important risks that needed to be highlighted.	who would like more information about specific risks that affect a fund's value. This is also consistent with risk disclosure in the Fund Facts which assists in ensuring comparability between ETFs and mutual funds.

Part 4 – Issue for Comment – Anticipated Costs of Delivery of the ETF Facts		
Issue	**Comments**	**Responses**
4. We seek feedback on the anticipated costs of delivery of ETF Facts for those dealers who do not have Exemptive Relief and are not currently delivering ETF Facts; specifically, the anticipated one-time infrastructure costs and ongoing costs.	A couple of service providers agreed that for dealers that already deliver a Summary Document to ETF investors under the Exemptive Relief, the delivery systems are already in place and the compliance and costs in overseeing and maintaining the delivery regime should be more or less the same. Other dealers will incur one-time infrastructure costs to reprogram and update information delivery systems, as well as ongoing costs for compliance and staff to oversee and maintain the delivery regime. However, there are a number of third-party service providers with expertise in creating automated programs and applications for the delivery of Summary Documents and the cost impact for implementation should be minimal. Furthermore, to the extent that any of these dealers already have delivery systems in place for post-sale delivery of the Fund Facts, it may also be possible to leverage those existing systems to implement delivery of the ETF Facts. One industry commenter told us that they use a third party service provider for the delivery of the Fund Facts and assuming the costs are the same for the ETF Facts, the annual delivery costs are estimated to be $50,000. However, the commenter also noted that they do not yet have a quote for any one-time start-up or testing costs. One industry association and two industry commenters did not agree with the CSA's assertion that the delivery systems are already in place and that compliance and staff costs in overseeing and maintaining the ETF Facts delivery regime should be the same for those dealers under the Exemptive Relief. They told us that creating the delivery systems for the ETF Facts will involve considerable costs and take at least one year to execute. One of the industry commenters told us that the implementation of Stage 2 Fund Facts and the delivery of the Summary Document to ETF investors pursuant to the Exemptive Relief was costly and took between 12 to 24 months to implement. The commenters noted that if the ETF Facts delivery requirement applies to all ETF investors, and not only to those investors who are required to receive a trade confirmation in	We are encouraged to hear that technological solutions that are currently being used to deliver Summary Documents in compliance with the terms of the Exemptive Relief can also be used to facilitate the delivery of the ETF Facts with minimal cost impact. We are also encouraged to hear that for dealers that do not currently have such systems in place, there are solutions available from third party service providers that should have minimal cost impact. We did not receive any comments that would cause us to question our view that the benefits of the changes to introduce the ETF Facts and to require the delivery of the ETF Facts are proportionate to the costs of making them.

	accordance with the Exemptive Relief, then there will be significant additional costs in modifying the delivery systems that were built to comply with the terms of the Exemptive Relief, and will result in new implementation and compliance difficulties.	

Part 5 – Issue for Comment –Transition Period		
Issue	**Comments**	**Responses**
5. We seek feedback from dealers on the appropriate transition period for ETF Facts delivery under the Proposed Amendments. We are specifically interested in feedback from dealers who are not subject to the Exemptive Relief. Please comment on the feasibility of implementing the delivery requirement under the Proposed Amendments within 21 months of the date the Proposed Amendments come into force. In responding, please comment on the impact a 21 month transition period might have in terms of cost, systems implications, and potential changes to current sales practices.	One industry commenter urged the CSA to have the Proposed Amendments in place as quickly as possible. One investor advocate commented that the transition period for post-sale delivery of the ETF Facts of two-years following the effective date of the Proposed Amendments seems unduly long and should not be extended. It was noted by an industry association that the development or modification of compliance systems for ETF Facts delivery is of significant importance. This will be particularly more challenging for smaller dealers who wear many hats to perform various roles. Larger dealers also have challenges in coordinating training and communication for advisors and support staff across all branches country-wide. We were told by another industry association that it took almost 18 months to implement delivery of the Summary Documents to ETF investors under the Exemptive Relief. The transition period contemplated by the Proposed Amendments may be insufficient if implementation issues arise to the extent that the delivery requirements for the ETF Facts deviate from those under the Exemptive Relief. In this respect, an industry commenter noted that separating the delivery of the ETF Facts from the delivery of the trade confirmation will require the creation of new delivery infrastructure, which will involve significant additional costs and approximately 12 to 18 months to implement. Another industry commenter told us that the ability of dealers to deliver the ETF Facts will depend on their respective service providers, which the CSA should take into consideration when determining the effective date of the ETF Facts delivery requirement. Two service providers told us that they have already developed delivery services to facilitate the delivery of the ETF Facts. These delivery services are currently used to deliver	We agree that the Final Amendments should be implemented as soon as reasonably practicable. We acknowledge that implementation timelines will differ among ETF managers and dealers. We think the transition period of 9 months is reasonable and provides sufficient time for ETF managers to prepare and file the ETF Facts instead of the Summary Document, and for dealers to reprogram and update information delivery systems, and to make changes to compliance and train staff in overseeing and maintaining the delivery regime for ETF Facts. For those that have indicated that the transition period is too short, we note that third party service providers have told us that they already have technological solutions in place to facilitate the delivery of the ETF Facts. For those that have indicated that the transition period is too long, we think it is important to remember that Summary Documents, and eventually ETF Facts, will continue to be delivered pursuant to the terms of the Exemptive Relief prior to the delivery requirements introduced by the Amendments coming into effect. While the Final Amendments do not require the ETF Facts to be delivered with trade confirmations, they do not prevent the ETF Facts from being delivered with the trade confirmation referencing the purchase of the ETF securities. Please also see "Trade confirmation" under the "Other Comments" section of this document.

	the Summary Documents required by the Exemptive Relief. One industry association asked that the effective date for the ETF Facts delivery requirement not be during RRSP season as it is a very busy period for the industry and it would be difficult to introduce new changes to clients during that time. The commenter suggested that the ideal effective date for the ETF Facts delivery requirement would be sometime during the summer months.	 In response to comments, we have chosen December 10, 2018 as the effective date of the delivery requirement for the ETF Facts. The selection of the date was intended to be responsive to the recommendation from an industry association that we select an effective date for the delivery requirement of the ETF Facts that was not during RRSP season.
6. We seek feedback from ETF managers on the appropriate transition period to file the initial ETF Facts. We currently contemplate that 6 months after the date the Proposed Amendments come into force, ETF managers will be required to file an initial ETF Facts concurrently with a preliminary or pro forma prospectus for their ETFs. Please comment on the feasibility of making the changes to compliance and operational systems that are necessary to produce the ETF Facts, instead of the summary disclosure document pursuant to the Exemptive Relief, within this timeline.	One industry association expressed support for the transition period for ETF Facts filing contemplated by the Proposed Amendments. Two industry associations and one industry commenter indicated that an appropriate transition period to file the initial ETF Facts is 12 months after the date the Proposed Amendments come into force. One industry association asked that the CSA be mindful of the other CSA or non-CSA regulatory initiatives that are already underway and to coordinate the initiatives to avoid overwhelming the mutual fund industry with new requirements that take effect all at once. Three industry associations and three investor advocates recommended that the CSA align the implementation of final rules on CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts and ETF Facts (the Methodology) with the Final Amendments so that the initial ETF Facts filed reflects the CSA risk classification methodology. One industry association pointed out that if the initial ETF Facts is filed, and subsequently amended to comply with the new CSA risk classification methodology, that could potentially be disruptive to ETF managers and dealers in the sales process and confusing for investors. The investor advocates also suggested that if the CSA cannot align the implementation of the final rules on the CSA risk classification methodology and the ETF Facts, then the risk rating disclosure in the ETF Facts should be postponed until the CSA risk classification methodology takes effect.	We will proceed with a 9 month transition period to file the initial ETF Facts after the Final Amendments come into force. As a result, the effective date for filing the initial ETF Facts is September 1, 2017. As the Final Amendments come into force 3 months after the publication date, ETF managers will have 12 months after the date of publication before they file their initial ETF Facts with their prospectus renewal. We acknowledge the comments we received with respect to the implementation timelines of other regulatory initiatives. We generally seek to avoid overlapping implementation dates of CSA initiatives whenever possible. Given the complimentary nature of the Methodology and the Final Amendments, however, we agree with the commenters that have suggested coordinating the timelines of these two initiatives. As a result, there will be no need to postpone implementation of the risk rating disclosure in the ETF Facts until the Methodology is implemented.
7. We seek feedback from ETF managers and dealers on whether they prefer a single switch-over date for filing the initial ETF Facts rather than following the prospectus renewal	Industry commenters unanimously indicated a preference for following the prospectus renewal cycle, rather than a single switch-over date, for the initial ETF Facts filing. One industry commenter asked the CSA to confirm that no blacklines will be required to be filed with the initial ETF Facts filing, which would show changes from the Summary	In response to comments, the Final Amendments contemplate that the initial ETF Facts be filed for every preliminary and pro forma prospectus for an ETF that files beginning the effective date of the Final Amendments. We also confirm that blacklines will not be required to be filed with the initial ETF Facts

cycle as currently contemplated. The CSA implemented a single switch-over date for the Stage 2 Fund Facts, and recognize that there are challenges in doing so, especially for ETF managers, from a business planning and business cycle perspective. If a single switch-over date is preferred, are there specific months or specific periods of the year that should be avoided in terms of selecting a specific switch-over date? Please explain.	Documents previously filed pursuant to Exemptive Relief and the initial ETF Facts.	filing to show changes made from the most recently filed Summary Documents filed.

Part 6 – Issue for Comment – Right of Withdrawal of Purchase		
Issue	**Comments**	**Responses**
8. Currently, under securities legislation, investors have a right for withdrawal of purchase within two business days after receiving the prospectus. This right only applies in respect of a distribution for which prospectus delivery is required. In the case of ETFs, today only purchases filled with Creation Units trigger a prospectus delivery requirement and are therefore subject to a withdrawal right. Consistent with the approach taken in the Exemptive Relief, the Proposed Amendments do not extend the right of withdrawal of purchase to investors for the delivery of the ETF Facts. In some jurisdictions, investors will continue to have a right of rescission with delivery of the trade	***Right for withdrawal of purchase*** One industry commenter told us that there is no need to extend the right of withdrawal of purchase to investors for the delivery of the ETF Facts because the right of rescission for the delivery of the trade confirmation is sufficient. A couple of industry associations agreed with this view and told us that there it would not be feasible to apply such a right in a manner that would be equitable to all parties involved. They also pointed out that other securities traded on the secondary market do not have such a withdrawal right. One industry association commented that a right for withdrawal of purchase for the delivery of ETF Facts will inappropriately provide price protection to the purchaser by shifting the risk of loss to the dealer if the market price of the ETF security declines in the withdrawal period. The right of withdrawal is impractical for ETFs as the dealer can only mitigate the loss by selling the ETF at the prevailing market price. Market integrity may also be impacted as the purchaser who has withdrawn will be able to repurchase the ETF in the market at a lower price, creating an asymmetrical allocation of risk between buyers and sellers in a trade. Accordingly, there is no compelling policy rationale to support the extension of a right of withdrawal to the delivery of the ETF Facts.	We agree with the commenters who told us that there are practical impediments in introducing a right of withdrawal for ETF purchases made in the secondary market. We also acknowledge that a withdrawal right does not exist for other securities traded on the secondary market. We also agree that there is no feasible way to apply a right of withdrawal in a manner that is equitable for all parties involved. As was noted by one commenter, ETF investors are already provided with certain protections through other existing investor rights including rights with respect to misrepresentation in a prospectus, civil liability for misrepresentation for secondary market disclosure and a right of rescission tied to delivery of the trade confirmation.

confirmation.[10] We seek feedback on this proposed approach. Specifically, please highlight if any practical impediments exist to introducing a right of withdrawal for purchases made in the secondary market in connection with delivery of the ETF Facts, should we decide to pursue this.	One of the industry association commenters also noted that not extending the right for withdrawal of purchase is consistent with the Exemptive Relief, which was granted on the basis that the trade confirmation right of rescission and other rights and remedies for misrepresentation in the disclosure documents are sufficient and appropriately address any investor protection concerns. Another industry commenter told us that if a right of withdrawal of purchase to ETF investors is extended, controls should be put in place in order to protect both the investor and the dealer, as well as to avoid speculative trading. One investor advocate told us it was reasonable that the right of withdrawal of purchase not be extended to the delivery of the ETF Facts as the current rights with respect to misrepresentation in a prospectus, civil liability for misrepresentation for secondary market disclosure and rights of rescission for the delivery of the trade confirmation apply.	
	However, one industry commenter told us that not having a withdrawal right is not in the best interests of investors, particularly those investors who invest in both ETFs and conventional mutual funds. The commenter urged the CSA to explore a mechanism for providing ETF investors with the functional equivalent of a withdrawal right, e.g. the selling dealer offers a refund to the ETF purchaser and the dealer can collect on the net losses from the ETF manager on a periodic basis. Alternatively, the commenter suggested that the absence of a withdrawal right be prominently disclosed in the ETF Facts. Another investor advocate and one industry association urged the CSA to extend the right of withdrawal of purchase for the delivery of the ETF Facts.	Under current securities legislation, investors have a right for withdrawal of purchase within two business days of receiving the prospectus only in respect of a distribution of Creation Units for which prospectus delivery is required. Since not all ETF purchases are distributions of Creation Units, the right of withdrawal of purchase does not apply today to all ETF investors. Furthermore, ETF investors have no way of knowing whether they have received Creation Units and are therefore eligible for a withdrawal right. The CSA is of the view that it will be confusing to ETF investors to provide disclosure in the ETF Facts of a withdrawal right that ETF investors do not have.
	Right of rescission with trade confirmation delivery One investor advocate and one industry association told us that the rescission right with the delivery of the trade confirmation should apply to all trades in all jurisdictions in Canada.	At this time, the CSA is not proceeding with the harmonization of the rescission right for the delivery of the trade confirmation. Jurisdictions that have this right are not contemplating any changes at this time.

[10] See for example section 137 of the *Securities Act* (Ontario). In Ontario, this right only applies in respect of purchases that are less than $50,000. An investor that exercises this right is entitled to receive the lesser of their original investment amount and the net asset value of the shares/units at the time of exercise. The investor would also be entitled to receive all costs incurred in connection with their purchase.

	One investor advocate suggested the harmonization of the withdrawal and rescission rights among the jurisdictions would allow for clearer disclosure regarding investor rights, otherwise investors will not exercise those rights. ***Right of action for failure to deliver the ETF Facts***	
	One industry association was of the view that the Proposed Amendments should be consistent with the Exemptive Relief, which did not provide a purchaser's right of action for failure to deliver the Summary Document (the "Right of Action"). The commenter was of the view that ETF investor rights would not be diminished without the Right of Action and the Right of Action is unnecessary as the Trade Confirmation Right of Rescission provides appropriate investor protection. In addition, harm to market integrity may be an unintended consequence of providing a Right of Action (and Right of Withdrawal) if investors are granted asymmetric rights and price exposure is left with the dealer. Dealers paying ETF distribution costs would also bear the costs associated with the Right of Action (and Right of Withdrawal) in the absence of compensation by way of sales charges, trailers and redemption fees as with conventional mutual funds. In an active volatile market, dealers will face significant risk which ETF market makers may determine to offset by restricting liquidity provision. This may result in larger bid-ask spreads for ETF securities, driving up their cost and deviating significantly from the ETF's NAV to the potential detriment of investors.	Under current securities legislation, ETF investors have a Right of Action if their purchase order was filled by Creation Units because the prospectus delivery requirement only applies to Creation Units. However, since ETF investors have no way of knowing whether they have received Creation Units, they also would have no way of knowing if the prospectus should have been delivered, and in the event of non-delivery, that they have a Right of Action. The requirement to deliver the Summary Document was a condition of the Exemptive Relief and thus, failure to deliver the Summary Document would result in non-compliance with the Exemptive Relief, thus resulting in the requirement to deliver the prospectus in connection with the purchase of Creation Units. To the extent that a prospectus is not delivered for Creation Units, then the dealer would be liable for failure for delivering a prospectus. The Right of Action is not a new investor right but an existing investor right for the failure to deliver a prospectus which attaches to the dealer delivery obligation. With the introduction of the ETF Facts, the Right of Action applies to the ETF Facts when it is not delivered in accordance with the delivery requirement. The Right of Action is intended to provide investors with recourse where the ETF Facts is not delivered. This is consistent with the delivery regime for the Fund Facts where there is also a Right of Action for failure to deliver the Fund Facts.

Part 7 – Other Comments		
Issue	**Comments**	**Responses**
9. Requirements of Form 41-101F4 *Information Required in an ETF Facts Document*	We received a number of comments on the form requirements of Form 41-101F4:	
	(i) Format	
	Two investor advocates recommended that the format of the ETF Facts should be as similar as possible to the Fund Facts for consistency and to facilitate comparisons by investors. One investor advocate did not prefer the columnar format of the sample ETF Facts.	Form 41-101F4 requires that the items in the ETF Facts be presented in a certain order and prescribes that the length of the ETF Facts must not exceed a total of four pages in length. Form 41-101F4 does not mandate the format of the information in the ETF Facts. There is no requirement to use the columnar format presented in the sample ETF Facts published in the Proposed Amendments.
	(ii) Font size	
	Three investor advocates suggested that Form 41-101F4 require a minimum font size for the ETF Facts. One investor advocate suggested that the ETF Facts should be allowed to exceed the minimum length of 4 pages double-sided to accommodate a larger font size.	Form 41-101F4 does not mandate the use of a specific font or style but the text must be of a size that is legible. The Final Amendments do not prevent the ETF Facts from being prepared in a larger text size that exceeds 4 pages double sided, provided that these documents are delivered or sent separately in addition to the ETF Facts filed and required to be delivered in accordance with the Final Amendments. We would consider such documents to be sales communications.
	(iii) Definition of ETFs	
	One investor advocate recommended that the ETF Facts include a definition of ETFs and explain how they are created and how they differ from conventional mutual funds. Another investor advocate suggested that for index-tracking ETFs, the ETF Facts describe how an index works.	The section "Trading ETFs" provides a brief description of ETFs and also provides some information about how to trade ETFs.
	Another investor advocate noted inconsistencies between of the definitions of ETFs in Form 41-101F4 and elsewhere in the Proposed Amendments.	The definition of ETF is consistent in the Final Amendments.
	(iv) Fund name	
	One investor advocate suggested that the name of the fund should spell out "ETF" as "Exchange Traded Fund" as some investors may not know what an ETF is. Also, if the fund is a commodity pool, it should be specified in the ETF Facts.	In the introduction to the ETF Facts on the first page, "exchange-traded fund" is abbreviated to "ETF". An ETF that is a commodity pool is required by Form 41-101F4 to provide textbox disclosure indicating an investment in that type of fund involves a higher degree of risk.

	(v) Data within 60 days of the date of the ETF Facts	
	One industry commenter asked that the requirement that the data be within 60 days of the date of the ETF Facts not apply to amended ETF Facts filed in connection with material changes. The commenter expressed concern about operational constraints in collecting the data in a short amount of time, particularly for the trading and pricing information, some of which may need to be sourced from third party providers or calculated manually.	The CSA understand that trading and pricing information is information that fund managers generally monitor on a regular basis. As a result, we think that it is reasonable to require the trading and pricing information to be within 60 days of the date of the ETF Facts.
	(vi) As of dates	
	One investor advocate recommended that an “as of date” be provided for the items listed under “Pricing Information”. All data and performance information should show the applicable dates or periods. The dates should be consistent throughout the ETF Facts.	Form 41-101F4 does require an “as of date” for the “Pricing information” in the ETF Facts. The General Instructions to Form 41-101F4 also requires that for items that must be as at a date within 60 days before the date of the ETF Facts or over a period ending within 60 days of the date of the ETF Facts, the same date must be used and disclosed in the ETF Facts.
	(vii) CUSIP	
	One investor advocate commented that the CUSIP is not useful for investors.	Similar to the Fund code for the Fund Facts, the CUSIP on the ETF Facts is useful to dealers for completing trades. The disclosure of the CUSIP on the ETF Facts is optional and would generally be unobtrusive.
	(viii) Date ETF started	
	One commenter considered the date that an ETF is listed on an exchange to be a useful starting point since this is the date the public can transact in units of the ETF. The commenter encouraged the CSA to change the term “Date ETF Started” to “Original Listing Date”.	We do not propose to make any changes to this item. The heading for this item is consistent with the heading used in the Fund Facts.
	(ix) Total value on date	
	One commenter noted that in order to avoid confusion for the investor between net asset value and market value, “Total Value on Date” should be replaced with “Total Net Asset Value as at”.	We do not propose to make any changes to this item. The heading for this item is consistent with the heading used in the Fund Facts.
	(x) Management expense ratio	
	One commenter suggested that MER is only tracked semi-annually or annually by ETF providers, therefore, “Management Expense Ratio” in Quick Facts should be revised to include an “as at” date.	We do not propose to make any changes to this item. The MER is taken from the most recently filed management report of fund performance (MRFP). This item is consistent with the Fund Facts.

	(xi) Distributions	
	One commenter requested clarification on the difference between "frequency" and "timing", if any, of distributions as required to be disclosed under Instruction (6).	"Frequency" refers to how often the distributions are made, e.g. annually, quarterly, monthly. "Timing" refers to when the distributions will be made, e.g. March, June, September and December.
	One investor advocate recommended that the "Distributions" item clearly set out the frequency and timing of distributions, e.g. quarterly on the 15th of March, June, September and December. Two investor advocates recommended that the form of distribution be disclosed when the distributions are not in cash.	The form of distribution is typically at the option of the investor. As such, the ETF Facts does not require this information.
	(xii) What does the ETF invest in?	
	An investor advocate suggested that the section be renamed "Principal Investment Strategy" for ETFs that do not exclusively track an index. Another investor advocate recommended this item disclose the ETF's use of leverage and the leverage ratio.	We do not propose to change the heading "What does the ETF invest in?" as it is consistent with the heading "What does the fund invest in?" in the Fund Facts. Form 41-101F4 also requires ETFs that track a multiple of the daily performance of a specified underling index or benchmark to provide prescribed textbox disclosure.
	(xiii) No guarantees	
	One investor advocate recommended disclosure be provided regarding insurance provided by derivative strategies and how it is applied.	Form 41-101F4 requires disclosure about the use of derivatives in cases where this is a fundamental strategy of the fund. While derivatives can be used for hedging purposes, such use would not constitute any form of guarantee that the fund will not lose money.
	(xiv) How has the ETF performed?	
	One industry commenter asked for confirmation that the disclosure indicating the ETF's returns may not match the returns of the index are only applicable to index-tracking ETFs. Another industry commenter suggested that there should be disclosure to tell investors that most investors buy ETFs at market price, not NAV and include a cross-reference to the section "How ETFs are priced". The commenter also queried why the year by year returns only show calendar years and not the stub period for the initial year.	We confirm that the disclosure under "How has the ETF performed?" relating to the ETF's returns not matching the returns of the index are only applicable to index-tracking ETFs. Form 41-101F4 has been amended accordingly.
	(xv) Who is this ETF for?	
	One industry commenter suggested a suitability section is not appropriate as ETF managers are not well positioned to provide suitability assessments on ETFs given their lack of privity with investors.	We disagree with the commenter's assertion that ETF managers are not well positioned to provide suitability assessments on ETFs. While the ETF manager may not be able to determine whether an ETF is suitable in the context of a particular investor transaction, the CSA is of the view that in the context of product development process

		(e.g., generating the product idea, designing the product features, developing marketing materials for the product), the ETF manager has made a general determination of the types of investors for whom the ETF may or may not be suitable.
	One investor advocate recommended that this section should be moved up after "How has the ETF performed?"	It is important that the ETF Facts recognize the differences between ETFs and conventional mutual funds. The "Trading ETFs" (formerly, "How ETFs are priced") section speaks to trading characteristics of ETFs. We think it is appropriate that the "Trading ETFs" section follows the "How has the ETF performed?" section as the returns shown in the performance section are calculated using the ETF's NAV and the "Trading ETFs" section explains the difference between market price and NAV.
	An industry association asked for clarification as to when an exclamation mark or other symbol should be used for this item.	The use of an exclamation mark or other symbol in the "Who is this ETF for?" section is not a requirement for this item and is subject to the ETF manager's discretion. Form 81-101F3 simply requires a description of the characteristics of the investor and the portfolios for whom, and the portfolios for which, the mutual fund is and is not suited. The use of an exclamation mark, however, could be effective in highlighting circumstances where the manager is of the view that the product would not be suitable for a certain class of investors.
	(xvi) A word about tax	
	One investor advocate recommended that after-tax returns be provided in the ETF Facts.	The ETF Facts highlights the potential tax consequences of investing in an ETF in "A word about tax". The disclosure is general in nature because each investor's tax situation will be different.
	(xvii) How much does it cost?	
	One investor advocate noted that the ETF Facts does not alert the investor to the conflicts of interest resulting from the payment of trailing commissions, unlike the Fund Facts. Another industry commenter asked why the ETF Facts includes disclosure that higher commissions may influence representatives to recommend one investment over another when there is no similar disclosure in the Fund Facts and it would be unfair to do so. The commenter also told us that this disclosure implies that representatives might recommend unsuitable investments in order to receive increased compensation, which is an opinion, and is not within the scope of the ETF Facts. One industry commenter suggested that for ETFs without a trailing commission, the disclosure that higher commissions may influence representatives is not necessary.	Both the ETF Facts and the Fund Facts prescribes the disclosure "Higher commission can influence representatives to recommend one investment over another." in the "How much does it cost?" section as a general statement. This language is intended to highlight to investors the potential conflict of interest that exists in their representative's compensation arrangement arising from the payment of commissions that may occur upon the sale of investments in general, rather than ETFs specifically. While there are ETFs that do not have trailing commissions, trailing commissions are not the sole source of potential conflicts of interest. This language references commission that may be payable on investment products generally. This language does not imply that representatives may recommend unsuitable investments to investors in order to receive increased compensation.

	(xviii) Brokerage commissions	
	One investor advocate suggested that this section should be used to tell investors that the amount of the brokerage commission depends on the type of account, e.g. fee-based account, commission based account, discount brokerage account, and that the amount of commission may be negotiable. Investors should be told to review their account opening documents and to speak to their representative. Investors should also be told that brokerage commissions would be more if smaller, more frequent trades are made rather than one larger trade, depending on the type of account. Another industry commenter told us that the "Brokerage commissions" section should provide full fee disclosure of all fees paid by the ETF investor for an apples-to-apples comparison of the all-in costs to the Fund Facts. The "Brokerage commissions" disclosure should be changed to indicate that brokerage commissions are paid each time you buy and sell and require specific information about the rates of brokerage commissions payable.	The ETF Facts will help provide investors with key information about an ETF. Specific information such as the amount of brokerage commissions for every type of account, which may also differ from brokerage firm to brokerage firm, is not considered to be information about an ETF and falls outside the scope of the key information contained in the ETF Facts. We expect that investors are informed of the amount of brokerage commissions for transactions made through their account at the time of account opening.
	One industry commenter suggested that the disclosure under "Brokerage commissions" be changed to clearly indicate that that commissions paid when investors buy and sell ETF securities are brokerage commissions paid to their dealer.	Under "Brokerage commissions", the language has been revised to clearly indicate that commissions are paid each time investors buy and sell ETF securities.
	(xix) ETF expenses	
	One investor advocate suggested that ETF expenses be provided in the Quick Facts section instead of the MER.	We do not propose to make any changes to this item. This item is consistent with the Fund Facts.
	Another investor advocate suggested that "ETF expenses" be changed to "Fund expenses" to be consistent with the Fund Facts.	Also, we do not propose to change "ETF expenses" to "Fund expenses" as it may cause confusion since the ETF is referred to as the "ETF" throughout the ETF Facts.
	Another investor advocate suggested that "trailing commission" be given its own line separate from the MER and TER.	Although trailing commission does not have its own line item in the table under "ETF expenses", there is a separate section that is specifically dedicated to describing the trailing commission and setting out, where applicable, the amount of trailing commission that is paid on an ongoing basis in both percentage and dollar terms. On this basis, we do not agree that any further changes are required to this section of the ETF Facts.
	One investor advocate also told us that the language "You don't pay these expenses directly. They affect you because they reduce the ETF's returns." is not sufficient in telling investors that investor's returns are reduced.	In our view, the required disclosure does make it clear to investors that their returns are reduced by expenses. This disclosure is also consistent with the Fund Facts.

	One investor advocate thought that the language indicating that the ETF manager waived certain ETF expenses was potentially confusing or misleading. The disclosure should indicate the MER without indicating that the MER could have been higher or alternatively, indicate that had the ETF waived more of its expenses or managed the fund more economically, the MER would have been lower.	The disclosure indicating that the ETF manager waived certain ETF expenses is to inform investors that if the ETF manager did not waive certain fees and expenses otherwise payable by the ETF, the MER would have been higher. Our view is that it would be misleading not to provide this disclosure since there is generally no obligation on the part of the fund manager to continue fee or expense waivers in the future. This disclosure is also consistent with the Fund Facts.
	One industry association recommended that the calculation of expenses for this item be based on the prior 12 months.	We think that the MER and TER for the "ETF expenses" section, which is taken from the most recently filed management report of fund performance for the ETF, is sufficiently current. This is consistent with the Fund Facts. It would otherwise be confusing if the MER provided in the management report of fund performance differed from the MER in the ETF Facts.
	One industry commenter told us that the MER is poorly understood by investors who believe that MER is equal to the total cost of investing. Also the MER for a conventional mutual fund is not the same as the MER for an ETF. The MER for a conventional mutual fund includes distribution cost, compensation paid to the dealer and financial adviser for their services. In contrast, the MER for an ETF includes only the cost operating the ETF and excludes the costs required of a retail investor to purchase and hold the ETF, e.g. account opening and account administration fees, registered plan fees, transfer fees, NSF fees. The commenter suggested less emphasis on the MER in the ETF Facts or provide an explanation that the MER of an ETF is only one component of the costs of owning and transacting in ETFs.	While we agree that there are elements beyond the MER that make up the total cost of ownership for an ETF, we disagree with the comment that MERs for ETFs and conventional mutual funds are not comparable. We note that the ETF Facts also highlights the bid-ask spread and the potential applicability of brokerage commissions, which also factor into the overall cost equation when buying and selling ETFs. While these items are not included in the MER, we note that front end sales charges and deferred sales charges, which generally do not apply to ETFs, are also not captured in the MER for conventional mutual funds. We think that the ETF Facts makes it sufficiently clear that there are cost considerations beyond the MER that must be taken into account. We also note that for conventional mutual funds, as well as for ETFs, the MER should not include account opening and account administration fees, registered plan fees, transfer fees or NSF fees. We also note that the disclosure relating to the MER is consistent in the ETF Facts and the Fund Facts.
	One investor advocate suggested replacing the "total" with "sum" in the description of what makes up the MER.	We do not propose to replace "total" with "sum" as the ETF Facts is intended to be in plain language.
	(xx) Trailing commission	
	Three investor advocates recommended that trailing commissions should only be mentioned if the ETF has trailing commissions. They noted that only a small number of ETFs have trailing commissions and that referencing trailing commissions in all ETF Facts may confuse investors with negative disclosure. One industry association and one industry commenter told us that the explanation of what trailing commissions are should only be included in the ETF Facts for	The testing of the ETF Facts showed that investors wanted to know about the trailing commission even if the trailing commission is zero. Form 41-101F4 requires an ETF to indicate whether the ETF pays trailing commissions and also requires a description of trailing commissions under the sub-heading "Trailing commission" in the ETF Facts irrespective of whether an ETF pays trailing commissions.

	the ETFs that have a trailing commission. ETFs that do not have a trailing commission should simply indicate that there is no trailing commission.	
	One investor advocate was of the view that the explanation of trailing commissions in the ETF Facts and in the Fund Facts was not sufficient and investors do not understand what trailing commissions are. The document testing also showed that almost half of the investors tested read the disclosure about whether the ETF has a trailing commission so the format of the ETF Facts should be changed. If an ETF has trailing commissions, it should be disclosed in the explanation for MER. A section should be added called "More about the trailing commission" which sets out what the dollar amount of the trailing commission is. If no trailing commission is charged, the section should be called "No trailing commission" and the dollar amount should indicate $0.	The CSA is of the view that the disclosure about trailing commissions in the ETF Facts is sufficient for investors. The disclosure about trailing commissions in the ETF Facts is consistent with the Fund Facts. Based on the testing results of the ETF Facts, the CSA revised the disclosure about trailing commission to include a description of trailing commissions. The disclosure about trailing commissions in the Fund Facts was also originally subject to investor testing as part of Stage 2 of the POS Project. The final report of the investor testing, "CSA Point of Sale Disclosure Project: Fund Facts Document Testing," indicated that some 8 out of 10 or more understand that the mutual fund in the sample Fund Facts tested pays a trailing commission for the advice of the dealer and financial adviser and that it can influence the adviser's recommendation. Given the document testing results, we do not propose to move the "Trailing commission" section into the disclosure about MER or change the name of the subheading. Similar to Form 81-101F3, Form 41-101F4 does require the ETF to disclose whether or not trailing commissions are paid.
	(xxi) Other fees	
	One investor advocate told us that any other fees charged and not included in the MER and TER should be disclosed under "Other fees" or conversely, indicate that there are no other fees. One industry association supported the consistent fee and cost disclosure in the ETF Facts and the Fund Facts. The commenter asked the CSA to provide greater specificity as to the types of fees that would be disclosed under "Other fees", i.e. is this section for any transaction fees that are not otherwise disclosed?	Form 41-101F4 does require the disclosure of the amount of any fees payable by an investor when they buy, hold, sell or switch securities of an ETF under the sub-heading "Other fees" under the "How much does it cost?" section of the ETF Facts. If there are no fees to be disclosed, the sub-heading "Other fees" is not required. This is consistent with the Fund Facts.
	(xxii) Companion Policy	
	One industry commenter suggested that the Companion Policy be amended to indicate that the CSA does not consider changes to the Quick facts (other than changes in distribution frequency), Trading information and Pricing information sections of the ETF Facts to be material changes.	The definition of "material change" is set out in National Instrument 81-106 *Investment Fund Continuous Disclosure*. The determination of what constitutes a material change is a determination made by an investment fund manager. Previously, we have seen a change to a portfolio manager, who is disclosed under "Quick facts", to be considered a material change by certain fund managers. The CSA is of the view that it is not feasible to provide an exhaustive list of what changes would not be considered to be material changes in the Companion Policy.

	(xxiii) Warning for leveraged ETFs	
	One commenter suggested that the proposed warning for leveraged ETFs was adequate as the ETF document testing results supported that more investors than not understood that these products were very risky and not appropriate as a long term investment. One investor advocate was of the view that the proposed textbox disclosure would not be sufficient to adequately protect investors. The commenter suggested pop-up risk warnings on the websites of ETF managers and discount brokerages where the investor must confirm their understanding of the risks of investing in these products.	The textbox disclosure for leveraged ETFs, inverse ETFs and commodity pools tested well with investors. The investor document testing showed that investors understood that the textbox indicated that the leverage/inverse ETF was a very risky investment. Suggestions for pop-up risk warnings are beyond the scope of this project.
	(xxiv) Exemptive Relief	
	One industry commenter expressed disappointment that the proposed ETF Facts contains data points and prescribed text that are not in the current form of Summary Document made pursuant to the Exemptive Relief.	As the CSA indicated in its publication of the final amendments to Stage 2 of the Point of Sale (POS) Project,[11] prior to granting the Exemptive Relief, the CSA anticipated initiating rule-making and seeking legislative amendments to codify the concepts of the Exemptive Relief to make it applicable to all dealers who act as agent of the purchaser of an ETF security. At the time, we indicated that this would include the creation of a summary disclosure document for ETFs, similar to the Fund Facts.
10. Pre-Sale Delivery of ETF Facts	Two industry associations told us that mandating pre-sale delivery of the ETF Facts would not be appropriate given the unique distribution structure of ETFs. ETFs share the attributes of securities, are actively traded, available for purchase and sale on a designated stock exchange throughout each trading day and dealers may have difficulties identifying ETF purchasers who do not receive trade confirmations. One of the industry associations noted that, unlike conventional mutual fund investors who generally intend to hold their investments for the longer term, ETF investors tend to be active investors and have high transaction turnover given the low transaction costs. ETF investors need flexibility to enter the market quickly as trading prices change throughout the day, and certain ETFs are held as short-term investments. Requiring pre-sale delivery of the ETF Facts before the dealer can execute a trade will impact the price at which the trade in executed and would effectively bring the ETF business to a halt. The commenter was of the view that pre-sale delivery of the ETF Facts would not be of any	The first step of this initiative involves the codification of Exemptive Relief granted in 2013. We note that the transition to pre-sale delivery for conventional mutual funds followed a staged approach. We think that such an approach is appropriate for our ETF Facts initiative as well. This is particularly the case given that the Final Amendments have two main impacts. The first is the creation of a standardized form of summary disclosure document. This requirement impacts mainly fund managers. The second is the creation of a buy-side dealer delivery obligation. Traditionally dealers have had the obligation to deliver prospectuses when they act on the sell side. We recognize that this is an entirely new obligation for the buy side and we anticipate that there may be some implementation issues related to this shift in approach, particularly for dealers that are not currently captured by the Exemptive Relief that is currently in place. Using a staged approach also allows us to continue to consider the applicability of pre-sale delivery in the context of ETF Facts. In this

[11] Canadian Securities Administrators Implementation of Stage 2 of Point of Sale for Mutual Funds – Delivery of Fund Facts, Notice of Amendments to ational Instrument 81-101 *Mutual Fund Prospectus Disclosure*, Form 81-101F3 *Contents Of Fund Facts Document*, Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* and consequential amendments published on June 13, 2013.

	benefit to ETF investors and that post-sale delivery of the ETF Facts together with the rescission right attached to the trade confirmation is appropriate for investor protection. Another industry association queried how ETF Facts will work together with CRM2 pre-trade disclosure and pre-sale delivery of the Fund Facts. The commenter noted that investors may be confused as to why Fund Facts is delivered pre-sale and ETF Facts is delivered post-sale while CRM2 disclosure for both ETFs and conventional mutual funds is provided pre-trade. The commenter told us the practical result would be that advisors move to de facto pre-sale delivery of the ETF Facts from the outset. Two industry associations and two industry commenters noted that the Proposed Amendments require delivery of the ETF Facts within 2 days of purchase which results in an unlevel playing field that favours the ETFs (and segregated funds) if the ETF Facts is delivered post-sale and the Fund Facts is delivered pre-sale. This results in regulatory arbitrage and also contradicts the CSA's objectives of a point of sale regime. The CSA has said that comparable securities products sold to retail investors should be subject to consistent disclosure and delivery requirements. The commenters noted that the CSA has emphasized that the Fund Facts is more useful if delivered pre-sale and the same rationale should apply to the ETF Facts. Different delivery requirements for the ETF Facts and Fund Facts will also cause added administrative burden of managing compliance for dealers and advisors who distribute both ETFs and conventional mutual funds. Also, the commenters said the pre-sale delivery systems created for the Fund Facts, particularly for advice-based and self-directed dealers, could be leveraged for pre-sale delivery for the ETF Facts. Five investor advocates encouraged the CSA to require pre-sale delivery of the ETF Facts. One investor advocate noted that MFDA dealers will soon be able to sell ETFs and ETF Facts and the Fund Facts should be delivered in the same manner to avoid investor confusion. Another investor advocate pointed out that post sale delivery of the ETF Facts does not meet Principle 2 of the IOSCO Principles on point of sale disclosure. One other investor advocate commented that post-sale delivery of the ETF Facts is not relevant to the investor's investment decision as the decision will already be made. Furthermore, investor testing of both the ETF Facts and Fund Facts show that investors want to receive the documents delivered pre-sale. Also, behavioural biases also decrease the likelihood that investors will exercise their right to cancel their purchase even after receiving information that tells them their investment decision was	respect, we need to consider the fact that while ETFs are generally viewed as functionally equivalent to conventional mutual funds, there are some mechanical differences in the manner in which ETFs securities are purchased, i.e., ETF securities trade on an exchange throughout the day. The CSA needs to consider further whether these nuances merit different approaches in terms of the timing of delivery. The CSA also encourages the use and distribution of the ETF Facts as a key part of the sales process in helping to inform investors about the ETFs they are considering for investment.

	unwise.	
	One investor advocate also encouraged the CSA to require post-sale delivery of the prospectus and to also reform the prospectus into a more meaningful disclosure document for investors to complement the key information provided in the Fund Facts and ETF Facts.	The ETF Facts is intended to be delivered to investors in lieu of the prospectus. We know that many investors do not use the information in the prospectus because they have trouble finding and understanding the information they need. Research on investor preferences for mutual fund information, including our own investor testing of the Fund Facts and ETF Facts, indicates investors prefer to receive a concise summary of key information. Financial literacy research further reinforces the need for clear and simple disclosure.
	One industry association urged the CSA to reconsider “access equals delivery” for point of sale disclosure documents. The commenter suggested that this delivery method is a broad solution to ensure investors in all products are able to receive key information in a consistent format, conveniently and at any time, regardless of the distribution channel.	As we have previously stated throughout the various stages of the POS disclosure initiative for the Fund Facts, we do not consider "access equals delivery" to meet the principles set out in the point of sale disclosure framework.
	Another industry association asked the CSA to provide confirmation that ETF Facts is not required to be filed or delivered for ETF securities offered pursuant to prospectus exemptions. This would be consistent with conventional mutual funds securities offered pursuant to prospectus exemptions.	Other than the timing of delivery, the delivery provisions for the ETF Facts are consistent with the delivery provisions for the Fund Facts.
11. Trade Confirmation Delivery Requirement	***Tie ETF Facts Delivery to Trade Confirmation Delivery***	
	Two industry associations and one industry commenter told us that the ETF Facts delivery requirement should not be to all ETF investors but should instead be tied to the delivery of the trade confirmation. Such an approach would be consistent with the terms of the Exemptive Relief delivery of the Summary document only to those investors who are required to receive a trade confirmation.	While the Final Amendments do not require the ETF Facts to be delivered with trade confirmations, the ETF Facts can be delivered with the trade confirmations referencing the purchase of ETF securities provided that the ETF Facts delivery requirement is met.
	One of the industry associations and one industry commenter noted that requiring ETF Facts delivery to all ETF investors poses a cost and operational burden on dealers who will have difficulty identifying ETF purchasers in cases where trade confirmations are not required to be delivered. Also, separating the delivery of the ETF Facts from the delivery of the trade confirmation would require the creation of new delivery systems which will involve significant costs. The commenters argued that there is no material benefit that outweighs the significant costs to deliver the ETF Facts.	The Exemptive Relief was always intended as an interim measure until such time that relevant rule-making and legislative amendments could be put into place. Although delivery of the Summary Document was tied to the delivery of the trade confirmation for the purposes of the Exemptive Relief, it was always anticipated that delivery would be to all ETF investors, subject to certain delivery exceptions.

	Exemptive Relief from Trade Confirmation Delivery	
	An industry commenter and one industry association also noted that the CSA recognizes that not all investors stand to benefit from the delivery of a prospectus and/or trade confirmation. Exemptive relief has been granted to dealers from delivery of trade confirmations in certain circumstances, including managed accounts, employer-sponsored stock investment plans, contributions to a self-determined scholarship plan, rebalancing of model portfolios, “Institutional Customers” (as defined in IIROC Dealer Member Rule 1.1) when the trade must be matched and certain automatic plans. Requiring delivery of the ETF Facts to these investors would be inconsistent with the rationale for which such transactions were granted relief from the trade confirmation delivery requirement.	The CSA disagrees with the commenters’ submission that the rationale used to grant exemptive relief from the trade confirmation delivery requirement also applies to the delivery of the prospectus and/or the ETF Facts. The trade confirmation and the ETF Facts are different documents with different purposes. The trade confirmation provides a record of an investor’s transactions whereas the ETF Facts provides investors with key information about an ETF. The CSA recognize that some adjustments may need to be made to delivery systems in order to implement the new delivery regime. However, the CSA continue to be of the view that the benefits of the changes to introduce the ETF Facts and to require the delivery of the ETF Facts are proportionate to the costs of making them.
	Managed Accounts	
	We received a number of comments relating to the ETF Facts delivery requirement and managed accounts. One industry commenter recommended that an exemption from the ETF Facts delivery requirement be given to managed accounts. The commenter noted that given the nature of managed accounts, delivery of the ETF Facts to investors is unnecessary and likely unwelcome or confusing. The ETF Facts would be readily available upon request to any investor. Another industry commenter pointed out that NI 45-106 has expanded the definition of "accredited investor" to include registered advisors transacting on behalf of “fully managed accounts”, such that purchases made in managed accounts can be made on a prospectus exempt basis. The commenter noted that the managed account investors have granted investment authority to their advisor. One industry association queried why accredited investors, who are eligible to invest in any exempt market security without a form of written disclosure document, are precluded from the option of waiving delivery of a disclosure document for the same security that is prospectus qualified. In the commenter’s view, there is no particular higher risk or issue associated with ETF securities that justifies mandating delivery of the ETF Facts to accredited investors. The commenter also noted that securities legislation provides exceptions for non-individual permitted clients from certain disclosure requirements and suggested that non-individual permitted clients be exempted from the delivery of the ETF Facts as the ETF Facts are accessible on ETF websites and dealers	The delivery framework for the ETF Facts is consistent with the delivery framework for the Fund Facts. The Fund Facts is required to be delivered to managed account investors as well as permitted clients. Also, there are no Fund Facts delivery exceptions for accredited investors. As we have previously stated throughout the various stages of the POS disclosure initiative for the Fund Facts, CSA is of the view that access does not equal delivery, nor does a referral to the website on which the ETF Facts is posted.

	should not have to incur delivery costs.	
12. Educational Materials	Four investor advocates recommended that the CSA consider creating an investor education program to accompany the introduction of the ETF Facts to explain the differences between ETFs and conventional mutual funds. Many of the investor advocates recommended that the CSA prepare a brochure for investors on how to use the ETF Facts to make investment decisions. One investor advocate recommended that the CSA replace its "Understanding Mutual Funds" brochure with one for ETFs, conventional mutual funds and other investment funds given that the investor testing showed investors have a low level of understanding investment products, including ETFs. The brochure should be designed to help investors understand the differences in the investment funds, including how the funds are created, structured and purchased, the impact of costs and conflicts of interest.	We agree that investor education is a key aspect of investor protection. While we do not have any current plans to replace the "Understanding Mutual Funds" brochure, we may consider other investor education materials in the future, as appropriate. However, we do not agree that a user guide is needed for the ETF Facts.
13. Investor Testing	An investor advocate expressed concerns that the document testing results indicate that there are some investors who did not clearly understand the information in the ETF Facts or that a particular ETF was risky.	The results of the investor testing of the proposed ETF Facts helped to inform the content of the ETF Facts form requirements which were published for comment in the Proposed Amendments. We think the changes made to the ETF Facts form in response to the testing results will help investors understand the key information in the ETF Facts. The document testing report indicated that the textbox language for a sample leveraged ETF tested well with the majority of investors. The majority of investors did understand that the leveraged ETF was highly speculative. We agree that investor testing is an important input in developing more user-friendly disclosure. The Fund Facts has undergone significant investor testing throughout its development. The ETF Facts, which is based on the Fund Facts, has also been subject to investor testing prior to its publication for first comment on June 18, 2015.
	An industry association supported investor testing of the ETF Facts post-implementation to ensure that the ETF Facts is meeting its disclosure objectives and that it is understood and used by investors as expected. The commenter also recommended making any necessary changes to the ETF Facts as a result of post-implementation investor testing.	We expect to conduct a post-implementation review of the ETF Facts and will consider whether further investor testing is warranted at that time.
14. Access to ETF Facts on websites	One investor advocate recommended that the CSA require ETF managers to post the ETF Facts prominently on their websites rather than burying it under "legal and regulatory documents" and making it hard for investors to find. The commenter also suggested that ETF	The Final Amendments require an ETF Facts that is posted to the website of a mutual fund or the mutual fund's family to be displayed in a manner that would be considered prominent to a reasonable person, in an easily visible and accessible location. Furthermore, any documents

	managers should not be permitted to call their marketing documents "Fact Sheets" or other names that could be confused with the ETF Facts.	named "ETF Facts" must be in the compliance with the requirements set out in Form 41-101F4.
15. Third party data providers	One industry association and one industry commenter expressed concerns that the trading and pricing information contemplated in the ETF Facts may lead to increased costs and liability for ETF managers as this information is not self-sourced and will likely need to be sourced from third party data providers. It is expected that third party vendors will disclaim liability for the data and force ETF managers to take on additional legal risk for content that is not readily verifiable. Also, there will be increased costs to obtain this information. Given that the "official" national best bid and offer are only available from one data provider, and it's unclear whether the use of consolidated trading data from other data providers will be permitted, the proposed ETF Facts form requirements may introduce a "captive consumer" issue such that the data provider controlling this information may exercise monopolistic pricing.	In fulfilling its obligations as an ETF manager, the CSA expects that ETF managers already monitor the trading and pricing information contemplated in the ETF Facts. We have consulted with more than one third party data provider regarding the data required to comply with the disclosure requirements in the ETF Facts. These third party data providers indicated that the data required for the ETF Facts will be readily available and accessible at a reasonable cost.
16. Obsolescence of data	One industry association noted that the quantitative data in the ETF Facts, and the Fund Facts, is often obsolete by the time the documents are delivered to investors. The commenter suggested the ETF Facts and the Fund Facts, be filed annually but that ETF managers update the quantitative data in the documents quarterly and make them available on their websites but not filed on SEDAR. The quarterly updated versions of the ETF Facts, and the Fund Facts, would be delivered to investors.	The quantitative data is provided within 60 days of the date of the ETF Facts. The quantitative data in the ETF Facts can be updated at any time by an ETF manager, but only the most recent version of the ETF Facts filed on SEDAR can be delivered to ETF investors. We understand that ETF managers routinely place fund details on their websites that is typically updated more frequently than annually. We do not object to such supplementary information being provided.
17. CSA Mutual Fund Risk Classification Methodology	We received a number of comments on the proposed CSA mutual fund risk classification methodology published for comment on December 12, 2013 in *CSA Notice 81-324 and Request for Comment Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts*. Some investor advocates questioned the use of standard deviation as a risk indicator and suggested alternative risk indicators. One industry association also noted that both the ETF Facts and Fund Facts should be subject to the same risk classification methodology. Another industry association asked the CSA to confirm whether the Canadian Exchange-Traded Fund Association (CETFA) fund volatility methodology is an acceptable risk classification methodology for use in the ETF Facts.	We confirm that the CSA mutual fund risk classification methodology will apply to both Fund Facts and ETF Facts. Since the use of this methodology is mandatory, CETFA's methodology would not be acceptable for use in the ETF Facts. We note that comments received in respect of the risk methodology repeat comments that were already received in response to our public consultation on that methodology and have been dealt with through that process.

18. Regulatory arbitrage	One industry commenter encouraged the CSA to explore further steps that can be taken to ensure that comparable products are similarly regulated so that investors are afforded equal measures of protection. Another industry commenter indicated that, while the mutual fund industry is moving towards pre-sale delivery of the Fund Facts and the creation of the ETF Facts, the segregated fund industry is subject to little regulatory change with no foreseeable pre-sale delivery requirement for its summary document. The commenter expressed concern that this disparity could lead to regulatory arbitrage that favours the segregated fund industry.	We disagree with the view that pre-sale delivery of the Fund Facts and the creation of the ETF Facts will cause conventional mutual funds and ETFs to become less attractive investment products for investors and for dealers and their representatives. As is the case of the Fund Facts, we think the Final Amendments will provide investors with the opportunity to make more informed investment decisions, by giving investors access to key information about an ETF, in language they can easily understand. In complying with their suitability obligations, our view is that dealers will continue to recommend conventional mutual funds and ETFs to investors and will not substitute these products for another product simply on the basis of assumptions related to the level of compliance burden in delivering the Fund Facts and/or ETF Facts.

Part 8 – List of Commenters

Commenters

- Advocis
- BlackRock Asset Management Canada Limited
- Broadridge Investor Communications Corporation
- Canadian Exchange-Traded Fund Association (CETFA)
- Canadian Foundation for Advancement of Investor Rights (FAIR)
- Elford, Larry
- Fidelity Investments Canada ULC
- Invesco Canada Ltd.
- Investment Funds Institute of Canada (IFIC)
- Investment Industry Association of Canada (IIAC)
- Investor Advisory Panel, Ontario Securities Commission (IAP)
- InvestorCOM Inc.
- Kenmar Associates
- Manulife Securities Incorporated
- Osler, Hoskin & Harcourt LLP
- Portfolio Management Association of Canada (PMAC)
- RBC Global Asset Management Inc.
- Russell Investments Canada Limited
- Small Investor Protection Association (SIPA)
- TD Securities, Inc.

ANNEX D

AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.

2. Section 1.1 is amended by adding the following definitions:

"ETF" or "exchange-traded mutual fund" means a mutual fund in continuous distribution, the securities of which are

(a) listed on an exchange, and

(b) trading on an exchange or an alternative trading system;

"ETF facts document" means a completed Form 41-101F4;

"Form 41-101F4" means Form 41-101F4 *Information Required in an ETF Facts Document* of this Instrument;***.***

3. Subsection 1.2(6) is amended by replacing "and Form 41-101F3***" with "***, Form 41-101F3 and Form 41-101F4***".***

4. Subsection 2.1(1) is replaced with the following:

(1) Subject to subsection (2), this Instrument applies to a prospectus filed under securities legislation, a distribution of securities subject to the prospectus requirement and a purchase of securities of an ETF.***.***

5. The following Parts are added:

(a) **PART 3B: ETF Facts Document Requirements**

3B.1 Application

This Part applies only to an ETF.

3B.2 Plain language and presentation

(1) An ETF facts document must be prepared using plain language and be in a format that assists in readability and comprehension.

(2) An ETF facts document must

(a) be prepared for each class and each series of securities of an ETF in accordance with Form 41-101F4,

(b) present the items listed in the Part I section of Form 41-101F4 and the items listed in the Part II section of Form 41-101F4 in the order stipulated in those parts,

(c) use the headings and sub-headings stipulated in Form 41-101F4,

(d) contain only the information that is specifically required or permitted to be in Form 41-101F4,

(e) not incorporate any information by reference, and

(f) not exceed four pages in length.

3B.3 Preparation in the required form

Despite provisions in securities legislation relating to the presentation of the content of a prospectus, an ETF facts document for an ETF must be prepared in accordance with this Instrument.

3B.4 Websites

(1) If an ETF or the ETF's family has a website, the ETF must post to at least one of those websites an ETF facts document filed under this Part as soon as practicable and, in any event, within 10 days after the date that the document is filed.

(2) An ETF facts document posted to the website referred to in subsection (1) must

(a) be displayed in a manner that would be considered prominent to a reasonable person; and

(b) not be combined with another ETF facts document.

(3) Subsection (1) does not apply if the ETF facts document is posted to a website of the manager of the ETF in the manner required under subsection (2).;

(b) **PART 3C: Delivery of ETF Facts Documents for Investment Funds**

3C.1 Application

This Part applies only to an ETF.

3C.2 Obligation to deliver ETF facts documents

(1) The obligation to deliver or send a prospectus under securities legislation does not apply in respect of an ETF.

(2) A dealer acting as agent for a purchaser who receives an order for the purchase of a security of an ETF must, unless the dealer has previously done so, deliver or send to the purchaser the most recently filed ETF facts document for the applicable class or series of securities of the ETF not later than midnight on the second business day after entering into the purchase of the security.

(3) In Nova Scotia, an ETF facts document is a prescribed disclosure document for the purposes of subsection 76(1A) of the *Securities Act* (Nova Scotia).

(4) In Nova Scotia, a security of an ETF is a prescribed investment fund security for the purposes of subsections 76(1B) and (1C) of the *Securities Act* (Nova Scotia).

(5) In Ontario, an ETF facts document is a disclosure document prescribed under subsection 71(1.1) of the *Securities Act* (Ontario).

(6) In Ontario, a security of an ETF is an investment fund security prescribed for the purposes of subsections 71(1.2) and (1.3) of the *Securities Act* (Ontario).

3C.3 Combinations of ETF facts documents for delivery purposes

(1) An ETF facts document delivered or sent under section 3C.2 must not be combined with any other materials or documents including, for greater certainty, another ETF facts document, except one or more of the following:

(a) a general front cover pertaining to the package of combined materials and documents;

(b) a trade confirmation which discloses the purchase of securities of the ETF;

(c) an ETF facts document of another ETF if that ETF facts document is also being delivered or sent under section 3C.2;

(d) the prospectus of the ETF;

(e) any material or document incorporated by reference into the prospectus;

(f) an account application document;

(g) a registered tax plan application or related document.

(2) If a trade confirmation referred to in subsection (1)(b) is combined with an ETF facts document, any other disclosure documents required to be delivered or sent to satisfy a regulatory requirement for purchases listed in the trade confirmation may be combined with the ETF facts document.

(3) If an ETF facts document is combined with any of the materials or documents referred to in subsection (1), a table of contents specifying all documents must be combined with the ETF facts document, unless the only other documents combined with the ETF facts document are the general front cover permitted under paragraph (1)(a) or the trade confirmation permitted under paragraph (1)(b).

(4) If one or more ETF facts documents are combined with any of the materials or documents referred to in subsection (1), only the general front cover permitted under paragraph (1)(a), the table of contents required under subsection (3) and the trade confirmation permitted under paragraph (1)(b) may be placed in front of those ETF facts documents.

3C.4 Combinations of ETF facts documents for filing purposes

For the purposes of sections 6.2, 9.1 and 9.2, an ETF facts document may be combined with another ETF facts document in a prospectus.

3C.5 Time of receipt

(1) For the purpose of this Part, where the latest ETF facts document referred to in subsection 3C.2(2) is sent by prepaid mail, it shall be deemed conclusively to have been received in the ordinary course of mail by the person or company to whom it was addressed.

(2) Subsection (1) does not apply in Ontario.

(3) Subsection (1) does not apply in Québec.

[*Note: In Ontario, the same time of receipt is reflected in an amendment to s. 71(4) of the Securities Act (Ontario).*]

3C.6 Dealer as agent

(1) For the purpose of this Part, a dealer acts as agent of the purchaser if the dealer is acting solely as agent of the purchaser with respect to the purchase and sale in question and has not received and has no agreement to receive compensation from or on behalf of the vendor with respect to the purchase and sale.

(2) Subsection (1) does not apply in Ontario.

(3) Subsection (1) does not apply in Québec.

[*Note: In Ontario, the same agency rule is reflected in an amendment to s. 71(7) of the Securities Act (Ontario).*]

3C.7 Purchaser's right of action for failure to deliver or send

(1) A purchaser has a right of action if an ETF facts document is not delivered or sent as required by subsection 3C.2(2), as the purchaser would otherwise have when a prospectus is not delivered or sent as required under securities legislation and, for that purpose, an ETF facts document is a prescribed document under the statutory right of action.

(2) In Alberta, instead of subsection (1), section 206 of the *Securities Act* (Alberta) applies.

(3) In Manitoba, instead of subsection (1), section 141.2 of the *Securities Act* (Manitoba) applies and the ETF facts document is a prescribed document for the purposes of section 141.2.

(4) In Nova Scotia, instead of subsection (1), section 141 of the *Securities Act* (Nova Scotia) applies..

(5) In Ontario, instead of subsection (1), section 133 of the *Securities Act* (Ontario) applies.

(6) In Québec, instead of subsection (1), section 214.1 of the *Securities Act* (Québec) applies..

6. Section 6.1 is amended by adding the following subsection:

(4) An amendment to an ETF facts document must be prepared in accordance with Form 41-101F4 without any further identification, and dated as of the date the ETF facts document is being amended.**.**

7. Section 6.2 is amended by deleting "*and*" at the end of paragraph (c), by replacing "*.*" at the end of paragraph (d) with "*, and*" and by adding the following paragraph:

(e) in the case of an ETF, if the amendment relates to information in the ETF facts document,

(i) file an amendment to the ETF facts document, and

(ii) deliver to the regulator a copy of the ETF facts document, blacklined to show changes, including text deletions, from the latest ETF facts document previously filed.***.***

8. The Instrument is amended by adding the following section:

6.2.1 Required documents for filing an amendment to an ETF facts document – An ETF that files an amendment to an ETF facts document must, unless section 6.2 applies,

(a) file an amendment to the corresponding prospectus, certified in accordance with Part 5,

(b) deliver to the regulator a copy of the ETF facts document, blacklined to show changes, including text deletions, from the latest ETF facts document previously filed, and

(c) file or deliver any other supporting documents required under this Instrument or other securities legislation, unless the documents originally filed or delivered are correct as of the date the amendment is filed.***.***

9. Section 9.1 is amended

(a) in paragraph (1)(a) by adding the following subparagraph:

(iv.2) if the issuer is an ETF, in addition to the documents filed under subparagraph (iv), an ETF facts document for each class or series of securities of the ETF;***; and***

(b) by replacing subparagraph (1)(b)(i) with the following:

(i) **Blackline Copy of the Prospectus** – in the case of a *pro forma* prospectus, a copy of the *pro forma* prospectus blacklined to show changes and the text of deletions from the latest prospectus filed;

(i.1) **Blackline Copy of the ETF Facts Document** – in the case of a *pro forma* prospectus for an ETF, a copy of the *pro forma* ETF facts document for each class or series of securities of the ETF blacklined to show changes and the text of deletions from the latest ETF facts document previously filed;***.***

10. Section 9.2 is amended

(a) in subparagraph (a)(ii) by replacing "*9.1(a)(ii)*" with "*9.1(1)(a)(ii)*",

(b) in subparagraph (a)(iii) by replacing "*9.1(a)(iii)*" with "*9.1(1)(a)(iii)*",

(c) by replacing subparagraph (a)(iv) with the following:

(iv) **Investment Fund Documents** – a copy of any document described under subparagraph 9.1(1)(a)(iv), (iv.1) or (iv.2) that has not previously been filed;***,***

(d) in clause (a)(v)(B) by replacing "*9.1(a)(v) or 9.1(a)(vi)*" with "*9.1(1)(a)(v) or (vi)*", and

(e) by replacing subparagraph (b)(i) with the following:

(i) **Blackline Copy of the Prospectus** – a copy of the final long form prospectus blacklined to show changes from the preliminary or *pro forma* long form prospectus;

(i.1) **Blackline Copy of the ETF Facts Document** – in the case of a final long form prospectus for an ETF, a copy of the ETF facts document for each class or series of securities of the ETF blacklined to show changes and the text of deletions from the preliminary or *pro forma* ETF facts document;**.**

11. The Instrument is amended by adding the following section to Part 15:

15.3 Documents to be delivered or sent upon request

(1) An ETF must deliver or send to any person or company that requests the prospectus of the ETF or any of the documents incorporated by reference into the prospectus, a copy of the prospectus or requested document.

(2) A document requested under subsection (1) must be delivered or sent within three business days of receipt of the request and free of charge.***.***

12. Form 41-101F2 Information Required in an Investment Fund Prospectus is amended

(a) by replacing item 1.15 under "**Documents Incorporated by Reference*****" with the following:***

For an investment fund in continuous distribution, state in substantially the following words:

"Additional information about the fund is available in the following documents:

- the most recently filed ETF Facts for each class or series of securities of the ETF; [insert if applicable]
- the most recently filed annual financial statements;
- any interim financial reports filed after those annual financial statements;
- the most recently filed annual management report of fund performance;
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this prospectus which means that they legally form part of this prospectus. Please see the "Documents Incorporated by Reference" section for further details.***";***

(b) by replacing "Under***" in item 3.6(4) with "***For investment funds other than mutual funds, under***";***

(c) by replacing "Under***" in item 11.1 with "***For investment funds other than mutual funds, under***";***

(d) by adding the following item:

12.2 Investment Risk Classification Methodology

For an ETF,

(a) state in words substantially similar to the following:

"The investment risk level of this ETF is required to be determined in accordance with a standardized risk classification methodology that is based on the ETF's historical volatility as measured by the 10-year standard deviation of the returns of the ETF.";

(b) if the ETF has less than 10 years of performance history and complies with Item 4 of Appendix F - *Investment Risk Classification Methodology to National Instrument 81-102 Investment Funds*, provide a brief description of the other fund or reference index, as applicable; if the other fund or reference index has been changed since the most recently filed prospectus, provide details of when and why the change was made; and

(c) disclose that the standardized risk classification methodology used to identify the investment risk level of the ETF is available on request, at no cost, by calling [toll free/collect call telephone number] or by writing to [address].***;***

(e) ***by replacing the first paragraph in item 36.2 under "*****Mutual Funds*****" with the following:***

For an investment fund that is a mutual fund, other than an ETF, under the heading "Purchasers' Statutory Rights of Withdrawal and Rescission", state in words substantially similar to the following:***;***

(f) **by adding the following item:**

36.2.1 Exchange-traded Mutual Funds

For an investment fund that is an ETF, under the heading "Purchasers' Statutory Rights of Rescission", state in words substantially similar to the following:

> "Securities legislation in [certain of the provinces [and territories] of Canada/the Province of [insert name of local jurisdiction, if applicable] provides purchasers with the right to withdraw from an agreement to purchase ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. [In several of the provinces/provinces and territories], [T/t]he securities legislation further provides a purchaser with remedies for rescission [or [, in some jurisdictions,] revisions of the price or damages] if the prospectus and any amendment contains a misrepresentation, or non-delivery of the ETF Facts, provided that the remedies for rescission [, revisions of the price or damages] are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province [or territory].

The purchaser should refer to the applicable provisions of the securities legislation of the province [or territory] for the particulars of these rights or should consult with a legal adviser."***; and***

(g) ***by replacing item 37.1 under "*****Mandatory Incorporation by Reference*****" with the following:***

37.1 Mandatory Incorporation by Reference

If the investment fund is in continuous distribution, incorporate by reference the following documents in the prospectus, by means of the following statement in substantially the following words under the heading "Documents Incorporated by Reference":

> "Additional information about the fund is available in the following documents:
>
> 1. The most recently filed ETF Facts for each class or series of securities of the ETF, filed either concurrently with or after the date of the prospectus. [insert if applicable]
>
> 2. The most recently filed comparative annual financial statements of the investment fund, together with the accompanying report of the auditor.
>
> 3. Any interim financial reports of the investment fund filed after those annual financial statements.
>
> 4. The most recently filed annual management report of fund performance of the investment fund.
>
> 5. Any interim management report of fund performance of the investment fund filed after that annual management report of fund performance.
>
> These documents are incorporated by reference into the prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request, and at no cost, by calling [toll-free/collect] [insert the toll-free telephone number or telephone number where collect calls are accepted] or from your dealer.
>
> [If applicable] These documents are available on the [investment fund's/investment fund family's] Internet site at [insert investment fund's Internet site address], or by contacting the [investment fund/investment fund family] at [insert investment fund's /investment fund family's email address].
>
> These documents and other information about the fund are available on the Internet at www.sedar.com."***.***

13. The following Form is added:

Form 41-101F4 – Information Required in an ETF Facts Document

General Instructions:

General

(1) This Form describes the disclosure required in an ETF facts document for an ETF. Each Item of this Form outlines disclosure requirements. Instructions to help you provide this disclosure are in italic type.

(2) Terms defined in National Instrument 41-101 General Prospectus Requirements, National Instrument 81-102 Investment Funds, National Instrument 81-105 Mutual Fund Sales Practices or National Instrument 81-106 Investment Fund Continuous Disclosure and used in this Form have the meanings that they have in those national instruments.

(3) An ETF facts document must state the required information concisely and in plain language.

(4) Respond as simply and directly as is reasonably possible. Include only the information necessary for a reasonable investor to understand the fundamental and particular characteristics of the ETF.

(5) National Instrument 41-101 General Prospectus Requirements requires the ETF facts document to be presented in a format that assists in readability and comprehension. This Form does not mandate the use of a specific format or template to achieve these goals. However, ETFs must use, as appropriate, tables, captions, bullet points or other organizational techniques that assist in presenting the required disclosure clearly and concisely.

(6) This Form does not mandate the use of a specific font size or style but the text must be of a size and style that is legible. Where the ETF facts document is made available online, information must be presented in a way that enables it to be printed in a readable format.

(7) An ETF facts document can be produced in colour or in black and white, and in portrait or landscape orientation.

(8) Except as permitted by subsection (9), an ETF facts document must contain only the information that is specifically mandated or permitted by this Form. In addition, each Item must be presented in the order and under the heading or sub-heading stipulated in this Form.

(9) An ETF facts document may contain a brief explanation of a material change or a proposed fundamental change. The disclosure may be included in a textbox before Item 2 of Part I or in the most relevant section of the ETF facts document. If necessary, the ETF may provide a cross-reference to a more detailed explanation at the end of the ETF facts document.

(10) An ETF facts document must not contain design elements (e.g., graphics, photos, artwork) that detract from the information disclosed in the document.

Contents of an ETF Facts Document

(11) An ETF facts document must disclose information about only one class or series of securities of an ETF. ETFs that have more than one class or series of securities that are referable to the same portfolio of assets must prepare a separate ETF facts document for each class or series.

(12) The ETF facts document must be prepared on letter-size paper and must consist of two Parts: Part I and Part II.

(13) The ETF facts document must begin with the responses to the Items in Part I of this Form.

(14) Part I must be followed by the responses to the Items in Part II of this Form.

(15) Each of Part I and Part II must not exceed one page in length, unless the required information in any section causes the disclosure to exceed this limit. Where this is the case, an ETF facts document must not exceed a total of four pages in length.

(16) For a class or series of securities of the ETF denominated in a currency other than the Canadian dollar, specify the other currency under the heading "Trading Information (12 months ending [date])" and provide the dollar amounts in the other currency, where applicable, under the headings "How has the ETF performed?" and "How much does it cost?".

(17) For items that must be as at a date within 60 days before the date of the ETF facts document or over a period ending within 60 days before the date of the ETF facts document, the same date within 60 days before the date of the ETF facts document must be used and disclosed in the ETF facts document.

(18) An ETF must not attach or bind other documents to an ETF facts document, except those documents permitted under Part 3C of National Instrument 41-101 General Prospectus Requirements.

Consolidation of ETF Facts Document into a Multiple ETF Facts Document

(19) ETF facts documents must not be consolidated with each other to form a multiple ETF facts document, except as permitted by Part 3C of National Instrument 41-101 General Prospectus Requirements. When a multiple ETF facts document is permitted under the Instrument, an ETF must provide information about each of the ETFs described in the document on a fund-by-fund or catalogue basis and must set out for each ETF separately the information required by this Form. Each ETF facts document must start on a new page and may not share a page with another ETF facts document.

Multi-Class ETFs

(20) As provided in National Instrument 81-102 Investment Funds, each section, part, class or series of a class of securities of an investment fund that is referable to a separate portfolio of assets is considered to be a separate investment fund. Those principles are applicable to this Form.

Part I – Information about the ETF

Item 1 – Introduction

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

(a) the title "ETF Facts";

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

(c) the name of the ETF to which the ETF facts document pertains;

(d) if the ETF has more than one class or series of securities, the name of the class or series described in the ETF facts document;

(e) the ticker symbol(s) for the class or series of securities of the ETF ;

(f) the date of the document;

(g) if the final prospectus of the ETF includes textbox disclosure on the cover page, substantially similar textbox disclosure on the ETF facts document;

(h) a brief introduction to the document using wording substantially similar to the following:

> This document contains key information you should know about [insert name of the ETF]. You can find more details about this exchange-traded fund (ETF) in its prospectus. Ask your representative for a copy, contact [insert name of the manager of the ETF] at [insert if applicable the toll-free number and email address of the manager of the ETF] or visit [insert the website of the ETF, the ETF's family or the manager of the ETF] [as applicable]; and

(i) state in bold type using wording substantially similar to the following:

> Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.

INSTRUCTIONS:

(1) The date for an ETF facts document that is filed with a preliminary prospectus or final prospectus must be the date of the preliminary prospectus or final prospectus, respectively. The date for an ETF facts document that is filed with a pro forma prospectus must be the date of the anticipated final prospectus. The date for an amended ETF facts document must be the date on which it is filed.

(2) If the investment objectives of the ETF are to track a multiple (positive or negative) of the daily performance of a specified underlying index or benchmark, provide textbox disclosure in bold type using wording substantially similar to the following:

> *This ETF is highly speculative. It uses leverage, which magnifies gains and losses. It is intended for use in daily or short-term trading strategies by sophisticated investors. If you hold this ETF for more than one day, your return could vary considerably from the ETF's daily target return. Any losses may be compounded. Don't buy this ETF if you are looking for a longer-term investment.*

(3) If the investment objectives of the ETF are to track the inverse performance of a specified underlying index or benchmark, provide textbox disclosure in bold type using wording substantially similar to the following:

> *This ETF is highly speculative. It is intended for use in daily or short-term trading strategies by sophisticated investors. If you hold this ETF for more than one day, your return could vary considerably from the ETF's daily target return. Any losses may be compounded. Don't buy this ETF if you are looking for a longer-term investment.*

(4) If the ETF is a commodity pool, and Instruction (2) or (3) does not apply, provide textbox disclosure in bold type using wording substantially similar to the following:

> *This ETF is a commodity pool and is highly speculative and involves a high degree of risk. You should carefully consider whether your financial condition permits you to participate in this investment. You may lose a substantial portion or even all of the money you place in the commodity pool.*

Item 2 – Quick Facts, Trading Information and Pricing Information

(1) Under the heading "Quick Facts", include disclosure in the form of the following table:

Date ETF started (see instruction 1)
Total value on [date] (see instruction 2)
Management expense ratio (MER) (see instruction 3)
Fund manager (see instruction 4)
Portfolio manager (see instruction 5)
Distributions (see instruction 6)

2) Under the heading "Trading Information (12 months ending [date])", include disclosure in the form of the following table:

Ticker symbol (see instruction 7)
Exchange (see instruction 8)
Currency (see instruction 9)
Average daily volume (see instruction 10)
Number of days traded (see instruction 11)

(3) Under the heading "Pricing Information (12 months ending [date])", include disclosure in the form of the following table:

Market price (see instruction 12)
Net asset value (NAV) (see instruction 13)
Average bid-ask spread (see instruction 14)

(4) An ETF may include the website address where updated Quick Facts, Trading Information and Pricing Information are posted by stating:

For more updated Quick Facts, Trading Information and Pricing Information, visit [insert the website of the ETF, the ETF's family or the manager of the ETF] [as applicable].

(5) An ETF may include the Committee on Uniform Securities Identification Procedures (CUSIP) number for the class or series of securities of the ETF at the bottom of the first page by stating:

For dealer use only: CUSIP [insert CUSIP number]

INSTRUCTIONS:

(1) Use the date that the securities of the class or series of the ETF described in the ETF facts document first became available to the public.

(2) Specify the net asset value (NAV) of the ETF as at a date within 60 days before the date of the ETF facts document. The amount disclosed must take into consideration all classes or series that are referable to the same portfolio of assets. For a newly established ETF, state that this information is not available because it is a new ETF.

(3) Use the management expense ratio (MER) disclosed in the most recently filed management report of fund performance for the ETF. The MER must be net of fee waivers or absorptions and, despite subsection 15.1(2) of National Instrument 81-106 Investment Fund Continuous Disclosure, need not include any additional disclosure about the waivers or absorptions. For a newly established ETF that has not yet filed a management report of fund performance, state that the MER is not available because it is a new ETF.

(4) Specify the name of the fund manager of the ETF.

(5) Specify the name of the portfolio manager of the ETF. The ETF may also name the specific individual(s) responsible for portfolio selection and if applicable, the name of the sub-advisor(s).

(6) Include disclosure under this element of the "Quick Facts" only if distributions are a fundamental feature of the ETF. Disclose the expected frequency and timing of distributions. If there is a targeted amount for distributions, the ETF may include this information.

(7) Specify the ticker symbol(s) for the class or series of securities of the ETF.

(8) Specify the exchange(s) on which the class or series of securities of the ETF are listed.

(9) Specify the currency that the class or series of securities of the ETF is denominated.

(10) Disclose the consolidated (all trading venues) average daily trading volume of the class or series of securities of the ETF over a 12 month period ending within 60 days before the date of the ETF facts document. Include non-trading (zero volume) days in the average daily trading volume calculation. For a newly established ETF, state that this information is not available because it is a new ETF. For an ETF that has not yet completed 12 consecutive months, state that this information is not available because the ETF has not yet completed 12 consecutive months.

(11) Disclose the number of days the class or series of securities of the ETF has traded out of the total number of available trading days over a 12 month period ending within 60 days before the date of the ETF facts document. For a newly established ETF, state that this information is not available because it is a new ETF. For an ETF that has not yet completed 12 consecutive months, state that this information is not available because the ETF has not yet completed 12 consecutive months.

(12) Disclose the range for the market price of the class or series of securities of the ETF by specifying the highest and lowest prices at which the class or series of securities of the ETF have traded on all trading venues over a 12 month period ending within 60 days before the date of the ETF facts document. The dollar amounts shown under this Item may be rounded to two decimal places. For a newly established ETF, state that this information is not available because it is a new ETF. For an ETF that has not yet completed 12 consecutive months, state that this information is not available because the ETF has not yet completed 12 consecutive months.

(13) Disclose the range for the net asset value per share or unit of the class or series of securities of the ETF by specifying the highest and lowest net asset value per share or unit of the class or series of securities of the ETF over a 12 month period ending within 60 days of the date of the ETF facts document. The dollar amounts shown under this Item may be rounded to two decimal places. For a newly established ETF, state that this information is not available because it is a new ETF. For an ETF that has not yet completed 12 consecutive months, state that this information is not available because the ETF has not yet completed 12 consecutive months.

(14) Disclose the average bid-ask spread (the Average Bid-Ask Spread) for the class or series of the ETF being described in the ETF facts document. The disclosure must comply with the following:

- *The Average Bid-Ask Spread must be calculated by taking the average of the daily average bid-ask spread (the Daily Bid-Ask Spread) using the bid and ask orders displayed on the primary Canadian listing exchange (the Listing Exchange) for the class or series of the ETF for each day the Listing Exchange was open for trading (each, a Trading Day) over the 12-month period ending within 60 days before the date of the ETF facts document (the Time Period).*

- *Each Daily Bid-Ask Spread must be calculated by taking the average of the intraday bid-ask spreads (each, an Intraday Bid-Ask Spread) for each Trading Day.*

- *An Intraday Bid-Ask Spread must be calculated at each one second interval beginning 15 minutes after the opening and ending 15 minutes prior to the closing of the Listing Exchange (the Interval Points).*

- *The bid price at each Interval Point (the Interval Bid Price) must be determined by multiplying each bid price by its displayed order amount in number of shares until the sum of $50,000 (Bid Market Depth) is reached then dividing by the total number of securities bid.*

- *The ask price at each Interval Point (the Interval Ask Price) must be determined by multiplying each ask price by its displayed order amount in number of securities until the sum of $50,000 (Ask Market Depth) is reached then dividing by the total number of securities offered.*

- *The bid-ask spread at each Interval Point (the Interval Bid-Ask Spread) is determined by calculating the difference between the Interval Bid Price and the Interval Ask Price and dividing by the midpoint of the Interval Bid Price and Interval Ask Price.*

- *If the Listing Exchange for the ETF does not have sufficient Bid Market Depth, bid orders from other Canadian marketplaces must be used to the extent necessary to arrive at the Bid Market Depth.*

- *If the Listing Exchange for the ETF does not have sufficient Ask Market Depth, ask orders from other Canadian marketplaces must be used to the extent necessary to arrive at the Ask Market Depth.*

- *If the Listing Exchange has sufficient Bid Market Depth or Ask Market Depth the ETF may, at its discretion, also include bid and ask orders from other Canadian marketplaces in its calculation of the Interval Bid-Ask Spread.*

If there is insufficient Bid Market Depth or Ask Market Depth at a particular Interval Point even after including data from all Canadian marketplaces, no Interval Bid-Ask Spread can be calculated for that Interval Point. In order to include the Daily Average Bid-Ask Spread for a particular Trading Day in the 12-month Average Bid-Ask Spread calculation, the ETF must be able to calculate an Interval Bid-Ask Spread for at least 75% of the Interval Points in that Trading Day. In order to calculate the 12-month Average Bid-Ask Spread, the ETF must be able to calculate a Daily Bid-Ask Spread for at least 75% of the Trading Days over the Time Period. For a newly established ETF, state that the Average Bid-Ask Spread is not available because it is a new ETF. For an ETF that has not yet completed 12 consecutive months, state that the Average Bid-Ask Spread is not available because the ETF has not yet completed 12 consecutive months. For an ETF that has completed 12 consecutive months but does not have sufficient data to calculate the Average Bid-Ask Spread, state the following: "This ETF did not have sufficient market depth ($50,000) to calculate the average bid-ask spread."

Item 3 – Investments of the ETF

(1) Briefly set out under the heading "What does the ETF invest in?" a description of the fundamental nature of the ETF, or the fundamental features of the ETF that distinguish it from other ETFs.

(2) For an ETF that replicates an index,

(a) disclose the name or names of the permitted index or permitted indices on which the investments of the index ETF are based, and

(b) briefly describe the nature of that permitted index or those permitted indices.

(3) For an ETF that uses derivatives to replicate an index, state using wording substantially similar to the following:

> The ETF uses derivatives, such as options, futures and swaps, to get exposure to the [index/benchmark] without investing directly in the securities that make up the [index/benchmark].

(4) Include an introduction to the information provided in response to subsection (5) and subsection (6) using wording similar to the following:

> The charts below give you a snapshot of the ETF's investments on [insert date]. The ETF's investments will change.

(5) Unless the ETF is a newly established ETF, include under the sub-heading "Top 10 investments [date]", a table disclosing the following:

(a) the top 10 positions held by the ETF, each expressed as a percentage of the net asset value of the ETF;

(b) the percentage of net asset value of the ETF represented by the top 10 positions;

(c) the total number of positions held by the ETF.

(6) Unless the ETF is a newly established ETF, under the sub-heading "Investment mix [date]" include at least one, and up to two, charts or tables that illustrate the investment mix of the ETF's investment portfolio.

(7) For a newly established ETF, state the following under the sub-headings "Top 10 investments [date]" and "Investment mix [date]":

This information is not available because this ETF is new.

INSTRUCTIONS:

(1) Include in the information under "What does this ETF invest in?" a description of what the ETF primarily invests in, or intends to primarily invest in, or that its name implies that it will primarily invest in, such as

(a) particular types of issuers, such as foreign issuers, small capitalization issuers or issuers located in emerging market countries;

(b) particular geographic locations or industry segments; or

(c) portfolio assets other than securities.

(2) Include a particular investment strategy only if it is an essential aspect of the ETF, as evidenced by the name of the ETF or the manner in which the ETF is marketed.

(3) If an ETF's stated objective is to invest primarily in Canadian securities, specify the maximum exposure to investments in foreign markets.

(4) The information under "Top 10 investments" and "Investment mix" is intended to give a snapshot of the composition of the ETF's investment portfolio. The information required to be disclosed under these sub-headings must be as at a date within 60 days before the date of the ETF facts document. The date shown must be the same as the one used in Item 2 for the total value of the ETF.

(5) If the ETF owns more than one class of securities of an issuer, those classes should be aggregated for the purposes of this Item, however, debt and equity securities of an issuer must not be aggregated.

(6) Portfolio assets other than securities should be aggregated if they have substantially similar investment risks and profiles. For instance, gold certificates should be aggregated, even if they are issued by different financial institutions.

(7) Treat cash and cash equivalents as one separate discrete category.

(8) In determining its holdings for purposes of the disclosure required by this Item, an ETF must, for each long position in a derivative that is held by the ETF for purposes other than hedging and for each index participation unit held by the ETF, consider that it holds directly the underlying interest of that derivative or its proportionate share of the securities held by the issuer of the index participation unit.

(9) If an ETF invests substantially all of its assets directly or indirectly (through the use of derivatives) in securities of one other mutual fund, list the 10 largest holdings of the other mutual fund and show the percentage of the other mutual fund's net asset value represented by the top 10 positions. If the ETF is not able to disclose this information as at a date within 60 days before the date of the ETF facts document, the ETF must include this information as disclosed by the other mutual fund in the other mutual fund's most recently filed ETF facts document or fund facts document, or its most recently filed management report of fund performance, whichever is most recent.

(10) Indicate whether any of the ETF's top 10 positions are short positions.

(11) Each investment mix chart or table must show a breakdown of the ETF's investment portfolio into appropriate subgroups and the percentage of the aggregate net asset value of the ETF constituted by each subgroup. The names of the subgroups are not prescribed and can include security type, industry segment or geographic location. The ETF should use the most appropriate categories given the nature of the ETF. The choices made must be consistent with disclosure provided under "Summary of Investment Portfolio" in the ETF's management report of fund performance.

(12) In presenting the investment mix of the ETF, consider the most effective way of conveying the information to investors. All tables or charts must be clear and legible.

(13) *For new ETFs where the information required to be disclosed under "Top 10 investments" and "Investment mix" is not available, include the required sub-headings and provide a brief statement explaining why the required information is not available.*

Item 4 – Risks

(1) Under the heading "How risky is it?", state the following:

The value of the ETF can go down as well as up. You could lose money.

One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility".

In general, ETFs with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

(2) Under the sub-heading "Risk rating",

(a) using the investment risk classification methodology prescribed by Appendix F – *Investment Risk Classification Methodology to National Instrument 81-102 Investment Funds*, identify the ETF's investment risk level on the following risk scale:

Low	Low to medium	Medium	Medium to high	High

(b) unless the ETF is a newly established ETF, include an introduction to the risk scale which states the following:

[Insert name of the manager of the ETF] has rated the volatility of this ETF as [insert investment risk level identified in paragraph (a) in bold type].

This rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.

(c) for a newly established ETF, include an introduction to the risk scale which states the following:

[Insert name of the manager of the ETF] has rated the volatility of this ETF as [insert investment risk level identified in paragraph (a) in bold type].

Because this is a new ETF, the risk rating is only an estimate by [insert name of the manager of the ETF]. Generally, the rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.

(d) following the risk scale, state using wording substantially similar to the following:

For more information about the risk rating and specific risks that can affect the ETF's returns, see the [insert cross-reference to the appropriate section of the ETF's final prospectus] section of the ETF's prospectus.

(3) If the ETF does not have any guarantee or insurance, under the sub-heading "No guarantees", state using wording substantially similar to the following:

ETFs do not have any guarantees. You may not get back the amount of money you invest.

(4) If the ETF has an insurance or guarantee feature protecting all or some of the principal amount of an investment in the ETF, under the sub-heading "Guarantees":

(a) identify the person or company providing the guarantee or insurance; and

(b) provide a brief description of the material terms of the guarantee or insurance, including the maturity date of the guarantee or insurance.

INSTRUCTIONS:

Based upon the investment risk classification methodology prescribed by Appendix F – Investment Risk Classification Methodology to National Instrument 81-102 Investment Funds, as at the end of the period that ends within 60 days before the date of the ETF facts document, identify where the ETF fits on the continuum of investment risk levels by showing the full investment risk scale and highlighting the applicable category on the scale. Consideration should be given to ensure that the highlighted investment risk rating is easily identifiable.

Item 5 – Past Performance

(1) Unless the ETF is a newly established ETF, under the heading "How has the ETF performed?", include an introduction using wording substantially similar to the following:

> This section tells you how [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF have performed over the past [insert number of calendar years shown in the bar chart required under paragraph (3)(a)] years. Returns [add a footnote stating: Returns are calculated using the ETF's net asset value (NAV).] after expenses have been deducted. These expenses reduce the ETF's returns. (For an ETF that replicates an index, state: This means that the ETF's returns may not match the returns of the [index/benchmark].)

(2) For a newly established ETF, under the heading "How has the ETF performed?", include an introduction using the following wording:

> This section tells you how [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF have performed, with returns calculated using the ETF's net asset value (NAV). However, this information is not available because the ETF is new.

(3) Under the sub-heading "Year-by-year returns",

(a) for an ETF that has completed at least one calendar year:

(i) provide a bar chart that shows the annual total return of the ETF, in chronological order with the most recent year on the right of the bar chart, for the lesser of

(A) each of the 10 most recently completed calendar years, and

(B) each of the completed calendar years in which the ETF has been in existence and for which the ETF was a reporting issuer; and

(ii) include an introduction to the bar chart using wording substantially similar to the following:

> This chart shows how [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF performed in each of the past [insert number of calendar years shown in the bar chart required under paragraph (a)]. The ETF dropped in value in [for the particular years shown in the bar chart required under paragraph (a), insert the number of years in which the value of the ETF dropped] of the [insert number of calendar years shown in the bar chart required in paragraph (a)(i)] years. The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.

(b) for an ETF that has not yet completed a calendar year, state the following:

> This section tells you how [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF have performed in past calendar years. However, this information is not available because the ETF has not yet completed a calendar year.

(c) for a newly established ETF, state the following:

This section tells you how [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF have performed in past calendar years. However, this information is not available because the ETF is new.

(4) Under the sub-heading "Best and worst 3-month returns",

(a) for an ETF that has completed at least one calendar year:

(i) provide information for the period covered in the bar chart required under paragraph (3)(a) in the form of the following table:

	Return	**3 months ending**	**If you invested $1,000 at the beginning of the period**
Best return	(see instruction 7)	(see instruction 9)	Your investment would [rise/drop] to (see instruction 11).
Worst return	(see instruction 8)	(see instruction 10)	Your investment would [rise/drop] to (see instruction 12).

(ii) include an introduction to the table using wording substantially similar to the following:

This table shows the best and worst returns for the [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF in a 3-month period over the past [insert number of calendar years shown in the bar chart required under paragraph (3)(a)]. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

(b) for an ETF that has not yet completed a calendar year, state the following:

This section shows the best and worst returns for the [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF in a 3-month period. However, this information is not available because the ETF has not yet completed a calendar year.

(c) for a newly established ETF, state the following:

This section shows the best and worst returns for the [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF in a 3-month period. However, this information is not available because the ETF is new.

(5) Under the sub-heading "Average return",

(a) for an ETF that has completed at least 12 consecutive months, show the following:

(i) the final value of a hypothetical $1,000 investment in the ETF as at the end of the period that ends within 60 days before the date of the ETF facts document and consists of the lesser of

(A) 10 years, or

(B) the time since inception of the ETF; and

(ii) the annual compounded rate of return that equates the hypothetical $1,000 investment to the final value.

(b) for an ETF that has not yet completed 12 consecutive months, state the following:

This section shows the value and annual compounded rate of return of a hypothetical $1,000 investment in [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF. However, this information is not available because the ETF has not yet completed 12 consecutive months.

(c) for a newly established ETF, state the following:

This section shows the value and annual compounded rate of return of a hypothetical $1,000 investment in [name of class/series of securities described in the ETF facts document] [units/shares] of the ETF. However, this information is not available because the ETF is new.

INSTRUCTIONS:

(1) In responding to the requirements of this Item, an ETF must comply with the relevant sections of Part 15 of National Instrument 81-102 Investment Funds as if those sections applied to an ETF facts document.

(2) Use a linear scale for each axis of the bar chart required by this Item.

(3) The x-axis and y-axis for the bar chart required by this Item must intersect at zero.

(4) An ETF that distributes different classes or series of securities that are referable to the same portfolio of assets must show performance data related only to the specific class or series of securities being described in the ETF facts document.

(5) The dollar amounts shown under this Item may be rounded up to the nearest dollar.

(6) The percentage amounts shown under this Item may be rounded to one decimal place.

(7) Show the best rolling 3-month return as at the end of the period that ends within 60 days before the date of the ETF facts document.

(8) Show the worst rolling 3-month return as at the end of the period that ends within 60 days before the date of the ETF facts document.

(9) Insert the end date for the best 3-month return period.

(10) Insert the end date for the worst 3-month return period.

(11) Insert the final value that would equate with a hypothetical $1,000 investment for the best 3-month return period shown in the table.

(12) Insert the final value that would equate with a hypothetical $1,000 investment for the worst 3-month return period shown in the table.

Item 6 – Trading ETFs

Under the sub-heading “Trading ETFs”, state the following:

ETFs hold a basket of investments, like mutual funds, but trade on exchanges like stocks. Here are a few things to keep in mind when trading ETFs:

Pricing [*in bold type*]

ETFs have two sets of prices: market price and net asset value (NAV).

Market price

ETFs are bought and sold on exchanges at the market price. The market price can change throughout the trading day. Factors like supply, demand, and changes in the value of an ETF’s investments can affect the market price.

You can get price quotes any time during the trading day. Quotes have two parts: bid and ask.

The bid is the highest price a buyer is willing to pay if you want to sell your ETF [units/shares]. The ask is the lowest price a seller is willing to accept if you want to buy ETF [units/shares]. The difference between the two is called the "bid-ask spread".

In general, a smaller bid-ask spread means the ETF is more liquid. That means you are more likely to get the price you expect.

Net asset value (NAV)

Like mutual funds, ETFs have a NAV. It is calculated after the close of each trading day and reflects the value of an ETF's investments at that point in time.

NAV is used to calculate financial information for reporting purposes – like the returns shown in this document.

Orders [*in bold type*]

There are two main options for placing trades: market orders and limit orders. A market order lets you buy or sell [units/shares] at the current market price. A limit order lets you set the price at which you are willing to buy or sell [units/shares].

Timing [*in bold type*]

In general, market prices of ETFs can be more volatile around the start and end of the trading day. Consider using a limit order or placing a trade at another time during the trading day.

Item 7 – Suitability

Provide a brief statement of the suitability of the ETF for particular investors under the heading "Who is this ETF for?". Describe the characteristics of the investor for whom the ETF may or may not be an appropriate investment, and the portfolios for which the ETF is and is not suited.

INSTRUCTIONS:

(1) If the ETF is particularly unsuitable for certain types of investors or for certain types of investment portfolios, emphasize this aspect of the ETF. Disclose both the types of investors who should not invest in the ETF, with regard to investments on both a short- and long-term basis, and the types of portfolios that should not invest in the ETF. If the ETF is particularly suitable for investors who have particular investment objectives, this can also be disclosed.

(2) If there is textbox disclosure on the cover page pursuant to Item 1(g) of Part I of this form, the brief statement of the suitability of the ETF in Item 8 of Part I of this form must be consistent with any suitability disclosure in the textbox.

Item 8 – Impact of Income Taxes on Investor Returns

Under the heading "A word about tax", provide a brief explanation of the income tax consequences for investors using wording similar to the following:

In general, you'll have to pay income tax on any money you make on an ETF. How much you pay depends on the tax laws where you live and whether or not you hold the ETF in a registered plan such as a Registered Retirement Savings Plan, or a Tax-Free Savings Account.

Keep in mind that if you hold your ETF in a non-registered account, distributions from the ETF are included in your taxable income, whether you get them in cash or have them reinvested.

Part II – Costs, Rights and Other Information

Item 1 – Costs of Buying, Owning and Selling the ETF

1.1 – Introduction

Under the heading "How much does it cost?", state the following:

This section shows the fees and expenses you could pay to buy, own and sell [name of the class/series of securities described in the ETF facts document] [units/shares] of the ETF. Fees and expenses – including trailing commissions – can vary among ETFs. Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

1.2 – Brokerage commissions

Under the sub-heading "Brokerage commissions", provide a brief statement using wording substantially similar to the following:

You may have to pay a commission every time you buy and sell [units/shares] of the ETF. Commissions may vary by brokerage firm. Some brokerage firms may offer commission-free ETFs or require a minimum purchase amount.

1.3 – ETF expenses

(1) Under the sub-heading "ETF expenses", include an introduction using wording similar to the following:

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

(2) Unless the ETF has not yet filed a management report of fund performance, provide information about the expenses of the ETF in the form of the following table:

	Annual rate (as a % of the ETF's value)
Management expense ratio (MER) This is the total of the ETF's management fee and operating expenses. (If the ETF pays a trailing commission, state the following: "This is the total of the ETF's management fee (which includes the trailing commission) and operating expenses.") (see instruction 1)	(see instruction 2)
Trading expense ratio (TER) These are the ETF's trading costs.	(see instruction 3)
ETF expenses	(see instruction 4)

(3) Unless the ETF has not yet filed a management report of fund performance, above the table required under subsection (2), include a statement using wording similar to the following:

As of [see instruction 5], the ETF's expenses were [insert amount included in table required under subsection (2)]% of its value. This equals $[see instruction 6] for every $1,000 invested.

(4) For an ETF that has not yet filed a management report of fund performance, state the following:

The ETF's expenses are made up of the management fee, operating expenses and trading costs. The [class'/series'/ETF's] annual management fee is [see instruction 7]% of the [class'/series'/ETF's] value. As this [class/series/ETF] is new, operating expenses and trading costs are not yet available.

(5) If the ETF pays an incentive fee that is determined by the performance of the ETF, provide a brief statement disclosing the amount of the fee and the circumstances in which the ETF will pay it.

(6) Under the sub-heading "Trailing commission", include a description using wording substantially similar to the following:

The trailing commission is an ongoing commission. It is paid for as long as you own the ETF. It is for the services and advice that your representative and their firm provide to you.

(7) If the manager of the ETF or another member of the ETF's organization does not pay trailing commissions, include a description using wording substantially similar to the following:

This ETF doesn't have a trailing commission.

(8) If the manager of the ETF or another member of the ETF's organization pays trailing commissions, disclose the range of the rates of the trailing commission after providing a description using wording substantially similar to the following:

[Insert name of the manager of the ETF] pays the trailing commission to your representative's firm. It is paid from the ETF's management fee and is based on the value of your investment.

(9) If the manager of the ETF or another member of the ETF's organization pays trailing commissions for the class or series of securities of the ETF described in the ETF facts document but does not pay trailing commissions for another class or series of securities of the same ETF, state using wording substantially similar to the following:

This ETF also offers a [class/series] of [units/shares] that does not have a trailing commission. Ask your representative for details.

INSTRUCTIONS:

(1) If any fees or expenses otherwise payable by the ETF were waived or otherwise absorbed by a member of the organization of the ETF, despite subsection 15.1(2) of National Instrument 81-106 Investment Fund Continuous Disclosure, only include a statement in substantially the following words:

[Insert name of the manager of the ETF] waived some of the ETF's expenses. If it had not done so, the MER would have been higher.

(2) Use the same MER that is disclosed in Item 2 of Part I of this Form. If applicable, include a reference to any fixed administration fees in the management expense ratio description required in the table under Item 1.3(2) of Part II of this Form.

(3) Use the trading expense ratio disclosed in the most recently filed management report of fund performance for the ETF.

(4) The amount included for ETF expenses is the amount arrived at by adding the MER and the trading expense ratio. Use a bold font or other formatting to indicate that ETF expenses is the total of all ongoing expenses set out in the chart and is not a separate expense charged to the ETF.

(5) Insert the date of the most recently filed management report of fund performance.

(6) Insert the equivalent dollar amount of the ongoing expenses of the ETF for each $1,000 investment.

(7) The percentage disclosed for the management fee must correspond to the percentage shown in the fee table in the final prospectus.

(8) For an ETF that is required to include the disclosure under subsection (4), in the description of the items that make up ETF fees, include a reference to any fixed administrative fees, if applicable. Also disclose the amount of the fixed administration fee in the same manner as required for the management fee. The percentage disclosed for the fixed administration fee must correspond to the percentage shown in the fee table in the final prospectus.

(9) In disclosing the range of rates of trailing commissions, show both the percentage amount and the equivalent dollar amount for each $1,000 investment.

1.4 – Other Fees

(1) If applicable, provide the sub-heading "Other Fees".

(2) Provide information about the amount of fees payable by an investor when they buy, hold, sell or switch units or shares of the ETF, substantially in the form of the following table:

Fee	What you pay
Redemption Fee	[Insert name of the manager of the ETF] may charge you up to [see instruction 1]% of the value of your [units/shares] you redeem or exchange directly from [insert name of the manager of the ETF]. (see instruction 1)
Other fees [*specify type*]	[*specify amount*] (see instructions 2 and 3)

INSTRUCTIONS:

(1) The percentage disclosed for the redemption fee must correspond to the percentage shown in the final prospectus.

(2) Under this Item, it is necessary to include only those fees that apply to the particular class or series of securities of the ETF. Examples include management fees and administration fees payable directly by investors, and switch fees. This also includes any requirement for an investor to participate in a fee-based arrangement with their dealer in order to be eligible to purchase the particular class or series of securities of the ETF. If there are no other fees associated with buying, holding, selling or switching units or shares of the ETF, replace the table with a statement to that effect.

(3) Provide a brief description of each fee disclosing the amount to be paid as a percentage (or, if applicable, a fixed dollar amount) and state who charges the fee. If the amount of the fee varies so that specific disclosure of the amount of the fee cannot be disclosed include, where possible, the highest possible rate or range for that fee.

Item 2 – Statement of Rights

Under the heading "What if I change my mind?", state using wording substantially similar to the following:

> Under securities law in some provinces and territories, you have the right to cancel your purchase within 48 hours after you receive confirmation of the purchase.
>
> In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the prospectus, ETF Facts or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.
>
> For more information, see the securities law of your province or territory or ask a lawyer.

Item 3 – More Information about the ETF

(1) Under the heading "For more information", state using wording substantially similar to the following:

> Contact [insert name of the manager of the ETF] or your representative for a copy of the ETF's prospectus and other disclosure documents. These documents and the ETF Facts make up the ETF's legal documents.

(2) State the name, address and toll-free telephone number of the manager of the ETF. If applicable, also state the e-mail address and website of the manager of the ETF.

14. Transition

(1) An ETF must, on or before November 12, 2018, file a completed Form 41-101F4 *Information Required in an ETF Facts Document* for each class or series of securities of the ETF that, on that date, are the subject of disclosure under a prospectus.

(2) The date of an ETF facts document filed under subsection (1) must be the date on which it was filed.

15. Effective date

(1) Subject to subsection (2), this Instrument comes into force on March 8, 2017.

(2) The provisions of this Instrument listed in column 1 of the following table come into force on the date set out in column 2 of the table:

Column 1: Provisions of this Instrument	Column 2: Date
5(a), 6-14	September 1, 2017
5(b)	The later of (a) December 10, 2018, and (b) the day on which sections 4, 14 and 17 of Schedule 26 to the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014* (Ontario) are proclaimed into force.

ANNEX E

CHANGES TO COMPANION POLICY 41-101 CP TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS*

1. ***The changes to Companion Policy 41-101CP To National Instrument 41-101* General Prospectus Requirements *are set out in this Annex.***

2. ***Section 2.10 is replaced by the following:***

2.10 Lapse Date

An amendment to a prospectus, even if it amends and restates the prospectus, does not change the lapse date under section 17.2 of the Instrument or other securities legislation. An amendment to an ETF facts document also does not change the lapse date for a prospectus of an ETF.*.*

3. ***Subsection 3.10(3) is changed by replacing the second paragraph with the following:***

Similarly, if an issuer wishes to add a new class of securities to a prospectus before the distribution under that prospectus is completed the issuer must file a preliminary prospectus for that class of securities and an amended and restated prospectus and obtain receipts for both the preliminary prospectus and the amended prospectus. Alternatively the issuer may file a separate preliminary prospectus and prospectus for the new class of securities. We interpret this requirement to also apply to mutual funds. If a mutual fund adds a new class or series of securities to a prospectus that is referable to a new separate portfolio of assets, a preliminary prospectus and preliminary ETF facts document must be filed. However, if the new class or series of securities is referable to an existing portfolio of assets, the new class or series may be added by way of amendment to the prospectus. In this case, a preliminary ETF facts document for the new class or series must still be filed.*.*

4. ***The Companion Policy is changed by adding the following after Part 5:***

PART 5A: ETF Facts Documents for ETFs

5A.1 General Purpose

(1) The Instrument requires that the ETF facts document be in plain language, be no longer than four pages in length, and highlight key information important to investors, including performance, risk and cost. The ETF facts document is incorporated by reference into the prospectus. A sample ETF facts document is set out in Appendix B to this Policy. The sample is provided for illustrative purposes only.

(2) The Instrument and Form 41-101F4 set out detailed requirements on the content and format of an ETF facts document, while allowing some flexibility to accommodate different kinds of ETFs. The Instrument requires an ETF facts document to include only information that is specifically mandated or permitted by the required Form 41-101F4 and to use the headings and sub-headings stipulated in the Instrument and Form 41-101F4. The requirements are designed to ensure that the information in an ETF facts document of an ETF is clear, concise, understandable and easily comparable with information in the ETF facts documents of other ETFs.

(3) The CSA encourages the use and distribution of the ETF facts document as a key part of the sales process in helping to inform investors about ETFs they are considering for investment.

5A.2 Plain Language and Presentation

(1) Section 3B.2 of the Instrument requires that an ETF facts document be written in plain language. Issuers should apply the plain language principles set out in section 4.1 when they prepare an ETF facts document.

(2) Section 3B.2 of the Instrument requires that an ETF facts document be presented in a format that assists in readability and comprehension. The Instrument and Form 41-101F4 also set out certain aspects of an ETF facts document that must be presented in a required format, requiring some information to be presented in the form of tables, charts or diagrams. Within these requirements, ETFs have flexibility in the format used for ETF facts documents.

The formatting of documents can contribute substantially to the ease with which the document can be read and understood.

(3) To help write the ETF facts document in plain language, the Flesch-Kincaid methodology can be used to assess the readability of an ETF facts document. The Flesch-Kincaid grade level scale is a methodology that rates the readability of a text to a corresponding grade level and can be determined by the use of Flesch-Kincaid tests built into commonly used word processing programs. The CSA will generally consider a grade level of 6.0 or less on the Flesch-Kincaid grade level scale to indicate that an ETF facts document is written in plain language. For French-language documents, ETF companies may wish to consider using other appropriate readability tools.

5A.3 Filing

(1) Subparagraph 9.1(1)(a)(iv.2) of the Instrument requires that an ETF facts document for each class and series of the securities of an ETF be filed concurrently with the prospectus.

(2) The most recently filed ETF facts document for an ETF is incorporated by reference into the prospectus under section 15.2 of the Instrument, with the result that any ETF facts document filed under the Instrument after the date of receipt for the prospectus supersedes the ETF facts document previously filed.

(3) Any amendment to an ETF facts document must be in the form of an amended and restated ETF facts document. Accordingly, the commercial copy of an amended and restated ETF facts document can only be created by reprinting the entire document.

(4) An amendment to the ETF facts document should be filed when there is a material change to the ETF that requires a change to the disclosure in the ETF facts document. This is consistent with the requirement in paragraph 11.2(1)(d) of National Instrument 81-106 *Investment Fund Continuous Disclosure*. We would not generally consider changes to the top 10 investments, investment mix or year-by-year returns of the ETF to be material changes. We would generally consider changes to the ETF's investment objective or risk level to be material changes under securities legislation.

(5) Subsection 6.2(e) of the Instrument requires an amendment to a prospectus to be filed whenever an amendment to an ETF facts document is filed. If the substance of the amendment to the ETF facts document would not require a change to the text of the prospectus, the amendment to the prospectus would consist only of the certificate page referring to the ETF to which the amendment to the ETF facts document pertains.

(6) General Instruction (9) of Form 41-101F4 permits an ETF to disclose a material change and proposed fundamental change, such as a proposed merger, in an amended and restated ETF facts document. We would permit flexibility in selecting the appropriate section of the amended and restated ETF facts document to describe the material change or proposed fundamental change. However, we also expect that the variable sections of the ETF facts document, such as the Top 10 investments and investment mix, to be updated within 60 days before the date of the ETF facts document. In addition, if an ETF completes a calendar year or files a management report of fund performance prior to the filing of the amended and restated ETF facts document, we expect the ETF facts document to reflect the updated information.

5A.4 Website

(1) Section 3B.4 of the Instrument requires an ETF to post its ETF facts document to the website of the ETF, the ETF's family or the manager of the ETF, as applicable. An ETF facts document should remain on the website at least until the next ETF facts document for the ETF is posted. Only a final ETF facts document filed under this Instrument should be posted to a website. A preliminary or pro forma ETF facts document, for example, should not be posted. An ETF facts document must be displayed in an easily visible and accessible location on the website. It should also be presented in a format that is convenient for both reading online and printing on paper.

(2) Many ETFs have fund profiles that are available on a website of the ETF, the ETF's family or the manager of the ETF. These profiles provide summary information about the ETF that supplements the information contained in the ETF Facts and that is typically updated on a more frequent basis. In cases where the ETF Facts makes a cross-reference to a website to highlight the availability of more up-to-date trading and pricing information for an ETF, the information should be presented in a manner that is consistent with what is disclosed under the Quick Facts, Trading Information and Pricing Information sections of the ETF Facts, including the manner of calculating the information that is presented.

5A.5 Delivery

(1) The Instrument contemplates delivery to all investors of an ETF facts document in accordance with the requirements in securities legislation. It does not require the delivery of the prospectus, or any other documents incorporated by reference into the prospectus, unless requested. ETFs or dealers may also provide purchasers with any of the other disclosure documents incorporated by reference into the prospectus.

(2) For delivery of the ETF facts document, subsection 3C.3(1) of the Instrument permits an ETF facts document to be combined with certain other materials or documents. With the exception of a general front cover, a table of contents or a trade confirmation, subsection 3C.3(4) requires the ETF facts document to be located as the first item in the package of documents or materials.

(3) Nothing in the Instrument prevents an ETF facts document from being prepared in other languages, provided that these documents are delivered or sent in addition to any disclosure document filed and required to be delivered in accordance with the Instrument. We would consider such documents to be sales communications.

(4) The Instrument and related forms contain no restrictions on the delivery of non-educational material such as promotional brochures with the prospectus. This type of material may, therefore, be delivered with, but cannot be included within, or attached to, the prospectus. The Instrument does not permit the binding of educational and non-educational material with the ETF facts document. The intention of the Instrument is not to unreasonably encumber the ETF facts document with additional documents.*.*

5. The Companion Policy is changed by adding the following as Appendix B – Sample ETF Facts Document after Appendix A – Financial Statement Disclosure Requirements for Significant Acquisitions:

APPENDIX B – SAMPLE ETF FACTS DOCUMENT

XYZ S&P/TSX 60 Index ETF

ETF FACTS
July 30, 20XX
XYZ

This document contains key information you should know about XYZ S&P/TSX 60 Index ETF. You can find more details about this exchange-traded fund (ETF) in its prospectus. Ask your representative for a copy, contact XYZ ETFs at 1-800-555-5555 or investing@xyzetfs.com, or visit www.xyzetfs.com.

Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.

Quick facts

Date ETF started	March 31, 20XX
Total value on June 1, 20XX	$220.18 million
Management expense ratio (MER)	0.20%
Fund manager	XYZ ETFs
Portfolio manager	Capital Asset Management Ltd.
Distributions	Quarterly

Trading information

(12 months ending June 1, 20XX)

Ticker symbol	XYZ
Exchange	TSX
Currency	Canadian dollars
Average daily volume	308,000 units
Number of days traded	249 out of 251 trading days

Pricing information

(12 months ending June 1, 20XX)

Market price	$9.50-$13.75
Net asset value (NAV)	$9.52-$13.79
Average bid-ask spread	0.07%

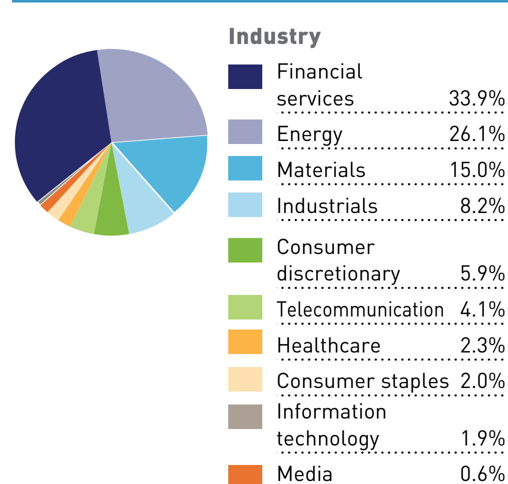
What does the ETF invest in?

This ETF invests in the same companies and in the same proportions as the S&P/TSX 60 Index. The S&P/TSX 60 Index is made up of 60 of the largest (by market capitalization) and most liquid securities listed on the Toronto Stock Exchange (TSX), as determined by S&P Dow Jones Indices.

The charts below give you a snapshot of the ETF's investments on June 1, 20XX. The ETF's investments will change to reflect changes in the S&P/TSX Index.

Top 10 investments (June 1, 20XX)	
1. Royal Bank of Canada	7.5%
2. Toronto-Dominion Bank	7.1%
3. Canadian Natural Resources	5.8%
4. The Bank of Nova Scotia	4.1%
5. Cenovus Energy Inc.	3.7%
6. Suncor Energy Inc.	3.2%
7. Enbridge Inc.	3.1%
8. Canadian Imperial Bank of Commerce	2.9%
9. Manulife Financial Corporation	2.7%
10. Canadian National Railway Company	1.9%
Total percentage of top 10 investments	**42.0%**
Total number of investments	**60**

Investment mix (June 1, 20XX)



Industry	
Financial services	33.9%
Energy	26.1%
Materials	15.0%
Industrials	8.2%
Consumer discretionary	5.9%
Telecommunication	4.1%
Healthcare	2.3%
Consumer staples	2.0%
Information technology	1.9%
Media	0.6%

How risky is it?

The value of the ETF can go down as well as up. You could lose money.

One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility". In general, ETFs with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money

Risk rating

XYZ ETFs has rated the volatility of this ETF as **medium**. This rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.

For more information about the risk rating and specific risks that can affect the ETF's returns, see the Risk section of the ETF's prospectus.

No guarantees

ETFs do not have any guarantees. You may not get back the amount of money you invest.

For dealer use only: CUSIP 54321E000

How has the ETF performed?

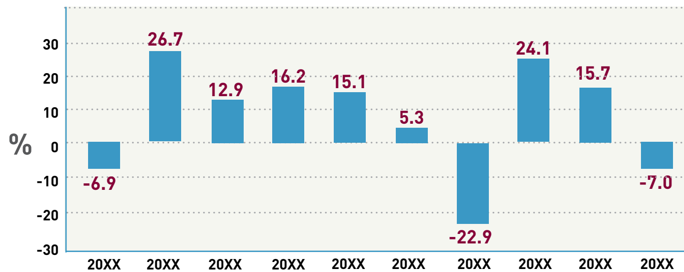
This section tells you how units of the ETF have performed over the past 10 years.

Returns[1] are after expenses have been deducted. These expenses reduce the ETF's returns. This means that the ETF's returns may not match the returns of the S&P/TSX Index.

Year-by-year returns

This chart shows how units of the ETF performed in each of the past 10 years. The ETF dropped in value in 3 of the 10 years.

The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.



Best and worst 3-month returns

This table shows the best and worst returns for units of the ETF in a 3-month period over the past 10 years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested $1,000 at the beginning of the period
Best return	32.6%	Apr. 30, 20XX	Your investment would rise to $1,326.
Worst return	-24.7%	Nov. 30, 20XX	Your investment would drop to $753.

Trading ETFs

ETFs hold a basket of investments, like mutual funds, but trade on exchanges like stocks. Here are a few things to keep in mind when trading ETFs:

Pricing

ETFs have two sets of prices: market price and net asset value (NAV).

Market price

- ETFs are bought and sold on exchanges at the market price. The market price can change throughout the trading day. Factors like supply, demand, and changes in the value of an ETF's investments can affect the market price.
- You can get price quotes any time during the trading day. Quotes have two parts: **bid** and **ask**.
- The bid is the highest price a buyer is willing to pay if you want to sell your ETF units. The ask is the lowest price a seller is willing to accept if you want to buy ETF units. The difference between the two is called the "**bid-ask spread**".
- In general, a smaller bid-ask spread means the ETF is more liquid. That means you are more likely to get the price you expect.

Net asset value (NAV)

- Like mutual funds, ETFs have a NAV. It is calculated after the close of each trading day and reflects the value of an ETF's investments at that point in time.
- NAV is used to calculate financial information for reporting purposes – like the returns shown in this document.

Orders

There are two main options for placing trades: market orders and limit orders. A market order lets you buy or sell units at the current market price. A limit order lets you set the price at which you are willing to buy or sell units.

Timing

In general, market prices of ETFs can be more volatile around the start and end of the trading day. Consider using a limit order or placing a trade at another time during the trading day.

Who is this ETF for?

Investors who:

- are looking for a long-term investment
- want to invest in a broad range of stocks of Canadian companies
- can handle the ups and downs of the stock market.

! Don't buy this ETF if you need a steady source of income from your investment.

A word about tax

In general, you'll have to pay income tax on any money you make on an ETF. How much you pay depends on the tax laws where you live and whether or not you hold the ETF in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your ETF in a non-registered account, distributions from the ETF are included in your taxable income, whether you get them in cash or have them reinvested.

[1] Returns are calculated using the ETF's net asset value (NAV).

How much does it cost?

This section shows the fees and expenses you could pay to buy, own and sell units of the ETF. Fees and expenses – including any trailing commissions – can vary among ETFs.

Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

1. Brokerage commissions

You may have to pay a commission every time you buy and sell units of the ETF. Commissions may vary by brokerage firm. Some brokerage firms may offer commission-free ETFs or require a minimum purchase amount.

2. ETF expenses

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

As of March 31, 20XX, the ETF's expenses were 0.21% of its value. This equals $2.10 for every $1,000 invested.

	Annual rate (as a % of the ETF's value)
Management expense ratio (MER) This is the total of the ETF's management fee and operating expenses. XYZ ETFs waived some of the ETF's expenses. If it had not done so, the MER would have been higher.	0.20%
Trading expense ratio (TER) These are the ETF's trading costs.	0.01%
ETF expenses	**0.21%**

Trailing commission

The trailing commission is an ongoing commission. It is paid for as long as you own the ETF. It is for the services and advice that your representative and their firm provide to you.

This ETF doesn't have a trailing commission.

What if I change my mind?

Under securities law in some provinces and territories, you have the right to cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the prospectus, ETF Facts or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

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

For more information

Contact XYZ ETFs or your representative for a copy of the ETF's prospectus and other disclosure documents. These documents and the ETF Facts make up the ETF's legal documents.

XYZ ETFs
456 Asset Allocation St.
Toronto, ON M1A 2B3

Phone: 416.555.5555
Toll-free: 1.800.555.5555
Email: investing@xyzetfs.com
Website: www.xyzetfs.com

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6. These changes become effective on March 8, 2017.

ANNEX F

AMENDMENTS TO NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.

2. Section 11.2 is amended by replacing paragraph (1)(d) with the following:

(d) file an amendment to its prospectus, simplified prospectus, fund facts document or ETF facts document that discloses the material change in accordance with the requirements of securities legislation.*.*

3. This Instrument comes into force on March 8, 2017.

ANNEX G

CHANGES TO
COMPANION POLICY 81-106 CP
TO NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

1. Companion Policy 81-106CP to National Instrument 81-106 Investment Fund Continuous Disclosure is amended by this Instrument.

2. Subsection 10.1(1) is amended by replacing it with the following:

10.1 Calculation of Management Expense Ratio

(1) Part 15 of the Instrument sets out the method to be used by an investment fund to calculate its management expense ratio (MER). The requirements apply in all circumstances in which an investment fund circulates and discloses an MER. This includes disclosure in a sales communication, a prospectus, a fund facts document, an ETF facts document, an annual information form, financial statements, a management report of fund performance or a report to securityholders.*.*

3. These changes become effective on March 8, 2017.

ANNEX H

ADDITIONAL INFORMATION REQUIRED IN ONTARIO

ONTARIO SECURITIES COMMISION

**MANDATING A SUMMARY DISCLOSURE DOCUMENTS
FOR EXCHANGE-TRADED MUTUAL FUNDS AND ITS DELIVERY**

**NOTICE OF AMENDMENTS TO
NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS***

AND TO

NATIONAL INSTRUMENT 81-106 *INVESTMENT FUND CONTINUOUS DISCLOSURE*

Introduction

The Canadian Securities Administrators (the CSA or we) are making amendments (the Amendments) to:

- National Instrument 41-101 *General Prospectus Requirements*; and
- National Instrument 81-106 *Investment Fund Continuous Disclosure*.

These Amendments and related changes (the Related Changes) to Companion Policy 41-101CP to National Instrument 41-101 *General Prospectus Requirements*, and to Companion Policy 81-106CP to National Instrument 81-106 *Investment Fund Continuous Disclosure* are described in the related CSA notice (the CSA Notice) to which this Ontario Securities Commission (the Commission) notice is annexed.

The purpose of this Commission notice is to supplement the CSA Notice.

Commission Approval

On October 18, 2016, the Commission approved and adopted the Amendments and the Related Changes pursuant to sections 143 and 143.8 of the *Securities Act* (Ontario).

Delivery to the Minister

Delivery of the Amendments, the Related Changes and other required materials to the Minister of Finance will occur on or about December 8, 2016. The Minister may approve or reject the Amendments or return them for further consideration. If the Minister approves the Amendments (or does not take any further action), then the Amendments will come into force on March 8, 2017.

Substance and Purpose of the Amendments

Please refer to the section entitled “Substance and Purpose of the Amendments” in the CSA Notice.

Summary of Written Comments

We published the Amendments for comment on June 18, 2015. Please refer to Annex C of the CSA Notice for a summary of public comments and CSA responses.

Summary of Changes to the Amendments

Please refer to Annex B of the CSA Notice for a summary of changes made to the Amendments.

Questions

Please refer your questions to:

Irene Lee
Senior Legal Counsel,
Investment Funds and Structured Products Branch
Ontario Securities Commission
416-593-3668
ilee@osc.gov.on.ca

Stephen Paglia
Senior Legal Counsel,
Investment Funds and Structured Products Branch
Ontario Securities Commission
416-593-2393
spaglia@osc.gov.on.ca

Abid Zaman
Accountant,
Investment Funds and Structured Products Branch
Ontario Securities Commission
416-204-4955
azaman@osc.gov.on.ca

December 8, 2016

Chapter 7

Insider Reporting

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

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

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

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Acasti Pharma Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated December 5, 2016
NP 11-202 Preliminary Receipt dated December 5, 2016
Offering Price and Description:
Maximum $10,000,000.00 (* Units)
Minimum $6,500,000.00 (* Units)
Price: $* per Unit
Underwriter(s) or Distributor(s):
Echelon Wealth Partners Inc.
Promoter(s):
-
Project #2563694

Issuer Name:
Atacama Pacific Gold Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 5, 2016
NP 11-202 Preliminary Receipt dated December 5, 2016
Offering Price and Description:
Up to 12,777,778 Common Shares and Up to 6,388,889 Warrants Issuable on Exercise of 12,777,778 Special Warrants
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
-
Project #2563693

Issuer Name:
Emera Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Prospectus dated December 2, 2016
NP 11-202 Preliminary Receipt dated December 2, 2016
Offering Price and Description:
$300,007,500.00 - 6,630,000 Common Shares
Price: $45.25 per Common Share
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
BARCLAYS CAPITAL CANADA INC.
CREDIT SUISSE SECURITIES (CANADA) INC.
J.P. MORGAN SECURITIES CANADA INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #2559548

Issuer Name:
Firm Capital Mortgage Investment Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 5, 2016
NP 11-202 Preliminary Receipt dated December 5, 2016
Offering Price and Description:
$22,500,000.00 - 5.20% Convertible Unsecured Subordinated Debentures due December 31, 2023
Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
Echelon Wealth Partners Inc.
GMP Securities L.P.
Desjardins Securities Inc.
Dundee Securities Ltd.
Promoter(s):
-
Project #2561429

Issuer Name:
Mainstreet Health Investments Inc. (formerly, Kingsway Arms Retirement Residences Inc.)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 2, 2016
NP 11-202 Preliminary Receipt dated December 2, 2016
Offering Price and Description:
US$45,000,000.00 - 5.00% Convertible Unsecured Subordinated Debentures
Price: US$1,000 per Debenture
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
CANACCORD GENUITY CORP.
SCOTIA CAPITAL INC.
RAYMOND JAMES LTD.
TD SECURITIES INC.
DESJARDINS SECURITIES INC.
ECHELON WEALTH PARTNERS INC.
Promoter(s):
MAINSTREET INVESTMENT COMPANY, LLC
Project #2558949

Issuer Name:
Red Eagle Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated December 2, 2016
NP 11-202 Preliminary Receipt dated December 2, 2016
Offering Price and Description:
$100,000,000.00
Common Shares
Warrants
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2563415

Issuer Name:
Saputo Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Shelf Prospectus dated November 29, 2016
NP 11-202 Preliminary Receipt dated November 29, 2016
Offering Price and Description:
$2,000,000,000.00 - Medium Term Notes (Unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Merrill Lynch Canada Inc.
Promoter(s):
-
Project #2560289

Issuer Name:
The Toronto-Dominion Bank
Principal Regulator - Ontario
Type and Date:
Preliminary Shelf Prospectus dated December 2, 2016
NP 11-202 Preliminary Receipt dated December 5, 2016
Offering Price and Description:
$10,000,000,000.00
Debt Securities (subordinated indebtedness)
Common Shares
Class A First Preferred Shares
Warrants to Purchase Preferred Shares
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2563429

Issuer Name:
Acasta Enterprises Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated December 2, 2016
NP 11-202 Receipt dated December 5, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Acasta Capital Inc.
Project #2551884

Issuer Name:
Alternate Health Corp.
Type and Date:
Final Long Form Prospectus dated November 29, 2016
Receipted on December 5, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2512829

Issuer Name:
Arizona Mining Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated November 29, 2016
NP 11-202 Receipt dated November 29, 2016
Offering Price and Description:
$36,005,250.00 - 11,805,000 Common Shares, at a price of $3.05 per Offered Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #2551697

Issuer Name:
Canadian Investment Grade Preferred Share Fund (P2L)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated November 28, 2016
NP 11-202 Receipt dated November 29, 2016
Offering Price and Description:
Maximum Offering: $100,000,000.00 - 4,000,000 Units
Minimum Offering: $10,000,000.00 - 400,000 Units
Price: $25.00 per Class A and Class T Unit
Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
National Bank Financial Inc,
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Desjardins Securities Inc.
Industrial Alliance Securities Inc.
Manulife Securities Incorporated
Echelon Wealth Partners Inc.
Mackie Research Capital Corporation
PI Financial Corp.
Promoter(s):
Redwood Asset Management Inc.
Project #2546928

Issuer Name:
Fidelity American Balanced Currency Neutral Fund
Fidelity American Balanced Fund
Fidelity American Disciplined Equity Currency Neutral Fund
Fidelity American Disciplined Equity Fund
Fidelity American Equity Fund
Fidelity American High Yield Currency Neutral Fund
Fidelity American High Yield Fund
Fidelity AsiaStar Fund
Fidelity Balanced Portfolio
Fidelity Canadian Asset Allocation Fund
Fidelity Canadian Balanced Fund
Fidelity Canadian Bond Fund
Fidelity Canadian Disciplined Equity Fund
Fidelity Canadian Focused Equity Investment Trust
Fidelity Canadian Growth Company Fund
Fidelity Canadian Large Cap Fund
Fidelity Canadian Money Market Fund
Fidelity Canadian Opportunities Fund
Fidelity Canadian Short Term Bond Fund
Fidelity China Fund
Fidelity ClearPath 2005 Portfolio
Fidelity ClearPath 2010 Portfolio
Fidelity ClearPath 2015 Portfolio
Fidelity ClearPath 2020 Portfolio
Fidelity ClearPath 2025 Portfolio
Fidelity ClearPath 2030 Portfolio
Fidelity ClearPath 2035 Portfolio
Fidelity ClearPath 2040 Portfolio
Fidelity ClearPath 2045 Portfolio
Fidelity ClearPath 2050 Portfolio
Fidelity ClearPath 2055 Portfolio
Fidelity ClearPath Income Portfolio
Fidelity Conservative Income Fund
Fidelity Corporate Bond Fund
Fidelity Dividend Fund
Fidelity Dividend Investment Trust
Fidelity Dividend Plus Fund (formerly Fidelity Income Trust Fund)
Fidelity Emerging Markets Fund
Fidelity Europe Fund
Fidelity Event Driven Opportunities Fund
Fidelity Far East Fund
Fidelity Floating Rate High Income Currency Neutral Fund
Fidelity Floating Rate High Income Fund
Fidelity Frontier Emerging Markets Fund (formerly Fidelity Latin America Fund)
Fidelity Global Asset Allocation Fund
Fidelity Global Balanced Portfolio
Fidelity Global Bond Currency Neutral Fund
Fidelity Global Bond Fund
Fidelity Global Concentrated Equity Fund (formerly Fidelity Global Opportunities Fund)
Fidelity Global Consumer Industries Fund
Fidelity Global Disciplined Equity Currency Neutral Fund
Fidelity Global Disciplined Equity Fund
Fidelity Global Dividend Fund
Fidelity Global Dividend Investment Trust
Fidelity Global Financial Services Fund
Fidelity Global Fund
Fidelity Global Growth Portfolio
Fidelity Global Health Care Fund
Fidelity Global Income Portfolio
Fidelity Global Intrinsic Value Investment Trust
Fidelity Global Large Cap Fund
Fidelity Global Monthly Income Currency Neutral Fund
Fidelity Global Monthly Income Fund
Fidelity Global Natural Resources Fund
Fidelity Global Real Estate Fund
Fidelity Global Small Cap Fund
Fidelity Global Technology Fund
Fidelity Global Telecommunications Fund
Fidelity Greater Canada Fund
Fidelity Growth Portfolio
Fidelity Income Allocation Fund
Fidelity Income Portfolio
Fidelity International Concentrated Equity Fund (formerly Fidelity International Value Fund)
Fidelity International Disciplined Equity Currency Neutral Fund
Fidelity International Disciplined Equity Fund
Fidelity International Growth Fund (formerly Fidelity Overseas Fund)
Fidelity Japan Fund
Fidelity Monthly Income Fund
Fidelity Balanced Managed Risk Portfolio
Fidelity Conservative Managed Risk Portfolio
Fidelity North American Equity Investment Trust
Fidelity NorthStar Balanced Currency Neutral Fund
Fidelity NorthStar Balanced Fund
Fidelity NorthStar Fund
Fidelity Small Cap America Fund
Fidelity Special Situations Fund
Fidelity Strategic Income Currency Neutral Fund
Fidelity Strategic Income Fund
Fidelity Tactical Fixed Income Fund
Fidelity Tactical High Income Currency Neutral Fund
Fidelity Tactical High Income Fund
Fidelity Tactical Strategies Fund
Fidelity True North Fund
Fidelity U.S. All Cap Fund
Fidelity U.S. Dividend Currency Neutral Fund
Fidelity U.S. Dividend Fund
Fidelity U.S. Dividend Investment Trust
Fidelity U.S. Dividend Registered Fund
Fidelity U.S. Focused Stock Fund (formerly Fidelity Growth America Fund)
Fidelity U.S. Money Market Fund
Fidelity U.S. Monthly Income Currency Neutral Fund
Fidelity U.S. Monthly Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 21, 2016 to Final Simplified Prospectus, Annual Information Form and Fund Facts (NI 81-101) dated October 28, 2016
NP 11-202 Receipt dated November 29, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Fidelity Investments Canadaz ULC
Fidelity Investments Canada Limited
Fidelity Investments Canada ULC
Promoter(s):
Fidelity Investments Canada ULC

Project #2535350

Issuer Name:
Fidelity American Disciplined Equity Class
Fidelity American Disciplined Equity Currency Neutral Class
Fidelity American Equity Class
Fidelity American Equity Currency Neutral Class
Fidelity AsiaStar Class
Fidelity Balanced Class Portfolio
Fidelity Canadian Asset Allocation Class
Fidelity Canadian Balanced Class
Fidelity Canadian Disciplined Equity Class
Fidelity Canadian Growth Company Class
Fidelity Canadian Large Cap Class
Fidelity Canadian Opportunities Class
Fidelity Canadian Short Term Income Class
Fidelity China Class
Fidelity Corporate Bond Class
Fidelity Dividend Class
Fidelity Dividend Plus Class
Fidelity Emerging Markets Class
Fidelity Europe Class
Fidelity Event Driven Opportunities Class
Fidelity Far East Class
Fidelity Global Balanced Class Portfolio
Fidelity Global Class
Fidelity Global Concentrated Equity Class
Fidelity Global Consumer Industries Class
Fidelity Global Disciplined Equity Class
Fidelity Global Disciplined Equity Currency Neutral Class
Fidelity Global Dividend Class
Fidelity Global Financial Services Class
Fidelity Global Growth Class Portfolio
Fidelity Global Health Care Class
Fidelity Global Income Class Portfolio
Fidelity Global Intrinsic Value Class
Fidelity Global Intrinsic Value Currency Neutral Class
Fidelity Global Large Cap Class
Fidelity Global Large Cap Currency Neutral Class
Fidelity Global Natural Resources Class
Fidelity Global Real Estate Class
Fidelity Global Small Cap Class
Fidelity Global Technology Class
Fidelity Global Telecommunications Class
Fidelity Greater Canada Class
Fidelity Growth Class Portfolio
Fidelity Income Class Portfolio
Fidelity International Disciplined Equity Class
Fidelity International Disciplined Equity Currency Neutral Class
Fidelity International Growth Class
Fidelity Japan Class
Fidelity Monthly Income Class
Fidelity North American Equity Class
Fidelity NorthStar Class
Fidelity NorthStar Currency Neutral Class
Fidelity Small Cap America Class
Fidelity Small Cap America Currency Neutral Class
Fidelity Special Situations Class
Fidelity True North Class
Fidelity U.S. All Cap Class
Fidelity U.S. All Cap Currency Neutral Class
Fidelity U.S. Focused Stock Class (formerly Fidelity Growth America Class)
Fidelity U.S. Focused Stock Currency Neutral Class
Principal Regulator - Ontario
Type and Date:
Amendment #4 dated November 21, 2016 to Final Simplified Prospectus, Annual Information Form and Fund Facts (NI 81-101) dated March 28, 2016
NP 11-202 Receipt dated November 29, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
FIDELITY INVESTMENTS CANADA ULC
Project #2446109

Issuer Name:
Fortis Inc.
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated November 30, 2016
NP 11-202 Receipt dated November 30, 2016
Offering Price and Description:
$5,000,000,000.00 - COMMON SHARES, FIRST PREFERENCE SHARES, SECOND PREFERENCE SHARES, SUBSCRIPTION RECEIPTS, DEBT SECURITIES
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2556023

Issuer Name:
Gateway Low Volatility U.S. Equity Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 18, 2016 to Final Simplified Prospectus dated September 16, 2016
NP 11-202 Receipt dated December 1, 2016
Offering Price and Description:
Series A (Hedged) and Series F (Hedged) Units @ Net Asset Value
Underwriter(s) or Distributor(s):
NGAM Canada LP
Promoter(s):
-
Project #2516019

Issuer Name:
IGM Financial Inc.
Principal Regulator - Manitoba
Type and Date:
Final Shelf Prospectus dated November 29, 2016
NP 11-202 Receipt dated November 29, 2016
Offering Price and Description:
$3,000,000,000.00 - Debt Securities (unsecured), First Preferred Shares, Common Shares, Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2555128

Issuer Name:
Immunovaccine Inc.
Principal Regulator - Nova Scotia
Type and Date:
Final Shelf Prospectus dated November 30, 2016
NP 11-202 Receipt dated November 30, 2016
Offering Price and Description:
$50,000,000.00 - Preferred Shares, Common Shares, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2554482

Issuer Name:
Luna Gold Corp.
Principal Regulator - British Columbia
Type and Date:
Final Shelf Prospectus dated November 28, 2016
NP 11-202 Receipt dated November 29, 2016
Offering Price and Description:
US$200,000,000.00
Common Shares
Debt Securities
Subscription Receipts
Units
Warrants
Share Purchase Contracts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2547569

Issuer Name:
Mackenzie Canadian All Cap Dividend Class
Mackenzie Canadian All Cap Value Class
Mackenzie Canadian Bond Fund
Mackenzie Canadian Money Market Class
Mackenzie Canadian Money Market Fund
Mackenzie Canadian Resource Fund
Mackenzie Canadian Short Term Income Fund
Mackenzie Canadian Small Cap Value Class
Mackenzie Corporate Bond Fund
Mackenzie Cundill Recovery Fund
Mackenzie Global Diversified Equity Class
Mackenzie Global Dividend Fund
Mackenzie Global Growth Class
Mackenzie Income Fund
Mackenzie International Growth Fund
Mackenzie Ivy Canadian Fund
Mackenzie Strategic Bond Fund
Mackenzie Strategic Income Fund
Mackenzie US Mid Cap Growth Class
Symmetry Balanced Portfolio
Symmetry Balanced Portfolio Class
Symmetry Conservative Income Portfolio
Symmetry Conservative Income Portfolio Class
Symmetry Conservative Portfolio
Symmetry Conservative Portfolio Class
Symmetry Equity Portfolio Class
Symmetry Fixed Income Portfolio
Symmetry Growth Portfolio
Symmetry Growth Portfolio Class
Symmetry Moderate Growth Portfolio
Symmetry Moderate Growth Portfolio Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated November 28, 2016
NP 11-202 Receipt dated November 30, 2016
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
LBC Financial Services Inc
LBC Financial Services Inc.
Promoter(s):
-
Project #2539681

Issuer Name:
MEG Energy Corp.
Principal Regulator - Alberta (ASC)
Type and Date:
Final Shelf Prospectus dated December 1, 2016
NP 11-202 Receipt dated December 2, 2016
Offering Price and Description:
Cdn.$1,500,000,000.00 - Common Shares, Debt Securities, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2551552

Issuer Name:
OrganiGram Holdings Inc. (formerly, Inform Exploration Corp.)
Principal Regulator - New Brunswick
Type and Date:
Final Short Form Prospectus dated November 29, 2016
NP 11-202 Receipt dated November 29, 2016
Offering Price and Description:
$35,003,000.00 - 9,860,000 Common Shares at a price of $3.55 per Share
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
GMP SECURITIES L.P.
MACKIE RESEARCH CAPITAL CORPORATION
PI FINANCIAL CORP.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #2553528

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Dundee Capital Partners	Investment Dealer	December 2, 2016

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – Proposed Provisions Respecting Trading Supervision Obligations – Notice of Request for Comment

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED PROVISIONS RESPECTING TRADING SUPERVISION OBLIGATIONS

NOTICE OF REQUEST FOR COMMENT

IIROC is publishing for public comment, proposed amendments to the Universal Market Integrity Rules respecting trading supervision obligations.

The proposed amendments would remove the prescriptive provisions in the current trading supervision structure and replace them with a more flexible, principles-based approach to trading compliance and supervision.

A copy of the IIROC Notice, including the proposed amendments, is published on our website at www.osc.gov.on.ca. The comment period ends on March 22, 2017.

IIROC has published a Guidance Notice for comment concurrently with the proposed amendments.

13.3 Clearing Agencies

13.3.1 Notice of Multilateral Arrangement for Regulatory, Supervisory and Oversight Cooperation on LCH.Clearnet Ltd.

NOTICE OF MULTILATERAL ARRANGEMENT FOR REGULATORY, SUPERVISORY AND OVERSIGHT COOPERATION ON LCH.CLEARNET LTD.

December 8, 2016

The Ontario Securities Commission has entered into a Multilateral Arrangement for Regulatory, Supervisory and Oversight Cooperation regarding LCH.Clearnet Ltd. ("**LCH**") with the Bank of England and other authorities with a regulatory interest in LCH ("**Multilateral Arrangement**"). The objective of the Multilateral Arrangement is to enhance, through discussion, consultation and disclosure of information between authorities, the regulation of LCH.

The Multilateral Arrangement is subject to the approval of the Minister of Finance. The Multilateral Arrangement was delivered to the Minister of Finance on December 5, 2016.

A copy of the Multilateral Arrangement is attached as Appendix A.

Questions may be referred to:

Jean-Paul Bureaud
Director
Office of Domestic and International Affairs
Tel: 416-593-8131
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Emily Sutlic
Senior Legal Counsel
Market Regulation
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[Editor's Note: Appendix A follows on separately numbered pages.]

Multilateral Arrangement for Regulatory, Supervisory and Oversight Cooperation on LCH.Clearnet Ltd

Amended Terms of Reference for Framework Arrangement dated 17 November 2016

Contents

A. Background and Rationale for Framework Arrangement

B. Objectives of Framework Arrangement

C. Scope of Framework Arrangement and Status of Terms of Reference

D. Authority with Primary Responsibility

E. Participation of Authorities in the Framework Arrangement

F. Participation Criteria for the Framework Arrangement

G. Activities of the Framework Arrangement

H. Process for Adoption of Terms of Reference

I. Confidentiality and Uses of Information

J. Changes to Terms of Reference

A. Background and Rationale for Framework Arrangement

1. LCH.Clearnet Ltd ("LCH.Ltd") is a Recognised Clearing House under sections 285 and 290 of the Financial Services and Markets Act 2000 (FSMA) and is authorised as a central counterparty in accordance with Regulation (EU) No. 648/2012 ("EMIR"). LCH.Ltd has also been recognised as an operator of a payment system under section 184 of the Banking Act 2009. LCH.Ltd provides clearing services for exchange traded and OTC financial, equity and commodity derivative instruments, government bond repo transactions and cash equity products.

2. The Bank of England[1] is responsible for the supervision of providers of clearing services operating in the United Kingdom (UK), and is LCH.Ltd's competent authority under EMIR. The Bank of England is also responsible for oversight of recognised payment systems operating in the UK through its regulation of payment systems under the Banking Act 2009.

3. LCH.Ltd is registered as a Derivatives Clearing Organisation by the U.S. Commodity Futures Trading Commission. LCH.Ltd is also registered, licensed or authorised to provide clearing services in certain other non-EU jurisdictions.

4. In view of the values cleared through LCH.Ltd, the range of countries of incorporation of LCH.Ltd's clearing membership and the currencies of denomination and settlement of LCH.Ltd's products, a number of financial regulatory, supervisory or oversight authorities in jurisdictions not otherwise included in EMIR college arrangements for LCH.Ltd have expressed interest in the establishment of a framework for international regulatory co-operation with regard to LCH.Ltd.

5. The establishment of such a framework for cooperation is in line with Responsibility E of the CPMI-IOSCO Principles for Financial Market Infrastructures ("Responsibility E"), which requires central banks, market regulators and other relevant authorities to co-operate in order to promote the safety and efficiency of financial market infrastructures ("FMIs"), to support each other in fulfilling their respective regulatory, supervisory, or oversight mandates, to facilitate the comprehensive regulation, supervision, and oversight and to provide a mechanism whereby the responsibilities of multiple authorities can be fulfilled efficiently and effectively taking into consideration the statutory responsibilities of the authorities, the systemic importance of the FMI for the respective jurisdictions, the FMI's comprehensive risk profile and the FMI's participants. It is also in line with the Financial Stability Board's (FSB's) four safeguards for a resilient and efficient global framework for central clearing.

6. The Bank of England has accepted responsibility for facilitating the development of terms of reference to govern the creation and operation of a framework for regulatory cooperation ("the Framework Arrangement" or "Arrangement") to enhance international

[1] For the purposes of this document, the "Bank of England" should be read as the Bank of England or any successor organisation responsible for the supervision of LCH.Ltd.

regulatory[2] co-operation between the authorities participating in the Arrangement ("the Participating Authorities") with regard to LCH.Ltd. That Framework Arrangement was established on 1 October 2012 in respect of LCH.Ltd's Swapclear service specifically.

7. In 2016 the Participating Authorities agreed to amend the terms of the Framework Arrangement in order to expand the range of clearing services which fall within its scope and to increase flexibility in respect of membership criteria, among other things. This document sets out the amended and restated Terms of Reference ("Terms"). This framework is in addition to, and without prejudice to the terms of arrangement of, the college of supervisors established under EMIR in respect of LCH.Ltd (the "EMIR College").

B. Objectives of Framework Arrangement

8. The Bank of England and other authorities with a regulatory interest in LCH.Ltd wish to create a Framework Arrangement to enhance, through discussion, consultation and disclosure of information between authorities, the regulation of LCH.Ltd. The authorities will seek to promote and facilitate the effective and consistent application of international standards, including the CPMI-IOSCO Principles for Financial Market Infrastructure, facilitate the implementation of Responsibility E and the implementation of the safeguard for international cooperative oversight which has been identified by the FSB as one of the four safeguards for a global framework to establish a safe environment for the clearing of OTC derivatives.

9. In particular, the Participating Authorities, including the Bank of England, seek to promote a consistent regulatory approach that:

   a) leverages the expertise and experiences of the Bank of England from their day-to-day supervision and oversight of LCH.Ltd, and the perspectives, expertise and experience of the other Participating Authorities to foster comprehensive regulation, supervision and oversight of LCH.Ltd under these Terms;

   b) enhances oversight efficiency by minimising the burden on LCH.Ltd and the duplication of effort by Participating Authorities in line with their respective responsibilities;

   c) fosters consistent and transparent communication among the Participating Authorities and with LCH.Ltd;

   d) fosters transparency among the Participating Authorities regarding the development and implementation of applicable policies; and

   e) supports fully informed judgments when Participating Authorities make their independent assessments and decisions regarding LCH.Ltd, while recognising

[2] For the purposes of this document, references to "authorities" or "financial regulatory authorities" should be read as including authorities with regulatory, supervisory or oversight responsibilities. Similarly references to "regulation" or "regulatory" should be read as including regulatory, supervisory and oversight activities.

that individual assessments and decisions by a Participating Authority could have implications for other Participating Authorities.

10. These Terms will govern the Framework Arrangement and set out the necessary bases for the interaction between the Bank of England and non-UK authorities regarding LCH.Ltd.

11. These Terms will also provide a governance process for the Framework Arrangement, including:

a) the structure of the Framework Arrangement;

b) the criteria for participation in the Framework Arrangement;

c) the scope of activities of the Framework Arrangement;

d) information security arrangements;

e) the process for managing any changes to the Framework Arrangement;

f) the process for participating authorities (the Participating Authorities) to adopt these Terms; and

g) the organisation and practical matters of operation of the Framework Arrangement.

C. Scope of Framework Arrangement and Status of Terms of Reference

12. The scope of the Framework Arrangement covers all clearing services provided by LCH.Ltd and LCH.Ltd's governance, controls, structure, arrangements and processes implemented or provided by LCH.Ltd to facilitate, enable and risk manage the provision of clearing services.

13. These Terms, and the operation of the Framework Arrangement arising from their adoption, do not affect any other arrangements between two or more Participating Authorities or any arrangements between a Participating Authority and any other third party or parties, including any bilateral or multilateral arrangements between the Bank of England and another authority or authorities that may be put in place with regard to the supervision and oversight of LCH.Ltd as mandated by relevant legislation, regulatory development or otherwise, either at the time of signature of these terms or at a future date. Nothing in these Terms will prescribe, mandate or limit the ability of the authorities with statutory responsibility for the supervision or oversight of LCH.Ltd to develop and operate other arrangements for regulatory co-operation with regard to LCH.Ltd. For the avoidance of doubt, such bilateral or multilateral arrangements will operate independently of and in parallel to the Framework Arrangement governed by these Terms.

14. It will be a required precondition for participation in the Framework Arrangement that the authority acknowledge and support the establishment of this Arrangement and that its participation in it is consistent with these Terms.

15. These Terms, and any participation in the Framework Arrangement resulting from an authority's adoption of these Terms, do not modify or supersede any laws, rulemaking or regulatory requirements in force in, applying to or due to apply to the UK or any other

jurisdiction. These Terms are not intended to constrain the discretion of the Bank of England or any other authority in any way in the discharge of its functions nor prejudice the individual responsibilities or autonomy of any authority with regards to LCH.Ltd.

16. These Terms do not create any binding legal obligations.

17. These Terms will be treated as coming into effect as at the date stipulated by the Bank of England on the first page of this document and notified to the Participating Authorities. A new authority wishing to join this Framework Arrangement shall observe these Terms as from the date on which they sign a letter acknowledging acceptance of these Terms in accordance with paragraph 40.

D. Organising Authority

18. The Bank of England will take primary responsibility to facilitate the operation and further development of the Framework Arrangement.

E. Participation of Authorities in the Framework Arrangement

19. An authority participating in the Framework Arrangement is referred to in these Terms as a Participating Authority. In order to act as a Participating Authority, an authority must satisfy the criteria for participation in the Framework Arrangement at the point of adoption and on an ongoing basis. The Bank of England will assess an authority's eligibility against the qualification criteria.

20. Should changing conditions result in a Participating Authority no longer meeting the criteria for participation in this Framework Arrangement the Participating Authority shall discuss with the Bank of England a timeline for it to cease participation in this Framework Arrangement.

21. Each Participating Authority must provide the Bank of England with contact details for two members of staff to act as its representatives for the purpose of this Framework Arrangement. The nominated representatives of a Participating Authority should be sufficiently senior to be able to express the position of the Participating Authority but should also have an appreciation of the detailed points regarding the operation and regulation of LCH.Ltd. One representative will be nominated as the primary representative, the other as the secondary representative. These representatives will participate in the Framework Arrangement and will act as the contact point for the provision of information, information requests and crisis information sharing under the Framework Arrangement and for any administrative purposes related to the operation of these Terms.

22. The Bank of England will use these designated contacts for the sending of all information under this Framework Arrangement. Such contact details must be communicated to the Bank of England in writing, and should include:

    a) the name of the contact person;

    b) the telephone number of the contact person;

    c) an email address for the contact person; and

d) a mailing address for the contact person.

23. An authority may amend the details of its representatives by notifying the Bank of England by email.

F. Participation requirements for the Framework Arrangement

24. The Framework Arrangement will comprise authorities that wish to engage in regulatory cooperation with regard to LCH.Ltd and which are:

    i) central banks of issuance of currencies for which LCH.Ltd's settlements are systemically important against the PFMIs; or

    ii) central banks providing standing account facilities to LCH.Ltd; or

    iii) authorities that have statutory responsibility, under national or supra-national law, for the supervision or oversight of LCH.Ltd, clearing services operated by LCH.Ltd, LCH.Ltd's significant clearing members and/or other FMIs with which LCH.Ltd has a significant relationship or interdependency.

25. All authorities which form part of the EMIR College will be entitled to attend meetings of the Participating Authorities and will be provided with any information shared between Participating Authorities under this Framework Arrangement. Members of the EMIR College shall be subject to the obligations of professional secrecy set out in Article 83 of EMIR received by them in this context.

26. In line with Responsibility E, the Bank will consider requests from authorities with a relevant interest in LCH.Ltd, as specified in paragraph 24. The Bank will inform all Participating Authorities if any new Authority joins the Framework Arrangement. The Bank of England will carry out periodic reviews of the membership of the Framework Arrangement and of these Terms.

G. Activities of the Framework Arrangement

27. Co-operation in the Framework Arrangement will encompass the reciprocal exchange of regulatory information, regulatory perspectives and opinions related to LCH.Ltd between the Participating Authorities. A Participating Authority shall consider discussing with the other Participating Authorities any forthcoming regulatory interaction with LCH.Ltd if it considers that this may be of interest and relevance to the other Participating Authorities.

28. Except where regular intervals are specified below, information will be shared on a quarterly basis with summary reports given in in-person meetings or as otherwise discussed by Participating Authorities. Information sharing and related discussions between Participating Authorities regarding member defaults and market emergencies will take place as soon as is practical taking into consideration operational arrangements

and any need for a Participating Authority to gain approval for the disclosure of information.

29. Co-operation in the Framework Arrangement will include mutual discussion of Participating Authorities' views and regulatory assessments of LCH.Ltd, primarily through discussion of regulatory assessments and material risk issues raised by LCH.Ltd's business and risk management practices and/or proposed changes to these practices.

(a) All Participating Authorities, including the Bank of England, maintain the right to prepare their own independent analyses and assessments of LCH.Ltd. The Bank of England will regularly assess LCH.Ltd against the CPMI-IOSCO Principles for Financial Market Infrastructures and in this regard consider the views of the Participating Authorities. If a Participating Authority conducts its own assessment of LCH.Ltd, it will consider the views of the Bank of England before finalising its analysis and conclusions. Any Participating Authority which conducts an assessment of LCH.Ltd will consult the other Participating Authorities, where practicable. Consultations conducted under this Paragraph may be either bilateral between the two relevent Participating Authorities or multilateral, involving other Participating Authorities, as appropriate.

(b) A Participating Authority, including the Bank of England, which conducts an assessment of LCH.Ltd against the CPMI-IOSCO Principles for Financial Market Infrastructure will, when assessing procedures for any currency for which LCH.Ltd's payment and settlement arrangements and its related liquidity risk-management procedures are systemically important, consult the relevant central bank of issue and will consider the views expressed by the central bank before finalising its analysis.

(c) An assessment of LCH.Ltd conducted by a Participating Authority (including results and related reports) will not be disclosed to the public unless the Participating Authorities agree otherwise. Where disclosure is required by statutory responsibilities, charters, or publically stated policy, the Participating Authority required to disclose the assessment (the 'Disclosing Authority') will share its assessments with the other Participating Authorities before the assessment is made publicly available, and will provide an opportunity for other Participating Authorities to raise any concerns. The Disclosing Authority will not attribute or imply any views, participation, or approval of another Participating Authority in assessments publicly disclosed without the consent of such party.

30. If the Participating Authorities identify areas in which LCH.Ltd could strengthen its compliance with the CPMI-IOSCO Principles for Financial Market Infrastructure, then the Participating Authorities may seek to induce positive change at LCH.Ltd through either discussions with LCH.Ltd representatives or through the Bank of England. This would include the comprehensive and timely reaction by the Bank of England to any such concerns.

31. A Participating Authority should provide the other Participating Authorities with details of the authorisation or licenses issued by that Participating Authority to LCH.Ltd in its respective jurisdiction and the requirements that attach to such regulatory status. A Participating Authority should also notify the other Participating Authorities as soon as practical of changes to regulatory, supervisory or oversight requirements in its jurisdiction, which it considers may have material implications for the oversight of LCH.Ltd in other jurisdictions.

32. It is envisaged that regulatory cooperation in the Framework Arrangement will include the following areas, unless such information is already made available to the Participating Authorities through alternative channels:

   a) Monthly data reports covering all relevant services of LCH.Ltd, to be distributed by the Bank of England by email, containing data on margin, collateral and other key indicators, the content and format of which will be developed by the Bank of England in consultation with the other Participating Authorities and reviewed periodically;

   b) information on any events of member default that have occurred, including details of use of LCH.Ltd's default protections and default management processes that have occurred and which impact the operation or resilience of LCH.Ltd and the total level of financial resources remaining at LCH.Ltd for default management purposes;

   c) discussion of regulatory assessments against international standards, such as the CPMI-IOSCO Principles for Financial Market Infrastructure or, where each Participating Authority deems it appropriate, other standards or requirements that a Participating Authority implements, or self-assessments of LCH.Ltd against international standards, when such assessments have been made;

   d) where each Participating Authority deems it appropriate, Participating Authorities' regulatory opinions and priorities;

   e) in accordance with Annex 1, information in the event of a business continuity event, member default, force majeure, market emergency or other non-business as usual event and which impact the operation or resilience of LCH.Ltd;

   f) details of any material changes to the ownership, regulatory status, senior management, product or service offering, risk management or control processes or operational methodology implemented or proposed by LCH.Ltd;

   g) where a Participating Authority deems it appropriate, notice of any action (including enforcement) proposed or undertaken by that Participating Authority with regard to LCH.Ltd; and

   h) information about discussions and developments in the LCH.Ltd Crisis Management Group, also chaired by the Bank of England.

33. The Bank of England may also distribute such other information as it judges appropriate, which may include information with regards to the governance, controls, arrangements and processes that LCH.Ltd maintains should such information be required by a Participating Authority to inform that authority's regulatory assessment of LCH.Ltd or its

assessment of LCH.Ltd’s systemic importance in the Participating Authority's jurisdiction.

34. The Bank of England will facilitate the notification, without undue delay, by LCH.Ltd to Participating Authorities of proposed new business or material changes related to LCH.Ltd’s services so that Participating Authorities may identify any questions or concerns. The home supervisory authority would consider these questions and concerns and arrange appropriate follow up to address these. For the avoidance of doubt, this notification provision does not override or replace any requirements on LCH.Ltd to meet any regulatory requirements placed on them by any Participating Authority that has statutory oversight of LCH.Ltd outside of this arrangement.

35. An in-person meeting of Participating Authorities will be held on at least an annual basis, although Participating Authorities will endeavour to meet on a semi-annual basis. The Bank of England will organise and Chair this meeting, but it may be hosted by another authority, subject to the mutual decision of that authority and the Bank of England. Meetings of Participating Authorities will be subject to an agenda, to be set by the Bank of England in consultation with the other Participating Authorities and distributed no later than one week before the meeting. The Bank of England will endeavour to provide written documentation to support discussion at the meeting no later than one week before the meeting. The Bank of England will produce a formal minute of a meeting of Participating Authorities and provide the Participating Authorities with the opportunity for comment before this minute is finalised. The minutes are for the benefit of the Participating Authorities and will not be made publically available. Additional in-person meetings may be held subject to the support of the Participating Authorities. Each Participating Authority, other than the Bank of England, will be represented at in-person meetings of Participating Authorities by only one member of its staff, unless the Bank of England, acting at its discretion, permits one or more Participating Authorities to be represented by more than one member of staff. Generally this member of staff will be the person designated by the Participating Authority as its primary representative, but the Participating Authority may be represented by an alternative person at the discretion of the Participating Authority in question. To facilitate the effectiveness of the in-person meetings, the Bank of England may be represented by more than one member of staff. The Bank of England may, on notification to Participating Authorities, invite authorities qualifying under paragraph 24 which are not yet signatories to this Framework Agreement to participate in meetings and discussions as observers, subject to relevant confidentiality agreements being in place.

36. In light of the absence of a cap on the number of authorities that may participate in this Framework Arrangement, the Bank of England reserves the right to limit in-person attendance at meetings to a sub-set of authorities where it considers that it would be impossible or impracticable to accommodate representatives from each Participating Authority. In such cases, precedence will be given to central banks of issuance of the most material currencies, authorities with responsibility for supervision or oversight of LCH.Ltd’s most material clearing members, and authorities with statutory responsibility for the supervision or oversight of LCH.Ltd or clearing services offered by LCH.Ltd. All authorities will receive papers and minutes of meetings and will be able to participate in meetings via conference call.

37. The Bank of England may direct a conference call to be held between the Participating Authorities, either on its own initiative or following a request by any Participating Authority. Where practical, notice of ten business days will be given before such a conference call is held, and such conference calls will be subject to an agenda and will be formally minuted, following the arrangements for in-person meetings of the Participating Authorities.

38. Should the Bank of England assess it to be appropriate and practical, representatives from LCH.Ltd may be invited to attend in-person meetings and conference calls to directly provide updates, information and answer questions.

39. A Participating Authority may request information additional to that covered under paragraph 32 from the Bank of England or from any other Participating Authority (the 'requested authority'). The Bank of England may also request information from any Participating Authority. Such requests for the provision of information or other assistance will be made in writing where possible, but in urgent cases may be made verbally and confirmed in writing within five business days. To facilitate assistance, the Participating Authority making a request (the 'requesting authority') to the Bank of England should specify in its request:

(a) the information or other assistance sought;
(b) a general description of the matter which is the subject of the request;
(c) the purpose for which the information or other assistance is sought;
(d) if the requesting authority is seeking confirmation of the accuracy of information provided by the requested authority and the nature of the confirmation sought;
(e) if the requesting authority is seeking further information in relation to information provided by the requested authority and should specify the nature of the further information sought;
(f) where onward disclosure of information provided to the requesting authority is likely to be necessary, the identity of the person to whom disclosure may be made and the reasons for such disclosure; and
(g) the desired time period for a reply.

Other Participating Authorities that have processes that need to be followed with regard to requests for confidential information that they receive should inform the Participating Authorities of such processes.

H. Process for adoption of Terms of Reference

40. In order to be eligible to act as a Participating Authority, an authority must acknowledge in writing to the Bank of England that it supports the establishment of this Arrangement and that its participation in the Arrangement will be consistent with these Terms. Such acknowledgement should be in the form set out in Annex 2 to these Terms. This form should be signed by an authorised signatory who has the relevant authority in accordance with the authority's internal corporate governance or board approvals. Such acknowledgement must be made no later than five business days before the authority in question commences its participation in this Framework Arrangement. Before an authority in question commences its participation in this Framework Arrangement, the

Bank of England will confirm to all authorities that are already Participating Authorities that the authority in question has acknowledged in writing its acceptance of these Terms.

41. Each Participating Authority must ensure that it is able to continue to observe these terms on an ongoing basis. Should a Participating Authority become aware that the acknowledgement it has made to the Bank of England in the form provided in Annex 2 ceases to be valid or will cease to be valid in the foreseeable future, the Participating Authority must inform the Bank of England of this as soon as is practical. On the receipt of such notice the Bank of England may choose to suspend or prohibit the authority in question from continuing to participate in the Framework Arrangement.

42. A Participating Authority may cease its participation at any time on the provision of written notice to the Bank of England that it has ceased participation in the Framework Arrangement and therefore ceased to observe these Terms. Any such termination of participation of the Framework Arrangement will release the authority ceasing participation from observance with these Terms, with the exception of the provisions of these Terms regarding confidentiality and use of information.

43. The Bank of England may, for good cause and at its discretion, suspend a Participating Authority's participation in the Framework Arrangement at any time and without notice if the Bank of England, acting reasonably, assesses that the authority in question has not materially observed these Terms. The Bank of England will endeavor to avoid taking such action by providing notice of its intention to suspend the participation of the authority before the suspension takes effect and by discussing any actual or possible issues of non-observance of these Terms with the Participating Authority in question.

I. Confidentiality and Uses of Information

44. In these Terms, "Confidential Information" means any non-public information relating to the business or other affairs of any person or firm (including supervisory judgments or opinions of a Participating Authority) that is received by a Participating Authority through its participation in the Framework Arrangement.

45. A legal gateway[3] must exist between the Bank of England and each authority participating in this Framework Arrangement to enable the Bank of England to exchange Confidential Information with each authority, pursuant to FSMA. A Participating Authority other than the Bank of England may require specific and additional arrangements to be in place between it and the Participating Authorities to control and manage any provision of Confidential Information it may share under this Framework

[3] A 'legal gateway' is a provision in legislation which allows a person, such as the Bank of England, to disclose information to another person. For example, the FSMA Disclosure of Confidential Information Regulations 2001 lists persons to whom disclosure of confidential information (as defined in s.348 FSMA 2000) can be made and the purpose for which the disclosure can be made. The Bank of England can only disclose confidential information where a legal gateway permits. Under parts of the Regulations a MoU must exist between the Bank of England and authorities in order to fully establish the legal gateway.

Arrangement and the potential use of such Confidential Information by the Participating Authorities that receive it[4].

46. All Confidential Information will be treated as confidential by the receiving Participating Authority to the extent permitted by applicable law (including by ensuring that all persons dealing with, or having access to such information are bound by obligations of professional secrecy) and, subject to the provisions on disclosure below, will be used by, within, and among the Participating Authorities only within the context of this Framework Arrangement and in connection with their regulatory, supervisory, or oversight responsibilities under, and subject to applicable laws or charters. Confidential Information received by a Participating Authority from any other Participating Authority, including the Bank of England, will not be disclosed other than in connection with those responsibilities or pursuant to legal obligations, and subject to the provisions set out below.

47. Except as provided in paragraphs 48, 49, 50 and 51 below, before a Participating Authority ('Participating Authority A') discloses any Confidential Information received from another Participating Authority ('Participating Authority B'), Participating Authority A will request and obtain prior consent from Participating Authority B which shall not be unreasonably withheld. Each Participating Authority will endeavor to respond to a request to disclose information within twenty calendar days.

48. Notwithstanding paragraph 47, a Participating Authority ('Participating Authority A') that receives Confidential Information from another Participating Authority ('Participating Authority B') may, without obtaining the consent of Participating Authority B, discuss such information with a third Participating Authority or an EMIR College member, provided that the authority with whom the Confidential Information is discussed has already received the same information in accordance with the Terms of this Framework Arrangement.

49. In the event that a Participating Authority ('Participating Authority A') is required by statute or legal process to disclose Confidential Information provided by another Participating Authority ('Participating Authority B'), Participating Authority A will, to the extent permitted by law, inform Participating Authority B about such possible compelled disclosure and seek Participating Authority B's prior consent. If Participating Authority B does not consent to such disclosure, Participating Authority A will assert all appropriate legal exemptions or privileges from disclosure that may be available. If despite such efforts, disclosure of the Confidential Information is ultimately compelled, Participating Authority A will, to the extent permitted by law, inform Participating Authority B in advance of such disclosure.

50. Subject to Paragraph 54, a Participating Authority ('Participating Authority A') may disclose Confidential Information provided by another Participating Authority ('Participating Authority B') to its national, state or provincial public sector financial

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[4] The Bank of England is not aware of any additional gateways required between the Bank and Participating Authorities to allow the Participating Authorities to share confidential information with the Bank.

authorities[5], subject to Participating Authority A, to the extent permitted by the law applicable to Participating Authority A, informing Participating Authority B about such disclosure and Participating Authority A obtaining the public sector financial authority's agreement to keep such Confidential Information confidential and not further disclose it except in accordance with paragraph 46 of these Terms.

51. The central banks representing the Eurosystem may disclose Confidential Information provided by another Participating Authority to the other central bank members of the Eurosystem, subject to the central banks representing the Eurosystem obtaining the receiving national central banks' agreement to keep such Confidential Information confidential and not further disclose it except in accordance with paragraph 46 of these Terms.

52. No privileges, immunities, or confidentiality associated with Confidential Information provided by a Participating Authority are intended to be waived as a result of sharing such information pursuant to these Terms.

53. Notwithstanding these Terms, a Participating Authority may inform financial institutions of, or otherwise make public, risks or deficiencies it has identified at LCH.Ltd where doing so is in connection with its responsibilities or pursuant to legal obligations, even when the knowledge of such risks or deficiencies is partly or in whole based on Confidential Information, so long as no Confidential Information provided by any other Participating Authority is disclosed, except in accordance with these Terms.

54. If a Participating Authority disclosing information seeks to impose further restrictions on disclosure or use of such information beyond those noted in these Terms it must set these out expressly when disclosing Confidential Information. Participating Authorities receiving Confidential Information subject to any such further restrictions shall agree to observe, to the extent permitted by applicable statute or legal process, the restrictions on disclosure or use of such information required by the Participating Authority that has provided the data.

55. For the avoidance of doubt, these Terms place no obligation or expectation on a Participating Authority to share Confidential Information.

56. The existence of this Arrangement may be publicly disclosed. A Party may publicly disclose an outline of the provisions of this Arrangement or all or portions of this Arrangement itself, , if required to do so by law, or if such public disclosure is in the proper exercise of its functions, powers or obligations. If a Party discloses any part of this Arrangement, it will inform the Bank of England, which will inform the other Parties.

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[5] "National , state or provincial public sector financial authorities" is defined as public sector financial authorities meaning central banks, securities and market regulators and prudential supervisors of financial market participants.

J. Changes to Terms of Reference

57. These Terms can be amended by obtaining the mutual and unanimous consent of the Participating Authorities, as expressed by each Participating Authorities' nominated representative in writing. Such amendments may be in response to the publication of new or amended international standards or guidance with regard to international regulatory cooperation.

58. Any Participating Authority, including the Bank of England, may cease their participation in this Framework Arrangement at any time at its discretion. Such a withdrawal from this Framework Arrangement may be effective immediately, but as a matter of practice the Participating Authority that intends to withdraw will endeavor to give the other Participating Authorities notice of not less than one month prior to its withdrawal. The Participating Authority that intends to withdraw should provide the Bank of England with advance notice of its intention to withdraw and should inform the remaining Participant Authorities of its reasons for withdrawing from the arrangement. Withdrawal from the Framework Arrangement releases the withdrawing authority from any commitments entered into under these Terms, with the exception of the confidentiality provisions which shall continue to apply to any Confidential Information provided prior to termination.

59. Operation of these terms will be suspended, with immediate effect, upon the Bank of England, as Chair of this Framework Arrangement, ceasing to participate in this Framework Arrangement. Following such suspension, the confidentiality provisions shall continue to apply to any Confidential Information provided prior to suspension.

60. Termination of these Terms will be effective immediately upon LCH.Ltd ceasing to provide clearing services. Following such termination, the confidentiality provisions shall continue to apply to any Confidential Information provided prior to termination.

Annex 1:

Member default and market emergency[6]

1. In the event of a market emergency or member default directly linked to LCH.Ltd, the Bank of England (or where relevant any other Participating Authority) will share with Participating Authorities the following information, where possible and as soon as practical:
   a) Details of the emergency;
   b) Actions likely to be taken by the Bank of England (or by any other Participating Authority, should the Bank of England be aware of any such possible action and the Participating Authority in question consents to the sharing of this information by the Bank of England);
   c) Actions being taken by LCH.Ltd, including under its default rules;
   d) If applicable, details of any default protections exercised; and,
   e) Any other available information that would be of particular interest and relevance to other Participating Authorities.

Communication

1. The Bank of England (or, where relevant, any other Participating Authority) will, where necessary, facilitate a conference call, taking into account:
   a) whether other authorities should be invited to the call; and
   b) whether it would be appropriate to contact other crisis communication networks beyond this Framework Arrangement.
2. The Bank of England (or, where relevant, any other Participating Authority) will use the contact details referred to in paragraph 22 of these Terms. These representatives are responsible for notifying relevant individuals in their authorities where necessary and subject to confidentiality restraints.

Confidentiality

3. Subject to the provisions of these Terms regarding confidentiality and use of information, the Bank of England will decide on whether it may be appropriate to distribute information provided by the Bank of England on the market emergency outside the primary and secondary representatives of the Participating Representatives and, if so, in what form and scope.

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[6] Not withstanding any other arrangement and where there is (a serious threat of) a major disruption to the functioning of the CCP or there is significant evidence to indicate that there is a high risk of a default of a major participant in the CCP or such a default has occurred.

Annex 2:

Office of the Chair
Bureau du président

Ontario Securities Commission
Commission des valeurs mobilières de l'Ontario

P.O. Box 55, 22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 22e étage
20, rue queen ouest
Toronto ON M5H 3S8

Maureen Jensen

Phone: 416-593-8202
Fax: 416-593-8241
Web site: www.osc.gov.on.ca

November 17, 2016

The Director, Financial Market Infrastructure Directorate MG5-SE
Bank of England
20 Moorgate
London
EC2R 6DA
United Kingdom

Dear Sirs,

Terms of Reference Governing the Operation of the Framework Arrangement for the Multilateral Regulatory, Supervisory and Oversight Cooperation Arrangement for LCH.Clearnet Ltd ("the Terms")

The Ontario Securities Commission consents to establish and participate in this Arrangement in a manner consistent with the Terms to which this letter is appended with effect from the later of: (a) the date notified by the Bank of England as the effective date of the Terms; or (b) on the date determined in accordance with the *Securities Act* (Ontario) (and such date shall be notified by the Ontario Securities Commission to the Bank of England as soon as practicable).

I am an authorised signatory on behalf of the Ontario Securities Commission and have the relevant authority (delegated or otherwise) to complete this form for and on behalf of the Ontario Securities Commission.

Yours faithfully,

ONTARIO SECURITIES COMMISSION

"Maureen Jensen"

Maureen Jensen
Chair and Chief Executive Officer

13.3.2 CDCC – Proposed amendments to sections A-102, A-220 and A-701 of the Rules of the CDCC in order to establish a higher standard of legal certainty with respect to bankruptcy remoteness – OSC Staff Notice of Request for Comment

OSC STAFF NOTICE OF REQUEST FOR COMMENT

CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC)

**PROPOSED AMENDMENTS TO
SECTIONS A-102, A-220 AND A-701 OF THE RULES OF
THE CANADIAN DERIVATIVES CLEARING CORPORATION
IN ORDER TO ESTABLISH A HIGHER STANDARD OF LEGAL CERTAINTY
WITH RESPECT TO BANKRUPTCY REMOTENESS**

The Ontario Securities Commission is publishing for public comment the amendments to Sections A-102, A-220 and A-701 of CDCC's Rules. The purpose of the proposed amendments is to clarify the bankruptcy remoteness of the securities collateral which are considered Margin Deposit under its Rules and pledged for Margin purposes.

The comment period ends January 9, 2017.

A copy of the CDCC Notice is published on our website at http://www.osc.gov.on.ca.

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Chapter 25

Other Information

25.1 Consents

25.1.1 Gitennes Exploration Inc. – s. 4(b) of Ont. Reg. 289/00 under the OBCA

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 – issuer in default of its obligation to file and deliver its interim financial statements and related management's discussion and analysis – requested relief granted.

Applicable Legislative Provisions

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

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED (THE "REGULATION") MADE UNDER THE BUSINESS CORPORATIONS ACT (ONTARIO), R.S.O. 1990, C. B.16, AS AMENDED (THE "OBCA")

AND

IN THE MATTER OF GITENNES EXPLORATION INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Gitennes Exploration Inc. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") requesting the consent of the Commission, pursuant to subsection 4(b) of the Regulation, for the Applicant to continue to another jurisdiction pursuant to section 181 of the OBCA (the "**Continuance**");

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated by articles of amalgamation under the OBCA on May 13, 1993.

2. The registered office of the Applicant is 36 Toronto Street, Suite 1000, Toronto, Ontario, M5C 2C5. The head office of the Applicant is Suite 1010, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2. Following the Continuance, the Applicant's registered office will be Suite 415, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1 and the head office of the Applicant will remain at Suite 1010, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

3. The authorized share capital of the Applicant consists of an unlimited number of common shares (the "**Common Shares**") of which 64,679,923 Common Shares were issued and outstanding as of November 18, 2016.

4. The Common Shares of the Applicant are listed for trading on the TSX Venture Exchange (the "**TSX-V**") under the symbol "GIT". The Applicant does not have any securities listed on any other exchange except the TSX-V.

5. The Applicant proposes to make an application (the "**Application for Continuance**") to the Director under the OBCA pursuant to section 181 of the OBCA for authorization to continue into British Columbia as a corporation under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). The Applicant intends to keep its current name and trading symbol. The Applicant has a name reservation granted by the British Columbia Registrar of Companies in the name "Gitennes Exploration Inc.", under name reservation number NR 6881794.

6. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation under the OBCA, the Application for Continuance must be accompanied by a consent of the Commission.

7. The Applicant is an offering corporation as defined in the OBCA and is a reporting issuer under the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "**Act**") and the securities legislation (the "**Legislation**") of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Québec and Saskatchewan.

8. The British Columbia Securities Commission (the "**BCSC**") is the Applicant's principal regulator. Following the Continuance, the BCSC will remain as the Applicant's principal regulator.

9. The Applicant is not in default under any provision of the OBCA, the Act or the Legislation or the regulations or rules made thereunder and is not in default under any rules, regulations or policies of the TSX-V.

10. The Applicant is not a party to any proceeding or, to the best of its knowledge, information and belief, any pending proceeding under the OBCA, the Act or the Legislation.

11. A summary of the material provisions respecting the proposed Continuance was provided to the shareholders of the Applicant (the "**Shareholders**") in the management information circular of the Applicant dated July 11, 2016 (the "**Circular**") in respect of the Applicant's annual and special meeting of shareholders held on August 15, 2016 (the "**Meeting**"). The Circular included a summary comparison, which was not intended to be exhaustive, of the differences between the OBCA and the BCBCA. The Circular was mailed to Shareholders and was filed on the System for Electronic Document Analysis and Retrieval on July 19, 2016.

12. The Circular advised the shareholders of their dissent rights in connection with the proposed Continuance (the "**Continuance Resolution**") pursuant to section 185 of the OBCA, and the Circular disclosed full particulars of this right in accordance with applicable law.

13. In accordance with the OBCA, the Continuance Resolution was proposed as a special resolution at the Meeting and required the approval of at least 66 2/3% of the votes cast thereon by Shareholders present in person or by proxy at the Meeting. Each Shareholder was entitled to one vote for each Common Share held.

14. Shareholders had the right to dissent with respect to the proposed Continuance pursuant to Section 185 of the OBCA, and the Circular disclosed full particulars of this right in accordance with applicable law.

15. The Continuance Resolution was approved at the Meeting by 99.66% of the votes cast by Shareholders in respect of the Continuance Resolution. None of the Shareholders exercised dissent rights pursuant to section 185 of the OBCA.

16. The Continuance is proposed to be made as the Applicant believes, *inter alia*, that the BCBCA will provide the Applicant with greater flexibility than the OBCA with respect to directors, as the BCBCA does not have a requirement that any of the directors be Canadian residents. Furthermore, the Applicant's head office is located in British Columbia.

17. Following the Continuance, the Applicant intends to remain a reporting issuer or the equivalent in each of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Québec and Saskatchewan.

18. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto this 2nd day of December, 2016.

"Judith Robertson"
Commissioner
Ontario Securities Commission

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

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