The Ontario Securities Commission

OSC Bulletin

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The Ontario Securities Commission carries out the powers, duties and functions given to it pursuant to the *Securities Commission Act, 2021* (S.O. 2021, c. 8, Sched. 9).

The Ontario Securities Commission exercises its regulatory oversight function through the administration and enforcement of Ontario's *Securities Act* (R.S.O. 1990, c. S.5) and *Commodity Futures Act* (R.S.O. 1990, c. C.20), and administration of certain provisions of the *Business Corporations Act* (R.S.O. 1990, c. B.16).

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A.1.1 Leszek Dziadecki et al. – ss. 8, 21.7

FILE NO.: 2024-4

LESZEK DZIADECKI

AND

CANADIAN INVESTMENT REGULATORY ORGANIZATION

AND

ONTARIO SECURITIES COMMISSION

NOTICE OF HEARING
Sections 8 and 21.7 of the *Securities Act,* RSO 1990, c S.5

PROCEEDING TYPE: Application for Review

HEARING DATE AND TIME: April 2, 2024 at 10:00 a.m.

LOCATION: By videoconference

PURPOSE

The purpose of this proceeding is to consider the application dated February 29, 2024 made by Leszek Dziadecki to review a decision of the Canadian Investment Regulatory Organization dated January 30, 2024.

The hearing set for the date and time indicated above is the first case management hearing in this proceeding, as described in subsection 17(6) of the *Capital Markets Tribunal Rules of Procedure*.

REPRESENTATION

Any party to the proceeding may be represented by a representative at the hearing.

FAILURE TO ATTEND

IF A PARTY DOES NOT ATTEND, THE HEARING MAY PROCEED IN THE PARTY'S ABSENCE AND THE PARTY WILL NOT BE ENTITLED TO ANY FURTHER NOTICE IN THE PROCEEDING.

FRENCH HEARING

This Notice of Hearing is also available in French on request of a party. Participation may be in either French or English. Participants must notify the Tribunal in writing as soon as possible if the participant is requesting a proceeding be conducted wholly or partly in French.

AVIS EN FRANÇAIS

L'avis d'audience est disponible en français sur demande d'une partie, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Tribunal par écrit dès que possible si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

Dated at Toronto this 22nd day of March, 2024.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

For more information

Please visit capitalmarketstribunal.ca or contact the Registrar at registrar@capitalmarketstribunal.ca.

IN THE MATTER OF
LESZEK DZIADECKI

APPLICATION
(For Hearing and Review of a Decision Under
Section 21.7 of the *Securities Act,* RSO 1990, c S.5)

A. ORDER SOUGHT

The Applicant, Leszek Dziadecki, request(s) that the Tribunal make the following order(s):

1. For hearing and review of a decision CIRO file #202230

B. GROUNDS

The grounds for the request and the reasons for seeking a hearing and review are:

2. I do not agree with the decision of CIRO because:

During my professional career as a Financial Advisor and Certified Financial Planner I have recommended to the clients many investment opportunities. These recommendations have been based on my opinion and I trusted they would be beneficial for the clients. If I was not licensed to offer recommended investments, I referred the clients to qualified professionals. According to CFP Rules of Conduct for CFP Professionals "a CFP Professional shall offer advice to clients only in those areas in which he or she is competent. In areas where the CFP professional is not competent, the CFP professional shall seek the counsel of, and/or refer clients to, qualified professionals". (CFP Rules of Conduct #12)

The accusations of selling syndicated mortgage investments to the clients are false. Oxford definition of selling is "to give something to somebody in exchange for money".

According to Investopedia, selling is "a transaction that involves an exchange of goods or services for money" and I have not received any compensation for these transactions.

Advantage Group was approved as an outside business activity with Global Maxfin Investments. The disclosure form always stated that "MORTGAGE – PROVIDED BY ANOTHER ASSOCIATE OF ADVANTAGE – NO MONETARY BENEFIT". My associates who had licenses to sell insurance products also owned licenses to sell mortgages or been a tax accountant, but that doesn't mean that I was selling these products or that I was having a monetary benefit as well. Investments that I had been licensed to sell were processed either through my office or Global Maxfin Investments.

Let's state the facts:

- I did not sell SMI to the clients.
- I did not sign any documents relating to the sale of SMI.
- I did not process any of those transactions.
- I did not receive any compensation.

I met Edward Tsang a long time ago and yes, I had previous business dealings with him which didn't end well for me and for which I paid a high price. When Edward Tsang approached me with Bionorth business opportunity, based on previous experiences I told Edward Tsang that I cannot be involved in selling Bionorth SMI. However, I told him that I can put him in front of mortgage brokers from my office and let them decide if it would be an interesting product for them to sell.

Previously when I delt with Edward Tsang, I unfortunately decided to sell convertible debentures of his company prior to the approval of GMII. The fundamental difference is that at that time I DID sell debentures, sign all documents, and receive commission for it. When I was questioned by the OSC, I agreed with the allegations instantly and fully cooperated with OSC.

This is clearly not the case with Bionorth SMI!

I have never SOLD it!

My CFP registration allowed me to recommend products or services which in my opinion were valuable to clients. If you want to judge me for that, then I probably broke that rule 50 times a year by recommending services of my trusted accountant, real estate agent, mortgage broker, car mechanic etc., without written approval of GMII.

I was fully aware that I was not allowed to sell SMIs, so I never did.

During my radio programs I was talking about various investment products, not necessarily offered by my company or GMII. When I was talking about Bionorth SMI I expressed my positive opinion simply because it was secured by first mortgage with very low loan to value ratio of 40%.

I have built the trust and reputation within clients for running my company Advantage Group of Finance Inc. for the last 30 years. That was the first time my recommendation failed. However, I should not be responsible for wrong business decisions made by the management of Bionorth.

I want to correct some facts:

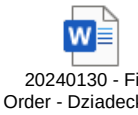
- I did not pray on the investors to have them invest in the Bionorth SMI or actively persuade them to do so,
- I did not say that the investment is 100% safe or guaranteed (I simply stated that is safer than other SMI because it is secured with first mortgage)
- I did not tell any of the clients I was leaving the Member
- I did not recommend clients to redeem mutual funds from their GMII accounts in order to invest in the Bionorth SMI. Clients who had accounts with ROI Capital (company moving out of Canada) received letters that Global Retirement Fund was closing, and money needs to be transfer somewhere else.

C. DOCUMENTS AND EVIDENCE

The Applicant intend(s) to rely on the following documents and evidence at the hearing:

3. Documentation:

(a) Final Order


20240130 - Final Order - Dziadecki(114

(b) Reason for decision (Motion)


MFDADOCS-#907127-v1-2023CIRO15_Re_D


MFDADOCS-#902925-v2-Dziadecki_Leszek


Responding Record of Staff.pdf

(c) Interim Orders


20230221 - Order Denying Adjournment


20230228 - Order Granting Adjournmen

(d) Reply to MFDA


20221116 - Reply - Dziadecki.pdf


Dziadecki-MFDA Notice of Hearing (00

(e) Submission of staff of CIRO


20230421 – Written Misconduct Submissio


Dziadecki - Written Sanction Submissions

(f) Hearing of the Merits


27Feb23 re Merits Leszek Dziakecki.pdf


28Feb23 re Merits Leszek Dziakecki.pdf


Mar23 re Leszek Dziadecki.pdf

DATED this 29 day of February, 2024.

Leszek Dziadecki
800 – 10 Kingsbridge Garden Cir.
Mississauga, On L5R 3K
905-206-9820; ext.225
Leszek.d@advantagegroup.org

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A.2
Other Notices

A.2.1 Mark Edward Valentine

FOR IMMEDIATE RELEASE
March 21, 2024

MARK EDWARD VALENTINE,
File No. 2022-7

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

A copy of the Reasons and Decision dated March 20, 2024 is available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

For Media Inquiries:

media_inquiries@osc.gov.on.ca

For General Inquiries:

1-877-785-1555 (Toll Free)
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A.2.2 Leszek Dziadecki et al.

FOR IMMEDIATE RELEASE
March 22, 2024

LESZEK DZIADECKI AND
CANADIAN INVESTMENT REGULATORY ORGANIZATION AND
ONTARIO SECURITIES COMMISSION,
File No. 2024-4

TORONTO – The Tribunal issued a Notice of Hearing to consider the application dated February 29, 2024 made by Leszek Dziadecki to review a decision of the Canadian Investment Regulatory Organization dated January 30, 2024.

A first case management hearing will be held on April 2, 2024 at 10:00 a.m. by videoconference.

Members of the public may observe the hearing by videoconference, by selecting the "Register to attend" link on the Tribunal's hearing schedule, at capitalmarketstribunal.ca/en/hearing-schedule.

A copy of the Notice of Hearing dated March 22, 2024 and the Application for Review dated February 29, 2024 are available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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A.2.3 Cormark Securities Inc. et al.

FOR IMMEDIATE RELEASE
March 26, 2024

CORMARK SECURITIES INC.,
WILLIAM JEFFREY KENNEDY,
MARC JUDAH BISTRICER, AND
SALINE INVESTMENTS LTD.,
File No. 2022-24

TORONTO – The following merits hearing dates have changed in the above-named matter:

(1) the previously scheduled day of March 27, 2024 will not be used for the merits hearing; and

(2) the hearing will continue on April 11, 12, 15, 16, 17 and 30, 2024, May 1, 2, 3, 21, 22, 28, 29, 30, and 31, 2024, and June 3, 4, 5, 6, 10, 11, 12, 13, and 14, 2024 at 10:00 a.m. on each day.

The hearing will be held at the offices of the Tribunal at 20 Queen Street West, 17th floor, Toronto. Members of the public may observe the hearing by videoconference, by selecting the "Register to attend" link on the Tribunal's hearing schedule, at capitalmarketstribunal.ca/en/hearing-schedule.

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Ontario Securities Commission

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A.2.4 Phemex Limited and Phemex Technology Pte. Ltd.

FOR IMMEDIATE RELEASE
March 26, 2024

PHEMEX LIMITED AND
PHEMEX TECHNOLOGY PTE. LTD.,
File No. 2023-22

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

A copy of the Order dated March 26, 2024 is available at capitalmarketstribunal.ca.

Members of the public may observe the hearing by videoconference, by selecting the "Register to attend" link on the Tribunal's hearing schedule, at capitalmarketstribunal.ca/en/hearing-schedule.

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Ontario Securities Commission

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A.2.5 Xiao Hua (Edward) Gong

FOR IMMEDIATE RELEASE
March 26, 2024

XIAO HUA (EDWARD) GONG,
File No. 2022-14

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

A copy of the Order dated March 26, 2024 is available at capitalmarketstribunal.ca.

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Ontario Securities Commission

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For General Inquiries:

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inquiries@osc.gov.on.ca

A.2.6 Kallo Inc. et al.

FOR IMMEDIATE RELEASE
March 26, 2024

KALLO INC.,
JOHN CECIL AND
SAMUEL PYO,
File No. 2023-12

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

A copy of the Order dated March 26, 2024 is available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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For General Inquiries:

1-877-785-1555 (Toll Free)
inquiries@osc.gov.on.ca

A.2.7 Fawad Ul Haq Khan carrying on business as Forex Plus

FOR IMMEDIATE RELEASE
March 26, 2024

FAWAD UL HAQ KHAN
carrying on business as
FOREX PLUS,
File No. 2024-6

TORONTO – The first case management hearing in the above-named matter scheduled to be heard on March 26, 2024 at 10:00 a.m. was adjourned due to technology issues.

The first case management hearing will be rescheduled on a date to be determined.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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A.3
Orders

A.3.1 Phemex Limited and Phemex Technology Pte. Ltd.

IN THE MATTER OF
PHEMEX LIMITED AND
PHEMEX TECHNOLOGY PTE. LTD.

File No. 2023-22

Adjudicator: Cathy Singer

March 26, 2024

ORDER

WHEREAS on March 25, 2024, the Capital Markets Tribunal held a hearing by videoconference;

ON HEARING the submissions of the representatives for the Ontario Securities Commission (the **Commission**) and for the respondents, and on considering that the parties consent to the making of this order;

IT IS ORDERED THAT:

1. by no later than 4:30 p.m. on April 8, 2024, the respondents shall serve on the Commission a further and better summary of the expected evidence of Jifeng Ye (**Ye**) that complies with the requirements of Rule 28(3) of the Tribunal's Rules of Procedure and Forms, which witness summary shall include:

    a. for each of the topic areas the respondents list in the witness summary dated February 28, 2024, the substance of Ye's expected evidence; and

    b. the identification of the specific documents Ye is expected to refer to in his evidence;

2. the Commission shall serve and file a final sworn version of the affidavit of Cosmin Cazan by 4:30 p.m. on September 23, 2024;

3. the respondents shall serve and file a final sworn version of the affidavit of Ye by 4:30 p.m. on September 23, 2024;

4. each party shall serve the other party with a book of documents containing copies of the documents, and identifying the other things, that the party intends to produce or enter as evidence at the merits hearing, by 4:30 p.m. on August 20, 2024;

5. each party shall advise all other parties of any issues about the authenticity or admissibility of documents contained in the books of documents by 4:30 p.m. on August 27, 2024;

6. each party shall provide to the Registrar a completed copy of the Hearing Participant Checklist by 4:30 p.m. on August 27, 2024;

7. a further attendance in this matter is scheduled for September 4, 2024 at 10:00 a.m., by videoconference, or on such other date and time as may be agreed to by the parties and set by the Governance & Tribunal Secretariat; and

8. the merits hearing shall take place on October 7, 2024 at 10:00 a.m., at the Capital Markets Tribunal located at 20 Queen Street West, 17th Floor, Toronto, Ontario, and continue on October 8, 9 and 10, 2024, commencing at 10:00 a.m. on each day, or on such other dates and times as may be agreed to by the parties and set by the Governance & Tribunal Secretariat.

"Cathy Singer"

A.3.2 Xiao Hua (Edward) Gong

IN THE MATTER OF
XIAO HUA (EDWARD) GONG

File No. 2022-14

Adjudicator: Russell Juriansz

March 26, 2024

ORDER

WHEREAS on March 19, 2024, the Capital Markets Tribunal held a hearing by videoconference to schedule the hearing of a motion by the respondent Xiao Hua (Edward) Gong for a permanent stay of the proceeding;

ON HEARING the submissions of the representatives of the Ontario Securities Commission (the **Commission**) and of the respondent;

IT IS ORDERED THAT:

1. the motion is scheduled for October 15 and 16, 2024 at 10:00 a.m., at the Capital Markets Tribunal located at 20 Queen Street West, 17th Floor, Toronto, Ontario, or on such other date or time as may be agreed to by the parties and set by the Governance & Tribunal Secretariat;

2. the parties shall adhere to the following timeline for the delivery of materials for the motion:

    a. by 4:30 p.m. on June 20, 2024, the Commission shall serve and file any responding materials;

    b. by 4:30 p.m. on August 1, 2024, Gong shall serve and file his written submissions;

    c. by 4:30 p.m. on September 19, 2024, the Commission shall serve and file its responding written submissions; and

    d. by 4:30 p.m. on September 26, 2024, Gong shall serve and file his reply written submissions.

"Russell Juriansz"

A.3.3 Kallo Inc. et al.

IN THE MATTER OF
KALLO INC.,
JOHN CECIL AND
SAMUEL PYO

File No. 2023-12

Adjudicator: James Douglas

March 26, 2024

ORDER

WHEREAS on March 21, 2024, the Capital Markets Tribunal held a hearing by videoconference;

ON HEARING the submissions of the representatives of the Ontario Securities Commission (the **Commission**) and for the respondents;

IT IS ORDERED THAT:

1. Pyo's motion to strike the statement of allegations and dismiss the proceeding against him (the **Motion to Strike**) is scheduled for April 25, 2024 at 10:00 a.m., at the Capital Markets Tribunal located at 20 Queen Street West, 17th Floor, Toronto, Ontario, or on such other date or time as may be agreed to by the parties and set by the Governance & Tribunal Secretariat;

2. the parties shall adhere to the following timeline for the delivery of materials for the Motion to Strike:

    a. by 4:30 p.m. on April 8, 2024, Pyo shall serve and file his submissions;

    b. by 4:30 p.m. on April 15, 2024, the Commission shall serve and file its responding motion record, if any;

    c. by 4:30 p.m. on April 17, 2024, the Commission shall serve and file its responding submissions;

    d. by 4:30 p.m. on April 19, 2024, the parties shall complete cross-examinations, if necessary; and

    e. by 4:30 p.m. on April 23, 2024, Pyo shall serve and file reply submissions, if any;

3. the Commission's motion for further and better witness summaries, filed on January 17, 2024 shall continue on April 25, 2024 at 10:00 a.m., at the Capital Markets Tribunal located at 20 Queen Street West, 17th Floor, Toronto, Ontario, or on such other date or time as may be agreed to by the parties and set by the Governance & Tribunal Secretariat;

4. the parties shall deliver any expert reports in accordance with the following schedule:

    a. the respondents shall serve their expert report(s), if any, on every other party by 4:30 p.m. on July 15, 2024;

    b. the Commission shall serve their responding expert report(s), if any, on every other party by 4:30 p.m. on September 13, 2024;

5. the Commission shall serve on the respondents by 4:30 p.m. on May 31, 2024, a sworn version of an affidavit of its witness Bruce Meng; and shall serve and file a further or supplementary sworn version of Meng's affidavit by 4:30 p.m. on September 13, 2024;

6. the Commission shall serve and file final sworn versions of the affidavits of Anna Dunaevsky and Ria Sharma by 4:30 p.m. on September 13, 2024;

7. each party shall serve the other parties with a book of documents containing copies of the documents, and identifying the other things, that the party intends to produce or enter as evidence at the merits hearing, by 4:30 p.m. on August 14, 2024;

8. each party shall advise all other parties of any issues about the authenticity or admissibility of documents contained in the books of documents by 4:30 p.m. on August 23, 2024;

9. each party shall provide to the Registrar a completed copy of the Hearing Participant Checklist by 4:30 p.m. on August 23, 2024;

10. a further attendance in this matter is scheduled for August 29, 2024 at 10:00 a.m., by videoconference, or on such other date and time as may be agreed to by the parties and set by the Governance & Tribunal Secretariat; and

11. the merits hearing shall commence on October 8, 2024 at 10:00 a.m., at the Capital Markets Tribunal located at 20 Queen Street West, 17th Floor, Toronto, Ontario, and continue on October 9, 10, 22, 23, 24, 29, 30, and 31, 2024, November 28, and 29, 2024, and December 2, 3, 12, 13, 16, 17, and 18, 2024, starting at 10:00 a.m. on each day, or on such other dates and times as may be agreed to by the parties and set by the Governance & Tribunal Secretariat.

"James Douglas"

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A.4
Reasons and Decisions

A.4.1 Mark Edward Valentine – s. 127(1)

Citation: *Valentine (Re)*, 2024 ONCMT 11
Date: 2024-03-20
File No. 2022-7

IN THE MATTER OF
MARK EDWARD VALENTINE

REASONS AND DECISION
(Subsection 127(1) of the *Securities Act*, RSO 1990, c S.5)

Adjudicators:	Cathy Singer (chair of the panel) Dale R. Ponder Geoffrey D. Creighton	
Hearing:	By videoconference, September 29, October 2, 3, 4, 10, 12 and December 21, 2023	
Appearances:	Andrew Faith Ryan Lapensee Sean Grouhi	For Staff of the Ontario Securities Commission
	Janice Wright Greg Temelini	For Mark Edward Valentine

REASONS AND DECISION

1. OVERVIEW

[1] In 2004, Mark Edward Valentine was banned by the Ontario Securities Commission from participating in Ontario's capital markets. Valentine was permanently banned from acting as a director or officer of an issuer (the **D&O Ban**) and banned from trading in securities for 15 years (the **Trading Ban**).

[2] Staff of the Commission alleges that Valentine breached these bans by:

a. acting as a director and officer of many Ontario corporations;

b. participating in the sale of over 5 million shares in a corporation called Flyp Technologies Inc. (the **Flyp Sale**); and

c. participating in several "Stock Secured Financings" or "Equity Loans";

and as a result, violated Ontario securities law.

[3] Valentine admits to the first two allegations and disputes the third.

[4] Staff also alleges that by engaging in the above conduct, Valentine engaged in conduct contrary to the public interest.

[5] For the reasons set out below, we find that Valentine:

a. breached the D&O Ban by acting as a director and/or officer of 38 Ontario corporations;

b. breached the Trading Ban by participating in the Flyp Sale; and

c. breached the Trading Ban by participating in Stock Secured Financings.

2. BACKGROUND

[6] Valentine is an Ontario resident with extensive experience in Ontario's capital markets. Valentine was a director, Chairman and the largest shareholder of the now defunct Thomson Kernaghan & Co. Ltd (**TK**).

[7] In 2002, following an internal investigation into its trading activity while under Valentine's stewardship, TK found that the "propriety of certain trades" was "questionable", that Valentine had "failed to provide any documents to support still other trades", and that an entire series of trades had no supportable rationale. TK took disciplinary action against Valentine and the firm subsequently declared bankruptcy.

[8] On December 16, 2004, Valentine entered into a settlement agreement with Staff of the Commission based on his breaches of Ontario securities law. On December 23, 2004, the Commission issued an order against Valentine imposing the following terms:

a. Valentine shall "resign all positions that he holds as a director or officer of an issuer";

b. Valentine is "permanently prohibited from becoming or acting as a director or officer of any issuer" (a. and b. collectively being the D&O Ban); and

c. the exemptions in Ontario securities law shall not apply to Valentine, and he shall "cease trading in securities for a period of 15 years", with limited carve-outs for personal trading of securities on defined exchanges (the Trading Ban).

[9] In 2020, Staff started an investigation into Valentine for potential breaches of the above settlement order and subsequently commenced this enforcement proceeding against Valentine in March 2022.

3. EVIDENCE AT THE MERITS HEARING

[10] Staff called three witnesses at the merits hearing in this proceeding:

a. Michael Ho, a senior forensic accountant in the Enforcement Branch of the Commission;

b. a former employee of Valentine (**AP**); and

c. a former business associate and friend of Valentine (**SP**).

[11] Part way through the hearing, the parties also jointly filed an agreed statement of facts for a fourth witness, a business associate and friend of Valentine (**MS**), which was marked as an exhibit at the hearing on consent.

[12] Though he made several admissions at the merits hearing, Valentine did not testify, and Staff filed transcript excerpts of his compelled interview with Staff.

4. ANALYSIS

4.1 Allegation #1 – Valentine breached the D&O Ban

4.1.1 Nature of the breach

[13] Valentine admits that he breached the D&O Ban. He does not, however, admit to any of the facts relating to that breach as set out in the Statement of Allegations. Therefore, Staff was required to prove this allegation with evidence.

[14] We are satisfied that Staff met its burden and find that Valentine breached the D&O Ban.

[15] Staff led its evidence of this breach through Ho's testimony. He detailed 38 corporations of which Valentine remained, or became, a director and/or officer over the period beginning on the date of the D&O Ban in 2004, up to the date this merits hearing began. Ho was cross-examined at some length to establish the "context of the breach" in respect of the specific corporations.

[16] In summary, Valentine was a director and officer of two corporations as of the date of the D&O Ban and failed to resign from those roles. Thereafter, over subsequent years, he became a director and/or officer of 36 corporations for various periods of time and continued to hold several of those roles up to the date this merits hearing began.

[17] Ho's evidence, together with the evidence that Staff read in from Valentine's compelled interview, established that the 38 corporations had a variety of purposes and degrees of activity. Some were largely inactive, and some were active. Some existed primarily to hold certain assets (such as an airplane, or pieces of real estate) and others were used in various business activities undertaken by Valentine.

[18] All of the corporations in issue were incorporated in Ontario. None of them were reporting issuers.

[19] Ho testified that his review of banking records disclosed that 13 of the corporations in issue had significant banking activity, which he defined as at least one transaction of $100,000 or more, or at least 10 transactions in a month for three different months in the period he reviewed.

[20] Two of the 13 corporations are notable due to the sheer size of transactions in their bank accounts: Thalerventures Ltd. (**Thalerventures**) and Pinnacle Global Partners Ltd. (**PGP**).

[21] Thalerventures was in the venture capital business. AP, Valentine's former employee, testified that the corporation had employees and an office in Toronto. Its banking activity was more significant than many of the corporations about which we heard testimony. For example, in 2015, it received a single transfer into its bank account of over $2 million. In 2015 and 2016, millions of dollars flowed through its bank accounts. Much of this financial activity related to the "stock secured financing" or "equity loan" transactions that are the subject of the third allegation in this proceeding.

[22] Similarly, PGP received in excess of US$11 million in 2015 and 2016. The parties dispute what those amounts were for, but it is enough to note the substantial dollar amount involved for purposes of fleshing out the context of the breach of the D&O Ban.

4.1.2 Application of the limitation period in s. 129.1 of the *Act*

[23] Valentine took the position, in respect of three of the 38 corporations, that this proceeding is statute-barred by the six-year limitation period in s. 129.1 of the *Securities Act* (the ***Act***).[1] He notes that his resignations from director and/or officer positions at Boomphones Inc., Lucky Air Ltd. And Premier Selling Technologies Inc. all occurred more than six years before the start of this proceeding.

[24] If the Statement of Allegations had laid out 38 separate alleged breaches of the D&O Ban, this submission might have had some weight. However, that is not what the Statement of Allegations does. It contains a single allegation in this regard, that "by remaining a director and officer of approximately two Ontario corporations and becoming a director or officer of approximately 36 Ontario corporations…Valentine breached the D&O Ban".

[25] The breach that is alleged is a single continuing course of conduct comprised of a series of contraventions from the moment the D&O Ban was issued until the date this proceeding was commenced (and which, in fact, continued up to the date this merits hearing began).

[26] Section 129.1 provides that no proceeding under the *Act* shall be commenced "later than six years from the date of the occurrence of the last event on which the proceeding is based." Staff submits that *Heidary (Re)* clarifies that this refers to the last event in the series of events which form the alleged course of conduct.[2] *Boyle (Re),* in turn, notes that a "course of conduct" includes three elements:

a. a pattern of conduct comprised of a series of acts;

b. over a period of time; and

c. evidencing a continuity of purpose.

A "continuity of purpose" requires that the subsequent acts be similar to the original act and in line with a person's original intent.[3]

[27] Staff argues, and we agree, that Valentine showed a pattern of conduct of acting as a director and/or officer of various Ontario corporations despite the D&O Ban. His conduct occurred over a period of time. The evidence also showed a "continuity of purpose" in that incorporating and managing the affairs of Ontario issuers was an integral part of Valentine's business activities throughout the period from the date of the D&O Ban to the date this proceeding was commenced, and beyond.

[28] In light of these findings, it is of no consequence that, for three out of 38 corporations, Valentine ceased to be a director or officer more than six years before the proceeding was commenced. The breach alleged in the Statement of Allegations has been established by the course of conduct, over a period of time, involving at one time or another each and every one of the 38 corporations.

1 RSO 1990, c S.5
2 (2000) 23 OCSB 959 at para 22
3 2006 ONSEC 5 at para 48

4.1.3 Effect of Valentine's admission of the breach of the D&O Ban

[29] As noted above, because of Valentine's limited admission of the breach but not the underlying facts, Staff was required to lead evidence in respect of Valentine's impugned course of conduct.

[30] Valentine submits that the reason for the bare admission of the breach, but not the underlying facts, was that it was necessary to understand "the nature of the breach or the context of the breach in respect of the specific corporations that are in issue".

[31] When pressed, Valentine conceded that "there is going to be a mingling of facts germane to merits and facts germane to sanctions".

[32] As a result, Staff spent considerable time leading evidence to establish the activities of the corporations involved, their banking records, and the various activities in which they engaged.

[33] In closing submissions, however, Valentine urged the panel simply to find the admitted breach of the D&O Ban, and to go no further into the issue. Valentine submits that the evidence which Staff led as to the level of activity of the corporations, their banking records, and so forth is irrelevant in the merits stage. It can only have relevance to sanctions and this panel ought not to make findings only relevant to sanctions.

[34] We disagree. Merits panels, in the course of making findings as to the nature and extent of a respondent's conduct, will often make findings that are relevant to the subsequent sanctions phase. Indeed, in the ordinary course, sanctions panels typically ground their decisions on the factual findings of the merits panel without the need for extensive evidence at the sanctions stage.

[35] In this case, Valentine's decision not to admit any facts in the Statement of Allegations was explained by the desire to have the nature of the breach and the context of the breach put into evidence. That was done, and that is what our reasons are based upon. That there may be an intermingling of facts germane to merits and facts germane to sanctions is an expected and unremarkable result.

4.1.4 Valentine's understanding of the D&O Ban

[36] Valentine also asserts that he has adduced mitigating evidence of his now admittedly incorrect interpretation of the D&O Ban. Staff counters that Valentine has adduced no direct evidence at all. Valentine chose not to testify and called no witnesses. All the evidence relied upon by Valentine was adduced in cross-examination of Staff's witnesses, or is based on exhibits introduced by Staff. Staff urges us to give no weight to self-serving hearsay statements allegedly made by Valentine to Ho, adduced through Ho's cross-examination.

[37] Generally, admissions against a party's interest should carry considerable weight. By contrast, self-serving statements by a party – especially as to matters such as intention or state of mind – should be approached with healthy skepticism. In this case, Valentine has declined to testify (as he is entitled to do), and in so doing has denied Staff the opportunity to cross-examine him on his understanding of the D&O Ban, and the source, plausibility and reasonableness of that understanding. The panel has not had the opportunity to assess Valentine's credibility as a witness. In these circumstances we give no weight to hearsay statements by Valentine concerning his misunderstanding of the D&O Ban.

4.1.5 Conclusion

[38] Based on the above, we are satisfied that Valentine breached the D&O Ban.

4.2 Allegation #2 – Valentine breached the Trading Ban by participating in the "Flyp Sale"

[39] Staff alleges that Valentine breached the Trading Ban by facilitating a transaction, described below, and referred to by the parties as the "Flyp Sale".

[40] Valentine admits that he breached the Trading Ban through his involvement in the Flyp Sale. However, just as with the first allegation, he did not initially admit any of the facts with respect to the Flyp Sale in the Statement of Allegations. Staff was again required to prove this allegation with evidence. We are satisfied that Staff met its burden and find that Valentine breached the Trading Ban.

[41] The Flyp Sale related to a sale of shareholdings in an Ontario corporation, Flyp Technologies Inc. (**Flyp**), for proceeds of approximately US$1.3 million. Despite that simple summary, Valentine's involvement in the transaction was somewhat convoluted, and he played an integral role in its completion.

4.2.1 Evidence relating to the "Flyp Sale"

[42] In the course of the hearing, the parties reached an agreement on one paragraph in the Statement of Allegations, and filed an Agreed Statement of Facts in respect of one of Staff's witnesses, MS.

[43] MS, a business associate and friend of Valentine, owned a British Virgin Islands corporation, Pecunia Holdings Limited (**Pecunia BVI**). It held shares in Flyp. In 2018, Flyp became involved in a financing transaction with a third party, and as a result, several existing shareholders of Flyp agreed to sell their shareholdings. Pecunia BVI was shown on the share register as one of those shareholders. However, by 2018 Pecunia BVI had been dissolved and no longer existed. This was a problem for MS, who asked Valentine to assist him in the sale of the Flyp shares.

[44] MS relied upon Valentine as an "agent" and "consultant" for the transaction. At MS's request, Valentine created a new Ontario corporation with an identical corporate name to Pecunia BVI – Pecunia Holdings Limited (**Pecunia Ontario**). Valentine became Pecunia Ontario's sole director and officer.

[45] In that capacity, Valentine signed a Secondary Sale Share Purchase Agreement dated April 5, 2018, pursuant to which Pecunia Ontario purported to sell the 5,932,410 Flyp shares shown on Flyp's books as owned by Pecunia BVI, for US$1,364,454.30.

[46] Valentine also signed a Resolution of the Board of Directors and Shareholders, a Resolution of the Shareholders, a Waiver of Right of First Refusal, and a Release re the Secondary Sale Share Purchase Agreement.

[47] The proceeds of the sale, net of escrow and transaction fees, were approximately US$1.18 million. This amount was paid into Pecunia Ontario's US$ bank account on April 11, 2018. Thereafter, from April 16 through May 14, 2018, Pecunia Ontario transferred to Thalerventures and Dupont Family Office Ltd. (**Dupont**) about US$661,447 and US$178,390, respectively, for a total of US$839,837. These funds were some of the proceeds of the Flyp Sale.

[48] Valentine was president, secretary, treasurer and a director of Thalerventures. He was a director and 50% shareholder of Dupont. In his compelled interview, Valentine could not explain why these amounts were sent to Thalerventures and Dupont, and stated he "does not remember the purpose of the transfers".

[49] Ultimately, the proceeds of the Flyp Sale appear to have been distributed to MS and another individual who claimed entitlement. Staff did not allege, and did not attempt to establish, that Valentine received any compensation for his services in respect of the Flyp Sale.

4.2.2 Conclusion

[50] Staff alleges, and we find, that Valentine's involvement in the Flyp Sale was more than a casual favour to a friend. The motivation of Valentine throughout his participation in the Flyp Sale is not clear. What is clear is that he took an integral role in the sale of the Flyp shares, acting in furtherance of the trade, and thereby breached the Trading Ban.

[51] As with the breach of the D&O Ban, we give no weight to self-serving hearsay statements made by Valentine to Ho and adduced through Ho's cross-examination.

[52] Based on the above, we are satisfied that Valentine breached the Trading Ban by participating in the Flyp Sale.

4.3 Allegation #3 – Valentine breached the Trading Ban by participating in "Stock Secured Financings"

[53] Staff alleges that Valentine also breached the Trading Ban by committing acts in furtherance of trades in the context of several transactions, referred to as "Stock Secured Financings" or "Equity Loans". We will refer to these transactions as the "Stock Secured Financings".

[54] As will become clear, the Stock Secured Financings were arrangements involving parties and transactions in various foreign jurisdictions. The allegations against Valentine, however, relate to his activities, and funds received, in Ontario. The allegations do not put in issue the propriety of any of the transactions themselves or the conduct of other parties under their local, or Ontario, laws. The allegations relate strictly to whether Valentine breached the Ontario Trading Ban. Neither Staff nor Valentine raised any issue concerning the offshore nature of some aspects of the transactions.

[55] Unlike the first two allegations, Valentine does not admit to this breach, nor did the parties reach any agreement on any of the alleged facts in the Statement of Allegations. Staff accordingly introduced evidence to establish the breach. In written closing submissions after the conclusion of the evidence, Valentine for the first time admitted and agreed to a number of facts alleged in the Statement of Allegations.

[56] We conclude that Valentine breached the Trading Ban through his involvement in the Stock Secured Financings for the following reasons.

4.3.1 The structure of, and parties to, the Stock Secured Financings

[57] Though the parties varied, the Stock Secured Financings shared a general structure. An international lender would enter into an agreement with a borrower in Hong Kong. The borrower would pledge publicly-listed Hong Kong securities to the lender. The lenders themselves received funding from other international persons or entities.

[58] The borrowers were identified by an intermediary known as Great Wealth Asia (**Great Wealth**). The lenders to the borrowers were corporations known as Jendens Equity Finance Limited (**Jendens**) and Bretonnia Capital Corp. Ltd. (**Bretonnia**). Jendens and Bretonnia obtained their own funding from sources that included Pinnacle Global Partners I Fund Ltd. (**PGP Fund**), and a United Kingdom entity referred to in the evidence as GPP (the **UK Financier)**. The principal of Jendens and PGP Fund was an individual we will refer to as SH.

[59] Valentine sat in the middle as an intermediary between PGP Fund and the UK Financier, on the one hand, and Great Wealth and the borrowers on the other.

[60] SP, a former business associate and friend of Valentine, was called as a witness by Staff. He was the only witness with direct involvement in these financings.

[61] SP testified that he acted as a consultant to Great Wealth. His role was to try to find lenders to fund borrowers sourced by Great Wealth. To do so, he would often approach Valentine, whom he testified "seemed to have the best handle on who would finance these types of things".

[62] Valentine gave similar evidence about his role in his compelled interview. He indicated he introduced SH to the principals of Great Wealth "for the purpose of financing and trading in stocks with respect to Asian equity loans". As will be described below, Valentine received compensation from Great Wealth for these introduction services.

[63] When asked what else he did in respect of the potential loans he would take to SH to consider funding, Valentine stated in his compelled interview that he would introduce his analysis of the corporation (meaning the Hong Kong corporations whose shares were being proposed to be pledged in return for loans). He described this as follows: "It would strictly be on the valuation, financial analysis, in terms of where the true potential value was".

[64] As summarized in the Statement of Allegations and admitted by Valentine in his written closing submissions, Valentine's roles in the Stock Secured Financings included sourcing financing from parties including PGP Fund and the UK Financier, analyzing pledged equities and assessing the parameters of the loans for the providers of funds, and facilitating communication among the parties.

4.3.2 How the Stock Secured Financings operated in practice

[65] It is clear from the evidence that all the intermediaries and funding sources involved in the Stock Secured Financings (and perhaps many of the borrowers as well) anticipated that the loans would be satisfied by the sale of the pledged Hong Kong listed securities.

[66] SP, who represented Great Wealth on behalf of the borrowers, noted his understanding that the loans were "non-recourse". That meant the borrowers could "walk away whenever they want for whatever reasons they want". He indicated that the borrowers found this attractive.

[67] The parties funding the loans, ultimately PGP Fund and the UK Financier, understood that as well, and demonstrated it in their conduct.

[68] Two documents, a "Deal Summary" generated by Great Wealth, and a "Sales Spreadsheet", prepared by or for the UK Financier, summarize a number of the Stock Secured Financings and their administration.

[69] The Deal Summary sets out 16 different transactions. According to SP, Valentine was involved in most of those transactions. The document summarizes the transactions by reference not to the borrower, but to the ticker symbol of the pledged stock involved.

[70] The Deal Summary reveals that as of June 6, 2018, of the 16 transactions listed, all were in default. Of those, 11 had defaulted before the borrower ever made a single payment.

[71] This can be read in conjunction with the Sales Spreadsheet, dated March 2, 2016. Prepared by or for the UK Financier, it corresponds to six of the transactions listed in the Deal Summary, recording the sales of pledged shares. It was provided to Valentine by email from the UK Financier and sent on by him to SP. The email was entitled "Trades".

[72] The Sales Spreadsheet is identified not by borrower but by ticker symbol. It contains columns recording trade dates of the pledged shares, gross and net proceeds. At the bottom, the status for each stock is summarized in categories: "Bought", meaning the number of shares pledged, to which is ascribed the total amount advanced; "Sold", meaning the

net proceeds of sale of the pledged shares; "Remaining", which notes whether any shares remain unsold; and finally, "Profit".

[73] In his compelled interview, Valentine explained his understanding that the "profit" on these transactions was "in essence…the net spread available after costs and agents from acquisition, disposition and funding". He confirmed that the "acquisition" and "disposition" referred to the pledged shares.

[74] Commenting on the Sales Spreadsheet, when asked why certain shares were being sold, Valentine explained "the lender would lend money with the understanding that they were going to be selling shares to pay down the loan". When then asked "are there other ways for the borrower to pay down the loan? Was it only in a default event where shares that were pledged were sold, or were there other circumstances that the shares can be sold?", Valentine replied "No, the shares could be sold at any time as per the lender's instructions".

[75] Far from being an unusual event, it is clear from the evidence that the expectation of Valentine, and those providing funding, was that the shares pledged under the Stock Secured Financings were being "acquired" and "disposed" of, to generate a profit.

4.3.3 Valentine's role and compensation

4.3.3.a Valentine's role

[76] As now admitted by Valentine, his roles in the Stock Secured Financings included sourcing financing from parties including PGP Fund and the UK Financier; analyzing pledged equities and assessing the parameters of the loans for the providers of funds; and facilitating communication among the parties.

[77] In his compelled interview, Valentine described his analysis role as something he provided to the potential lenders as they considered a possible loan. "It would strictly be on the valuation, financial analysis, in terms of where the potential value was, if there were any research reports outstanding, to try and gather those reports and to understand if there was any institutional ownership in the underlying company." He confirmed he was analyzing the corporations of which shares were proposed to be pledged, not the proposed borrowers.

[78] His role, as Valentine described it, is entirely consistent with his understanding of the transactions (an understanding that he shared with the financiers): that the lender would be lending in the expectation that it was effectively acquiring the pledged shares for resale, to make a profit.

4.3.3.b Valentine's compensation

[79] Valentine received compensation for his involvement in the Stock Secured Financings. It was received through Thalerventures, and a new Ontario corporation he set up for the purpose of these transactions, called PGP.

[80] Valentine received compensation from Great Wealth, on the borrowers' side, and from PGP Fund on the lenders' side. At the time of his compelled interview, Valentine did not recall the details of his compensation in terms of the amounts paid to him or how it was structured.

[81] He did recall, however, that he was compensated by the lenders based on "a portion of the profitability of the transactions" (which he understood as the "net spread available after costs and agents, from acquisition, disposition and funding"). It was Valentine's expectation, and the fact, that he would be paid compensation if, as and when the lenders traded pledged shares for a profit. At no point did he, nor did any of evidence before us, suggest that his compensation was in any way tied to the interest received or fees paid in respect of the loan itself.

[82] He stated that he generally received a percentage amount of the profit, which he estimated to be in the range of 25% to 35%. He stressed, however, that there was no contractual obligation on which his compensation was based: it was "a fluid number", "not a fixed cost percentage". He stated it was "verbal for everybody". Accordingly, there was no documentary record of the basis or quantum of his compensation. He received compensation both from the financier side, and sometimes from Great Wealth as well.

[83] Valentine stated that he had little memory of the amounts he received as compensation from either PGP Fund or Great Wealth. In each case, when questioned, he was only willing to narrow it down to something greater than $1 million but less than $10 million.

[84] Staff led evidence of banking records of Thalerventures and PGP, Valentine's corporations, which showed receipt of funds from Great Wealth, and from PGP Fund. The evidence shows that Great Wealth paid $3,257,639.75 and US$807,696.00 to Valentine's corporations. Valentine did not challenge these amounts and confirmed that all amounts received from Great Wealth were related to the Stock Secured Financings.

[85] The banking records also show that Valentine's corporation, PGP, over the period of the Stock Secured Financings, received transfers from PGP Fund in the amount of US$11,294,805.00. Valentine disputes that all of this relates to Stock Secured Financings. He has conceded that four of the transfers, totaling US$2,549,940, were in respect of fees paid on those transactions, but challenges the rest.

[86] Valentine submits that the allegation that the full US$11,294,805 relates to Stock Secured Financings is "contrary to the Statement of Allegations". We disagree. The Statement of Allegations clearly alleges receipt by PGP of that precise amount, and notes the descriptions accompanying the transfers. It then states that "at least four" of the transfers, being those already conceded by Valentine at that point, were in respect of the loans. The amounts received, up to the US$11,294,805, were clearly in issue as a matter to be addressed by evidence.

[87] The payments from PGP Fund to PGP were affected by wire transfers, each of which included "details" inserted by the payor. There were 13 transfers over the period from December 2015 to December 2016, a period which corresponds to most of the Stock Secured Financings. The "details" in each case reference a specific Hong Kong listed security, by ticker number. All of those ticker numbers correspond to loans shown on the Deal Summary referred to above (with one exception, which was one of the payments Valentine conceded was related to the loans).

[88] The "details" are all some variant of "Acquisition of Stock HK[number]", "Purchase of HK[number]", "Funds Required for Purchase of HK[number] Security", or "Brokerage Fees Acquisition HK[number]". The four transfers conceded by Valentine comprise three referencing an acquisition and one referencing brokerage fees.

[89] These details were inserted by PGP Fund, a third party, and there is no evidence to question their accuracy. They are consistent with Valentine's description of the Stock Secured Financings as involving the acquisition and disposition of the Hong Kong stocks. They share the same ticker numbers as the Deal Summary and relate to the same time period.

[90] In response to undertakings given during his compelled interview, Valentine disavowed the "details" and gave his alternative description of what the transfers related to. In most cases, though, his notation is simply "fees" or "fees with a performance clause" – and these are descriptions which applied equally to those amounts he conceded were in respect of payments for his role in Stock Secured Financings.

[91] The only exception is two transfers, in the amounts of US$1,013,985.00 and US$1,149,985.00, which he indicated were forwarded by PGP Fund as payment for the "purchase of real estate on 121 Scollard Avenue (back parking lot) from Terranatta". In further answers to undertakings, to provide back up for this stated use of the funds, Valentine referenced two cheques payable to Terranatta Corp in the aggregate amount of US$1,370,000, which is less than the aggregate of the two transfers in issue.

[92] Based on the evidence, we conclude that the transfers from PGP Fund to PGP, detailed in the banking records and summary tendered in evidence by Staff, were compensation paid to Valentine in respect of his involvement in the Stock Secured Financings. The only exception is the US$1,370,000 which Valentine asserts was for the purpose of purchasing property for PGP Fund.

[93] In the result, we conclude that Valentine received, in total, at least $3,257,639.75 and US$807,696.00 from Great Wealth, and US$9,924,805 from PGP Fund in respect of payments for his services in the Stock Secured Financings.

4.3.4 Did Valentine act "in furtherance of a trade"?

[94] We have described the structure of the Stock Secured Financings, how they operated in practice, Valentine's roles in them and his compensation for those roles. That leaves the question whether his involvement in those transactions was a breach of the Trading Ban. The answer depends on whether or not he acted "in furtherance of a trade". That in turn requires an analysis of both whether the transactions involved a "trade", and if his conduct was "in furtherance of" those trades.

4.3.4.a Was there a "trade"?

[95] The definition of "trade" or "trading" in the *Act* is broad. It is defined, inclusively, in several detailed subsections. The first subsection includes "any sale or disposition of a security for valuable consideration…but does not include a purchase of a security, or, except as provided by clause (d), a transfer, pledge or encumbrance of securities for the purpose of giving collateral for a debt made in good faith".[4]

[96] Valentine relies upon the second portion of the definition, which carves out pledges for giving collateral for a debt made in good faith. In Valentine's submission, that carve-out in the definition provides a safe harbour for the Stock Secured

[4] *Act*, s 1(1)(a)

Financings. He submits that "the language in the definition of 'trade' expressly limits its ambit so as not to catch secured lending agreements".

[97] In Valentine's submission, the carve-out in the definition extends to those transactions necessary to administer, and indeed contemplated in, the loan agreements themselves: namely, the issuance of the loan agreement itself, the pledge of securities to the lender, and the potential sale by the lender of pledged securities to satisfy indebtedness.

[98] As support, Valentine cites *Taylor v OSC*.[5] In *Taylor,* the Divisional Court considered an appeal from a Tribunal decision that determined that an issue of promissory notes was not a "good faith loan", but rather, a scheme to sell shares "in the guise of a loan". As a result, the Tribunal found that the shares pledged in connection with the promissory notes did not benefit from the carve-out in the definition of trading and violated the prospectus requirements of the *Act*. In dismissing the appeal, the Court stated:

> Under the Act, good faith loans are exempt from the definition of trading. Specifically, s.1(1) of the Act defines 'trade' or 'trading' as including:
>
> (a) any sale or disposition of a security for valuable consideration…but does not include…a transfer, pledge or encumbrance of securities for the purpose of giving collateral for a debt made in good faith.[6]

[99] Valentine stresses in particular the first sentence of this excerpt, for the general proposition that good faith loans are exempt from the definition of trading. As explained below, this is too broad a view of the carve-out in the definition of a "trade".

[100] Staff, on the other hand, urges us to find three ways in which the Stock Secured Financings were "trades":

a. First, it submits the loans were not loans made "in good faith", that they were in substance the purchase and sale of publicly traded shares.

b. Second, it submits that the anticipated, and actual, sales of the pledged shares by the lenders were separate trades.

c. Third, it submits that the loans themselves were securities in the *Act's* definition, as a "note or other evidence of indebtedness", and their initial issue was a 'trade' and also a 'distribution'.

[101] Valentine contests each of these submissions. He submits that it is far too late for Staff to take the position for the first time that the loans are not "loans in good faith", that such an allegation is not made in the Statement of Allegations, and that allowing it now would be a breach of natural justice.

[102] With respect to the third branch of Staff's submission, Valentine counters that interpreting the issuance of every secured loan to constitute a 'trade' or 'distribution' of a security would render the carve-out for pledges meaningless.

[103] The issues raised by Staff's first and third submissions, and Valentine's responses, are challenging, and both parties have addressed them ably in their submissions. We do not find it necessary, however, to resolve those issues to determine whether the Stock Secured Financings involved a 'trade'.

[104] Staff's second submission focuses on the sale of the pledged securities by the lender. In our view, that sale is a 'trade' in its own right. Each Stock Secured Financing in which the lender sold the listed Hong Kong securities, involved a trade.

[105] When pressed by the panel during oral submissions, Valentine reiterated that the sale of the pledged securities is part and parcel of the loan transaction. If the loan benefits from the carve-out in the definition of "trade", then no part of 'the legitimate loan activity' should be labelled a trade. Valentine went so far as to assert that the panel should "extrapolate the scope of the exemption to address all that could be required under a bona fide loan".

[106] This is, in our view, too expansive a view of the carve-out in the definition of "trade" in s. 1(1)(a) of the *Act* for pledges of securities The carve-out is specific to, and covers only, the pledge itself. It does not apply to the different ways in which a pledgee may deal with the pledged securities. Nor does it apply to the issuance of debt itself. Each of those dealings is a separate transaction which must be tested to determine if it is, itself, a trade within the *Act's* definition.

[107] Complex transactions typically involve many distinct transactional elements. Some elements may involve trades, others may not. Some may be trades but benefit from carve-outs or exemptions. It is important to examine each component of a transaction to test how it should be treated under the *Act*. Issuing a loan document, conveying securities by way of a

[5] 2013 ONSC 6495 (Div Ct) (***Taylor***)
[6] *Taylor* at para 18

pledge to secure debt, and disposing of securities held as collateral are each separate transactional elements to be analyzed independently.

[108] Valentine gives too broad an interpretation to the statement made by the Court in *Taylor*. First of all, the statement was made in a context where the "good faith" aspect of the loan, in its inception, was the key issue on which the matter turned, and on which the Court confirmed the ruling of the Tribunal. The facts in that case did not involve a sale of pledged shares. The issue in that case was whether the loan was made in good faith, so that therefore the pledge of shares could benefit from the carve-out. The persistence of the carve-out at a later stage was not in issue, because the entire transaction was challenged as not involving a good faith loan. Secondly, the sentence appears as a brief, perhaps overly paraphrased, introduction to the specific language of s.1(1)(a), immediately following. We do not interpret the case as establishing, in one sentence of *obiter,* that all transactions consequent on a good faith loan are themselves excluded from the definition of trade, given the absence of any words to that effect in the definition itself.

[109] In this case, each of the Stock Secured Financings involved at least one clear 'trade': the sale by the pledgee of the Hong Kong listed securities that were conveyed to the pledgee under the loan agreements. The pledge itself may have benefited from the carve-out in the definition of 'trade', in that the borrower was not "trading" when it pledged the shares. But that carve-out does not extend to the subsequent decision of the pledgee to sell the shares.

[110] Moreover, this trade was an integral aspect of the Stock Secured Financings as they operated in practice, and as Valentine and the lenders understood them to operate.

4.3.4.b Were there "acts in furtherance" of a trade?

[111] The definition of "trading" under the *Act* includes "any act…directly or indirectly in furtherance of" any of the other definitions of "trading". This is commonly called, simply, acts in furtherance of a trade.

[112] The Tribunal has adopted a contextual approach when determining whether acts are in furtherance of a trade, examining "the totality of the conduct, including the surrounding circumstances, the impact of the conduct and the proximity of the acts to actual or potential trades in securities".[7]

[113] Acts in furtherance of a trade do not require a completed sale of a security.[8] The Tribunal has found that "there must be at a minimum something done for the purpose of furthering or promoting the sale or disposition". While not necessary, the "receipt of consideration or some other direct or indirect benefit" can be a "strong indication" of an act in furtherance of a trade.[9]

[114] We are satisfied that Valentine's admitted conduct through his involvement in the Stock Secured Financings meets the test for engaging in acts in furtherance of a trade. In particular, he acted in furtherance of the trades made (or anticipated to be made) by the pledgees of the Hong Kong securities that were pledged under the loan agreements.

[115] He was frank that his compensation was calculated based on the "profit" realized by the lenders when they proceeded to sell the pledged securities. He apparently did not receive any compensation from the lenders based on the entering into of the loan agreements, nor on the lenders' receipt of fees or any other metric grounded in the loan itself. Compensation was related to the sales of shares and any profits realized from them.

[116] Valentine described the analysis he provided at the time a lender was making a decision whether or not to fund a loan. As noted above, that analysis was a financial analysis of the underlying pledged securities, including what their potential value was on a sale. It was not an analysis of the borrowers, but rather of the shares which Valentine knew the lenders intended to sell. He said that "the lender would lend money with the understanding that they were going to be selling shares to pay down the loan" and that "the shares could be sold at any time as per the lender's instructions".

[117] Given his clear understanding of how the loans would work in practice, including that any compensation for himself would likely depend on a profitable sale of pledged shares, Valentine was clearly providing his introduction, facilitation and analytic services in furtherance of that intended trade. In doing so, he repeatedly breached the Trading Ban by his participation in the Stock Secured Financings.

4.3.5 Conclusion

[118] We conclude therefore that Valentine breached the Trading Ban through his participation in the Stock Secured Financings. The conduct which constitutes that breach was the basis on which he received millions of dollars in compensation as described in section 4.3.3.b above.

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7 *VRK Forex & Investments Inc (Re)*, 2022 ONSEC 1 at para 42
8 *First Federal Capital (Canada) Corporation (Re)*, 2004 ONSEC 2 at paras 45-51
9 *Anderson (Re)*, 2004 ONSEC 13 at para 34

4.4 Conduct contrary to the public interest

[119] Staff alleges that Valentine engaged in "conduct contrary to the public interest" by engaging in the misconduct we have outlined above.

[120] Valentine asks us to dismiss this allegation given the lack of particulars provided by Staff in support.

[121] As the Tribunal has previously noted,[10] the words "contrary to the public interest" do not appear in the *Act*. In this proceeding, Staff has proven breaches of the D&O Ban and Trading Ban, which are themselves contraventions of the *Act*. Staff has not identified any additional conduct that would warrant an order under s. 127 of the *Act*. As such, we dismiss this additional allegation against the respondent.

5. CONCLUSION

[122] For the reasons above, we find that Valentine breached both the D&O Ban and the Trading Ban.

[123] We therefore require that the parties contact the Registrar by 4:30 p.m. on April 5, 2024, to arrange an attendance, to schedule a hearing regarding sanctions and costs, and the delivery of materials in advance of that hearing. The attendance is to take place on a mutually convenient date that is fixed by the Governance & Tribunal Secretariat, and that is no later than April 19, 2024.

[124] If the parties are unable to present a mutually convenient date to the Registrar, each party may submit to the Registrar, for consideration by a panel of the Tribunal, a one-page written submission regarding a date for the attendance. Any such submission shall be submitted by 4:30 p.m. on April 5, 2024.

Dated at Toronto this 20th day of March, 2024

"Cathy Singer"

"Dale R. Ponder"

"Geoffrey D. Creighton"

[10] *Solar Income Fund Inc (Re)*, 2021 ONSEC 2 at paras 70-76

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B. Ontario Securities Commission

B.1
Notices

B.1.1 CSA Staff Notice 25-311 – 2023 Annual Activities Report on the Oversight of Canadian Investment Regulatory Organization and Canadian Investment Protection Fund

CSA Staff Notice 25-311 ***2023 Annual Activities Report on the Oversight of Canadian Investment Regulatory Organization and Canadian Investment Protection Fund*** is reproduced on the following internally numbered pages. Bulletin formatting and pagination resumes at the end of the Staff Notice.

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CSA/ACVM Canadian Securities Administrators | Autorités canadiennes en valeurs mobilières

CSA Staff Notice 25-311

2023 Annual Activities Report on the Oversight of Canadian Investment Regulatory Organization and Canadian Investment Protection Fund

March 28, 2024

www.securities-administrators.ca

csa-acvm-secretariat@acvm-csa.ca

TABLE OF CONTENTS

2023 HIGHLIGHTS

255 *Firms*

109,777 *Approved Persons*

$4.5 Trillion *Assets Under Management*

 *Over 100 Meetings*

 *8 Rules Approved*

 *5 Rules In Progress*

 *72 Materials Filed*

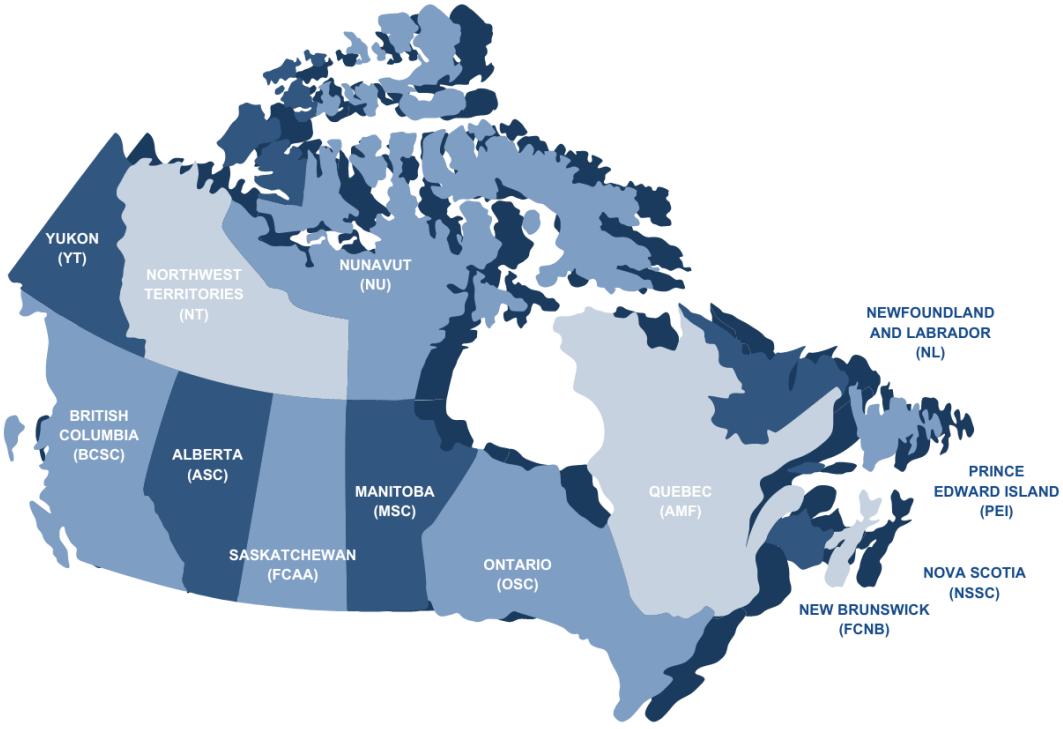
WHO WE ARE

The Canadian Securities Administrators (**CSA**) is the council of Canada's provincial and territorial securities regulators. Its objective is to improve, coordinate and harmonize regulation of the Canadian capital markets to ensure the smooth operation of Canada's securities industry and protect investors.

Applicable legislation in each province and territory provides a securities regulator with the power to recognize a self-regulatory organization through a Recognition Order. There is currently one recognized self-regulatory organization responsible for investment dealers and mutual fund dealers (**SRO**), the Canadian Investment Regulatory Organization (**CIRO**), which operates as a successor to the Investment Industry Regulatory Organization of Canada (**IIROC**) and the Mutual Fund Dealers Association of Canada (**MFDA**). IIROC and the MFDA amalgamated to continue as the New Self-Regulatory Organization of Canada (**New SRO**), effective January 1, 2023, which subsequently changed its name to CIRO on June 1, 2023.

There is currently one approved/accepted investor protection fund (**IPF**), the Canadian Investor Protection Fund (**CIPF**) formed through the amalgamation of two protection funds, the former Canadian Investor Protection Fund and the MFDA Investor Protection Corporation, on January 1, 2023. Analogous to the recognition of CIRO, CIPF has been approved/accepted[1] through Approval Orders.

CIRO is recognized and CIPF is approved/accepted by the securities regulatory authorities in all thirteen provinces and territories (the **Recognizing Regulators** or **RRs**).



[1] In Québec, CIPF is an accepted contingency fund. In all other provinces and territories, CIPF is an approved compensation fund through individual Approval Orders.

Acronym	Name of Recognizing Regulator
BCSC	British Columbia Securities Commission
ASC	Alberta Securities Commission
FCAA	Financial and Consumer Affairs Authority of Saskatchewan
MSC	Manitoba Securities Commission
OSC	Ontario Securities Commission
AMF	Autorité des marchés financiers
FCNB	Financial and Consumer Services Commission of New Brunswick
NSSC	Nova Scotia Securities Commission
PEI	Prince Edward Island Office of the Superintendent of Securities
NL	Office of the Superintendent of Securities, Digital Government and Service Newfoundland and Labrador
YT	Office of the Yukon Superintendent of Securities
NT	Office of the Superintendent of Securities, Northwest Territories
NU	Office of the Superintendent of Securities, Nunavut Office

EXECUTIVE SUMMARY

We are pleased to share CSA Staff Notice 25-311 *2023 Annual Activities Report on the Oversight of Canadian Investment Regulatory Organization and Canadian Investor Protection Fund* (**Report**), our Report which summarizes the key activities through which we conduct oversight of CIRO and CIPF.

This Report covers the period of January 1 – December 31, 2023 (the **Reporting Period**).

The amalgamations to form CIRO and CIPF were the result of the CSA's in-depth review of the SRO framework and started in 2019. After extensive stakeholder consultations and the publication of a consultation paper, which sought public input on key issues identified, CSA Position Paper 25-404 *New Self-Regulatory Organization Framework* was published on August 3, 2021 (**Position Paper**). The CSA took the position that the establishment of a new single enhanced SRO and, separately, the consolidation of the two IPFs into a single protection fund, independent from the SRO, is the best solution to address the issues that had been identified and to provide a framework for efficient and effective regulation in the public interest at this point and, as the capital markets continue to evolve, into the foreseeable future.

Much of our focus during the Reporting Period has been to work on various solutions outlined in the Position Paper to be implemented after the close of the amalgamation transactions. The nine post-close initiatives are being conducted alongside of our continuing regular oversight, which includes our review of amendments to CIRO rules and CIPF policies and by-laws; review of required filings from CIRO and CIPF; and the CSA's 2023 Oversight Review of specific processes in three functional areas of CIRO. Post-close initiatives will continue to be an area of focus in 2024.

This Report is an important tool for engaging with our stakeholders. We hope that the Report in its new format will serve to: (i) improve transparency; (ii) foster public confidence in the regulatory framework; and (iii) explain our role in overseeing CIRO's and CIPF's compliance with securities regulation requirements. We welcome any questions or feedback that you may have.

WHAT WE DO

The oversight of CIRO is coordinated through a Memorandum of Understanding (**MOU**) among the RRs. The MOU describes the oversight program used by the RRs to: (i) oversee CIRO's performance of its self-regulatory activities and services; and (ii) ensure that CIRO is acting in the public interest and complying with the terms and conditions of its Recognition Orders.

A similar MOU exists for the oversight of CIPF.

Coordinators

Each MOU sets out that two RRs are designated as coordinators, tasked with the role of coordinating, communicating and scheduling activities of the oversight program between the RRs, and between the RRs and CIRO or CIPF (**Coordinators**).

The Coordinators serve for four years on a staggered rotation basis among the two designated RRs. During the Reporting Period, BCSC and OSC were designated as the inaugural Coordinators by consensus of all the RRs. One of two Coordinators will be replaced and thereafter each Coordinator will have a four-year term.

Oversight Committees

As required by each MOU the following oversight committees have been established:

- The CSA Market Regulation Steering Committee (**MRSC**) is the forum for coordination and providing updates where issues relate to both CIRO and CIPF.
- Oversight committees for CIRO and CIPF (**Oversight Committees**) are operational committees under the oversight of MRSC. Each Oversight Committee acts as forum to discuss issues, concerns and proposals related to the oversight of their respective entities. The committees included representatives from RRs, with the Coordinators serving as the leads.

CSA Oversight Program

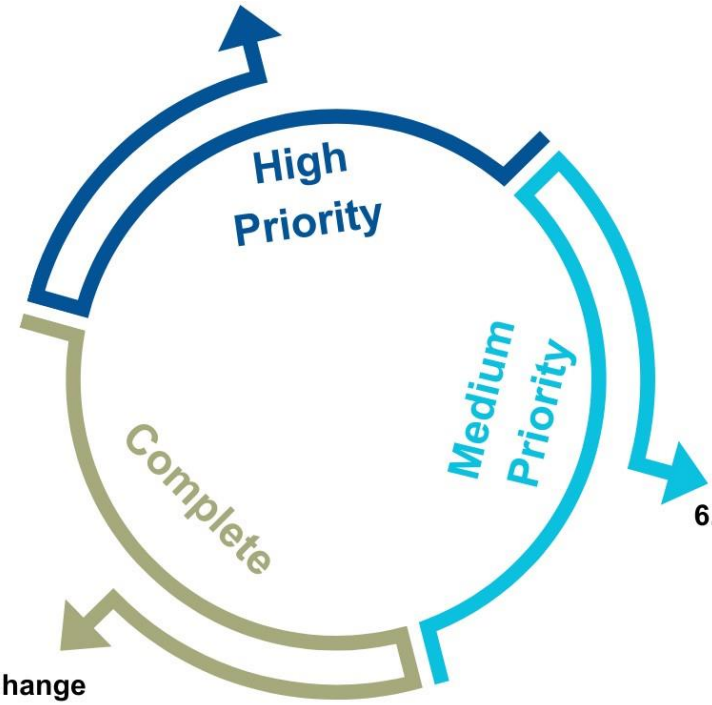
Components of the SRO and IPF oversight program are outlined below.

Oversight Function	Activities During the Reporting Period
Annual Risk Assessment	• Evaluation of each entity's potential inherent risks and mitigating controls in each functional area of the entity. • Evaluation can become the basis of future oversight activities.
Review of Proposed Rules	• CIRO is required to seek approval from the RRs for proposed new rules, policies, and constating documents (collectively, the **rules**) and by-laws, and any changes to existing rules and by-laws. • CIPF is required to seek approval or non-objection of any changes to certain policies (e.g., coverage policy) and its by-laws. • A "housekeeping" rule change is one that has no material impact on investors, issuers, registrants, CIRO, CIPF, or the Canadian capital markets generally (e.g., changes of an editorial nature; changes necessary to conform to applicable securities legislation, statutory or legal requirements, accounting or auditing standards). • If a rule change is not classified as housekeeping, it is published for public comment.
Review of Materials Filed	• CIRO and CIPF are responsible for filing certain information (other than proposed rules or by-laws) with each RR. • This information includes, but is not limited to, reports on financial condition, regulatory self-assessment, risk management, systems integrity, market surveillance, internal audit, progress on compliance examination results, and enforcement matters. • During the Reporting Period, 72 filings were reviewed. • Staff of the RRs (**Staff**) reviewed issues and the materials filed, which informed the annual risk assessment.
Meetings	• During the Reporting Period, quarterly meetings were scheduled with CIRO and semi-annual meetings with CIPF to discuss the oversight process and to share information about emerging and/or ongoing regulatory issues and trends. • In addition to regularly scheduled bi-weekly meetings with CIRO and CIPF, numerous ad hoc meetings were held throughout the Reporting Period as part of the oversight of specific issues – primarily relating to the integration of the predecessor SROs and, separately, the predecessor IPFs, as well as proposed rule amendments and filing requirements.
Oversight Reviews	• A more in-depth process for Staff to make an independent assessment of whether and how CIRO or CIPF have met their regulatory obligations. • The scope of an oversight review is determined by the results of the annual risk assessment and/or specific issues that arise on a periodic basis. • As part of an oversight review, Staff may interview CIRO or CIPF staff, review written policies and procedures to understand the systems and processes in place, and examine files on a sample basis. • During the Reporting Period, the RRs jointly completed a risk-based oversight review of CIRO that targeted specific processes within the areas of: (i) corporate governance; (ii) trading review and analysis; and (iii) financial compliance of investment dealers and mutual fund dealers. The results of the oversight review have been published in a separate report also on March 28, 2024.

POST-CLOSE INITIATIVES

After the amalgamation of the predecessor SROs and IPFs, during the Reporting Period, the Oversight Committees continued to work on various solutions outlined in the Position Paper, published on August 3, 2021, to be implemented after the closing of the transactions. The Oversight Committees' work included monitoring post-close transition and implementation initiatives of varying priorities, as set out below.

1. Dual Registration Policy Matters and Exemptions
2. Dual Registration Applications
3. Directed Commissions
4. SRO Rulebook Consolidation
5. CIRO/CIPF New Co-operative Operating Agreement



6. Coordination and Exchange of Information

7. Name Change
8. NRD Development
9. Information Processor Orders

	Post-close Initiative	Priority / Status	Scope
1.	Dual registration policy matters and exemptions	**High**	• CSA is considering dual registration matters and whether there are any potential challenges associated with these applications. Staff and CIRO staff are discussing novel issues related to the dual registration of investment dealers and mutual fund dealers.
2.	Dual registration applications	**High**	• CSA and CIRO are working to complete an internal guide for reviewing dual registration applications. As policy issues are identified, they are being discussed among Staff working on Initiative #1 (dual registration policy matters and exemptions) and #2 (dual registration applications).
3.	Directed commissions	**High**	• CSA is monitoring steps that CIRO is proposing relating to the compensation of investment dealing representatives and mutual fund dealing representatives, including the publication on January 25, 2024 of a position paper requesting public comments on CIRO's proposed approaches.
4.	SRO rulebook consolidation	**High**	• Staff to review and recommend for approval CIRO proposals to consolidate and harmonize the rulebooks for investment dealers and mutual fund dealers over five phases, which commenced in late 2023.
5.	CIRO/CIPF New Co-operative Operating Agreement	**High**	• In 2022, the predecessor SROs and IPFs entered into a Transitional Agreement, that came into effect on January 1, 2023, designed to ensure that existing arrangements between the predecessor entities would continue to govern the relationship between CIRO and CIPF. • CSA is monitoring the negotiation of the new Co-operative Operating Agreement, which will establish the respective responsibilities of CIPF and CIRO.
6.	Coordination and exchange of information	**Medium**	• CSA continues to engage CIRO on the coordination and exchange of information, regarding the supervision of market related data and other information.
7.	Name change	**Complete**	• The name change to CIRO was completed in July 2023, with changes made to the Recognition Orders, MOU, and SEDAR+.[2]
8.	National Registration Database (**NRD**) development	**Complete**	• NRD development to automate the dual registration process and enhancements to improve clarity with regard to dual-registered dealer firms.
9.	Information processor orders	**Complete**	• Variation and restatement of the information processor's Designation Order, effective June 1, 2023, to reflect the SRO amalgamation.

[2] Similarly, CIPF's name change in French from "Fonds canadien de protection des épargnants" to "Fonds canadien de protection des investisseurs" came into effect on January 1, 2023.

WHO WE REGULATE

(A) CIRO

(i) Regulatory Status

The RRs have given CIRO, as an SRO, the responsibility to govern the operations and business conduct of investment dealers and mutual fund dealers and their representatives, and the trading activity on members of CIRO that are marketplaces. The authority of CIRO to carry out certain regulatory functions is set out in the Recognition Orders, along with the terms and conditions that CIRO is to comply with in carrying out its regulatory functions.

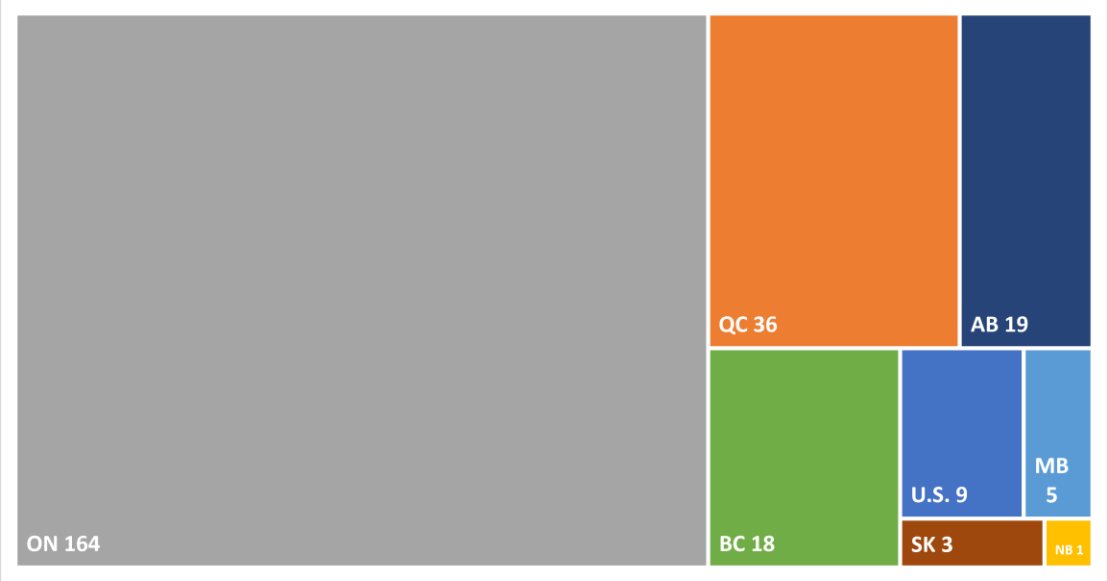
(ii) Member Firm Statistics

As of December 31	2023	2022	% Change
Assets Under Management	$4.5 Trillion	$4.1 Trillion	9.8%
Approved Persons	109,777	108,987	0.7%
Firms Investment Dealer Mutual Fund Dealer Dually Registered Total	 169 82 4 255	 173 83 0 256	 - 0.4%

The increase in CIRO's assets under management was mainly attributable to an increase in equity markets during the Reporting Period.

(iii) Member Firms by Head Office Location

The following diagram represents the distribution of member firms by head office location.

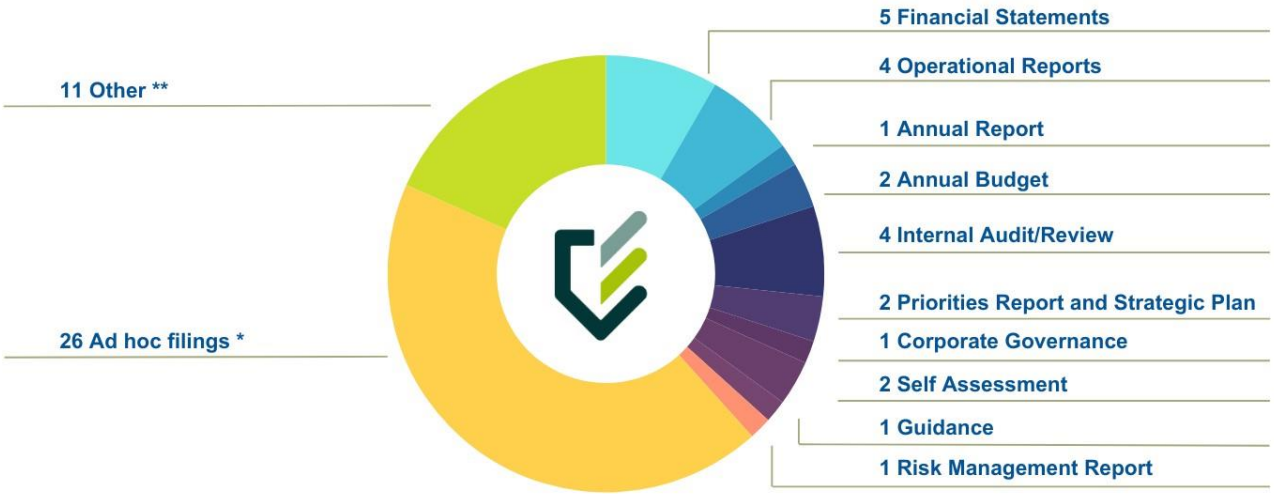


(iv) Rule Reviews

During the Reporting Period, seven CIRO rule amendments were approved or not objected to by the RRs. Five rule amendments continue to be under review as of December 31, 2023.

(v) Materials Filed

CIRO was responsible for filing certain information with Staff on a regular or ad hoc basis. During the Reporting Period, 60 filings were received from CIRO and reviewed by Staff.



*Ad hoc filings include, for example, notifications about dealer members in financial distress, cybersecurity breaches and significant exemption requests.
** Other filings include, for example, publications and miscellaneous reports.

(vi) Meetings and Other Discussions

During regular meetings held with CIRO, among other varied topics, the following key subjects were discussed and followed up by Staff.

Topic	Activities During the Reporting Period
SRO Transition Plan	• Focus on core integration priorities including: branding initiatives; building of new Toronto office; Toronto and Calgary office moves; and migration of the mutual fund dealer information technology environment (e.g., networks, servers at data centres) to the existing investment dealer environment. • Completion of a revised Risk Management Framework, which incorporates the risks of both the investment dealer and mutual fund dealer environments. The Risk Management Framework was reviewed by Staff. • Completion of an integrated budget for CIRO's 2024 fiscal year (**Fiscal 2024**), which was reviewed by Staff. • Completion of a statement of priorities for Fiscal 2024, and commencement of: (i) a strategic plan for 2025 – 2027 and (ii) changes to Board of Directors mandate and Board Committee mandates. Staff's input continues to be provided before these documents are finalized.

Topic	Activities During the Reporting Period
Short Selling	• Joint CSA/IIROC Staff Notice 23-329 *Short Selling in Canada* was published on December 8, 2022. The consultation resulted from: (i) concerns raised by the Capital Markets Modernization Taskforce; and (ii) issues identified during the CSA's work on CSA Staff Notice 25-306 *Activist Short Selling Update*. The consultation provided an overview of the existing regulatory landscape surrounding short selling and requested public feedback on areas for regulatory consideration. • CSA/CIRO's responses to the public comment letters were published in Joint CSA/CIRO Staff Notice 23-332 *Summary of Comments and Responses to CSA/IIROC Staff Notice 23-329 Short Selling in Canada* on November 16, 2023. CSA and CIRO have formed a working group to more broadly examine short selling issues in the Canadian market context. • CIRO also published on January 11, 2024 a rule proposal to support and clarify the short selling framework by adding a new positive requirement in UMIR to have, prior to order entry, a reasonable expectation to settle a short sale. Proposed guidance was published for comment on the same date to clarify various current and proposed requirements related to short sales and failed trades.
Crypto Assets	• CIRO's Membership Intake Team continued to review applications for: (i) new membership from crypto-asset trading platforms; and (ii) business change from existing CIRO investment dealers planning on expanding into the distribution of crypto asset products. • Future new rules and guidance, as well as standardized compliance procedures, relating to crypto assets are expected to be developed by CIRO in collaboration with Staff.
Crypto Insolvency Simulation	• CIRO conducted a crypto asset simulation on April 19, 2023, in which 14 firms participated. The focus of the simulation was to identify and understand the risks and issues associated with the suspension of a CIRO-registered crypto-asset trading platform. Knowledge gained from the simulation will be used to develop a crisis response plan.
Arbitration Program Review	• On February 1, 2023, CIRO published a consultation paper *Proposal on Distributing Funds Disgorged and Collected through New SRO Disciplinary Proceedings to Harmed Investors*. The comment period closed on May 1, 2023 and CIRO staff are still in the process of reviewing the comments.
Continuing Education	• CIRO staff continued discussions regarding the harmonization of the mutual fund dealer and investment dealer continuing education (**CE**) programs – at the earliest at the end of the next CE reporting cycle, end of 2025. • First reporting cycle of the mutual fund dealer member CE program ended on November 30, 2023. In the last quarter of 2023, over 850 CE activities and 318,000 attendance records have been added to the CE reporting and tracking system (**CERTS**), and approximately 90 third-party (non-member) education providers have been added to CERTS since the commencement of the CE program. • In the last quarter of 2023, the investment dealer member CE accreditation program approved 579 distinct courses, and 2,807 distinct courses since the inception of in-house accreditation. This exceeds application volumes for the same period in previous years made through the former third-party provider of CE course accreditation services to IIROC.

Topic	Activities During the Reporting Period
Proficiency Regime	• CIRO has undertaken a multi-year initiative to enhance its proficiency regime with the intention of launching new standards in 2026. • High proficiency standards play a key role in investor protection, and the integrity and efficiency of capital markets. • Consultation paper *Proposed Proficiency Model* was published on July 7, 2023 to seek feedback on a proficiency model for individuals at investment dealers, approved under the Investment Dealer and Partially Consolidated (**IDPC**) Rules. CIRO is proposing a shift from the existing course-centric model (i.e., exams tied to courses) to an assessment-centric model (i.e., exams based on competency profiles). The comment period ended on September 20, 2023 and CIRO staff are in the process of reviewing the comments. • CIRO Notice 23-0096 *Proposed Clarifying Amendments to Registration and Proficiency Requirements* was published on August 31, 2023 to refine and clarify certain registration and proficiency requirements in the IDPC Rules. The comment period ended on October 2, 2023. • CIRO updated competency profiles for Approved Person categories at an investment dealer, in response to public comments where appropriate. The updated competency profiles were published on September 25, 2023. • CIRO issued request for proposals aimed at selecting a vendor, or vendors, in 2024 to develop and maintain examinations, and deliver examinations for individuals at investment dealers.
Client Focused Reforms (**CFRs**)	• With the implementation of CFRs conflict of interest requirements on June 30, 2021 and the remaining CFRs requirements, including know your client, know your products and suitability requirements, on December 31, 2021, the CSA, IIROC and the MFDA continued to harmonize their compliance modules specific to the CFRs. • Findings from the coordinated reviews by the CSA, IIROC and the MFDA during 2022 on the enhanced conflict of interest requirements under the CFRs were published in Joint CSA / CIRO Staff Notice 31-363 *Client Focused Reforms: Review of Registrants' Conflict of Interest Practices and Additional Guidance* on August 3, 2023. • The CSA and CIRO are continuing to conduct reviews in 2024 to assess registrants' compliance with other CFRs obligations, including the know your client, know your product, and suitability determination requirements that came into force on December 31, 2021. Together, the CSA and CIRO are discussing the findings and plan to publish additional guidance, which will include suggested practices for industry on compliance with these reform areas.
Cybersecurity	• Cybersecurity table top exercises were conducted for small and medium-sized investment dealer and mutual fund dealer firms in Toronto on October 26, 2023 and in Calgary on November 1, 2023. These were informal, discussion-based sessions to improve cybersecurity resilience, in which almost 200 individuals participated from 128 dealer members, four law firms, and three insurance companies. Participants discussed responses to a cybersecurity incident, walking through different scenarios.
Modernizing Back-Office Arrangements / Subloans	• CIRO is engaging with industry to discuss the modernization of rules around back-office arrangements and subordinated debt financing. • GN-4300-23-001 *Direct Registration System Guidance* was published on October 12, 2023 and sets out the IDPC Rules requirements as they relate to the dematerialization of physical certificates and the recording of securities held with issuers in Direct Registration Systems.

Topic	Activities During the Reporting Period
	• Future topics for consultation include account transfers and arrangement between introducing and carrying brokers.
Total Cost Reporting	• CSA and Canadian Council of Insurance Regulators (**CCIR**) published changes on April 20, 2023 to enhance total cost reporting (**TCR**) disclosure for investment funds and segregated funds. The TCR enhancements (**Enhancements**) will improve transparency and require annual reporting to clients to show the ongoing costs of owning mutual funds, exchange-traded funds, scholarship plans, and segregated funds. • Enhancements were jointly developed by the CSA, CCIR, the Canadian Insurance Services Regulatory Organizations and CIRO. • Enhancements will take effect on January 1, 2026.
Other Initiatives	• Staff engaged CIRO staff on other matters of regulatory concern, such as: ○ CIRO staffing matters; ○ CIRO's ongoing role in the surveillance of equity markets in real time, along with its monitoring of debt trading, cross asset trading between derivatives listed on the Montréal Exchange and the underlying securities, and Canadian crypto asset trading platform activity; ○ Establishment of Office of the Investor to enhance investor education, perform investor research, and support CIRO's Investor Advisory Panel; ○ Examination of order execution only dealers and their business continuity plans; and ○ Proposed delegation to CIRO of the AMF's responsibility for examining the compliance of mutual fund dealers' activities in Québec.

(B) CIPF

(i) Regulatory Status

CIPF is approved and accepted as an IPF[3] to provide protection within prescribed limits to eligible clients of CIRO dealer member firms suffering losses, if client property held by a member firm was unavailable as a result of the insolvency of a dealer member.

(ii) Fund Statistics

CIPF maintains two separate funds designed to provide coverage to eligible clients of CIRO members: an Investment Dealer Fund (**IDF**) and Mutual Fund Dealer Fund (**MFDF**).

The IDF liquidity resources are available to satisfy potential claims for coverage by clients of CIRO members registered as an "investment dealer" or in the categories of both "investment dealer" and "mutual fund dealer". The MFDF liquidity resources are available to clients of CIRO members registered as a "mutual fund dealer", except for customer accounts located in Québec for which mutual fund dealers are not required to contribute to the MFDF and, accordingly, those accounts are not afforded coverage by the MFDF.

Both funds maintain their own insurance and lines of credit.

As of December 31	2023	2022	% Change
IDF[4]			
General Fund	$543M	$516M	5.2%
Insurance	$440M	$440M	-
Lines of Credit	$125M	$125M	-
MFDF			
General Fund	$53M	$50M [5]	6.0%
Insurance	$40M	$40M	-
Lines of Credit	$30M	$30M	-
TOTAL	**$1,231M**	**$1,201M**	**2.5%**

(iii) Rule Reviews

During the Reporting Period, the RRs approved or did not object to housekeeping amendments to CIPF's Coverage Policies and By-law No. 1.

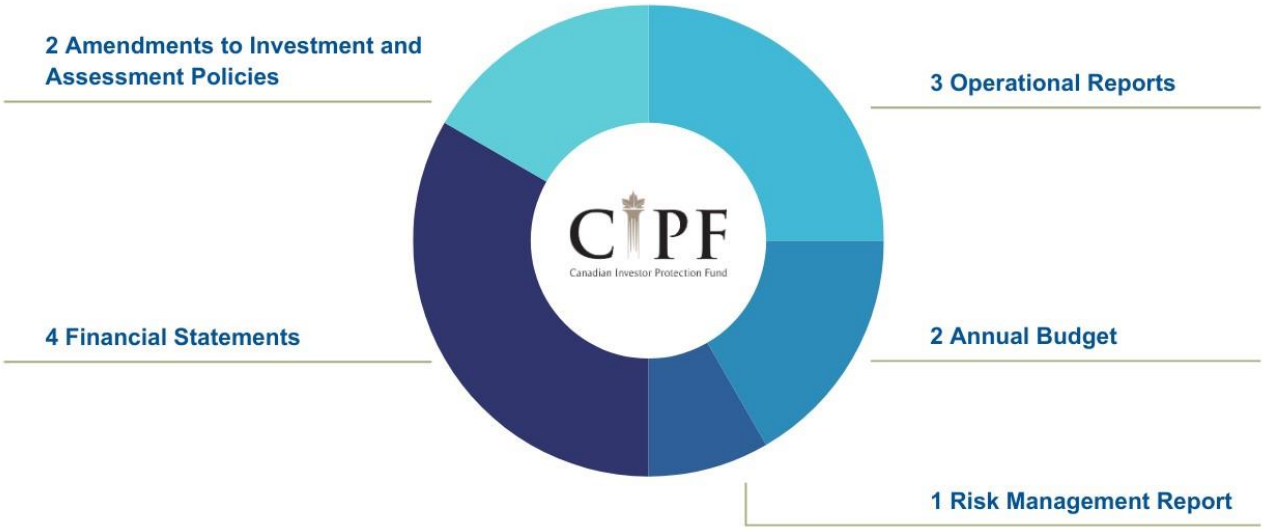
[3] In Québec, CIPF is an accepted contingency fund. Please refer to Footnote #1 on page 4.

[4] Values relating to IDF's and MFDF's General Fund, insurance and lines of credit are from CIPF's 2023 unaudited annual financial statements.

[5] The value of the MFDF General Fund as of December 31, 2022 differs from what was previously published in CSA Staff Notice 25-310 *2022 Annual Activities Report on the Oversight of Self-Regulatory Organizations and Investor Protection Funds* due the adoption at amalgamation and retrospective application of former CIPF's accounting policy of valuing bonds at fair value.

(iv) Materials Filed

CIPF was responsible for filing certain information with Staff on a regular or ad hoc basis. During the Reporting Period, 12 filings were received from CIPF and reviewed by Staff.



(v) Meetings and Other Discussions

During regular meetings held with CIPF, among other varied topics, the following key subjects were discussed and followed up by Staff.

Topic	Activities During the Reporting Period
IPF Transition Plan	• CIPF continues with its post-close integration efforts. ○ Review of investment policies and strategies for the IDF and MFDF to determine if one policy for both funds should be implemented. ○ Fit-for-purpose review of the investment dealer credit risk model to assess if it is appropriate to be extended to the mutual fund dealer universe. This is expected to be a multi-year project. ○ Continuing to consolidate the predecessor IPFs' enterprise risk management practices. ○ Ongoing consideration with CIRO regarding dual registration and its impact on CIPF's liquidity resources. ○ Ongoing consideration with CIRO regarding introducing/carrying broker arrangements between investment dealers and mutual fund dealers, and its impact on where assessments should be directed and where losses should be claimed.
Review of Adequacy of Assets in the Funds	• Separate general funds, insurance and lines of credit continue to be maintained for the funds covering investment dealers and mutual fund dealers. • For the IDF, CIPF continues to use a credit-risk based fund model to project its liquidity resource requirement and assist in the setting of its fund size (**IDF Model**). During the Reporting Period, CIPF's Board reviewed the adequacy of the level of resources available in relation to the risk exposure of investment dealer member firms. No changes have been made to the methodology,

Topic	Activities During the Reporting Period
	parameters and input since October 2021 when former CIPF's Board reviewed and approved the IDF Model. • The fund size of MFDF continues to be in excess of its general fund size target of $50 million. MFDF continues to have a secondary layer of insurance in the amount of $20 million in respect of any losses to be paid out of the MFDF in excess of $50 million. This is in addition of the original layer of insurance of $20 million in respect of any losses to be paid out of the MFDF in excess of $30 million.
Crypto Assets	• The Coverage Policy continues to state explicitly that crypto assets are excluded from CIPF's coverage. • CIPF will undertake regular reviews of the scope and terms of its Coverage Policy; however, the primary areas of interest for CIPF continue to be the custody, control and pricing of crypto assets. • CIPF staff participated in CIRO's crypto asset insolvency simulation on April 19, 2023.
Insolvency Simulation Exercises	• RRs participated in the first Phase 3 exercise of CIPF's insolvency simulations in Vancouver and Calgary on October 24, 2023, along with CIRO staff and insolvency professionals. • Focus of Phase 3 is on managing the insolvency of a mutual fund dealer/dual-registered member firm. • Second Phase 3 simulation will be held with stakeholders in Montréal in 2024.
Meeting of International IPFs	• CIPF participated in the meeting of international protection funds on May 26, 2023 in Hungary at the 2023 Forum of International Investor Compensation Schemes, which included a discussion on the coverage of crypto assets and simulations. CIPF's understanding is that no compensation fund globally covers crypto assets at this time. • Opportunity to exchange information with international compensation funds has been valuable.
Insolvencies	• During the Reporting Period, there were no CIRO member insolvencies whereby CIPF was actively involved.

COMPOSITION OF OVERSIGHT COMMITTEES

Market Regulation Steering Committee

AMF	Dominique Martin	**MSC**	Paula White
ASC	Lynn Tsutsumi	**NL**	Scott Jones
BCSC	Mark Wang	**NSSC**	Doug Harris / Chris Pottie
FCAA	Liz Kutarna	**OSC**	Susan Greenglass
FCNB	Clayton Mitchell	**PEI**	Steven Dowling

CIRO Oversight Committee

AMF	Jean-Simon Lemieux Roland Geiling Herman Tan	Pascal Bancheri Catherine Lefebvre Cheick Kaba Diakité	Serge Boisvert Lucie Prince
ASC	Sasha Cekerevac Amy Tollefson	Rose Rotondo	Gerald Romanzin
BCSC	Michael Brady Navdeep Gill Liz Coape-Arnold	Joseph Lo Zach Masum Michael Grecoff	Eric Lan Anne Hamilton
FCAA	Liz Kutarna	Curtis Brezinski	
FCNB	Amélie McDonald	Nick Doyle	
MSC	Paula White	Angela Duong	Jon Lamb
NL	Scott Jones		
NSSC	Doug Harris	Brian Murphy	Angela Scott
NT	Matthew Yap		
NU	Debora Bissou		
OSC	Joseph Della Manna Stacey Barker Dimitri Bollegala	Karin Hui Christopher Byers Felicia Tedesco	Scott Laskey Yuliya Khraplyva
PEI	Curtis Toombs		
YT	Rhonda Horte		

CIPF Oversight Committee

AMF	Jean-Simon Lemieux Cheick Kaba Diakité	Lucie Prince	Herman Tan
ASC	Sasha Cekerevac Amy Tollefson	Rose Rotondo	Gerald Romanzin
BCSC	Michael Brady Eric Lan Liz Coape-Arnold	Joseph Lo Zach Masum	Georgina Steffens Anne Hamilton
FCAA	Liz Kutarna	Curtis Brezinski	
FCNB	Amélie McDonald	Nick Doyle	
MSC	Paula White	Angela Duong	Jon Lamb
NL	Scott Jones	David White	
NSSC	Doug Harris	Brian Murphy	Angela Scott
NT	Matthew Yap		
NU	Debora Bissou		
OSC	Joseph Della Manna Scott Laskey	Stacey Barker Christopher Byers	Karin Hui
PEI	Curtis Toombs		
YT	Rhonda Horte		

RULE/BY-LAW/POLICY AND PROCEDURES AMENDMENTS

As of December 31, 2023

Completed	CIRO Rule/By-Law Amendments	Publication Date
✓	Housekeeping Amendments to IDPC Rules Regarding Margin Requirements for Securities Loan, Repurchase Agreements, and Reverse Repurchase Agreements with Term Risk	March 2, 2023
✓	Amendments to Permit Reduced Margin for Swap Position Partial Offsets Held in Inventory	April 13, 2023
✓	Amendments to IDPC Rules and Form 1 Regarding the Floating Index Margin Rate Methodology	May 18, 2023
✓	Housekeeping Amendments to By-Law No. 1 and the Mutual Fund Dealer Rules of CIRO Regarding the Permanent Name Change of New SRO to CIRO	June 1, 2023
✓	Housekeeping Amendments to UMIR	July 27, 2023
✓	Amendments to UMIR and IDPC Rules to Facilitate the Investment Industry's Move to T+1 Settlement	October 26, 2023
✓	Housekeeping Amendments to Mutual Fund Dealer Form 1	October 26, 2023

Completed	CIPF Rule/By-Law Amendments	Publication Date
✓	Housekeeping Amendments to the CIPF Coverage Policies and By-law Number 1	July 27, 2023

As of December 31, 2023[6]

In Progress	CIRO Rule/By-Law Amendments	Publication Date
	Proposed Amendments Respecting Reporting, Internal Investigation and Client Complaint Requirements	January 13, 2022
	Republication of Proposed Derivatives Rule Modernization, Stage 1[7]	July 13, 2023
	Republication of Proposed Amendments Regarding Margin Requirements for Structured Products[8]	July 20, 2023
	Proposed Clarifying Amendments to Registration and Proficiency Requirements	August 31, 2023
	Rule Consolidation Project – Phase 1	October 20, 2023

[6] The following proposed amendments were published after the Reporting Period:

- On January 11, 2024, CIRO Rules Bulletin 24-0007 *Rule Consolidation Project – Phase 2* was published for comment. The public comment period ended on March 11, 2024.
- Also on January 11, 2024, CIRO Rules Bulletin 24-0003 *Proposed Amendments Respecting the Reasonable Expectation to Settle a Short Sale* was published for a 90-day comment period, ending on April 12, 2024.
- On February 15, 2024, CIRO Rules Bulletin 24-0067 *Proposed Rule Amendments – Fully Paid Securities Lending and Financing Arrangements* was published for a 60-day comment period, ending on April 15, 2024.

[7] Amendments regarding Derivatives Rule Modernization, Stage 1 were either not objected to or approved after the Reporting Period and published on January 18, 2024.

[8] Amendments regarding Margin Requirements for Structured Products were either not objected to or approved after the Reporting Period and published on February 22, 2024.

QUESTIONS

If you have any questions or comments about this CSA Staff Notice, please contact any of the following:

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B.2
Orders

B.2.1 EURO Ressources S.A.

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).

March 21, 2024

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
EURO RESSOURCES S.A.
(the Filer)

ORDER

Background

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

"Marie-France Bourret"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0122

B.2.2 Latitude Uranium Inc. – s. 1(6) of the OBCA

Headnote

Applicant deemed to have ceased to be offering its securities to the public under the Business Corporations Act (Ontario).

Statutes Cited

Business Corporations Act (Ontario), R.S.O. 1990, c. B.16, as am., ss. 1(6).

IN THE MATTER OF
THE *BUSINESS CORPORATIONS ACT*
(ONTARIO) R.S.O. 1990, c. B.16,
AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
LATITUDE URANIUM INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. the Applicant is currently an "offering corporation" as defined in subsection 1(1) of the OBCA;

2. the registered and head office of the Applicant is located at 217 Queen St. West, Suite 401, Toronto, Ontario, M5V 0R2, Canada;

3. the Applicant has no intention to seek public financing by way of an offering of securities;

4. on March 14, 2024, the Applicant was granted an order (the **Reporting Issuer Order**) pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) that it is not a reporting issuer in Ontario and is not a reporting issuer or the equivalent in any other jurisdiction of Canada in accordance with the simplified procedure set out in section 19 of National Policy 11-206 *Process for Cease to be a Reporting Issuer Applications*; and

5. the representations set out in the Reporting Issuer Order continue to be true.

AND UPON the Commission being satisfied that to grant this order would not be prejudicial to the public interest;

IT IS HEREBY ORDERED pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public.

DATED this **21st**, day of **March**, 2024.

"Marie-France Bourret"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2024/0120

B.2.3 Bloomberg Tradebook Canada Company et al. – s. 144

Headnote

Subsection 144(1) of the Securities Act (Ontario) – application for order revoking the Commission's orders requiring alternative trading systems to comply with Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto (ATS Protocol) – revocation required to reflect changes to ATSs operating in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 144(1).

March 21, 2024

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

AND

IN THE MATTER OF
BLOOMBERG TRADEBOOK CANADA COMPANY,
CANDEAL MARKETS INC.,
COINSQUARE CAPITAL MARKETS LTD.,
CHI-X CANADA ATS LIMITED,
EQUILEND CANADA CORP.,
INSTINET CANADA CROSS LIMITED,
LIQUIDNET CANADA INC.,
MARKETAXESS CANADA COMPANY,
PERIMETER MARKETS INC.,
TMX SELECT INC.,
TRADELOGIQ MARKETS INC.,
AND
TRIACT CANADA MARKETPLACE LP

ORDER
(Section 144 of the Act)

WHEREAS each of Bloomberg Tradebook Canada Company (**Bloomberg**), CanDeal Markets Inc., Coinsquare Capital Markets Ltd. (**Coinsquare**), Instinet Canada Cross Limited, Liquidnet Canada Inc., MarketAxess Canada Company, Perimeter Markets Inc., and Tradelogiq Markets Inc. (together, **Marketplaces**) is an alternative trading system (**ATS**) carrying on business in Ontario;

AND WHEREAS the Ontario Securities Commission (**Commission**) issued orders dated June 22, 2012, and varied on September 29, 2015 and August 31, 2020 (**ATS Orders**), requiring each of the Marketplaces, by the names at which they were then known, with the exception of Bloomberg and Coinsquare, in addition to Chi-X Canada ATS Limited, Equilend Canada Corp., TMX Select Inc., and TriAct Canada Marketplace LP (**Former Marketplaces**) to follow the *Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto* (**ATS Protocol**), appended to the ATS Orders as Appendix A;

AND WHEREAS the Commission issued an order dated July 30, 2021 requiring Bloomberg to follow the ATS Protocol (**Bloomberg ATS Protocol Order**);

AND WHEREAS the Commission issued an order dated October 19, 2022 requiring Coinsquare to follow the ATS Protocol (**Coinsquare ATS Protocol Order**);

AND WHEREAS the Chief Executive Officer of the Commission made an application under section 144 of the Act requesting an order to revoke the ATS Orders, Bloomberg ATS Protocol Order, and Coinsquare ATS Protocol Order (together, the **ATS Revocation Relief**);

AND WHEREAS the ATS Revocation Relief is required to reflect name changes of certain Marketplaces, consolidate the Bloomberg ATS Protocol Order and Coinsquare ATS Protocol Order with the ATS Orders, and reflect that the Former Marketplaces no longer carry on business in Ontario as ATSs;

AND WHEREAS the Bloomberg ATS Protocol Order and Coinsquare ATS Protocol Order do not materially differ from the ATS Orders;

AND WHEREAS the Commission is simultaneously issuing a separate Order requiring each of the Marketplaces, as currently named, to comply with the ATS Protocol;

AND WHEREAS all Marketplaces have consented to an order for the ATS Revocation Relief;

AND WHEREAS the Former Marketplaces have ceased operating (though Equilend, LLC, an affiliate of Equilend Canada Corp., does operate in Canada pursuant to a decision for exemptive relief issued on January 3, 2024);

AND WHEREAS in the Commission's opinion, it would not be prejudicial to the public interest to issue an order for the ATS Revocation Relief;

IT IS ORDERED that, pursuant to section 144 of the Act:

1. the ATS Orders are revoked;

2. the Bloomberg ATS Protocol Order is revoked; and

3. the Coinsquare ATS Protocol Order is revoked.

DATED this 21st day of March, 2024.

"Michelle Alexander"
Manager
Market Regulation
Ontario Securities Commission

B.2.4 Bloomberg Tradebook Canada Company et al. – s. 21.0.1

Headnote

Section 21.0.1 of the Securities Act (Ontario) – decision requiring alternative trading systems to comply with Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto (ATS Protocol) – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 21.0.1.

March 21, 2024

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

AND

IN THE MATTER OF
BLOOMBERG TRADEBOOK CANADA COMPANY,
CANDEAL MARKETS INC.,
COINSQUARE CAPITAL MARKETS LTD.,
INSTINET CANADA CROSS LIMITED,
LIQUIDNET CANADA INC.,
MARKETAXESS CANADA COMPANY,
PERIMETER MARKETS INC.,
AND
TRADELOGIQ MARKETS INC.

ORDER
(Section 21.0.1 of the Act)

WHEREAS each of Bloomberg Tradebook Canada Company, CanDeal Markets Inc., Coinsquare Capital Markets Ltd., Instinet Canada Cross Limited, Liquidnet Canada Inc., MarketAxess Canada Company, Perimeter Markets Inc., and Tradelogiq Markets Inc. is an alternative trading system (together, the **ATSs**) carrying on business in Ontario;

AND WHEREAS section 21.0.1 of the Act states that the Ontario Securities Commission (**Commission**) may, if it considers it in the public interest, make any decision with respect to,

(a) the manner in which an alternative trading system carries on business in Ontario;

(b) the trading of securities or derivatives on or through the facilities of the alternative trading system; or

(c) any by-law, rule, regulation, policy, procedure, interpretation or practice of the alternative trading system;

AND WHEREAS the information contained in Form 21-101F2 *Information Statement Alternative Trading System* (**Form 21-101F2**), as amended from time to time, and its exhibits, describes the manner in which an ATS operates, describes the trading of securities or derivatives on or through the facilities of the ATS and contains the ATS' by-laws, rules, regulations, policies, procedures, interpretations, and practices;

AND WHEREAS Part 3 of National Instrument 21-101 *Marketplace Operation* sets out requirements for ATSs to file information in Form 21-101F2, including making any changes to the information set out therein;

AND WHEREAS the ATSs were all required to comply with the *Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto* (**ATS Protocol**), described in Appendix A, as amended from time to time, through orders dated June 22, 2012, and varied on September 29, 2015 and August 31, 2020, and orders dated July 30, 2021 and October 19, 2022 (**ATS Orders**);

AND WHEREAS the Commission is simultaneously issuing a separate Order revoking the ATS Orders (**ATS Revocation Order**);

AND WHEREAS the intention of the ATS Revocation Order and this Order (**ATS Protocol Order**) is to require the ATSs to comply with the ATS Protocol, while reflecting name changes and changes in operational status;

AND WHEREAS in the Commission's opinion, it is in the public interest to issue this ATS Protocol Order;

AND WHEREAS the ATSs consent to this ATS Protocol Order;

IT IS ORDERED that, pursuant to section 21.0.1 of the Act, the ATSs are required to follow the ATS Protocol, described in Appendix A, as amended from time to time.

DATED this 21st day of March, 2024.

"Michelle Alexander"
Manager
Market Regulation
Ontario Securities Commission

APPENDIX A

PROCESS FOR THE REVIEW AND APPROVAL OF THE INFORMATION CONTAINED IN FORM 21-101F2 AND THE EXHIBITS THERETO

1. Purpose

This Protocol sets out the procedures an alternative trading system (ATS) must follow for any Change, as defined in section 2 below, and describes the procedures for its review by Commission Staff (Staff) and approval by the Commission or the Director. This Protocol also establishes requirements regarding the time at which an ATS may begin operations following registration by the Commission.

2. Definitions

For the purposes of this Protocol:

(a) *Change* means a Fee Change, a Housekeeping Change or a Significant Change.

(b) *Director* means "Director" as defined in subsection 1(1) of the *Securities Act* (Ontario).

(c) *Fee Change* means any new fee or fee model of the ATS and any amendment to a fee or fee model.

(d) *Fee Change subject to Public Comment* means a Fee Change that, in Staff's view, may have a significant impact on the ATS, its market structure, subscribers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.

(e) *Housekeeping Change* means an amendment to the information in Form 21-101F2 that

(i) does not have a significant impact on the ATS, its market structure, subscribers, investors or the Canadian capital markets, or

(ii) is of a housekeeping or administrative nature and is comparable to the types of housekeeping changes listed in subsection 6.1(5)(b) of Companion Policy 21-101CP.

(f) *Significant Change* means an amendment to the information in Form 21-101F2 other than

(i) a Housekeeping Change, or

(ii) a Fee Change,

and for greater certainty includes the matters listed in subsection 6.1(4) of Companion Policy 21-101 CP.

(g) *Significant Change subject to Public Comment* means a Significant Change that

(i) is listed in paragraphs 6.1(4)(a) or (b) of Companion Policy 21-101 CP, or

(ii) in Staff's view, may have a significant impact on the ATS, its market structure, subscribers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns and should be subject to public comment.

3. Scope

The ATS and Staff will follow the process for review and approval set out in this Protocol for all Changes.

4. Waiving or Varying the Protocol

(a) The ATS may submit a written request with Staff to waive or vary any part of this Protocol. The request must provide reasons why granting the waiver is appropriate in the circumstances.

(b) Staff will use their best efforts to provide to the ATS within five business days of receipt of its request either:

(i) written notice that Staff object to granting the waiver or variation; or

(ii) written notice that the waiver or variation has been granted by Staff.

5. Commencement of ATS Operations

The ATS must not begin operations until a reasonable period of time after the ATS is notified that it has been registered by the Commission.

6. Materials to be Submitted and Timelines

(a) Prior to the implementation of a Fee Change or Significant Change, the ATS will provide Staff with the following materials:

(i) a cover letter that, together with the notice for publication submitted under paragraph (a)(ii), if applicable, fully describes:

(A) the proposed Fee Change or Significant Change;

(B) the expected date of implementation of the proposed Fee Change or Significant Change;

(C) the rationale for the proposal and any relevant supporting analysis;

(D) the expected impact, including the quantitative impact, of the proposed Fee Change or Significant Change on the market structure, subscribers and, if applicable, on investors and the capital markets;

(E) the expected impact of the Fee Change or Significant Change on the ATS's compliance with Ontario securities law requirements and in particular requirements for fair access and maintenance of fair and orderly markets;

(F) a summary of any consultations, including consultations with external parties, undertaken in formulating the Fee Change or Significant Change, and the internal governance process followed to approve the Change;

(G) for a proposed Fee Change:

1. the expected number of marketplace participants likely to be subject to the new fee, along with a description of the costs they will incur; and

2. if the proposed Fee Change applies differently across types of marketplace participants, a description of this difference, how it impacts each class of affected marketplace participant, including, where applicable, numerical examples, and any justification for the difference in treatment.

(H) if the Significant Change will require subscribers or service vendors to modify their systems after implementation of the Change, the expected impact of the Change on the systems of subscribers and service vendors together with an estimate of the amount of time needed to perform the necessary work and how the estimated amount of time was deemed reasonable in light of the expected impact of the Significant Change on the ATS, its market structure, subscribers, investors or the Canadian capital markets;

(I) where the proposed Significant Change is not a Significant Change subject to Public Comment, the rationale for why the proposed Significant Change is not considered a Significant Change subject to Public Comment;

(J) a discussion of any alternatives considered; and

(K) if applicable, whether the proposed Fee Change or Significant Change would introduce a fee model or feature that currently exists in other markets or jurisdictions;

(ii) for a proposed Significant Change subject to Public Comment or Fee Change subject to Public Comment, a notice for publication that generally includes the information required under paragraph (a)(i), except information that, if included in the notice, would result in the public disclosure of sensitive information or confidential or proprietary financial, commercial or technical information;

(iii) for a proposed Fee Change or Significant Change, blacklined and clean copies of Form 21-101F2 showing the proposed Change.

(b) The ATS will submit the materials set out in subsection (a)

(i) at least 45 days prior to the expected implementation date of a proposed Significant Change; and

(ii) at least fifteen business days prior to the expected implementation date of a proposed Fee Change.

(c) For a Housekeeping Change, the ATS will provide Staff with the following materials:

(i) a cover letter that fully describes the Change and indicates that it was classified as a Housekeeping Change and, for each Housekeeping Change, provides an analysis of the rationale for the classification and the expected or actual date of implementation of the Change; and

(ii) blacklined and clean copies of Form 21-101F2 showing the Change.

(d) The ATS will submit the materials set out in subsection (c) by the earlier of

(i) the ATS's close of business on the 10th calendar day after the end of the calendar quarter in which the Housekeeping Change was implemented; and

(ii) the date on which the ATS publicly announces a Housekeeping Change, if applicable.

7. Review by Staff of notice and materials to be published for comment

(a) Within 5 business days of the receipt of the notice and materials submitted by the ATS relating to a Significant Change subject to Public Comment or Fee Change subject to Public Comment, in accordance with paragraph 6(a)(ii), Staff will review the notice and materials to ensure that they contain an adequate level of detail, analysis and discussion to elicit meaningful public comment, and will promptly notify the ATS of any deficiency requiring a resubmission of the notice and/or materials.

(b) Where the notice and/or materials are considered by Staff to be deficient, the ATS will amend and resubmit the notice and/or materials accordingly, and the date of resubmission will serve as the submission date for the purposes of this Protocol.

(c) Where the notice and materials are considered by Staff to be adequate for publication, Staff will proceed with the processes set out in section 8.

8. Publication of a Significant Change Subject to Public Comment or Fee Change Subject to Public Comment

(a) As soon as practicable after the receipt of the notice and materials submitted by the ATS relating to a Significant Change subject to Public Comment or Fee Change subject to Public Comment, in accordance with paragraph 6(a)(ii), Staff will publish in the OSC Bulletin and/or on the OSC website, the notice prepared by the ATS, along with a notice prepared by Staff, if necessary, that provides market participants with an opportunity to provide comments to Staff and to the ATS within 30 days from the date the notice appears in the OSC Bulletin or on the OSC website, whichever comes first.

(b) If public comments are received

(i) the ATS will forward copies of the comments promptly to Staff; and

(ii) the ATS will prepare a summary of the public comments and a response to those comments and provide them to Staff promptly after the end of the comment period.

9. Review and Approval Process for Proposed Fee Changes and Significant Changes

(a) Staff will use their best efforts to complete their review of a proposed Fee Change or Significant Change within

(i) 45 days from the date of submission of a proposed Significant Change; and

(ii) fifteen business days from the date of submission of a proposed Fee Change.

(b) Staff will notify the ATS if they anticipate that their review of the proposed Fee Change or Significant Change will exceed the timelines in subsection (a).

(c) If Staff have material comments or require additional information to complete their review of a proposed Fee Change or Significant Change, Staff will use best efforts to provide the ATS with a comment letter promptly by the end of the public comment period for a Significant Change subject to Public Comment or Fee Change subject to Public Comment, and promptly after the receipt of the materials submitted under section 6 for all other Changes.

(d) The ATS will respond to any comments received from Staff in writing.

(e) Unless Staff agree to an extension of time, if the ATS fails to respond to Staff's comments within 120 days after the receipt of Staff's comment letter, the ATS will be deemed to have withdrawn the proposed Fee Change or Significant Change. If the ATS wishes to proceed with the Fee Change or Significant Change after it has been deemed withdrawn, the ATS will have to re-submit it for review and approval in accordance with this Protocol.

(f) Upon completion of Staff's review of a Fee Change or Significant Change, Staff will submit the Change to the Director or, in the circumstances described in subsection (g), to the Commission, for a decision within the following timelines:

(i) for a Significant Change subject to Public Comment or Fee Change subject to Public Comment, the later of 45 days from the date that the related materials were published for comment and the date that Staff's comments and public comments, including any concerns identified, have been adequately addressed by the ATS;

(ii) for any other Significant Change, the later of 45 days from the date of submission of the Change and the date that Staff's comments and any concerns identified have been adequately addressed by the ATS; or

(iii) for any other Fee Change, the later of fifteen business days from the date of submission of the change and the date that Staff's comments and any concerns identified have been adequately addressed by the ATS.

(g) A Fee Change or Significant Change may be submitted to the Commission for a decision, within the timelines in subsection (f),

(i) if the proposed Fee Change or Significant Change introduces a novel feature to the ATS or the capital markets;

(ii) if the proposed Fee Change or Significant Change raises significant regulatory or public interest concerns; or

(iii) in any other situation where, in Staff's view, Commission approval is appropriate.

(h) Staff will promptly notify the ATS of the decision.

(i) If a Significant Change subject to Public Comment or Fee Change subject to Public Comment is approved, Staff will publish the following documents in the OSC Bulletin and/or on the OSC website promptly after the approval:

(i) a notice indicating that the proposed Change is approved;

(ii) the summary of public comments and responses prepared by the ATS, if applicable; and

(iii) if non-material changes were made to the version published for public comment, a brief description of these changes prepared by the ATS and a blacklined copy of the revised Change highlighting the revisions made.

10. Review Criteria for a Fee Change and Significant Change

(a) Staff will review a proposed Fee Change or Significant Change to assess whether it is in the public interest for the Director or the Commission to approve the Change. In making this determination, Staff will have regard for the purposes of the *Securities Act* (Ontario) (Act) as set out in section 1.1 of the Act. The factors that Staff will consider in making their determination also include whether:

(i) the Change would impact the ATS's compliance with Ontario securities law;

(ii) the ATS followed its established internal governance practices in approving the proposed Change;

(iii) the ATS followed the requirements of this Protocol and has provided sufficient analysis of the nature, purpose and effect of the Change; and

(iv) the ATS adequately addressed any comments received.

11. Effective Date of a Fee Change or Significant Change

(a) A Fee Change or Significant Change will be effective on the later of:

(i) the date that the ATS is notified that the Change is approved;

(ii) if applicable, the date of publication of the notice of approval on the OSC website;

(iii) if applicable, the implementation date established by the ATSs' rules, agreements, practices, policies or procedures; and

(iv) the date designated by the ATS.

(b) The ATS must not implement a Fee Change unless the ATS has provided stakeholders, including marketplace participants, issuers and vendors, as applicable, with notice of the Fee Change at least five business days prior to implementation.

(c) Where a Significant Change involves a material change to any of the systems, operated by or on behalf of the ATS, described in section 12.1 of National Instrument 21-101, the Significant Change will not be effective until a reasonable period of time after the ATS is notified that the Significant Change is approved.

(d) In determining what constitutes a reasonable period of time for purposes of implementing a Significant Change under paragraph (c), Staff will consider how the Significant Change will impact the ATS, its market structure, subscribers, investors or the Canadian capital markets or otherwise raises regulatory or public interest concerns.

(e) The ATS must notify Staff promptly following the implementation of a Significant Change or Fee Change that becomes effective under subsections (a) and (b).

(f) Where the ATS does not implement a Significant Change or Fee Change within 180 days of the effective date of the Fee Change or Significant Change, as provided for in subsections (a) and (b), the Significant Change or Fee Change will be deemed to be withdrawn.

12. Significant Revisions and Republication

(a) If, subsequent to its publication for comment, the ATS revises a Significant Change subject to Public Comment or Fee Change subject to Public Comment in a manner that results in a material change to the proposed substance or effect of the Change, Staff will, in consultation with the ATS, determine whether or not the revised Change should be published for an additional 30-day comment period.

(b) If a Significant Change subject to Public Comment or Fee Change subject to Public Comment is republished under subsection (a), the request for comments will include a blacklined version marked to the originally published version, a summary of comments and responses prepared by the ATS, and an explanation of the revisions and the supporting rationale for the revisions.

13. Withdrawal of a Fee Change or Significant Change

(a) If the ATS withdraws a Fee Change or a Significant Change that was previously submitted, it will provide a written notice of withdrawal to Staff.

(b) If the notice of withdrawal relates to a Significant Change subject to Public Comment or Fee Change subject to Public Comment, Staff will publish the notice of withdrawal in the OSC Bulletin and/or on the OSC website as soon as practicable.

(c) If a Significant Change subject to Public Comment or Fee Change subject to Public Comment is deemed to have been withdrawn as provided in subsection 9(e), Staff will prepare and publish a notice informing market participants that the ATS did not proceed with the Change.

14. Effective Date of a Housekeeping Change

(a) Subject to subsections (b) and (c), a Housekeeping Change will be effective on the date designated by the ATS.

(b) Staff will review the materials submitted by the ATS for a Housekeeping Change to assess the appropriateness of the categorization of the Change as housekeeping within five business days from the date that the ATS submitted the documents in accordance with subsections 6(c) and 6(d). The ATS will be notified in writing if there is disagreement with respect to the categorization of the Change as housekeeping.

(c) If Staff disagree with the categorization of the Change as housekeeping, the ATS will immediately repeal the Change, submit the proposed Change as a Significant Change, and follow the review and approval process described in this Protocol as applying to a Significant Change, including those processes applicable to a Significant Change subject to Public Comment, if applicable.

15. Immediate Implementation of a Significant Change

(a) The ATS may need to make a Significant Change effective immediately where the ATS determines that there is an urgent need to implement the Change to maintain fair and orderly markets, or because of a substantial and imminent risk of material harm to the ATS, its subscribers, other market participants or investors.

(b) When the ATS determines that immediate implementation is necessary, it will advise Staff in writing as soon as possible, but in any event, at least five business days prior to the proposed implementation of the Significant Change. The written

notice will include the expected effective date of the Significant Change and an analysis to support the need for immediate implementation. An application for an exemption from the 45-day advance filing requirements in National Instrument 21-101 must follow within five business days following the ATS receiving notice that Staff agree with immediate implementation of the Significant Change.

(c) If Staff do not agree that immediate implementation is necessary, Staff will promptly notify the ATS, in writing, of the disagreement no later than the end of the third business day following submission of the notice under subsection (b). If the disagreement is not resolved, the ATS will submit the Significant Change in accordance with the timelines in section 6.

16. Review of a Significant Change Implemented Immediately

A Significant Change that has been implemented immediately in accordance with section 15 will be published, if applicable, and reviewed and approved by the Director or by the Commission in accordance with the procedures set out in section 9, with necessary modifications. If the Director or the Commission does not approve the Significant Change, the ATS will immediately repeal the Change and inform its subscribers of the decision.

17. Application of Section 21 of the *Securities Act* (Ontario)

The Commission's powers under section 21.0.1 of the *Securities Act* (Ontario) are not constrained in any way, notwithstanding a Change having been approved under this Protocol.

B.3
Reasons and Decisions

B.3.1 YTM Capital Asset Management Ltd. and YTM Capital Fixed Income Alternative Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – alternative mutual funds granted relief from subsection 6.1(1) of NI 81-102 to appoint additional custodians and to clarify that short sale proceeds are excluded for the purposes of calculating non-custodial borrowing agent collateral limits under section 6.8.1 of NI 81-102 – relief subject to conditions.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 6.1(1), 6.8.1 and 19.1.

March 19, 2024

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
YTM CAPITAL ASSET MANAGEMENT LTD.
(the Filer)

AND

IN THE MATTER OF
YTM CAPITAL FIXED INCOME ALTERNATIVE FUND
(the Existing Fund)
AND
ANY FUTURE ALTERNATIVE MUTUAL FUND
AS MAY BE MANAGED BY THE FILER
(each, a Future Fund and, collectively with the Existing Fund,
the Funds and each, a Fund)

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting each of the Funds from the requirement in subsection 6.1(1) of National Instrument 81-102 *Investment Funds* (**NI 81-102**), which provides that, except as provided, all portfolio assets of a Fund be held under the custodianship of one qualified custodian:

(a) to permit a Fund to deposit portfolio assets with a borrowing agent that is not the Fund's custodian or sub-custodian in connection with a short sale of securities, if the aggregate market value of the portfolio assets held by the borrowing agent after such deposit, excluding the aggregate market value of the proceeds from outstanding short sales of securities held by the borrowing agent, does not exceed 25% of the Fund's NAV at the time of deposit (the **Short Sale Collateral Relief**); and

(b) to permit each Fund to appoint more than one custodian, each of which is qualified to be a custodian under Section 6.2 of NI 81-102 and each of which is subject to all of the other requirements in NI 81-102 Part 6 -- *Custodianship of Portfolio Assets* other than the prohibition against the Fund appointing more than one custodian in subsection 6.1(1) of NI 81-102 (the **Custodian Relief**, together with the Short Sale Collateral Relief, the **Exemption Sought**)

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

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

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

Defined Terms

Unless expressly defined herein, terms in this application have the respective meanings given to them in National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**), NI 81-102, National Instrument 14-101 *Definitions* or MI 11-102.

NAV means net asset value;

May 21, 2019 Decision means a decision dated May 21, 2019 granting the Existing Fund and certain Future Funds employing short selling strategies similar to the Existing Fund exemptive relief from certain short selling restrictions in NI 81-102 to permit these Funds to short sell "government securities", as that term is defined in NI 81-102, up to a maximum of 300% of the Fund's net asset value.

Prime Broker means any entity that acts as a lender or borrowing agent to one or more investment funds;

Prospectus means a simplified prospectus of a Fund prepared in accordance with Form 81-101F1 -- *Contents of Simplified Prospectus* or a prospectus of a Fund prepared in accordance with Form 41-101F2 *Information Required in an Investment Fund Prospectus*, as the same may be amended from time to time;

Securities Lending Agreements means agreements that effect securities lending, repurchase, or reverse repurchase transactions between a Fund, as lender of the securities, third party borrowers, and the Fund's securities lending agent; and

Short Sale Collateral Limits means the limits specified in subparagraph 6.8.1(1)(b) of NI 81-102 on the deposit of portfolio assets by a Fund with a borrowing agent (that is not the custodian or a sub-custodian of the Fund) as security in connection with a short sale of securities.

Representations

The decision is based on the following facts represented by the Filer on behalf of itself and the Fund:

The Filer

1. The Filer is a corporation established under the laws of Canada. The Filer's head office is located in Oakville, Ontario.

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

3. The Filer is the investment fund manager, trustee and portfolio manager of the Existing Fund and will be the investment fund manager and portfolio manager of any Future Fund.

4. The Filer is not in default of applicable securities legislation in any of the Canadian Jurisdictions.

The Funds

5. Each of the Funds is, or will be, established under the laws of a Canadian Jurisdiction as an investment fund that is a trust, a class of shares of a mutual fund corporation, or limited partnership and is, or will be, a reporting issuer in one or more of the Canadian Jurisdictions.

6. Each of the Funds is, or will be, an alternative mutual fund governed by NI 81-102, subject to any exemptions therefrom that have been, or may be, granted by the applicable securities regulatory authorities.

7. The securities of each Fund are, or will be, qualified for distribution in one or more of the Canadian Jurisdictions under a Prospectus prepared and filed in accordance with the securities legislation of such Canadian Jurisdictions.

8. The Existing Fund is not in default of applicable securities legislation in any of the Canadian Jurisdictions.

9. The custodian of the Existing Fund is BMO Nesbitt Burns Inc. and it is independent of the Filer.

Reasons for the Exemption Sought

Short Sale Collateral Relief

10. As part of its investment strategies, each Fund that engages in short sales of securities is permitted to grant a security interest in favour of and to deposit pledged portfolio assets with its Prime Broker. If a Fund engages as its Prime Broker an entity that is not its custodian or sub-custodian, then a Fund may only deliver to its Prime Broker portfolio assets having a market value, in the aggregate, of not more than 25% of the Fund's NAV at the time of deposit.

11. A Prime Broker may not wish to act as the borrowing agent for a Fund that has the ability to sell securities short that have an aggregate market value of up to 50% of the Fund's NAV (or 300% pursuant to the May 21, 2019 Decision) if the Prime Broker is only permitted to hold, as security for such transactions, portfolio assets, including the proceeds from short sales, having an aggregate market value that is not in excess of 25% of the Fund's NAV.

12. Prime Brokers that are qualified to act as a custodian or sub-custodian under NI 81-102 are not widely appointed as custodians or sub-custodians under NI 81-102 as it can be both operationally challenging and costly to appoint them to act in such capacity.

13. Given the typical collateral requirements that Prime Brokers impose on their customers who engage in the short sale of securities, if the Short Sale Collateral Limits apply, the Funds would need to retain multiple Prime Brokers in order to sell short securities to the extent permitted under Section 2.6.1 of NI 81-102 and the May 21, 2019 Decision. Managing and overseeing relationships with multiple Prime Brokers introduces unnecessary operational and administrative complexities and additional costs of operation for the Funds.

Custodian Relief

14. The Filer would like the flexibility for each Fund to engage additional custodians that are qualified to act as a custodian under subsection 6.2(3) of NI 81-102, which may include engaging Prime Brokers that satisfy such requirements (each, an **Additional Custodian**). The ability to appoint a Prime Broker to act as an Additional Custodian will increase operational efficiency and reduce execution risk and costs for a Fund as it will avoid the need to transfer the Fund's portfolio assets from a third party custodian to the Prime Broker to effect transactions conducted by the Fund through the Prime Broker. The Filer and any Additional Custodians would be subject to all requirements applicable to custodians under Part 6 of NI 81-102, other than the requirement in subsection 6.1(1) of NI 81-102 that there only be one custodian.

15. An Additional Custodian may also be appointed as a securities lending agent of the Funds and, in such circumstances, would provide the Funds with the opportunity to enter into a greater number of Securities Lending Agreements than would be the case with a single custodian and would, therefore, have the potential to increase revenues to the Funds from securities lending activities.

16. As noted above, Prime Brokers are not widely appointed as sub-custodians by custodians under NI 81-102 as it can be both operationally challenging for the custodian and the Filer to appoint them to act in such capacity.

17. If the Custodian Relief is granted, an Additional Custodian's responsibility for custody of a Fund's assets will apply only to the assets held by the Additional Custodian on behalf of the Fund (the **Relevant Assets**). The custodial arrangements between a Fund and an Additional Custodian will comply with the requirements of Part 6 of NI 81-102 other than subsection 6.1(1).

18. Any Additional Custodian will meet the requirements of NI 81-102 to act as a custodian for an investment fund and will have experience acting as custodian of the assets of public investment funds governed by NI 81-102. As custodian of the Relevant Assets, an Additional Custodian will comply with the standard of care applicable to qualified custodians under Section 6.6 of NI 81-102, will hold the Relevant Assets in the name of the applicable Fund in accordance with Section 6.5 of NI 81-102, and will include the provisions prescribed in Section 6.4 of NI 81-102 in its custody agreement with the Filer and applicable Fund(s). Each Additional Custodian will complete the review and provide compliance reports to the Filer as contemplated in Section 6.7 of NI 81-102.

19. The ability to terminate an Additional Custodian as custodian of the Relevant Assets of a Fund at any time without cause on written notice will ensure that the Filer maintains ultimate control over all of the portfolio assets of the Funds if the Filer considers it to be in the best interests of the Funds and their respective securityholders to do so.

20. The appointment of an Additional Custodian should not have an impact on the safety of the portfolio assets of the Funds while also enhancing the Funds' abilities to engage in the efficient short selling of securities under Section 6.8.1 of NI 81-102 and to enter into additional Securities Lending Arrangements.

21. Disclosure regarding the particulars of the appointment of any Additional Custodian of the Existing Funds with respect to the Relevant Assets will be included in the next Prospectus filed with respect to the applicable Funds after such appointment is made.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

In respect of the Short Sale Collateral Relief:

1. Each Fund otherwise complies with subsections 6.8.1(2) and (3) of NI 81-102.

In respect of the Custodian Relief:

2. A Fund may appoint one or more Additional Custodians provided that the following conditions are met:

   (a) a single entity reconciles all the portfolio assets of the Fund and provides the Fund with valuation and securityholder recordkeeping services and will complete daily reconciliations amongst the custodians before calculating a daily net asset value;

   (b) the Filer maintains such operational systems and processes, as between two or more custodians and the single entity referred to in (a) above, in order to keep a proper reconciliation of all the portfolio assets that will move amongst the custodians, as appropriate; and

   (c) the Additional Custodian will act as custodian, securities lending agent, and/or prime broker only for the portion of portfolio assets of the Funds transferred to it.

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

Application File #: 2024/0090
SEDAR+ File #: 6086487

B.4
Cease Trading Orders

B.4.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
THERE IS NOTHING TO REPORT THIS WEEK.				

Failure to File Cease Trade Orders

Company Name	Date of Order	Date of Revocation
THERE IS NOTHING TO REPORT THIS WEEK.		

B.4.2 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order	Date of Lapse
Helix BioPharma Corp.	March 25, 2024	

B.4.3 Outstanding Management & Insider Cease Trading Orders

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

Company Name	Date of Order	Date of Lapse
Agrios Global Holdings Ltd.	September 17, 2020	
Sproutly Canada, Inc.	June 30, 2022	
iMining Technologies Inc.	September 30, 2022	
Alkaline Fuel Cell Power Corp.	April 4, 2023	
mCloud Technologies Corp.	April 5, 2023	
FenixOro Gold Corp.	July 5, 2023	
HAVN Life Sciences Inc.	August 30, 2023	
PlantFuel Life Inc.	January 30, 2024	
Odd Burger Corporation	January 30, 2024	
Biovaxys Technology Corp.	February 29, 2024	
Helix BioPharma Corp.	March 25, 2024	

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B.7
Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as in Thomson Reuters Canada's internet service SecuritiesSource (see www.westlawnextcanada.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).

B.9
IPOs, New Issues and Secondary Financings

INVESTMENT FUNDS

Issuer Name:
Desjardins 1-5 year Laddered Canadian Corporate Bond Index ETF
Desjardins 1-5 year Laddered Canadian Government Bond Index ETF
Desjardins Alt Long/Short Equity Market Neutral ETF
Desjardins Alt Long/Short Global Equity Markets ETF
Desjardins American Equity Index ETF
Desjardins Canadian Corporate Bond Index ETF
Desjardins Canadian Equity Index ETF
Desjardins Canadian Preferred Share Index ETF
Desjardins Canadian Short Term Bond Index ETF
Desjardins Canadian Universe Bond Index ETF
Desjardins Emerging Markets Equity Index ETF
Desjardins International Equity Index ETF
Desjardins RI Developed ex-USA ex-Canada - Net-Zero Emissions Pathway ETF
Desjardins RI Emerging Markets - Net-Zero Emissions Pathway ETF
Desjardins Sustainable American Equity ETF
Principal Regulator – Quebec
Type and Date:
Final Long Form Prospectus dated Mar 22, 2024
NP 11-202 Final Receipt dated Mar 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing # 06082697

Issuer Name:
Mackenzie Canada Low Volatility ETF
Mackenzie Global Dividend ETF
Mackenzie US Low Volatility ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Mar 21, 2024
NP 11-202 Preliminary Receipt dated Mar 19, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing # 06098103

Issuer Name:
Mackenzie Canada Low Volatility ETF
Mackenzie Global Dividend ETF
Mackenzie US Low Volatility ETF
Principal Regulator – Ontario
Type and Date:
Preliminary Long Form Prospectus dated Mar 26, 2024
NP 11-202 Preliminary Receipt dated Mar 19, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing # 06098103

Issuer Name:
Evolve Artificial Intelligence Fund
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Mar 18, 2024
NP 11-202 Final Receipt dated Mar 19, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06061351

Issuer Name:
CI Global Artificial Intelligence ETF
Principal Regulator – Ontario
Type and Date:
Combined Preliminary and Pro Forma Long Form Prospectus dated Mar 22, 2024
NP 11-202 Preliminary Receipt dated Mar 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06100695

Issuer Name:
Mackenzie Global Women's Leadership Fund
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated March 13, 2024
NP 11-202 Final Receipt dated Mar 21, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06032963

Issuer Name:
Mackenzie Multi-Strategy Absolute Return Fund
Mackenzie Credit Absolute Return Fund
Mackenzie Global Women's Leadership Fund
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Simplified Prospectus dated March 13, 2024
NP 11-202 Final Receipt dated Mar 20, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06003418, 06003419 & 06003460

Issuer Name:
Franklin Bissett Canadian Government Bond Fund
Franklin Conservative Income ETF Portfolio
Franklin Core ETF Portfolio
Franklin Growth ETF Portfolio
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated March 13, 2024
NP 11-202 Final Receipt dated Mar 20, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #03518388

Issuer Name:
Manulife Canadian Unconstrained Bond Fund
Manulife Corporate Bond Fund
Manulife Fundamental Balanced Class
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated March 19, 2024
NP 11-202 Final Receipt dated Mar 20, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #03548090

NON-INVESTMENT FUNDS

Issuer Name:
Nutrien Ltd.
Principal Regulator – Saskatchewan
Type and Date:
Final Shelf Prospectus dated Mar 22, 2024
NP 11-202 Final Receipt dated Mar 22, 2024
Offering Price and Description:
Common Shares, Preferred Shares, Subscription Receipts, Debt Securities, Share Purchase Contracts, Units
Filing # 06100266

Issuer Name:
Ayr Wellness Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated Mar 21, 2024
NP 11-202 Preliminary Receipt dated Mar 22, 2024
Offering Price and Description:
US$250,000,000.00 - Subordinate Voting Shares, Restricted Voting Shares, Limited Voting Shares, Warrants, Subscription Receipts, Debt Securities, Convertible Securities, Units
Filing # 06099955

Issuer Name:
MetalMark Resources Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Long Form Prospectus dated Mar 18, 2024
NP 11-202 Preliminary Receipt dated Mar 21, 2024
Offering Price and Description:
5,000,000 Units for $1,000,000.00
Price: $0.20 per Unit
Filing # 06099198

Issuer Name:
Proton Capital Corp.
Principal Regulator – Saskatchewan
Type and Date:
Preliminary Long Form Prospectus dated Mar 20, 2024
NP 11-202 Preliminary Receipt dated Mar 21, 2024
Offering Price and Description:
Up to $40,000,000.00
Up to 100,000,000 Common Shares
Over-Allotment Option: Up to $6,000,000.00
Up to 15,000,000 Common Shares
Price: $0.40 per Common Share
Filing # 06098900

Issuer Name:
Electrovaya Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus dated Mar 21, 2024
NP 11-202 Preliminary Receipt dated Mar 21, 2024
Offering Price and Description:
Common Shares, Debt Securities, Subscription Receipts, Warrants, Units
USD$100,000,000.00
Filing # 06099206

Issuer Name:
Royal Bank of Canada
Principal Regulator – Quebec
Type and Date:
Final Shelf Prospectus dated Mar 15, 2024
NP 11-202 Final Receipt dated Mar 19, 2024
Offering Price and Description:
Senior Notes (Non-Principal Protected Securities)
Filing # 06097895

Issuer Name:
LQWD Technologies Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Shelf Prospectus dated Mar 14, 2024
NP 11-202 Preliminary Receipt dated Mar 18, 2024
Offering Price and Description:
$50,000,000.00 - COMMON SHARES, WARRANTS, SUBSCRIPTION RECEIPTS, UNITS, DEBT SECURITIES
Filing # 06096852

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B.10
Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
Firm Registration	PB Markets Inc.	Exempt Market Dealer	March 19, 2024
Voluntary Surrender	EQUILEND CANADA CORP.	Investment Dealer	March 20, 2024

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B.11
CIRO, Marketplaces, Clearing Agencies and Trade Repositories

B.11.2 Marketplaces

B.11.2.1 Consolidation of ATS Protocol Orders – Notice

NOTICE

CONSOLIDATION OF ATS PROTOCOL ORDERS

Since June 22, 2012, the Commission has issued and varied a number of orders requiring alternative trading systems (**ATSs**) that operate in Ontario to comply with the Process for the Review and Approval of the Information Contained in Form 21-101F2 and the Exhibits Thereto (**ATS Protocol**). Some ATSs captured in these orders (the **ATS Protocol Orders**) have ceased their operations, while others have changed their names.

In the interest of reflecting the name changes of certain ATSs, consolidating the ATS Protocol Orders, and reflecting that some of the ATSs no longer carry on business in Ontario as ATSs, on March 21, 2024, the Commission issued two orders simultaneously. One order revokes the ATS Protocol Orders and the other order requires those ATSs currently operating in Ontario to comply with the ATS Protocol. There are no changes to the ATS Protocol itself.

Both orders are published in Chapter 2 of this Bulletin.

Questions may be referred to:

Heather Cohen
Senior Legal Counsel, Market Regulation
Email: hcohen@osc.gov.on.ca

B.11.2.2 EquiLend Canada Corp. – Cessation of ATS Business – Notice

NOTICE OF CESSATION OF ATS BUSINESS

EQUILEND CANADA CORP.

EquiLend Canada Corp. (**EquiLend Canada**) has filed Form 21-101F4 *Cessation of Operations Report for Alternative Trading System* (**F4**) with the Commission. The F4 provides that effective March 1, 2024, EquiLend Canada ceased to carry on business as alternative trading system (**ATS**).

Also effective March 1, 2024, EquiLend Canada's affiliate, EquiLend LLC, is operating as an ATS in Ontario pursuant to a decision issued by the Commission dated January 3, 2024 granting exemptions from the marketplace requirements under National Instrument 21-101 Marketplace Operation, National Instrument 23-101 Trading Rules, and National Instrument 23-103 Electronic Trading and Direct Electronic Access to Marketplaces.

B.11.3 Clearing Agencies

B.11.3.1 Canadian Derivatives Clearing Corporation (CDCC) – Proposed Amendments to the Rules, Operations Manual and Risk Manual of the CDCC Regarding Reference Rate Fallback Procedures – Notice of Commission Approval

CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC)

NOTICE OF COMMISSION APPROVAL

PROPOSED AMENDMENTS TO
THE RULES, OPERATIONS MANUAL AND RISK MANUAL OF
THE CDCC REGARDING REFERENCE RATE FALLBACK PROCEDURES

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and the Canadian Derivatives Clearing Corporation (CDCC), the Commission approved on March 20, 2024 the amendments to the CDCC Rules, Operations Manual and Risk Manual to include reference rate fallback procedures.

For further details, please see the Request for Comments Notice published on **CDCC's website** on December 12, 2023.

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