The Ontario Securities Commission

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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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FOR IMMEDIATE RELEASE
January 24, 2024

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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 January 24, 2024 is available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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A.2.2 Traders Global Group Inc. and Muhammad Murtuza Kazmi

FOR IMMEDIATE RELEASE
January 24, 2024

TRADERS GLOBAL GROUP INC. AND
MUHAMMAD MURTUZA KAZMI,
File No. 2023-21

TORONTO – The hearing of the application on January 25, 2024 at 10:00 a.m. in the above-named matter will proceed by videoconference.

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Ontario Securities Commission

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A.2.3 Traders Global Group Inc. and Muhammad Murtuza Kazmi

FOR IMMEDIATE RELEASE
January 25, 2024

TRADERS GLOBAL GROUP INC. AND MUHAMMAD MURTUZA KAZMI,
File No. 2023-21

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

A copy of the Order dated January 25, 2024 is available at capitalmarketstribunal.ca.

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inquiries@osc.gov.on.ca

A.2.4 Mark Odorico

FOR IMMEDIATE RELEASE
January 26, 2024

MARK ODORICO,
File No. 2022-18

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

A copy of the Reasons and Decision and the Order dated January 25, 2024 are available at capitalmarketstribunal.ca.

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inquiries@osc.gov.on.ca

A.2.5 Manticore Labs OÜ (o/a Coinfield) and Manticore Labs Inc.

FOR IMMEDIATE RELEASE
January 26, 2024

MANTICORE LABS OÜ
(o/a COINFIELD) AND
MANTICORE LABS INC.,
File No. 2023-24

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

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

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Ontario Securities Commission

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inquiries@osc.gov.on.ca

A.2.6 Nicholas Agar and Paul Ungerman

FOR IMMEDIATE RELEASE
January 29, 2024

NICHOLAS AGAR AND
PAUL UNGERMAN,
File No. 2024-1

TORONTO – The Tribunal issued an Order in the above-named matter approving the Settlement Agreement reached between Staff of the Commission, Nicholas Agar and Paul Ungerman in the above-named matter.

A copy of the Order dated January 26, 2024, Settlement Agreement dated January 10, 2024 and Reasons for Approval of a Settlement dated January 26, 2024 are available at capitalmarketstribunal.ca.

Registrar, Governance & Tribunal Secretariat
Ontario Securities Commission

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A.2.7 Xiao Hua (Edward) Gong

FOR IMMEDIATE RELEASE
January 30, 2024

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

TORONTO – The attendance in the above-named matter scheduled to be heard on January 30, 2024 at 10:00 a.m. was adjourned due to technology issues with the provider of our videoconference platform. The attendance is scheduled to be heard on February 15, 2024 at 10:00 a.m.

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.

Registrar, Governance & Tribunal Secretariat
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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

January 24, 2024

ORDER

WHEREAS on January 24, 2024, the Capital Markets Tribunal held a hearing by videoconference;

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

IT IS ORDERED THAT:

1. by February 23, 2024 at 4:30 p.m., the respondents shall:
   a. serve and file their witness list(s),
   b. serve a summary of each witness's anticipated evidence, and
   c. indicate any intention to call an expert witness, including providing the expert's name and the issues on which the expert will give evidence; and
2. a further attendance in this matter is scheduled for March 25, 2024, at 9:00 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.

"Cathy Singer"

A.3.2 Traders Global Group Inc. and Muhammad Murtuza Kazmi – ss. 127(1), 127(2), 127(8)

IN THE MATTER OF
TRADERS GLOBAL GROUP INC. AND
MUHAMMAD MURTUZA KAZMI

File No. 2023-21

Adjudicators: James Douglas (chair of the panel)
Mary Condon
William Furlong

January 25, 2024

ORDER
(Subsections 127(1), 127(2) and 127(8) of
the *Securities Act,* RSO 1990, c S.5)

WHEREAS on January 25, 2024, the Capital Markets Tribunal held a hearing by videoconference, to consider an application by Staff of the Ontario Securities Commission to extend the temporary order issued by the Commission on August 29, 2023, and extended by the Tribunal on September 11, 2023 and October 25, 2023;

ON READING the materials filed by Staff and by the respondents, Traders Global Group Inc. (**TGG**) and **Muhammad Murtuza Kazmi (Kazmi)**, and on hearing the submissions of the representatives for each of Staff, the respondents, and Grant Thornton Limited (the **Receiver**) in its capacity as receiver and manager, appointed pursuant to a decision of the Ontario Superior Court of Justice dated December 21, 2023, of all the assets, undertakings and property of the respondents, and on being advised that the respondents consent to this order, without prejudice to any position that they may take in this or any other proceeding before the Tribunal, and on being advised that the Receiver does not take a position in respect to the relief sought;

IT IS ORDERED that, pursuant to ss. 127(1)2, 127(1)3, 127(2) and 127(8) of the *Securities Act*, until the earlier of 1) 10 days after the issuance of a Statement of Allegations naming one or both of TGG and Kazmi as a respondent, or 2) 6 months after the issuance of this Order, and except as may be required for the Receiver, or any agent on its behalf, to carry out the Receiver's mandate as set out in any order relating thereto that may be issued by the Ontario Superior Court of Justice:

1. all trading in securities of TGG shall cease;
2. trading in any securities by TGG and Kazmi, or by any person on their behalf, including but not limited to any act, advertisement, solicitation, conduct or negotiation, directly or indirectly in furtherance of a trade, shall cease; and

3. any exemptions contained in Ontario securities law do not apply to TGG or Kazmi.

"James Douglas"

"Mary Condon"

"William Furlong"

A.3.3 Mark Odorico – ss. 21.7, 8

IN THE MATTER OF
MARK ODORICO

File No. 2022-18

Adjudicators: Andrea Burke (chair of the panel)
Sandra Blake
Dale R. Ponder

January 25, 2024

ORDER
(Sections 21.7 and 8 of the
Securities Act, RSO 1990, c S.5)

WHEREAS on March 7 and July 18, 2023, the Capital Markets Tribunal held a hearing by videoconference to consider an application by Mark Odorico for review of two decisions of the Canadian Investment Regulatory Organization (**CIRO**) dated April 7, 2022, and August 15, 2022;

AND WHEREAS the Capital Markets Tribunal also held a hearing in writing to consider whether certain sanctions and costs ordered by CIRO in the August 15, 2022, decision ought to be varied as a result of the Tribunal's Reasons and Decision in this matter dated October 13, 2023;

ON READING the materials filed by the parties, and on hearing the submissions of Odorico, and the submissions of the representatives for staff of CIRO and staff of the Ontario Securities Commission;

IT IS ORDERED THAT:

1. the finding in the April 7, 2022, CIRO decision that Odorico misappropriated $150,000 from clients JR and MR is set aside;

2. paragraph 34 of the August 15, 2022, CIRO decision is varied as follows:

   a. the fine of $50,000 in paragraph 34(b) is reduced to $40,000; and

   b. the disgorgement amount of $579,000 in paragraph 34(c) is reduced to $429,000; and

3. CIRO staff has 30 days from the date of this Order to advise the parties and the Capital Markets Tribunal of any decision by CIRO to reconsider in a new hearing the allegation that Odorico misappropriated funds from clients JR and MR, failing which the allegation against Odorico is dismissed.

"Andrea Burke"

"Sandra Blake"

"Dale R. Ponder"

A.3.4 Manticore Labs OÜ (o/a Coinfield) and Manticore Labs Inc.

IN THE MATTER OF
MANTICORE LABS OÜ
(o/a COINFIELD) AND
MANTICORE LABS INC.

File No. 2023-24

Adjudicator: M. Cecilia Williams

January 26, 2024

ORDER

WHEREAS on January 26, 2024, the Capital Markets Tribunal held a hearing by videoconference;

ON HEARING the submissions of the representatives for Staff of the Ontario Securities Commission (**Staff**) and no one appearing on behalf of the Respondents;

IT IS ORDERED THAT:

1. pursuant to subrule 6(4) of the *Capital Markets Tribunal Rules of Procedure and Forms* (the **Rules**), the requirement that staff serve all future processes on the Respondents is waived;

2. pursuant to subrule 21(3) of the Rules, the merits hearing will proceed in the Respondents' absence;

3. by 4:30 p.m. on April 29, 2024, the parties shall provide to the Registrar a completed copy of the *E-hearing Checklist*;

4. by 4:30 p.m. on May 6, 2024, Staff shall:

    a. provide to the Registrar the electronic documents that Staff intends to rely on or enter into evidence at the merits hearing, along with an index file containing hyperlinks to the documents in the hearing brief, in accordance with the *Protocol for E-hearings*; and

    b. file any affidavit evidence for the merits hearing;

5. the merits hearing shall take place at 20 Queen Street West, 17th Floor, Toronto, Ontario and commence on May 13, 2024 at 10:00 a.m. and continue on May 14, 2024 at 10:00 a.m. or on such other dates and times as may be agreed to by Staff and set by the Governance & Tribunal Secretariat.

"M. Cecilia Williams"

A.3.5 Nicholas Agar and Paul Ungerman – ss. 127(1), 127.1

IN THE MATTER OF
NICHOLAS AGAR AND
PAUL UNGERMAN

File No. 2024-1

Adjudicators: Andrea Burke (chair of the panel)
Mary Condon

January 26, 2024

ORDER
(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5)

WHEREAS on January 26, 2024, the Capital Markets Tribunal held a hearing by videoconference to consider the Joint Request for a Settlement Hearing filed by Nicholas Agar and Paul Ungerman (the **Respondents**) and Staff of the Enforcement Branch of the Ontario Securities Commission for approval of a settlement agreement dated January 10, 2024 (the **Settlement Agreement**);

ON READING the Joint Request for a Settlement Hearing, including the Settlement Agreement dated January 10, 2024, and the written submissions, on hearing the submissions of the representatives for each of the parties, on considering that Agar has delivered to the Enforcement Branch of the Ontario Securities Commission an irrevocable direction for the immediate payment of US$500,000 to Axia Foundation Inc. or such other entity as may be designated to receive funds for collection and distribution as part of the wind down of the Axia Project (as defined in the Settlement Agreement) in accordance with the terms of the Settlement Agreement, and on being advised by Staff of the Enforcement Branch of the Ontario Securities Commission that it has received payment from Ungerman of CA$918,686.19 and the initial payment from Agar of CA$200,000;

IT IS ORDERED THAT:

1. The Settlement Agreement is approved; and

2. Pursuant to subsection 127(2) of the Act, the approval of the Settlement Agreement is subject to the following terms and conditions:

   (a) trading in any securities or derivatives, and the acquisition of any securities, by the Respondents cease permanently commencing on the date of the Order, pursuant to paragraph 2 and paragraph 2.1 of subsection 127(1) of the Act, except that the Respondents shall be permitted to trade;

      i. securities or derivatives and acquire securities in a registered retirement savings plan, registered retirement income fund, registered disability savings plan, and tax-free savings account, as defined in the *Income Tax Act*, R.S.C. 1985, c.1, as amended, in which only the Respondents, their spouse or children are the sole or joint legal and beneficial owners; and

      ii. solely through a registered dealer in Ontario, to whom the Respondents must have given a copy of the Settlement Agreement and this Order;

   only after the amounts ordered in subparagraphs 2(h) through 2(l) have been paid in full;

   (b) the Respondents immediately resign any positions that they hold as directors or officers of any issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;

   (c) the Respondents are prohibited permanently from becoming or acting as directors or officers of any reporting or non-reporting issuer, pursuant to paragraph 8 of subsection 127(1) of the Act, except that

      i. Ungerman may continue as director and officer for Faith-Ungerman Holdings Inc., a non-reporting issuer that serves only as a personal family holding company, provided that none of the securities of Faith-Ungerman Holdings Inc. are owned by or offered for sale to anyone other than members of his immediate family; and

      ii. this Order does not preclude Agar from becoming or acting as a director or officer (or both) of a single, non-reporting issuer that serves only as a personal family holding company and none of the securities of which are owned or offered for sale to anyone other than members of his immediate family;

(d) the Respondents immediately resign any positions that they may hold as directors or officers of any registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;

(e) the Respondents are prohibited from becoming or acting as directors or officers of any registrant permanently, pursuant to paragraph 8.2 of subsection 127(1) of the Act;

(f) the Respondents are prohibited permanently from becoming or acting as registrants, including as an investment fund manager, or as a promoter pursuant to paragraph 8.5 of subsection 127(1) of the Act;

(g) any exemptions contained in Ontario securities law do not apply to the Respondents permanently, commencing on the date of the Order, pursuant to paragraph 3 of subsection 127(1) of the Act;

(h) Agar shall disgorge to the Commission the amount of CA$50,000, pursuant to paragraph 10 of subsection 127(1) of the Act;

(i) Ungerman shall disgorge to the Commission the amount of CA$318,686.19, pursuant to paragraph 10 of subsection 127(1) of the Act;

(j) each of the Respondents shall pay an administrative penalty in the amount of CA$550,000, pursuant to paragraph 9 of subsection 127(1) of the Act;

(k) each of the Respondents shall pay costs of the investigation in the amount of CA$50,000, pursuant to section 127.1 of the Act;

(l) the amounts payable under subparagraphs 2(h) through 2(k) are payable forthwith, except that Agar shall pay CA$200,000 forthwith with the balance of funds payable by him to be paid in nine monthly payments of CA$50,000 by the last business day of each subsequent calendar month; and

(m) the Respondents are reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act.

“Andrea Burke”

“Mary Condon”

IN THE MATTER OF
NICHOLAS AGAR AND
PAUL UNGERMAN

SETTLEMENT AGREEMENT
(Nicholas Agar and Paul Ungerman)

PART I. INTRODUCTION

1. Companies that issue misleading or untrue statements in their promotional materials deprive investors of the ability to make informed investment decisions and result in harm to them. Retail investors can be particularly vulnerable as they often have little knowledge of crypto securities. In promoting the Axia Project's (defined below) offerings of crypto security tokens, Nicholas Agar ("**Agar**") and Paul Ungerman ("**Ungerman**", together the "**Founders**" or "**Respondents**") made misleading or untrue statements on behalf of the Axia Project that represented Axia to be a safe and sophisticated investment opportunity. Axia investors in Ontario and around the world have suffered significant financial loss.

2. This matter should also serve as a reminder that all persons who deal in crypto securities with Ontario investors, wherever the business is domiciled, must comply with Ontario securities law or face regulatory action.

PART II. JOINT SETTLEMENT RECOMMENDATION

3. The Enforcement Branch of the Ontario Securities Commission (the "**Branch**") recommends settlement of the proceeding ("**Proceeding**") against the Respondents commenced by the Notice of Hearing, in accordance with the terms and conditions set out in Part V of the Settlement Agreement. The Respondents consent to the making of an order (the "**Order**") in the form attached as **Schedule "A"** to this Settlement Agreement based on the facts set out herein.

4. For the purposes of this Proceeding and any other regulatory proceeding commenced by a Canadian securities regulatory authority only, the Respondents agree with the facts set out in Part III of this Settlement Agreement and the conclusion in Part IV of this Settlement Agreement.

PART III. AGREED FACTS

A. Overview

5. Beginning in or around April 2018, and continuing to at least October 2022 (the "**Solicitation Period**"),[1] the Founders and the entities they controlled (together the "**Axia Project**" or "**Axia**"), created crypto assets called "LinkCoin" and later "Axia Aion Network Token" and later "Axia Aion Network ERC 777 Token" and later "Axia ERC 20 Token" and finally "Axia Network Coin" or "AXC Coin" (collectively, the "**Axia Coin**"), which are securities, and sold millions of dollars' worth of them to Ontarians. Throughout the Solicitation Period, the Founders facilitated the raising of approximately US$9 million for the Axia Project through the distribution of Axia Coin to over two hundred Ontario investors. Approximately US$41 million was raised from investors worldwide on behalf of the Axia Project.

6. The Founders disseminated promotional materials which contained misleading or untrue statements, including statements that Axia held over US$29 billion dollars' worth of audited "hard" or "real-world" assets (e.g., real property, precious minerals and gems) in a reserve to support the value of the Axia Coin. In fact, the existence, ownership and value of the assets had not been adequately verified and the conditions for transfer of the assets to Axia Project were never satisfied. In addition, beginning in February 2021, the Founders received compensation in fiat currency from the Axia Project as described below, contrary to repeated representations starting in 2021 that they would not draw any form of fiat currency compensation from the Axia Project.

7. No prospectus was filed by any Axia Entity (defined below) with respect to the distribution of the Axia Coin. None of Ungerman, Agar or any Axia Entity obtained the necessary registration with the Ontario Securities Commission ("**OSC**" or the "**Commission**") to engage in continuous trading activities regarding the Axia Coin. By selling the Axia Coin to investors without complying with those requirements, the Founders and the Axia Entities deprived investors of important regulatory safeguards in place to foster investor protection and maintain confidence in Ontario's capital markets.

8. Finally, in early 2020, the Founders made misleading, incomplete or untrue statements to the Commission about the nature and extent of the business activities of the Axia Project. These misleading statements prevented early detection of the Founders' unlawful conduct and thus interfered with the Commission's ability to enforce compliance with Ontario securities laws and protect Ontario investors.

[1] All activities described occurred during the Solicitation Period unless otherwise indicated.

B. Detailed Facts

i. The Axia Project Overview

9. Agar and Ungerman are residents of Ontario.

10. In 2018, the Founders started the Axia Project with a vision of creating a decentralized blockchain network on which participants could store and transfer value and that would provide utility on an online platform with access to applications and services using the Axia Coin as digital currency (the "**Axia Ecosystem**").

11. During the Solicitation Period, the Founders worked full time on the Axia Project. They had no other sources of employment or work.

12. Initially, the Founders operated the Axia Project through an Ontario company. Axia Operations Ltd. ("**Axia Operations**") was incorporated under the Ontario *Business Corporations Act*, on February 26, 2018. At the time of incorporation, the company's name was LinkCoin Ltd., but its name was changed to Axia Operations on November 6, 2018. Axia Operations was dissolved on February 10, 2022. The Founders were the sole shareholders, directors and officers of Axia Operations.

13. Beginning in or around early 2019, the Founders moved the Axia Project offshore. In total, the Founders created or acquired, or caused to be created or acquired, approximately thirty entities worldwide that were involved in the Axia Project, with several Axia entities involved in promotional activities for the Axia Project (the "**Axia Entities**"). During the Solicitation Period, the Founders were the controlling minds, directly or indirectly, of the Axia Entities and the Axia Project as a whole, including but not limited to the Foundation and Issuer entities defined below.

14. Once the Axia Project moved offshore, the Founders developed a governance structure whereby a foundation entity oversaw the operations of the other Axia Entities, including the promotion, generation, distribution and sale of the Axia Coin. All funds raised from the sale of the Axia Coin were held by various Axia Entities on behalf of the foundation entity, and the foundation would direct the Axia Project's use of funds. Over the course of the Axia Project, Axia had multiple foundation entities, including in particular (collectively, the "**Foundation**"):

    i. Axia Capital Ltd. was a foundation company incorporated in the Cayman Islands on February 6, 2019. At the time of incorporation, the company's name was Axia Foundation, but its name was changed to Axia Capital Ltd. on June 22, 2021. The Founders held the majority of votes and were the sole directors of Axia Capital Ltd. Axia Capital Ltd. was struck from the Cayman Islands Companies Registry on December 21, 2021.

    ii. Axia Foundation Inc. was incorporated on or about February 23, 2021 in the Commonwealth of Dominica. The Founders are the sole equal shareholders and are also directors of Axia Foundation Inc; and

    iii. Axia Network Foundation ("**ANF**") was incorporated in the Cayman Islands in April 2022 as an exempted foundation company limited by guarantee without a share capital and with two independent directors. Beginning on approximately April 27, 2022, proceeds of sales of the Axia Coin were for the benefit of ANF. The initial independent directors resigned on September 15, 2022, and subsequent independent directors were appointed on or about November 16, 2022.

15. Under the supervision of the Foundation, an issuer entity was responsible for the issuance of Axia Coin for distribution. Over the course of the Axia Project, Axia had two issuer entities (together, the "**Issuer**"):

    i. Axia Issuer Inc. was incorporated on April 12, 2019 in the British Virgin Islands ("**BVI**"). The Foundation[2] was the sole shareholder of Axia Issuer Inc. Axia Issuer Inc. was the issuer of Axia Coin until April 2022; and

    ii. AXC Issuer Corp. was incorporated on April 19, 2022 in the BVI. ANF was the sole shareholder of AXC Issuer Corp. AXC Issuer Corp. was the issuer of Axia Coin from April 2022 until the end of the Solicitation Period.

16. Axia Systems Inc. ("**Axia Systems**") was incorporated on December 31, 2019 in BVI. During the Solicitation Period, a foundation entity was the sole shareholder of Axia Systems. The Founders were also the sole directors and the directing minds of Axia Systems until on or about April 26, 2022. Axia Systems is responsible for software and technological services to the entire Axia Project, including the maintenance of the "**Axia Websites**":

    i. From in or around December 2019 to mid-2020, the Axia Project maintained a website with the URL axiacoin.com.

[2] Axia Capital Ltd. (Cayman Islands) was the sole shareholder between April 12, 2019 and May 25, 2021. Axia Foundation Inc. (Dominica) was the sole shareholder beginning May 25, 2021.

ii. From in or around August 2020 to January 2022, the Axia Project maintained a website with the URL axiacoin.org.

iii. Finally, beginning January 2022, the Axia Project has maintained a website with the URL axia.global.

17. Each of the Axia Websites was owned by Ungerman, through his wholly-owned company BXB Family Corp., and maintained by Axia Systems with support from the other Axia entities.

18. Each of the Axia Websites was freely accessible to any user of the internet; there was no password requirement or similar portal restricting public access. The Axia Websites were accessible to investors in Ontario**.**

19. During the Solicitation Period, the Founders were the legal or *de facto* controlling minds of the Axia Entities.

20. Following the resignation of the initial independent directors of ANF on September 15, 2022, the Founders engaged, or caused to be engaged, a third-party governance and compliance firm headquartered in the Cayman Islands to conduct a review of the Axia Project and act as independent directors of ANF. As described below, upon completion of their review of the Axia Project, the governance and compliance firm recommended that Axia be wound down.

ii. The Sale of Axia Coin

21. The Founders directed the creation of the Axia Coin, a blockchain digital token. Axia Coin was traded on third party exchanges, with promises of listings on further exchanges, and purported or future utility in the Axia Ecosystem. The Founders developed the idea for the Axia Coin and were the directing minds of the Axia Project. The Founders established, or arranged for the establishment of, the Axia Entities to carry out the software development and deployment activities required to issue Axia Coin and accept proceeds of sales of Axia Coin.

22. The particulars of the Axia Coin being developed and offered to Ontario investors changed over the course of the Project:

i. The digital currency was initially called LinkCoin. In November 2018, the Founders changed the name of the digital currency to Axia Coin.

ii. Beginning in early 2019, Axia partnered with Aion Foundation ("**Aion**") to develop and launch its token on the Aion blockchain network that it was developing, later called the Open Application Network. In December 2019, the Axia Ecosystem mobile application was released. Although Axia Coin was not issued at that time, early investors could view the number of Axia Coins to which they were entitled in the application.

iii. In January 2021, the first version of Axia Coin was issued as a token built on the Open Application Network ("**Axia ERC 777 Tokens**"). Axia ERC 777 Tokens were delivered to early-stage investors who opened accounts with Axia Capital Bank Ltd., a licensed bank governed under the laws of the Commonwealth of Dominica ("**Axia Bank**"). Early-stage investors were required to complete a know-your-client ("**KYC**") process to open their accounts, but as part of this KYC process, Axia did not collect any information pertaining to investors' or their spouses' net income, financial assets and liabilities. Axia ERC 777 Tokens were held in "cold storage" custody by a service provider to Axia Bank. Holders could see the balances of their Axia ERC 777 Tokens through the mobile application but could not transfer the tokens to a wallet outside the Axia Ecosystem.

iv. In mid-January 2021, the core developers of the Open Application Network announced that they were abandoning development of that network, and the Founders then moved the Axia Project to the Ethereum Network. In March 2021, all Axia ERC 777 Tokens were replaced with ERC 20 Tokens ("**Axia ERC 20 Tokens**"). This conversion occurred within holders' accounts at Axia Bank and through the mobile application.

v. On or about April 9, 2022, the Axia Project launched its mainnet network and all Axia ERC 20 Tokens were converted into a new digital coin maintained on the new network.

23. The Founders, through the Axia Entities, facilitated the sale of Axia Coin and/or future entitlements to Axia Coin in three different offerings (together, the "**Offerings**"):

i. Simple Agreements for Future Tokens (the "**SAFTS**"); between April 2018 and September 2019, twenty-four Ontario investors entered into SAFTs with Axia Operations in exchange for future tokens and options to purchase future tokens. Axia Operations raised approximately US$2.5 million through SAFTs with Ontario investors.

ii. Token Subscription Agreements ("**Subscription Agreements**"); between May 2020 and September 2021, approximately thirty-nine Ontario residents invested a total of approximately US$2 million in the Axia Project through Subscription Agreements with the Issuer.

iii. Axia Bank Sale; between June 2021 and October 2022, Ontario investors were able to purchase Axia Coin from the Issuer through Axia Bank. Axia Bank holds a banking licence in the Commonwealth of Dominica. At all material times, Ungerman was the sole shareholder and director of the Axia Bank. On behalf of the Axia Project, Axia Bank onboarded token purchasers and credited Axia Coin into the purchasers' Axia Bank accounts. Approximately 157 Ontario investors purchased approximately US$4.6 million worth of Axia Coin through Axia Bank.

24. Pursuant to the first two offerings – the SAFTs and Subscription Agreements – purchasers agreed to contribute money in exchange for a right to receive tokens at a future date.

25. After the Axia Coin was developed, holders were required to keep their Axia ERC 777 Tokens in cold storage custody with Axia Bank. When Axia Coins were replaced with Axia ERC 20 Tokens in March 2021, Axia Coin holders could take their Axia Coins out of the Axia Ecosystem for self-custody but would be charged a fee.

26. Nearly all of the Axia Project's funds were derived from the sale of the Axia Coin. In total, Axia raised approximately US$41 million worldwide, of which over US$9 million was raised from approximately 215 Ontario investors.

27. On or about October 5, 2022, Axia announced the suspension of all Axia Coin sales pending a review of the Axia Project by the third-party governance and compliance firm with the support of forensic accounting professionals.

28. On or about March 10, 2023, Axia announced that the review of the Axia Project was complete and Axia was beginning efforts to wind down the project. The wind-down process is ongoing. Axia subsequently announced a clarification that the decision to wind down was based on a recommendation by the third-party governance and compliance firm. The recommendation was driven primarily by the Axia Project's potential compliance issues related to various applicable legal and regulatory regimes.

29. Of the approximately US$41 million dollars raised, less than US$10 million remains for distribution to investors as part of the wind down.

iii. Promotion of Axia Coin as an Investment

30. During the Solicitation Period, the Founders continuously disseminated or caused to be disseminated promotional materials with respect to the Axia Coin in a variety of ways, including by:

i. Distributing a LinkCoin White Paper, dated April 2018, directly to SAFT purchasers and prospective SAFT purchasers;

ii. Beginning no later than June 2021, distributing at least nineteen versions of Axia White Papers to investors and prospective investors, including by posting them to the Axia Websites;

iii. Sending email announcements to subscribers for the Axia Websites and/or Axia Coin holders;

iv. Issuing press releases through third parties;

v. Making posts on social media platforms, such as Telegram and Medium, including through third parties;

vi. Hosting meetings with prospective investors to promote the Axia Coin and Axia Project; and

vii. Engaging and paying significant amounts to third parties for their services identifying and soliciting purchasers of the Axia Coin.

31. Initially, the Founders solicited investments from their friends and family, or from persons introduced to them through their friends or family. In late 2019, Axia launched its first Axia Website and thereafter, the Axia Websites were freely accessible to prospective investors worldwide. The Founders continuously created, or caused to be created, and posted, or caused to be posted, promotional information about the Project and the Axia Coin on the Axia Websites through among other things, blog posts, news releases and White Papers posted to the Axia Websites.

32. In addition, the Founders, through the Axia Entities, engaged the services of and/or partnered with over ninety persons or entities for marketing, business development and/or investor relations services. These included public and media relations firms, social media marketing services, and individuals engaged to solicit prospective investors. The Axia Project spent over US$1 million on these services.

33. The Founders actively and regularly promoted Axia Coin as a means to profit or obtain increased value. The Founders solicited investors both in person and online, making representations that the Axia Coin had the potential to increase in value over time. Indeed, the SAFTs required purchasers to agree to a representation that the purchaser enters into the SAFT with the "predominant expectation that he, she or it, as the case may be, will profit…"

34. The Founders promoted the unique "tokenomics" that purported to give the Axia Coin increasing value over time. Initially, the Axia Coin was promoted as deflationary (referring to a finite coin supply that Axia claimed would never increase) and stable (because of its purported asset support or backing, discussed in greater detail below). The concept of coin burning was introduced in or around August 2021 and the Founders promoted the Axia Coin as the first ever "hyper-deflationary" (diminishing supply and asset support or backing) digital currency.

35. Throughout the Solicitation Period, promotional materials, including project descriptions and blogs on the Axia Websites and white papers distributed or caused to be distributed by the Founders on behalf of the Axia Project represented that these "tokenomics" created or increased Axia Coin value and made the Axia Coin a "safe haven" for purchasers. The Founders made or caused to be made statements in Axia promotional materials that the Axia Coin provided an "unmatched" value proposition in the global marketplace and would become the "preferred global medium of exchange" and/or the "new reserve currency for the world".

36. Promotional materials also represented that demand for Axia Coin would rise and Axia Coin would be tradeable on a trading platform to be built on the Axia network (AXchange) – which never became operational – as well as through third party crypto asset exchanges. The Axia ERC 20 Token was eventually listed on two third-party crypto asset exchanges (KuCoin and Bitmart) between July 2021 and March 2022. Although the Founders made or caused to be made representations that the Axia Coin would be listed on other exchanges and/or re-listed on KuCoin following the launch of the mainnet Axia network, the Axia Coin was never re-listed on KuCoin or listed for trading on any other exchanges.

iv. The Asset Reserve Misleading or Untrue Statements

37. One of the Axia Coin's key "tokenomics" features that the Founders promoted, was its purported asset reserve. Indeed, throughout the Axia Project, the Founders promoted the Axia Coin as the world's first asset supported or backed global crypto currency.

38. The asset supported feature was represented to create or deliver "unprecedented" or "fundamental" value for the Axia Coin by, among other things:

    i. providing unsurpassed, clear, and/or unprecedented levels of transparency, clarity and trust with respect to the asset-backing and asset holdings;

    ii. providing security, stability and sustained value by not correlating Axia Coin to any one currency, commodity, market or economy;

    iii. safeguarding against the depreciation, market volatility, inflation and "central bank manipulation" to which other crypto currencies are vulnerable; and

    iv. mitigating against and/or minimizing market volatility, thereby diminishing the investment market's associated difficulty in projecting the cryptocurrency's immediate or long-term value.

39. However, during the Solicitation Period, the Founders made, or caused to be made, misleading or untrue statements on behalf of the Axia Entities in promotional materials regarding the asset supported feature of the Axia Coin, including:

    i. The Axia Project had established a proprietary "Asset Acquisition Algorithm", "transaction link" and/or other technology to automate Axia's asset purchasing strategy and maintain Axia's asset base, through which asset acquisitions and holdings would be recorded on blockchain and visible to investors in real time;

    ii. The Axia Project had established an "Axia Reserve" which held over US$29 billion worth of audited tangible assets including precious metals, gemstones, real estate, art and more; and

    iii. In early 2022, the Axia Reserve was being replaced with the "Axia Treasury" that would serve the same purpose as the Axia Reserve.

40. In reality,

    i. <u>No automated or public asset acquisition or reporting on blockchain</u>: No assets were acquired or maintained via any algorithm. No asset holdings or acquisitions were maintained by any automated or smart contract process. No asset acquisitions or holdings were reported on any blockchain.

    ii. <u>No Axia Reserve</u>: The Axia Reserve was never properly established and the assets were not transferred to any Reserve. Between late 2019 and early 2021, the Founders unsuccessfully attempted to establish reserve trusts in the Cayman Islands. When that failed, the Founders incorporated, or caused to be incorporated, Axia Trust Corporation in Dominica. The Founders were the sole shareholders and directors of Axia Trust Corporation. Axia Issuer Inc. entered into trust agreements with third party "**Asset Contributors**" who represented that they

had millions or billions of dollars' worth of assets to contribute to Axia (the "**Trust Agreements**"). The Founders signed the Trust Agreements. The Founders did not, however, conduct or cause to be conducted adequate due diligence to verify the existence, ownership or value of the assets. Nor did they engage any accredited third party to conduct an audit of the purported assets. Axia engaged a third-party accounting firm with an examination mandate to opine on whether the Schedule of Investments (a high-level summary table prepared by Axia) accurately recorded the asset values listed in the Trust Agreements. The limited mandate did not involve scrutiny of the asset values set by the Asset Contributors in the Trust Agreements.

In any event, the conditions of transfer of the assets to Axia, as prescribed in the Trust Agreements signed by the Founders, were not satisfied. As such, there were no assets transferred to the Axia Project, and the Axia Trust Corporation was wound up. Axia never held legal or beneficial title to any of the assets contemplated under the Trust Agreements and, at all times, the assets contemplated under the Trust Agreements – to the extent they existed as represented in the Trust Agreements – remained in the custody and control of the Asset Contributors. Although the Founders decided to abandon the Axia Reserve concept no later than October 2021, it was not until December 31, 2021 that they announced to Axia Coin holders that the Axia Reserve was "no more" (not that it had never been) and in January 2022 the Founders announced the Axia Reserve was being "phased out" and replaced by the Axia Treasury. Despite this, the Founders continued to make, or caused to be made, representations about the existence of the Axia Reserve for the remainder of the Solicitation Period.

iii. No Axia Treasury. No formal structure or accounting was established for the Axia Treasury and no purported Axia Treasury funds were separated from operating funds. Although the Founders made or caused to be made representations describing the Axia Treasury with substantially similar and, at times, identical language as the Axia Reserve, the concept behind the purported Axia Treasury was fundamentally different from the Axia Reserve concept that it was supposedly replacing. In particular, the value of the Axia Treasury was limited to, at best, Axia's cash and digital asset position with necessary reductions to account for overhead and operating costs. In January 2022, when the Founders represented that the Axia Treasury was established, Axia's total global cash position, before any reductions for operating costs, was less than US$14 million.

Despite making representations during the Solicitation Period that stablecoins, such as USDT and USDC, were "massive" or "extreme" investment risks, beginning in December 2021 the Founders converted, attempted to convert, or caused to be converted or attempted to be converted, approximately US$10 million of funds from the sale of Axia Coins to USDT and USDC for the purported Axia Treasury. Of this, US$250,000 was converted to USDT and US $3 million was lost in failed transactions with two entities that did not deliver USDT or USDC as agreed. The Founders did not disclose these transactions or stablecoin holdings to investors.

v. Undisclosed Fiat Compensation to Founders

41. During the Solicitation Period, the Founders made, or caused to be made, misleading or untrue statements in promotional materials for the Axia Project, stating or otherwise suggesting that none of the Founders or senior members of the Project team would take any form of fiat currency compensation from the Axia Project.

42. In particular, each of Axia's White Papers since June 2021 stated:

> The founding team has also made the early decision that they would not draw any form of fiat currency compensation from this project. They, along with other senior members of the project team and advisors, have agreed and preferred to only accept AXIA coins, symbolizing the fact that the value proposition of AXIA exceeds that of their native currencies.

43. Contrary to these representations, the Founders authorized the payment of and received over CA$368,686.19 in fiat compensation in "Director's Fees" from the Axia Project between February 2021 and September 2022, as follows:

i. Ungerman received CA$318,686.19 between February 2021 and September 2022; and

ii. Agar received CA$50,000 between July 2021 and February 2022.

44. In addition, the Founders made or authorized over half a million dollars in fiat compensation to other senior members of the Axia Project team.

vi. Agar Indemnity Payment

45. In or about August 2022, Axia Foundation Inc. advanced US$1.2 million to Agar's legal counsel, in trust, further to a legal indemnity in favour of Agar (the "**Indemnity Funds**"). The Founders authorized, on behalf of Axia Foundation Inc., the payment of the Indemnity Funds. The Indemnity Funds have only been applied to pay for legal fees and disbursements of Agar's counsel to date, with the balance still held in trust.

vii. The Founders' Misleading Statements to the Ontario Securities Commission

46. On April 29, 2020, the Case Assessment Branch of the Ontario Securities Commission ("**Case Assessment**") wrote to Axia Operations seeking information and records about Axia Operations' business activities. The Founders provided a response on behalf of Axia Operations in a letter dated May 11, 2020.

47. The Founders breached subsection 122(1)(a) of the *Securities Act,* RSO 1990, c S5, as amended (the "**Act**") because they made statements on behalf of Axia Operations that, in a material respect and at the time and in light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading.

a) Misleading Statement #1

48. Case Assessment requested a detailed description of all of Axia Operation's business activities. The Founders wrote in response, "AXIA has currently developed a communications application for IOS and Android devices (similar to commonly used communications applications, e.g., WhatsApp). No other services are available." They also wrote that Axia Operations "is primarily in the conceptual stage at this time and tokens are not being offered to the public."

49. In reality, the communications application (AXchat) was not available until February 2021. The Founders also omitted any reference to their and Axia Operation's other extensive Axia Project business activities to that date, including:

i. distributing the LinkCoin White Paper to SAFT purchasers and prospective SAFT purchasers;

ii. raising approximately US$2.5 million through SAFTs;

iii. preparing for the initial coin offering (ICO) which began later that month when the Issuer began entering into Subscription Agreements;

iv. entering into Trust Agreements contemplating the transfer of purportedly billions of dollars' worth of tangible assets for the Axia Reserve;

v. applying for an offshore cryptocurrency bank account with a bank in Comoros, in which application Axia Operations indicated it would offer or was planning to offer financial consultancy in assets/securities;

vi. applying for offshore banking license in Kazakhstan, in which application Axia described its business as including "securities token issuing and securities token trading";

vii. partnering with Aion to develop Axia Coin as the primary currency of the Open Application Network and undertaking significant work under that partnership towards the development of the Axia Coin (described in greater detail below);

viii. engaging numerous marketing and investor relations service providers towards the promotion of Axia Coin and the Axia Project to investors;

ix. entering in an agreement with a digital asset custodian for the custody of Axia Coins; and

x. undertaking efforts to move the Axia Project offshore.

b) Misleading Statement #2

50. Case Assessment requested a copy of the white paper referenced on the website and particulars of all proceeds raised in connection with the white paper, including the total amount of proceeds raised, the amount of the proceeds raised from residents in Ontario, and a complete list of the types of information collected from the investors. The Founders responded, "The Whitepaper is under development and has not been released to the public. The link on the website has never been active and has been taken down. No proceeds have been raised through the Whitepaper".

51. In reality, Axia Operations had been distributing the LinkCoin White Paper to SAFT purchasers and prospective SAFT purchasers since in or around April 2018. Section 2 of the SAFTs refers to and defines "White Paper" as a "document pursuant to which the Company [Axia Operations] has more fully described the Token [Axia Coin], its utility and various other related matters, ***a copy of which has been furnished to the Purchaser prior to the execution of this agreement.***" [emphasis added]

52. Axia Operations had also raised approximately US$2.5 million through the sale of SAFTs, which funds were being used to support Axia's extensive business operations.

c) Misleading Statement #3

53. Case Assessment requested particulars about the real assets that Axia represented were backing the Axia Coin. The Founders stated, "No tokens are available to the public. The reference to assets – that will or could back AXIA – is in respect of potential future initiatives that have not yet been determined".

54. In reality, the Founders had begun efforts on behalf of the Axia Project to establish the Axia Reserve in 2019 and, by May 11, 2020, had signed Trust Agreements with at least four Asset Contributors contemplating the transfer of purportedly nearly US$11 billion worth of assets.

d) Misleading Statement #4

55. Case Assessment requested a detailed description of Axia Operation's relationship with the Open Application Network. The Founders responded, "Should AXIA token be released, the Open Application Network is under consideration for the network upon which AXIA would be released".

56. In reality, Axia Operations had already entered into a partnership with Open Application Network, beginning in or around August 2018, and technical token development on the Open Application Network had begun in or around November 2018. Axia Operations and Open Application Network memorialized their partnership in an agreement dated March 8, 2019. By the May 11, 2020 letter, Axia had already expended considerable resources on work under that partnership.

viii. Unregistered Trading

57. None of the Axia Entities, nor either Founder, was registered with the Commission in any capacity under the Act. No exemptions from the registration requirement were sought or granted to any of Axia Operations, the Foundation, the Issuer or the Founders, and none were available under Ontario securities law.

58. Through their conduct described above, the Founders and various Axia Entities – Axia Operations, the Foundation, and the Issuer – engaged in numerous activities that come within the definition of "trade" in the Act with regularity and for a business purpose. They therefore engaged in, or held themselves out as engaging in, the business of trading in Axia Coin without the necessary registration or an applicable exemption from the registration requirement, contrary to subsection 25(1) of the Act.

ix. Illegal Distribution

59. Each of the Offerings were trades in securities not previously issued and were therefore distributions.

60. No preliminary prospectus or prospectus was filed for the distribution of the SAFTs, Subscription Agreements or Axia Coin. While some efforts were made to determine whether SAFT investors qualified as accredited investors, the Founders did not take adequate steps to determine whether investors qualified as accredited investors. Many did not. Their investments did not qualify for any other exemption from the prospectus requirements set out in section 53 of the Act and none of the Founders or their entities filed reports of exempt distribution, including Form 45-106F1, with the OSC.

61. By engaging in the conduct described above, Axia Operations, the Foundation, the Issuer and the Founders engaged in a distribution of securities without filing a preliminary prospectus or a prospectus and without an applicable exemption to the prospectus requirement, contrary to section 53 of the Act.

x. Authorizing, Permitting, or Acquiescing in Breaches of Ontario Securities Law

62. The Founders, as legal or *de facto* directors and officers of Axia Operations, the Foundation, the Issuer and Axia Systems, authorized, permitted or acquiesced in the conduct described above. As a result, the Respondents are deemed not to have complied with Ontario securities law pursuant to section 129.2 of the Act.

xi. Mitigating Factors for the Respondents

63. The Respondents have no prior disciplinary record with any Canadian securities regulatory authority, including the Commission, and have not previously been found to have breached the Act.

64. The Respondents have not been registered with the Commission, or any other Canadian securities regulatory authority, in any capacity.

65. Ungerman had no prior experience in the securities industry or the crypto asset sector nor any experience or involvement in capital raising. Prior to his involvement with the Axia Project, Ungerman's work had been in public policy, corporate strategy and marketing.

66. Other than the undisclosed funds set out above, the Respondents did not receive a salary or any other compensation from the Axia Project.

67. Ungerman borrowed funds from a family member and used those funds to provide a loan of approximately CA$350,000 to the Axia Entities to fund the regulatory fees to obtain the license for Axia Bank. The Axia Entities did not repay the loan in fiat, nor pay any interest in fiat pursuant to the terms of the loan.

68. As noted above, in the Fall of 2022 the Founders suspended Axia Coin sales in light of the Commission's investigation. The Founders also facilitated an independent review of the Axia Project by a third-party governance and compliance firm with the support of forensic accounting professionals, which led to an independent orderly wind-down process that is well underway.

69. The Respondents cooperated during the Commission's investigation and have voluntarily agreed to enter into this Settlement Agreement. The Respondents have accepted responsibility for their actions through detailed admissions without the need for protracted proceedings and took proactive steps to facilitate an independent review and orderly wind-down of the Axia Project.

PART IV. BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

70. The Respondents acknowledge and admit that, during the time of the conduct referred to above:

i. Axia Operations, Axia Foundation Inc., Axia Capital Ltd., Axia Issuer Inc., AXC Issuer Corp., and Axia Systems and the Respondents made statements that they knew or ought to have known, in a material respect and at the time and in light of the circumstances under which they were made, were misleading or untrue and would reasonably be expected to have a significant effect on the perceived value of the Axia Coin; contrary to subsection 126.2(1) of the Act;

ii. Axia Operations, Axia Foundation Inc., Axia Capital Ltd., Axia Issuer Inc., AXC Issuer Corp., and the Respondents engaged in, and held themselves out as engaging in, the business of trading in securities without being registered to do so and without an applicable exemption from the registration requirement, contrary to subsection 25(1) of the Act;

iii. Axia Operations, Axia Foundation Inc., Axia Capital Ltd., Axia Issuer Inc., AXC Issuer Corp., and the Respondents engaged in distributions of securities without filing a preliminary prospectus or prospectus and without an applicable exemption from the prospectus requirement, contrary to section 53 of the Act;

iv. The Respondents and Axia Operations made four statements to Case Assessment that were misleading, untrue and/or did not state a fact that was required to be stated or that was necessary to make the statements not misleading, contrary to section 122(1)(a) of the Act;

v. The Respondents authorized, permitted or acquiesced in Axia Operations, Axia Foundation Inc., Axia Capital Ltd., Axia Issuer Inc., AXC Issuer Corp., and Axia Systems' non-compliance with Ontario securities law, contrary to section 129.2 of the Act; and

vi. The Respondents engaged in conduct that is contrary to the public interest.

PART V. TERMS OF SETTLEMENT

71. The Respondents agree to the terms of the settlement set forth below.

72. In order to help facilitate the Commission's objective of investor loss redress, Agar will immediately provide to the Commission a copy of an executed, irrevocable direction to his counsel providing for the transfer to Axia Foundation Inc., or such other entity as may be designated by the independent directors of ANF to receive funds for collection and distribution as part of the Axia Project wind down, of US$500,000 of the balance of the Indemnity Funds held in trust by his legal counsel forthwith upon (and conditional upon) approval of this Agreement at the Settlement Hearing.

73. The Respondents consent to the Order substantially in the form attached as Schedule "A", that:

i. this Settlement Agreement is approved;

ii. pursuant to paragraph 2 of subsection 127(1), the Respondents be permanently prohibited from trading in any securities or derivatives, or acquiring any securities, except that they may trade

a. securities or derivatives and acquire securities in a registered retirement savings plan, registered retirement income fund, registered disability savings plan, and tax-free savings account, as defined in

the *Income Tax Act*, R.S.C. 1985, c.1, as amended, in which only the Respondents, their spouse or children are the sole or joint legal and beneficial owners; and

b. solely through a registered dealer in Ontario, to whom the Respondents must have given a copy of this Settlement Agreement and order;

only after the amounts described in subparagraphs 73.viii through 73.xii have been paid in full;

iii. the Respondents immediately resign any position they may hold as directors or officers of any issuer and are permanently prohibited from becoming or acting as directors or officers of any reporting or non-reporting issuer pursuant to paragraphs 7 and 8 of subsection 127(1) of the Act, except that

a. Ungerman may continue as director and officer for Faith-Ungerman Holdings Inc., a non-reporting issuer that serves only as a personal family holding company, provided that none of the securities of Faith-Ungerman Holdings Inc. are owned by or offered for sale to anyone other than members of his immediate family; and

b. this order does not preclude Agar from becoming or acting as a director or officer (or both) of a single, non-reporting issuer that serves only as a personal family holding company and none of the securities of which are owned or offered for sale to anyone other than members of his immediate family;

iv. the Respondents immediately resign any positions they may hold as directors or officers of any registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;

v. the Respondents be prohibited from becoming or acting as directors or officers of any registrant permanently, pursuant to paragraph 8.2 of subsection 127(1) of the Act;

vi. the Respondents be prohibited permanently from becoming or acting as registrants, including as investment fund managers, or as promoters pursuant to paragraph 8.5 of subsection 127(1) of the Act;

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

viii. each of the Respondents shall pay an administrative penalty of CA$550,000, pursuant to paragraph 9 of subsection 127(1) of the Act;

ix. Ungerman shall disgorge to the Commission CA$318,686.19, pursuant to paragraph 10 of subsection 127(1) of the Act;

x. Agar shall disgorge to the Commission CA$50,000, pursuant to paragraph 10 of subsection 127(1) of the Act;

xi. each of the Respondents shall pay costs of the investigation in the amount of CA$50,000, pursuant to section 127.1 of the Act;

xii. the amounts payable under subparagraphs 73.viii–xi are payable forthwith upon approval of this settlement, except that Agar shall pay CA$200,000 forthwith upon approval of this settlement with the balance of the funds payable by him to be paid in nine monthly payments of CA$50,000 by the last business day of each subsequent calendar month; and

xiii. the Respondents shall be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act.

A. Reciprocal Orders

74. The Respondents consent to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraph 72. These sanctions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

75. The Respondents acknowledge that this Settlement Agreement and the Order may form the basis for orders of parallel effect in other jurisdictions in Canada. The securities laws of some other Canadian jurisdictions allow orders made in this matter to take effect in those other jurisdictions automatically, without further notice to the Respondents. The Respondents should contact the securities regulator of any other jurisdiction in which the Respondents intend to engage in any securities – or derivatives – related activities, prior to undertaking such activities.

PART VI. FURTHER PROCEEDINGS

76. If the Capital Markets Tribunal (the "**Tribunal**") approves this Settlement Agreement, no enforcement proceeding will be commenced or continued against the Respondents under Ontario securities law based on the misconduct described in Part III of this Settlement Agreement, unless the Respondents fail to comply with a term in this Settlement Agreement, in which case enforcement proceedings may be brought under Ontario securities law against the Respondents that may be based on, among other things, the facts set out in Part III of this Settlement Agreement as well as the breach of this Settlement Agreement.

77. The Respondents waive any defences to a proceeding referenced in paragraph 75 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Settlement Agreement.

PART VII. PROCEDURE FOR APPROVAL OF SETTLEMENT

78. The parties will seek approval of this Settlement Agreement at the Settlement Hearing before the Tribunal, which shall be held on a date determined by the Tribunal's Governance and Tribunal Secretariat in accordance with this Settlement Agreement and the Tribunal's *Rules of Procedure and Forms*.

79. Agar and Ungerman will attend the Settlement Hearing by video conference or in person.

80. The parties confirm that this Settlement Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

81. If the Tribunal approves this Settlement Agreement:

    i. Ungerman and Agar irrevocably waive all rights to a full hearing, judicial review or appeal of this matter under the Act; and

    ii. no party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the Settlement Hearing.

82. Whether or not the Tribunal approves this Settlement Agreement, the Respondents will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission or the Tribunal's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may be available.

PART VIII. DISCLOSURE OF SETTLEMENT AGREEMENT

83. If the Tribunal does not approve this Settlement Agreement or does not make an order substantially in the form of the Order attached as Schedule "A" to this Settlement Agreement:

    i. this Settlement Agreement and all discussions and negotiations between the parties before the Settlement Hearing will be without prejudice to any party; and

    ii. the parties will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Statement of Allegations in respect of a Proceeding. Any such proceedings, remedies and challenges will not be affected by this Settlement, or by any discussions or negotiations relating to this Settlement Agreement.

84. The parties will keep the terms of this Settlement Agreement confidential until the Tribunal approves the Settlement Agreement, except as is necessary to make submissions at the Settlement Hearing. If, for whatever reason, the Tribunal does not approve the Settlement Agreement, the terms of the Settlement Agreement shall remain confidential indefinitely, unless the parties otherwise agree in writing or if required by law.

PART IX. EXECUTION OF SETTLEMENT AGREEMENT

85. This Settlement Agreement may be signed in one or more counterparts which together constitute a binding agreement.

86. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

DATED at Toronto, Ontario this 8th day of January, 2024.

"Militza Boljevic"	"Nicholas Agar"
Witness	**NICHOLAS AGAR**
"Natalie V. Kolos"	"Paul Ungerman"
Witness	**PAUL UNGERMAN**

DATED at Toronto, Ontario this 10th day of January, 2024.

ONTARIO SECURITIES COMMISSION

By: "Jeff Kehoe"

Name: Jeff Kehoe
Title: Director, Enforcement Branch

Schedule "A" – Form of Order

IN THE MATTER OF
NICHOLAS AGAR AND
PAUL UNGERMAN

File No. [#]

Adjudicators: [ ]

January 11, 2024

ORDER
(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5)

WHEREAS on January 11, 2024, the Capital Markets Tribunal held a hearing at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the Joint Request for a Settlement Hearing filed by Nicholas Agar and Paul Ungerman and the Enforcement Branch of the Ontario Securities Commission for approval of a settlement agreement dated January 8, 2024 (the "**Settlement Agreement**");

ON READING the Joint Request for a settlement hearing, including the Settlement Agreement dated January 8, 2024, the written submissions, and on hearing the submissions of the representatives for each of the parties, and on considering that Agar has made an irrevocable direction for the immediate payment of US$500,000 to Axia in accordance with the terms of the Settlement Agreement, and on being advised by the Enforcement Branch of the Ontario Securities Commission that they have received payment from Ungerman of CA$918,686.19 and the initial payment from Agar of CA$200,000;

IT IS ORDERED THAT:

1. The Settlement Agreement is approved; and

2. Pursuant to subsection 127(2) of the Act, the approval of the Settlement Agreement is subject to the following terms and conditions:

   (a) trading in any securities or derivatives, and the acquisition of any securities, by the Respondents cease permanently commencing on the date of the Order, pursuant to paragraph 2 and paragraph 2.1 of subsection 127(1) of the Act, except that the Respondents shall be permitted to trade;

      i. securities or derivatives and acquire securities in a registered retirement savings plan, registered retirement income fund, registered disability savings plan, and tax-free savings account, as defined in the *Income Tax Act*, R.S.C. 1985, c.1, as amended, in which only the Respondents, their spouse or children are the sole or joint legal and beneficial owners; and

      ii. solely through a registered dealer in Ontario, to whom the Respondents must have given a copy of the Settlement Agreement and this order;

   only after the amounts ordered in subparagraphs 2(h) through 2(l) have been paid in full;

   (b) the Respondents immediately resign any positions that they hold as directors or officers of any issuer, pursuant to paragraph 7 of subsection 127(1) of the Act;

   (c) the Respondents are prohibited permanently from becoming or acting as directors or officers of any reporting or non-reporting issuer, pursuant to paragraph 8 of subsection 127(1) of the Act, except that

      i. Ungerman may continue as director and officer for Faith-Ungerman Holdings Inc., a non-reporting issuer that serves only as a personal family holding company, provided that none of the securities of Faith-Ungerman Holdings Inc. are owned by or offered for sale to anyone other than members of his immediate family; and

      ii. this order does not preclude Agar from becoming or acting as a director or officer (or both) of a single, non-reporting issuer that serves only as a personal family holding company and none of the securities of which are owned or offered for sale to anyone other than members of his immediate family;

   (d) the Respondents immediately resign any positions that they may hold as directors or officers of any registrant, pursuant to paragraph 8.1 of subsection 127(1) of the Act;

(e) the Respondents are prohibited from becoming or acting as directors or officers of any registrant permanently, pursuant to paragraph 8.2 of subsection 127(1) of the Act;

(f) the Respondents are prohibited permanently from becoming or acting as registrants, including as an investment fund manager, or as a promoter pursuant to paragraph 8.5 of subsection 127(1) of the Act;

(g) any exemptions contained in Ontario securities law do not apply to the Respondents permanently, commencing on the date of the Order, pursuant to paragraph 3 of subsection 127(1) of the Act;

(h) Agar disgorge to the Commission the amount of CA$50,000, pursuant to paragraph 10 of subsection 127(1) of the Act;

(i) Ungerman disgorge to the Commission the amount of CA$318,686.19, pursuant to paragraph 10 of subsection 127(1) of the Act;

(j) each of the Respondents pay an administrative penalty in the amount of CA$550,000, pursuant to paragraph 9 of subsection 127(1) of the Act;

(k) each of the Respondents pay costs of the investigation in the amount of CA$50,000, pursuant to section 127.1 of the Act;

(l) the amounts payable under subparagraphs 2(h) through 2(k) are payable forthwith, except that Agar shall pay CA$200,000 forthwith with the balance of funds payable by him to be paid in nine monthly payments of CA$50,000 by the last business day of each subsequent calendar month; and

(m) the Respondents are reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act.

_____
[Adjudicator]

_____ _____
[Adjudicator] [Adjudicator]

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A.4
Reasons and Decisions

A.4.1 Mark Odorico – ss. 21.7, 8

Citation: *Odorico (Re)*, 2024 ONCMT 5
Date: 2024-01-25
File No. 2022-18

IN THE MATTER OF
MARK ODORICO

REASONS AND DECISION
(Sections 21.7 and 8 of the *Securities Act*, RSO 1990, c S.5)

Adjudicators:	Andrea Burke (chair of the panel) Sandra Blake Dale R. Ponder	
Hearing:	In writing, final written submissions received November 29, 2023	
Appearances:	Alexis Beale	For Mark Odorico
	Kathryn Andrews Marie Abraham	For Staff of the Canadian Investment Regulatory Organization
	Erin Hoult	For Staff of the Ontario Securities Commission

REASONS AND DECISION

1. OVERVIEW

[1] In a decision dated October 13, 2023 (**First Decision**),[1] we considered an application by Mark Odorico for review of two decisions of the Canadian Investment Regulatory Organization (**CIRO**, formerly the Investment Regulatory Organization of Canada (**IIROC**)).[2] We set aside the CIRO finding that Odorico misappropriated $150,000 from two clients (**Set Aside Finding**) and reduced the disgorgement amount ordered by CIRO that was attributable to that finding.

[2] We requested and received further submissions from the parties as to whether any of the other sanctions ordered by CIRO and not solely attributable to the Set Aside Finding should be varied as a result.

[3] Odorico submits that all of the sanctions, including those not directly attributable to the Set Aside Finding, as well as the costs ordered should be reduced. Staff of CIRO (**CIRO Staff**) and Staff of the Ontario Securities Commission (**OSC Staff**) submit that none of the remaining sanctions should be reduced.

[4] These are our reasons and decision to further vary the CIRO Sanctions Decision by reducing from $50,000 to $40,000 the fine imposed for misappropriation. We decline to vary the remaining sanctions or the costs ordered.

2. BACKGROUND

[5] In our First Decision we did not disturb CIRO's other findings of misconduct, namely that Odorico:

a. misappropriated $429,000 in funds from client RM;

b. made unauthorized trades in client RM's account; and

c. failed to cooperate with CIRO's investigation.

[1] *Odorico (Re)*, 2023 ONCMT 34
[2] *Re Odorico,* 2022 IIROC 6 (**CIRO Merits Decision**) and *Re Odorico,* 2022 IIROC 21 (**CIRO Sanctions Decision**)

[6] Other than reducing CIRO's disgorgement order by the $150,000 attributable to the Set Aside Finding, we did not disturb any of the other sanctions ordered by CIRO.

[7] Instead, we requested written submissions as to the effect, if any, that setting aside the misappropriation finding should have upon the following sanctions ordered by CIRO that were not made solely with respect to the Set Aside Finding:

a. a fine of $50,000 for "Contravention 1" (which included both the misappropriation of funds from RM and the misappropriation of funds from clients JR and MR);

b. a permanent ban from registration with CIRO in any capacity; and

c. an order to pay CIRO's investigation and prosecution costs of $25,000.

[8] Separate and apart from considerations about sanctions relating to the Set Aside Finding, in the First Decision we found that the sanctions imposed by the CIRO panel were reasonable and neither harsh nor excessive.

3. PRELIMINARY MATTER - NEW EVIDENCE

[9] Along with his further written submissions that we requested in our First Decision, Odorico sought to submit and rely upon new affidavit evidence (the **Odorico Affidavit**), relating to two matters:

a. what Odorico characterized as "additional compelling evidence" tending to undermine or discredit CIRO's finding that Odorico misappropriated client RM's funds; and

b. Odorico's ability to pay the financial penalties ordered by CIRO.

[10] For the reasons set out below, we have decided not to admit the Odorico Affidavit.

[11] In the First Decision we asked the parties only for written submissions, and not evidence. Odorico did not offer any justification or grounds for the admissibility of the new affidavit evidence at this late stage in the proceeding other than the bare submission that we have discretion to consider it because it is "new and compelling".

[12] CIRO Staff objected to the admissibility of the Odorico Affidavit on the basis that:

a. the evidence was neither "new" nor "compelling" and therefore did not meet the established test for admitting fresh evidence;[3]

b. we should not revisit our First Decision in which we found no basis for interfering with CIRO's finding that Odorico misappropriated client RM's funds; and

c. the argument that Odorico does not have the ability to pay the financial sanctions was not raised before CIRO, nor was it previously raised by Odorico before this Tribunal, prior to the issuance of the First Decision.

[13] OSC Staff also objected to the admissibility of the Odorico Affidavit and asked that in the event we admit the Odorico Affidavit, we also admit a responding affidavit from OSC Staff.

[14] Prior to the hearing of Odorico's review application, Odorico was afforded a number of opportunities to provide notice of his intention to seek to introduce new evidence relevant to his application before the Tribunal that was not before the CIRO panel. Odorico did not provide the required notice in advance of the hearing of his application, nor did he seek to introduce the evidence in the Odorico Affidavit at the evidentiary stage of his application. He also never advanced any argument that CIRO's financial sanctions should be reconsidered in light of his financial circumstances. The time for Odorico to seek to introduce the additional evidence in the Odorico Affidavit and to advance an argument based upon his financial circumstances is well-past.

[15] We conclude that it would be unfair and prejudicial to CIRO Staff if we were to admit and consider the Odorico Affidavit at this late stage of the proceeding. Furthermore, we find that in seeking to rely on the Odorico Affidavit at this stage, Odorico is, in essence, seeking to have us revisit our First Decision. This amounts to an inappropriate collateral challenge of our First Decision and, in particular, our prior findings that:

a. there was no basis for us to interfere with the CIRO panel's finding that Odorico misappropriated client RM's funds; and

b. the sanctions imposed by CIRO were reasonable and neither harsh nor excessive.

[3] First Decision at para 48

[16] We also accept CIRO Staff's and OSC Staff's submissions that the contents of the Odorico Affidavit are neither "new" nor "compelling". The evidence in the Odorico Affidavit relates to extracts taken from a Statement of Claim in a civil proceeding that dates back to 2019 and the evidence about Odorico's financial circumstances does not on its face appear to be recent. Further, the evidence relating to Odorico's financial circumstances is not detailed and falls short of the evidentiary burden on a party alleging impecuniosity.[4]

4. ISSUES AND ANALYSIS

[17] CIRO Staff submits that no additional adjustments should be made to the sanctions and costs ordered by CIRO as a consequence of the Set Aside Finding.

[18] CIRO Staff submits that the $50,000 fine against Odorico for misappropriation remains reasonable and appropriate for the misappropriation of client RM's funds given the repeated occurrences of misconduct, the lengthy time span of the misconduct, the large sum of money at issue and the fact that the client was vulnerable. CIRO Staff further submits that the permanent ban should be upheld on the basis of the surviving contraventions found by CIRO (including the misappropriation of client RM's funds) and in light of prior decisions,[5] sanctions principles, CIRO's Sanctions Guidelines, the public interest and the facts of this case. OSC Staff supported CIRO Staff's position.

[19] Odorico submits that all of the sanctions, including those not directly tied to the Set Aside Finding, should be reconsidered and reduced because they flowed from the misconduct and credibility determinations that were partially set aside.

[20] Odorico submits that the $50,000 fine for misappropriation should be significantly reduced and the permanent ban should be replaced with an unspecified period of suspension because:

a. CIRO's sanctions decision was heavily influenced by a pattern of conduct, including the finding of misappropriation from more than one client, whereas the misconduct was only in respect of one client (RM) with whom Odorico had a pre-existing relationship;

b. CIRO did not take into account the mitigating factor of Odorico's ability to pay; and

c. the precedent cases cited by the CIRO panel in support of the $50,000 fine for misappropriation and the permanent ban no longer apply and the more appropriate precedent is ***Re O'Brien***,[6] where a financial advisor borrowed money from an elderly client and CIRO ordered a $100,000 fine and a two year suspension.[7] The Alberta Securities Commission reviewed the CIRO decision and lowered the fine to $50,000 and the suspension to nine months.[8]

[21] Odorico also submits that CIRO ordered costs on a global basis and that because one finding of misconduct has been set aside, the costs awarded "should be varied accordingly".

[22] We disagree with Odorico's submission that the sanctions ordered by CIRO for contraventions unrelated to the Set Aside Finding should be reconsidered and reduced. The separate fines imposed on Odorico for unauthorized trading ($25,000) and for the failure to co-operate with CIRO's investigation ($50,000) were distinct from the finding of misappropriation and we see no reason to disturb them. They were not unduly severe in the circumstances and there is nothing suggesting that the CIRO panel imported considerations related to the Set Aside Finding when imposing these sanctions.

[23] We have considered and given no weight to Odorico's submission (without admissible supporting evidence) that the sanctions should be varied or reduced because CIRO did not take into account Odorico's ability to pay. This is a new argument that was not raised with the CIRO panel, nor did it form any part of Odorico's grounds for bringing this application or Odorico's submissions to the Tribunal on the hearing of the application that resulted in the First Decision.

[24] Odorico's reliance on *Re O'Brien* is misplaced because although we set aside one finding of misappropriation, we did not interfere with the finding that Odorico misappropriated $429,000 of client RM's funds, which misconduct is more severe than findings of borrowing from a client.

[25] We do agree that the fine for misappropriation should be reduced to reflect the Set Aside Finding, while not interfering with the finding that Odorico misappropriated funds from client RM. We therefore reduce the fine for misappropriation (or "Contravention 1") from $50,000 to $40,000, representing a reduction roughly proportionate to the reduction in the amount of the total misappropriated funds resulting from the Set Aside Finding in the First Decision.

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4 *VRK Forex & Investments Inc (Re)*, 2022 ONCMT 28 at paras 54-55 and 59, aff'd 2023 ONSC 3895 (Div Ct); *Solar Income Fund Inc (Re)*, 2023 ONCMT 3 at paras 76-79

5 CIRO Sanctions Decision at Schedule A

6 *Re O'Brien* 2020 IIROC 10 (***O'Brien***)

7 *O'Brien* at paras 1-9

8 *Re O'Brien*, 2020 ABASC 160 at para 271

[26] We decline to substitute a temporary suspension for the permanent ban ordered by CIRO and agree with CIRO Staff's submissions that the permanent ban should be upheld on the basis of the surviving contraventions found by CIRO (including, significantly, the misappropriation of client RM's funds) and in light of prior decisions, sanctions principles, CIRO's Sanctions Guidelines, the public interest and the facts of this case.

[27] We decline to reduce the costs awarded by the CIRO panel as the $25,000 ordered by the CIRO panel already represented a significant reduction from the actual costs (approximately $165,000) incurred by CIRO Staff.

5. CONCLUSION

[28] For the reasons set out above we order that that the fine imposed by CIRO relating to misappropriation (or "Contravention 1") be reduced from $50,000 to $40,000.

Dated at Toronto this 25th day of January, 2024

"Andrea Burke"

"Sandra Blake"

"Dale R. Ponder"

A.4.2 Nicholas Agar and Paul Ungerman – ss. 127(1), 127.1

Citation: *Agar (Re)*, 2024 ONCMT 6
Date: January 26, 2024
File No. 2024-1

IN THE MATTER OF
NICHOLAS AGAR AND
PAUL UNGERMAN

REASONS FOR APPROVAL OF A SETTLEMENT
(Subsection 127(1) and section 127.1 of the *Securities Act*, RSO 1990, c S.5)

Adjudicators:	Andrea Burke (chair of the panel) Mary Condon	
Hearing:	By videoconference, January 26, 2024	
Appearances:	Khrystina McMillan Amethyst Haighton	For Staff of the Ontario Securities Commission
	Eli Lederman Brian Kolenda Madison Robins	For Nicholas Agar
	Wendy Berman Andrew Matheson Natalie V. Kolos	For Paul Ungerman

REASONS FOR APPROVAL OF A SETTLEMENT

1. OVERVIEW

[1] Staff of the Ontario Securities Commission alleges that Nicholas Agar and Paul Ungerman (the **Respondents**) contravened the *Securities Act*[1] (the **Act**) in connection with cryptocurrency or blockchain digital tokens by making misleading promotional statements, engaging in the business of trading in securities without the necessary registration or an applicable exemption from the registration requirement, and engaging in distributions of securities without filing a prospectus and without being exempt from the prospectus requirement. Staff also alleges that the Respondents made misleading statements to Staff, they authorized, permitted or acquiesced in breaches of Ontario securities law by corporations under their control, namely, Axia Operations Ltd. (**Axia Operations**), Axia Foundation Inc. (**Axia Foundation**), Axia Capital Ltd. (**Axia Capital**), Axia Issuer Inc. (**Axia Issuer**), AXC Issuer Corp.(**AXC Issuer**), and Axia Systems Inc. (**Axia Systems**) (collectively, the **Axia Corporations**) and engaged in conduct contrary to the public interest.

[2] Staff and the Respondents seek approval of a settlement agreement dated January 10, 2024 they have entered into regarding these allegations (the **Settlement Agreement**). After considering the Settlement Agreement and the submissions of the parties, we concluded that it would be in the public interest to approve the Settlement Agreement. These are our reasons.

2. FACTS AND ADMISSIONS

[3] The relevant factual background and admissions are set out in more detail in the Settlement Agreement, but we summarize the most important agreed facts and admissions here.

[4] Beginning in or around April 2018 and continuing to at least October 2022 (the **Solicitation Period**), the Respondents and the corporate entities they controlled (collectively, the **Axia Project** or **Axia**), created and raised approximately US$9 million dollars through the sale of cryptocurrency tokens to over 200 Ontario investors. Approximately US$41 million was raised from investors worldwide for the Axia Project. The cryptocurrency tokens had various names, and are collectively referred to in these reasons as the "**Axia Coin**".

[5] The Axia Project was initially operated through an Ontario company, Axia Operations, of which the Respondents were the sole shareholders, directors and officers.

[1] RSO 1990, c S.5

[6] The Axia Project was moved offshore in 2019. The Respondents created or acquired, or caused to be created or acquired, approximately thirty entities worldwide (**Axia Entities**) that were involved in the Axia Project. These entities included: (i) multiple "foundation entities", including Axia Capital and Axia Foundation, (ii) two "issuer entities", namely Axia Issuer and AXC Issuer, and (iii) Axia Systems. Under the supervision of the foundation entities, an issuer entity was responsible for the issuance of Axia Coin for distribution. Axia Systems was responsible for software and technological services to the entire Axia Project.

[7] The Respondents were the controlling minds, directly or indirectly, of the Axia Entities and the Axia Project as a whole, including but not limited to the Axia Corporations.

[8] The Respondents, through various Axia Entities, facilitated the sale of the Axia Coin or future entitlements to the Axia Coin to Ontario investors in three different offerings (**Offerings**). These included: (i) Axia Operations raising money from investors in exchange for future tokens and options to purchase future tokens by entering into Simple Agreements for Future Tokens (or **SAFTs**), (ii) the Axia issuer entities (namely, Axia Issuer and AXC Issuer) raising money through token subscription agreements providing the right to receive Axia Coin at a later date, and (iii) the Axia issuer entities making Axia Coin available for purchase from Axia Capital Bank Ltd.

[9] The Axia Project was started by the Respondents with the vision of creating a decentralized blockchain network on which participants could store and transfer value and that would provide utility on an online platform with access to applications and services using the Axia Coin as digital currency (the **Axia Ecosystem**). Axia Coin was traded on third party exchanges, with promises of listings on further exchanges, and purported or future utility in the Axia Ecosystem that was to be built.

[10] During the Solicitation Period, the Respondents continuously disseminated or caused to be disseminated on behalf of the Axia Entities promotional materials with respect to the Axia Coin. The Respondents actively and regularly promoted Axia Coin as a means to profit or obtain increased value. The Respondents promoted the unique "tokenomics" that purported to give the Axia Coin increasing value over time. One of Axia Coin's key "tokenomics" features promoted by the Respondents was its purported asset reserve. The Respondents promoted the Axia Coin as the world's first asset supported or backed global cryptocurrency.

[11] Promotional materials also represented that demand for Axia Coin would rise and that Axia Coin would be tradeable on a trading platform to be built on the Axia network. This trading platform never became operational.

[12] The parties agree in the Settlement Agreement that: (i) the Axia Coin are securities; (ii) the Respondents and a number of the Axia Corporations engaged in the distributions of securities without filing a preliminary prospectus or prospectus and without an applicable exemption from the prospectus requirement; and (iii) the Respondents and a number of the Axia Corporations engaged in, and held themselves out as engaging in, the business of trading in securities without being registered to do so and without an applicable exemption from the registration requirement.

[13] The Respondents authorized the payment of and received over $368,686.19 in fiat compensation in "Director's Fees" from the Axia Project between February 2021 and September 2022, as follows: (i) Ungerman received $318,686.19 between February 2021 and September 2022; and (ii) Agar received $50,000 between July 2021 and February 2022.

[14] In or about August 2022, Axia Foundation advanced US$1.2 million to Agar's legal counsel, in trust, further to a legal indemnity in favour of Agar (the **Indemnity Funds**). The Respondents authorized, on behalf of Axia Foundation, the payment of the Indemnity Funds. To date, the Indemnity Funds have only been applied to pay for legal fees and disbursements of Agar's counsel, with the balance still held in trust.

[15] On or about October 5, 2022, Axia announced the suspension of all Axia Coin sales pending a review of the Axia Project by a third party governance and compliance firm. On or about March 10, 2023, Axia announced that the review of the Axia Project was complete and Axia was beginning efforts to wind down the Axia Project. Of the approximately US$41 million raised, less than US$10 million remains for distribution to investors as part of the wind down.

[16] The Respondents acknowledge and admit to the following breaches of the Act:

a. they and the Axia Corporations made misleading or untrue statements, including that Axia held over US$29 billion of audited assets in a reserve to support the value of the Axia Coin and the Respondents would not draw any form of fiat currency compensation from the Axia Project, and they thereby contravened ss. 126.2(1) of the Act;

b. they and Axia Operations, Axia Foundation, Axia Capital, Axia Issuer and AXC Issuer breached the registration and prospectus requirements under ss. 25(1) and s. 53 of the Act;

c. in 2020 they and Axia Operations made a number of misleading, incomplete or untrue statements to Staff about the nature and extent of the business activities of the Axia Project, thereby preventing early detection of the

Respondents' unlawful conduct and interfering with the Commission's ability to enforce compliance with Ontario securities laws, and they thereby contravened paragraph 122(1)(a) of the Act;

d. as legal or *de facto* directors and officers of the Axia Corporations, they authorized, permitted or acquiesced in the Axia Corporations' non-compliance, and they thereby contravened section 129.2 of the Act; and

e. they engaged in conduct contrary to the public interest.

3. THE SETTLEMENT AGREEMENT

3.1 Key Terms of the Settlement Agreement

[17] Staff and the Respondents have agreed that: (i) each of the Respondents will pay an administrative penalty of $550,000 to the Commission, (ii) Ungerman will disgorge to the Commission $318,686.19, (iii) Agar will disgorge to the Commission $50,000, and (iv) each of the Respondents will pay $50,000 for costs of the Commission's investigation.

[18] In accordance with the terms of the Settlement Agreement, Ungerman paid these amounts to the Commission before this hearing and Agar paid $200,000 of these amounts to the Commission before this hearing, with the balance of the funds payable by him to be paid in nine monthly payments of $50,000 by the last business day of each subsequent calendar month.

[19] Agar has also provided to the Commission an executed, irrevocable direction to his legal counsel providing for the transfer to Axia Foundation, or such other entity as may be designated to receive funds for collection and distribution as part of the Axia Project wind down, of US$500,000 of the balance of the Indemnity Funds held in trust by his legal counsel forthwith upon approval of the Settlement Agreement. This is intended to facilitate the objective of investor loss redress.

[20] The parties have also agreed that:

a. the Respondents shall be permanently prohibited from trading in any securities or derivatives, or acquiring any securities, with specific carve-outs that apply to a Respondent only after the amounts referenced above have been paid in full by that Respondent. The specific carve-outs permit the Respondents to trade securities or derivatives and acquire securities in registered savings plans, through a registered dealer in Ontario to whom a copy of the Settlement Agreement and the Tribunal's order approving the Settlement Agreement was given;

b. the Respondents will immediately resign any position they may hold as directors or officers of any issuer and will be permanently prohibited from becoming directors or officers of any reporting or non-reporting issuer, with specific carve-outs pertaining to personal family holding companies;

c. the Respondents will immediately resign any positions they may hold as directors or officers of any registrant and will be permanently prohibited from becoming or acting as directors or officers of any registrant;

d. the Respondents shall be permanently prohibited from becoming or acting as registrants, including as promoters or as investment fund managers; and

e. any exemptions contained in Ontario securities law will not apply to the Respondents permanently.

[21] The parties also agree that the Respondents shall be reprimanded.

3.2 Our Consideration of the Settlement Agreement

[22] We have reviewed the Settlement Agreement in detail. In addition, we had the benefit of a confidential settlement conference with OSC Staff and Respondents' counsel. We asked questions of counsel and heard their submissions.

[23] Our role at this settlement hearing was to determine whether the negotiated result in the Settlement Agreement falls within a range of reasonable outcomes, and whether it would be in the public interest to approve the settlement.[2] The Settlement Agreement is the product of negotiation between Staff and the Respondents. When considering settlements for approval, the Tribunal respects the negotiation process and accords significant deference to the resolution reached by the parties.[3] We have done so in this case.

[24] We recognize that the Settlement Agreement is novel in that it represents the first time the Commission is settling allegations relating to the promotion and sale of cryptocurrency tokens. It also arises in the context that the Tribunal has

[2] *Stableview Asset Management Inc (Re)*, 2022 ONCMT 17 at para 6, citing *Research in Motion Limited (Re)*, 2009 ONSEC 19 at paras 44-46

[3] *Royal Bank of Canada (Re)*, 2023 ONCMT 40 at para 12; *Katanga Mining Limited (Re)*, 2018 ONSEC 59 at para 18; *Rosborough (Re)*, 2021 ONSEC 20 at para 9, citing *The Toronto-Dominion Bank (Re)*, 2019 ONSEC 29 at para 6

not decided any contested matters in relation to the promotion and sale of cryptocurrency tokens or the circumstances in which they may be considered a security.

[25] We have considered the parties' agreement that the Axia Coin is a security. While we have not had the benefit of detailed argument concerning the attributes of the Axia Coin, we are satisfied that the parties to this Settlement Agreement have admitted and agreed to circumstances that justify the imposition in the public interest of sanctions related to the promotion and sale of the coin and rights to receive the coin in future.

[26] We have also considered the failure to obtain registration and to comply with the prospectus requirements, both of which requirements are cornerstones of securities regulation in Ontario. In addition, the agreed-upon breaches of the Act relating to misleading investors and Staff of the Commission are serious since they caused significant financial losses to investors and interfered with the Commission's ability to enforce compliance with Ontario securities laws and protect Ontario investors.

[27] We have also taken into consideration the following mitigating factors: (i) the Respondents have never been registered with the Commission, (ii) the Respondents cooperated during the Commission's investigation, (iii) the Respondents accepted responsibility for their actions without the need for and expense of protracted proceedings; and (iv) the Respondents took proactive steps to facilitate an independent review and orderly wind-down of the Axia Project.

[28] In our view, given the mitigating factors, the significant financial sanctions, the permanent market bans, Agar's irrevocable direction, and the avoidance of the time and expense required for a contested hearing, it is in the public interest for us to approve the settlement. In arriving at our decision, we have applied the relevant factors from the non-exhaustive list of factors the Tribunal has identified as relevant to sanctions orders in general.[4] The settlement will, in our view, achieve specific and general deterrence and convey a strong message to market participants that compliance with Ontario securities laws is required in the context of the promotion and sale of cryptocurrency tokens.

4. CONCLUSION

[29] In our view, the terms of the Settlement Agreement fall within a range of reasonable outcomes in the circumstances. The Settlement Agreement also properly reflects the principles underlying the application of sanctions, including recognition of the seriousness of the misconduct and the importance of fostering investor protection and confidence in the capital markets.

[30] For these reasons we conclude that it is in the public interest to approve the Settlement Agreement.

[31] We will therefore issue an order substantially in the form of the draft attached to the Settlement Agreement.

Dated at Toronto this 26th day of January, 2024.

"Andrea Burke"

"Mary Condon"

[4] *Belteco Holdings Inc. (Re)* (1998), 21 OSCB 7743 at paras 23-26; *MCJC Holdings Inc. (Re)* (2002), 25 OSCB 1133 at para 55

B. Ontario Securities Commission

B.2
Orders

B.2.1 Newcrest Mining Limited

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).

January 23, 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
NEWCREST MINING LIMITED
(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 each of the provinces and territories of Canada.

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 #: 2024/0001

B.2.2 Spark Power Group 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., s. 1(6).

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

AND

IN THE MATTER OF
SPARK POWER GROUP 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 an "offering corporation" as defined in subsection 1(1) of the OBCA;

2. the registered and head office of the Applicant is located at 1337 North Service Road East, Suite 200, Oakville, Ontario, L6H 1A7, Canada;

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

4. on January 16, 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 equivalent in any other jurisdiction in Canada in accordance with 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 at Toronto on this 23rd day of January, 2024.

"David Surat"
Manager, Corporate Finance
Ontario Securities Commission

OSC File #: 2023/0623

B.2.3 Consolidated Uranium Inc.

Headnote

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

Applicable Legislative Provisions

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

January 24, 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
CONSOLIDATED URANIUM INC.
(the Filer)

ORDER

Background

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

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

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

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

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 #: 2024/00011

B.2.4 Opsens Inc.

Headnote

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

Applicable Legislative Provisions

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

[Original text in French]

January 15, 2024

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

AND

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

AND

IN THE MATTER OF
OPSENS INC.
(the Filer)

ORDER

Background

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

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

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

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

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

Interpretation

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

Representations

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

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

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

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

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

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

Order

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

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

“Marie-Claude Brunet-Ladrie”
Directrice de la surveillance des émetteurs et initiés
Autorité des marchés financiers

OSC File #: 2023/0633

B.3
Reasons and Decisions

B.3.1 Graymont Limited

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Securities Act s. 76 Prospectus Requirements – First trade relief for securities acquired under an exemption that are subject to a seasoning period – First trades will occur within a limited group of permitted transferees, such as extended family members of the founder of the issuer, their holding companies, family trusts established for their benefit, current and former directors, officers and employees of the issuer, and a charitable foundation established by extended family members of the founder of the issuer. There is no market for the securities and none is expected to develop.

Applicable Legislative Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 61 and 76.
Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53 and 4.

Citation: 2024 BCSECCOM 12

January 8, 2024

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

AND

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

AND

IN THE MATTER OF
GRAYMONT LIMITED
(Filer)

DECISION

Background

¶ 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that trades of Graymont Shares (defined below) between Permitted Transferees (defined below) be exempt from the prospectus requirements of the Legislation (the Requested Relief), subject to certain terms and conditions.

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

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

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

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

Interpretation

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

Representations

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

1. Graymont Limited (Graymont) is a corporation existing under the *Canada Business Corporations Act* (CBCA); Graymont's registered and head office is located at 200 - 10991 Shellbridge Way, Richmond, British Columbia, V6X 3C6;

2. Graymont operates a business primarily as a producer of lime and limestone products;

3. N'Oubliez Charitable Foundation is a charitable foundation existing under the *Societies Act* (BC) that exists for the sole purpose of receiving and maintaining a fund or funds and applying all or part of the principal and income therefrom, from time to time, to "qualified donees" as such term is defined in the *Income Tax Act* (Canada) (the Foundation);

4. the shareholders of Graymont are:

   (a) members of the extended Graham family, being children, grandchildren and other descendants, whether by birth or adoption, of the late F. Ronald Graham, Graymont's founder (the Extended Graham Family);

   (b) companies of which a majority of the voting shares are owned, directly or indirectly, by or for the benefit of persons described in paragraph (a) above and their spouses, children and siblings (the Graham Family Holdcos);

   (c) trusts established for the benefit of the persons described in paragraph (a) above (the Graham Family Trusts and, together with the Extended Graham Family and the Graham Family Holdcos, the Graham Family Shareholders);

   (d) current or former directors, officers or employees of Graymont or its subsidiaries (Graymont Management Shareholders); and

   (e) a trust established for the benefit of a former officer of Graymont (the Graymont Officer Trust),

   (collectively, the Graymont Shareholders);

5. the Graham Family Shareholders, Graymont, the Foundation and Computershare Trust Company of Canada will enter into a second amended and restated shareholder agreement (the Graham Family Shareholder Agreement), pursuant to which a Graham Family Shareholder may only transfer beneficial ownership of, or a beneficial interest in, Graymont Shares to:

   (a) the children, grandchildren or other descendants, whether by birth or adoption, of such Graham Family Shareholder;

   (b) trusts established for the benefit of the persons described in paragraph (a) above and the spouse of such Graham Family Shareholder;

   (c) companies of which a majority of the voting shares are owned, directly or indirectly, by or for the benefit of persons described in paragraphs (a) and (b) above;

   (d) other Graymont Shareholders;

   (e) Graymont;

   (f) the Foundation;

   (collectively, the Permitted Graymont Family Transferees); or

(g) any other buyer,

6. each of the Graymont Management Shareholders has entered into a management shareholder agreement with Graymont, which agreements were entered into between June 3, 1994 and July 27, 2022 (collectively, the Management Shareholder Agreements); the Management Shareholder Agreements may be amended to add the Foundation as one of the Permitted Graymont Management Transferees (as defined below) in the future. Pursuant to the Management Shareholder Agreements, a Graymont Management Shareholder may only transfer beneficial ownership of, or a beneficial interest in, Graymont Shares to:

   (a) the estate of such Graymont Management Shareholder;

   (b) other Graymont Shareholders;

   (c) Graymont;

   (collectively, with the Foundation, the Permitted Graymont Management Transferees); or

   (d) any other buyer;

7. the Graymont Officer Trust has entered into a management shareholder agreement with Graymont dated March 25, 2013, and amended July 28, 2022, in form and substance substantially similar to the Management Shareholder Agreements (the Graymont Officer Trust Shareholder Agreement); the Graymont Officer Trust Shareholder Agreement may be amended to add the Foundation as one of the Permitted Graymont Officer Trust Transferees (as defined below) in the future; pursuant to the Graymont Officer Trust Shareholder Agreement, the Graymont Officer Trust may only transfer beneficial ownership of, or a beneficial interest in, Graymont Shares to:

   (a) the beneficiary of such Graymont Officer Trust, being the former officer of Graymont and his current or former spouse and children;

   (b) other Graymont Shareholders;

   (c) Graymont;

   (collectively, with the Foundation, the Permitted Graymont Officer Trust Transferees); or

   (d) any other buyer;

8. the Permitted Graymont Family Transferees, the Permitted Graymont Management Transferees and the Permitted Graymont Officer Trust Transferees are referred to collectively as the Permitted Transferees;

9. the Graham Family Shareholder Agreement, the Management Shareholder Agreements and the Graymont Officer Trust Shareholder Agreement are referred to collectively as the Graymont Shareholder Agreements;

10. the Filer is not and has no current intention of becoming a reporting issuer in any jurisdiction of Canada;

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

12. the Filer is not in default of any of its obligations under the Legislation.

Decision

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

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that:

(a) Graymont restricts the transfer of Graymont Shares to Permitted Transferees and any transfer of Graymont Shares complies with the transfer restrictions described above in the Graymont Shareholder Agreement to which the transferor of such Graymont Shares is a party;

(b) any certificate representing Graymont Shares contains a legend stating all applicable resale and transfer restrictions;

(c) Graymont provides each Graymont Shareholder with annual audited financial statements consisting of a statement of net assets, a statement of operations and a statement of change in assets, together with notes to such financial statements and management discussion and analysis of Graymont's operations, for each financial year of Graymont within 120 days of the end of such financial year;

(d) Graymont provides each Graymont Shareholder with unaudited interim financial statements consisting of a statement of net assets, a statement of operations and a statement of change in assets, together with notes to such financial statements and management discussion and analysis of Graymont's operations, for each interim period of Graymont within 60 days of the end of such interim period;

(e) prior to any transfer of Graymont Shares to a Permitted Transferee who is not a Graymont Shareholder, Graymont provides to such Permitted Transferee a copy of the financial statements described in paragraphs (c) and (d) for its most recent financial year and interim financial period; and

(f) the first trade in Graymont Shares other than to a Permitted Transferee is deemed to be a distribution.

"John Hinze"
Director, Corporate Finance
British Columbia Securities Commission

OSC File #: 2023/0031

B.3.2 Hamilton Capital Partners Inc.

Headnote

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

Applicable Legislative Provisions

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

January 26, 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
HAMILTON CAPITAL PARTNERS INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the existing mutual funds and future mutual funds of which the Filer is or becomes the investment fund manager which are available for sale to retail investors and to which National Instrument 81-102 - *Investment Funds* (**NI 81-102**) applies (each a **Fund** and collectively, the **Funds**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption under section 19.1 of NI 81-102 from the requirements set out in paragraphs 15.3(4)(c) and 15.3(4)(f) of NI 81-102, which provide that a sales communication must not refer to a performance rating or ranking of a mutual fund or asset allocation service unless:

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

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

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

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

in order to permit the FundGrade A+ Awards, FundGrade Ratings, Lipper Awards, and Lipper Leader Ratings (each as described below) to be referenced in sales communications relating to the Funds (together, the **Exemption Sought**).

Under National Policy 11-203 - *Process for Exemptive Relief Applications in Multiple Jurisdictions* (**NP 11-203**):

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

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

Interpretation

Terms defined in National Instrument 14-101 - *Definitions*, NI 81-102 or in MI 11-102 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

The Filer and the Funds

1. The Filer is a corporation organized under the laws of Ontario with a head office in Toronto.

2. The Filer is registered as: (i) an investment fund manager in Ontario, Quebec and Newfoundland & Labrador; (ii) an exempt market dealer in Ontario; and (iii) a portfolio manager in Ontario.

3. The Filer, or an affiliate, is, or will be, the trustee, portfolio manager and investment fund manager of each Fund.

4. The securities of each of the Funds are, or will be, qualified for distribution to investors pursuant to one or more prospectuses or simplified prospectuses, as the same may be amended or renewed from time to time.

5. Each of the Funds is, or will be, a reporting issuer in one or more of the Canadian Jurisdictions.

6. Each of the Funds is, or will be, subject to NI 81-102, including Part 15 of NI 81-102, which governs sales communications.

7. Neither the Filer nor any of the Funds are in default of securities legislation in any of the Canadian Jurisdictions.

FundGrade Ratings and FundGrade A+ Awards

8. The Filer wishes to include in sales communications of the Funds references to the FundGrade Ratings and references to the FundGrade A+ Awards (as described below) where such Funds have been awarded a FundGradeA+ Award.

9. Fundata Canada Inc. (**Fundata**) is a "mutual fund rating entity" as that term is defined in NI 81-102 and is not a member of the organization of the Funds. Fundata is a leader in supplying mutual fund information, analytical tools, and commentary. Fundata's fund data and analysis, fund awards designations and ratings information provide valuable insight to advisors, media and individual investors.

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

11. The FundGrade A+ Awards are based on a proprietary rating methodology developed by Fundata, the FundGrade Rating system. The FundGrade Rating system evaluates funds based on their risk adjusted performance, measured by three well-known and widely-used metrics: the Sharpe Ratio, the Information Ratio, and the Sortino Ratio. The ratios are calculated for the two through 10 year time periods for each fund. When there is more than one eligible series of a fund, an average ratio is taken for each period. The ratios are ranked across all time periods and an overall score is calculated by equally weighting the yearly rankings.

12. The FundGrade Ratings are letter grades for each fund and are determined for each month. The FundGrade Ratings for each month are released on the seventh business day of the following month. The top 10% of funds earn an A Grade; the next 20% of funds earn a B Grade; the next 40% of funds earn a C Grade; the next 20% of funds receive a D Grade; and the lowest 10% of funds receive an E Grade. Because the overall score of a fund is calculated by equally weighting the periodic rankings, to receive an A Grade, a fund must show consistently high scores for all ratios across all time periods.

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

14. At the end of each calendar year, Fundata calculates a fund "GPA" for each fund based on the full year's performance. The fund GPA is calculated by converting each month's FundGrade Rating letter grade into a numerical score. Each A is assigned a grade of 4.0; each B is assigned a grade of 3.0; each C is assigned a grade of 2.0; each D is assigned a

grade of 1.0; and each E is assigned a grade of 0. The total of the grades for each fund is divided by 12 to arrive at the fund's GPA for the year. Any fund earning a GPA of 3.5 or greater earns a FundGrade A+ Award.

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

Lipper Leader Ratings and Lipper Awards

16. The Filer also wishes to include in sales communications of the Funds references to Lipper Leader Ratings (which are performance ratings or rankings for funds issued by Lipper and include the Lipper Ratings for Consistent Return, Lipper Ratings for Total Return, Lipper Ratings for Preservation and the Lipper Ratings for Expense, which are described below) and Lipper Awards (as described below) where such Funds have been awarded a Lipper Award.

17. Lipper, Inc. (**Lipper**) is a "mutual fund rating entity" as that term is defined in NI 81-102. Lipper is part of the Refinitiv group of companies, and is a global leader in supplying mutual fund information, analytical tools, and commentary. Lipper's fund data and analysis, fund awards designations and ratings information provide valuable insight to advisors, media and individual investors.

18. One of Lipper's programs is the Lipper Fund Awards from Refinitiv program (the **Lipper Awards**). This program recognizes funds that have excelled in delivering consistently strong risk-adjusted performance relative to peers and also recognizes fund families with high average scores for all funds within a particular asset class or overall. Currently, the Lipper Awards take place in approximately 17 countries.

19. In Canada, the Lipper Awards include the Lipper Fund Awards and Lipper ETF Awards (which were awarded for the first time in Canada in 2014). For the Lipper Fund Awards, Lipper designates award-winning funds in a number of individual fund classifications for three, five and ten year periods. For the Lipper ETF Awards, Lipper designates award-winning funds in a number of individual fund classifications for the three and five year periods, and it is expected that awards for the ten year period will be given in the future.

20. The categories for fund classification used by Lipper for the Lipper Awards in respect of Canadian funds are those maintained by CIFSC (or a successor to the CIFSC), a Canadian organization that is independent of Lipper. Only those CIFSC groups of ten or more unique funds will claim a Lipper Fund Award, and only those CIFSC groups of five or more unique ETFs (each of whom have a minimum of three or five years of performance history, as applicable) will claim a Lipper ETF Award.

21. The Lipper Awards are based on a proprietary rating methodology prepared by Lipper, the Lipper Leader Rating System. The Lipper Leader Rating System is a toolkit that uses investor-centred criteria to deliver a simple, clear description of a fund's success in meeting certain goals, such as preserving capital, lowering expenses or building wealth. Lipper Ratings provide an instant measure of a fund's success against a specific set of key metrics, and can be useful to investors in identifying funds that meet particular characteristics.

22. In Canada, the Lipper Leader Rating System includes Lipper Ratings for Consistent Return (reflecting funds' historical risk-adjusted returns relative to funds in the same classification), Lipper Ratings for Total Return (reflecting funds' historical total return performance relative to funds in the same classification), Lipper Ratings for Preservation (reflecting funds' historical loss avoidance relative to other funds in the same classification) and Lipper Ratings for Expense (reflecting funds' expense minimization relative to funds with similar load structures). In each case, the categories for fund classification used by Lipper for the Lipper Leader Ratings are those maintained by CIFSC (or a successor to CIFSC). Lipper Leader Ratings are measured monthly over 36, 60 and 120 month periods, and an overall rating is also measured, which is an unweighted average of the previous three periods. The highest 20% of funds in each category are named Lipper Leaders for that particular rating and receive a score of 5, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2 and the lowest 20% are scored 1.

23. The Lipper Awards, awarded annually in Canada, are based on the Lipper Ratings for Consistent Return measure, which, as generally described above, is a risk-adjusted mutual fund return performance measure used by Lipper that takes into account both short-- and long-term risk adjusted performance relative to fund classification, together with a measure of a fund's consistency. In respect of the Lipper Awards for Canada, the Lipper Ratings for Consistent Return are measured over the 36, 60 and 120 month periods ending at the end of July of each year. As noted above, the highest 20% of funds in each classification are named Lipper Leaders for Consistent Return, and the highest Lipper Leader for Consistent Return in each applicable fund classification over these periods (currently, in the case of the Lipper ETF Awards, over the 36 and 60 month periods only) wins a Lipper Award.

Sales Communication Disclosure

FundGrade Ratings and FundGrade A+ Awards

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

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

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

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

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

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

Lipper Leader Ratings and Lipper Awards

30. The Lipper Leader Ratings are performance ratings or rankings under NI 81-102 and Lipper Awards may be considered to be performance ratings or rankings under NI 81-102 given that the awards are based on the Lipper Leader Ratings as described above. Therefore, references to Lipper Leader Ratings and Lipper Awards in sales communications relating to the Funds need to meet the applicable requirements in Part 15 of NI 81-102.

31. In Canada and elsewhere, Lipper Leader Ratings are calculated only for 36, 60 and 120 month periods and are not calculated for a one year period. This means that a sales communication referencing a Lipper Leader Rating cannot comply with the "matching" requirement contained in paragraph 15.3(4)(c) of NI 81-102 because a rating is not available for the one year period. Relief from paragraph 15.3(4)(c) of NI 81-102 is therefore required in order for Funds to reference Lipper Leader Ratings in sales communications.

32. In addition, a sales communication referencing the overall Lipper Leader Ratings and the Lipper Awards, which are based on the Lipper Leader Ratings, must disclose the corresponding Lipper Leader Rating for each period for which standard performance data is required to be given. As noted above, because a rating for the one year period is not available for the Lipper Leader Ratings, sales communications referencing the overall Lipper Leader Ratings or Lipper Awards also cannot comply with the matching requirement contained in paragraph 15.3(4)(c) of NI 81-102.

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

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

35. Because the evaluation of funds for the Lipper Awards will be based on data aggregated until the end of July in any given year and the results will be published in November of that year, by the time a fund receives an award in November, paragraph 15.3(4)(f) of NI 81-102 will prohibit it from publishing news of the award altogether.

36. The Exemption Sought is required in order for the FundGrade Ratings, FundGrade A+, Lipper Leader Ratings and Lipper Awards to be referenced in sales communications relating to the Funds.

General

The Exemption Sought will provide investors with helpful information

37. The FundGrade A+ Awards, FundGrade Ratings Lipper Leader Ratings and Lipper Awards provide important tools for investors, as they provide them with context when evaluating investment choices.

38. The FundGrade A+ Awards, FundGrade Ratings, Lipper Leader Ratings and Lipper Awards provide an objective, transparent and quantitative measure of performance that is based on the expertise of Fundata or Lipper, as applicable, in fund analysis and alleviates any concern that references to them may be misleading and therefore, contrary to paragraph 15.2(1)(a) of NI 81-102.

Decision

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

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

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

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

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

    c. the name of the ranking entity, i.e., Fundata or Lipper;

    d. the length of period and the ending date, or, the first day of the period and the ending date on which the FundGrade A+ Award, FundGrade Rating, Lipper Award or Lipper Leader Rating is based;

    e. a statement that FundGrade Ratings or Lipper Leader Ratings are subject to change every month;

    f. in the case of a FundGrade A+ Award or Lipper Award, a brief overview of the FundGrade A+ Award or Lipper Award, as applicable;

    g. in the case of a FundGrade Rating (other than FundGrade Ratings referenced in connection with a FundGrade A+ Award) or a Lipper Leader Rating (other than Lipper Leader Ratings referenced in connection with a Lipper Award), a brief overview of the FundGrade Rating or Lipper Leader Rating, as applicable;

h. where Lipper Awards are referenced, the corresponding Lipper Leader Rating that the Lipper Award is derived from is presented for each period for which standard performance data is required other than the one year and since inception periods;

i. where a Lipper Leader Rating is referenced, the Lipper Leader Ratings are presented for each period for which standard performance data is required other than the one year and since inception periods;

j. disclosure of the meaning of the FundGrade Ratings from A to E (e.g., rating of A indicates a fund is in the top 10% of its category) or Lipper Leader Ratings from 1 to 5 (e.g., rating of 5 indicates a fund is in the top 20% of its category), as applicable; and

k. reference to Fundata's website (www.fundata.com) for greater detail on the FundGrade A+ Awards and the FundGrade Ratings or reference to Lipper's website for greater detail on the Lipper Awards and Lipper Leader Ratings, which includes the rating methodology prepared by Fundata or Lipper, as applicable;

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

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

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

Application File #: 2024/0032
SEDAR+ File #: 6074526

B.3.3 Fractionvest Inc.

Headnote

OSC Innovation Office – exemptive relief provided to an Ontario corporation from the requirement to register under Ontario securities legislation – Filer will conduct a time-limited pilot test of its innovative business that involves operating a platform that utilizes blockchain technology to facilitate the distribution of tokens that represent a fractional ownership in a real estate asset – the property will be owned by a special purpose vehicle that is a limited partnership under the laws of Ontario – token holders will be limited partners of the limited partnership – the property will be rented and token holders will receive regular distributions of rental income less expenses – Filer must submit an application to become registered within 6 months from the date of the decision – relief expires 12 months from the date of the decision – relief from section 25 of the Securities Act (Ontario) granted subject to conditions.

Applicable Legislative Provisions

Statutes Cited

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

Instruments Cited

National Instrument 45-106 Prospectus Exemptions.

January 26, 2024

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

AND

IN THE MATTER OF
FRACTIONVEST INC.
(the Filer)

DECISION

Background

The Ontario Securities Commission (the **OSC**), through its Innovation Office, engages with businesses that have innovative products, services or applications that benefit investors. The OSC LaunchPad support program assists businesses with navigating regulatory requirements and engages in discussions on tailoring regulatory requirements, including time-limited registration or exemptive relief from securities law requirements, to allow them to test their innovative business models.

The Filer has developed a permissioned blockchain-powered platform (the **Platform**) that provides a system for tokenizing real estate assets and issuing tokens that represent fractional ownership in a real estate asset (the **Tokens**).

Globally there has been a recent growth of tokenized real estate businesses and offerings. The Filer seeks to make real estate ownership more attainable by utilizing blockchain technology to remove some of the friction of investing in real estate and offer a way for investors to purchase a fractional interest in a specific property, benefit from any increase in the value of the property and receive a proportional share of any rental income without the significant upfront costs and efforts typically required. The Platform will allow for the issuance of Tokens on the blockchain that relate to a specific property, provide an immutable record of ownership of the Tokens, and use smart contracts to define ownership rights, hold periods and transfer restrictions. The Filer has not identified another registered Canadian company that utilizes blockchain technology to tokenize and fractionalize interests in real estate in the same manner.

The OSC recognizes that to keep abreast of and facilitate innovation and limit risks to investors, an environment to conduct commercial tests of novel business models, products and services is required. The Filer is seeking exemptive relief, as described below, to conduct a time-limited pilot test involving one property in order to test the Platform in a controlled environment to address any technical issues and assess potential technical improvements prior to launching the Platform (the **Pilot Test**).

The Filer previously applied for and received exemptive relief from the registration requirement in the decision *In the Matter of Fractionvest Inc.* dated July 26, 2022 (the **Prior Decision**) under the securities legislation of the Jurisdiction (the **Legislation**). The Prior Decision was made on a time-limited, test-case basis, based on the unique facts and circumstances of the Filer.

Due to operational delays, the Filer has not yet commenced testing and requires more time to test its innovative business model. The Filer has applied to amend and extend the Prior Decision in order to continue to develop and to Pilot Test its proposed business model for a time-limited period, subject to certain conditions. The Filer has applied for the Relief Sought (as defined below) on substantially the same terms and conditions as the Prior Decision, except that this decision (the **Decision**) would update certain representations and extend the expiry date.

This Decision has also been considered in the context of the OSC LaunchPad initiative and is based on the unique facts and circumstances of the Filer and for the limited purpose of allowing the Filer to Pilot Test its business in a limited commercial setting. Accordingly, this Decision should not be viewed as a precedent for other filers.

Relief Sought for Time-Limited Pilot Testing

The OSC has received an application from the Filer (the **Application**) for a decision under the Legislation exempting the Filer from the requirement to register as a dealer under the Legislation in respect of the operation of the Platform and other activities in connection with the Pilot Test (the **Relief Sought**). The Filer has also applied for revocation of the Prior Decision effective as of the date of this Decision.

Interpretation

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

Representations

The Filer

1. The Filer is a corporation incorporated under the laws of Ontario, with its registered office located at 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto, Ontario, Canada, M5X 1B8.

2. The Filer is a financial technology start-up that seeks to democratize real estate ownership by connecting the benefits of blockchain technology to real estate transactions to provide potentially better outcomes for investors.

3. The Filer is not a reporting issuer under applicable securities laws of any of the provinces or territories of Canada (the **Canadian Jurisdictions**) and has no present intention of becoming a reporting issuer in any of the Canadian Jurisdictions.

4. The Filer is not in default of securities laws of any of the Canadian Jurisdictions, except as set out in paragraph 5 below.

5. Subsequent to the Prior Decision being granted, the Filer experienced operational delays. As the Filer had not yet commenced testing, the Filer did not submit a substantially complete application for registration within 9 months of the date of the Prior Decision as required by condition (y) of the Prior Decision. The Filer has already engaged with their external counsel to ensure that a substantially complete application for registration will be submitted as required by condition (y) of this Decision.

6. The Filer intends to seek registration in Ontario and will consider registration in other Canadian Jurisdictions on a case-by-case basis as perceived demand warrants.

The Platform

7. The Platform is a permissioned blockchain-powered platform, built on the Polymesh blockchain. The Filer has conducted due diligence on Polymath, the Polymesh blockchain provider, and is satisfied that the Polymesh blockchain provides sufficient functionality to meet the Filer's needs and compliance obligations. The Platform provides an end-to-end process for tokenizing the ownership rights of a real estate asset, issuing Tokens to investors, allowing for the digital recording of ownership of Tokens on the blockchain, and facilitating the distribution of rental income. The Platform may also facilitate the transfer of Tokens, however transfers of Tokens are restricted for the Pilot Test as described in condition (i) of this Decision. The Filer intends that, once the Filer is registered, the Platform will facilitate secondary trading of Tokens as permitted by securities legislation.

8. The Filer believes that the Platform can offer the potential benefits of process efficiency and reduced costs from automation of processes as a result of smart contracts defining ownership rights, rules related to the Token issuance, hold periods and transfer restrictions. The Platform has the potential to increase the speed of issuing securities, distributing rental income and managing corporate actions, lower the cost of entry for real estate ownership and provide access to a broader group of investors and to liquidity and secondary market opportunities, where permitted by securities legislation.

9. The Filer has formalized a partnership with a third party blockchain software service provider to support the initial development and roll-out of the Platform.

10. The Platform enables the issuance of Tokens on the Polymesh blockchain. Polymesh security tokens are built with compliance rules, a set of basic guidelines and functions for token ownership and immutable transferability that any new token created on the Polymesh blockchain must follow. The Tokens will be enhanced Polymesh blockchain security tokens.

11. The Platform includes Polymesh security token compliance rules developed by the Filer that will place specific restrictions on the investors and the Tokens, including:

    a. requiring all prospective investors to complete the Filer's onboarding processes (described below) and be verified and approved by the Filer before being permitted to purchase Tokens;

    b. placing limits on the amount and/or value of Tokens that an investor may purchase; and

    c. restricting investors from transferring their Tokens for a specified period of time;

12. The blockchain software service provider will conduct an audit review of the Platform's Polymesh security tokens to ensure they are operating as intended prior to the Pilot Test.

The Pilot Test

13. The Filer seeks to conduct a Pilot Test involving the operation of the Platform and the issuance of Tokens that represent the economic rights of ownership of a real estate asset (the **Security Token Offering**).

14. The Filer's objective for the Pilot Test is to gather data and operational feedback, address any issues and assess potential technical improvements. Specifically, the Filer would like to test the effectiveness of the Platform, including the creation of Tokens, the implementation of transfer restrictions and the functioning of the smart contracts, with real-world constraints, such as handling banking connections, varied inputs simultaneously at different stages of a user transaction, different user operating systems and environments, and transaction throughput on a live permissioned blockchain, which are not as rigorously tested in a simulated test environment. The Pilot Test will allow the Filer to address any issues with a limited number of accredited investors before making the Platform available more broadly.

i. The SPV and the Property

15. The Filer intends to establish a single purpose special purpose vehicle (the **SPV**) as a limited partnership under the laws of Ontario, Canada. The Filer will be the general partner of the SPV and the Tokens will represent limited partnership interests of the SPV.

16. The Tokens are securities under the Legislation.

17. The SPV will be the issuer of the Tokens and sole legal owner of the Property (as defined below). The SPV will not own more than one property and will not carry on any business other than owning the Property and issuing the Tokens.

18. The Filer will not be a limited partner of the SPV and will not own any Tokens.

19. The Filer, in its capacity of general partner of the SPV, will hold legal title to the Property on behalf of the SPV.

20. The subject real estate asset for the Pilot Transaction (the **Property**) will have the following characteristics:

    a. located in a major urban center in Ontario;

    b. market value in the range of $2,500,000 -- $3,500,000;

    c. a multifamily residential property; and

    d. free of any mortgage or other financial lien;

ii. Investor Onboarding Process

21. All investors on the Platform will be required to complete an onboarding process, including identity verification, anti-money-laundering (**AML**) and sanctions screening.

22. Only "accredited investors" as defined in section 73.3 of the Legislation and section 1.1 of National Instrument 45-106 *Prospectus Exemptions* (**NI 45-106**), will be permitted to purchase Tokens.

23. The Filer will comply with the requirements of the exemptions in section 73.3 of the Legislation and section 2.3 of NI 45-106, including by requiring investors to confirm their accredited investor status and, where applicable, complete the risk acknowledgement in the required Form 45-106F9 Form for Individual Accredited Investors.

24. The Filer uses technology, including a questionnaire required to be completed by investors via the Platform, to facilitate the determination of whether a purchase of Tokens is suitable for an investor.

25. Each prospective investor must complete the steps described in paragraphs 21, 23 and 24 and be verified and approved by the Filer before they are permitted to purchase Tokens.

26. The maximum investment amount for an accredited investor in Ontario is $150,000, however the amount that may be suitable for an investor to invest may be lower than the maximum investment amount.

27. The total number of investors participating in the Pilot Test and Security Token Offering will vary dependent on the Property's features and individual investor demand. The Filer anticipates that the total number of investors will be in the range of 20 -- 50, but no more than 100.

28. Though the Filer expects a majority of the investors to be residents of the Jurisdiction, the Filer may permit non-resident international investors to purchase Tokens provided that they complete the required onboarding processes described above, and the Filer is satisfied that they are permitted to participate in the Security Token Offering under the laws of the jurisdiction of their residence, and the Filer is in compliance with the requirements of that jurisdiction in relation to the offer the Tokens to investors in that jurisdiction. For any distributions of Tokens to investors outside of Canada, the Filer will comply with the requirements of the exemptions in section 73.3 of the Legislation and section 2.3 of NI 45-106, including by requiring investors to confirm their accredited investor status and, where applicable, complete the risk acknowledgement in the required Form 45-106F9 Form for Individual Accredited Investors.

iii. The Security Token Offering

29. The Filer will identify an independent third-party vendor for the target Property, which may be an individual vendor known to the Filer. The vendor will not be a director, employee, or advisor of the Filer, but in the case of any personal affiliation between a director, staff member, or advisor of the Filer and the vendor of the Property, the transaction will be managed as an arm's length commercial transaction and the Property will be offered and purchased at market value.

30. The Filer will use the services of an independent third-party valuator to prepare an appraisal for the Property and determine the purchase price of the Property. Based on the purchase price, the Filer will set an offering amount for the Security Token Offering, including all acquisition costs, expenses and fees to acquire the Property (the **Offering Amount**), and an offering period (the **Offering Period**).

31. Investors that are verified and approved by the Filer will be provided with the Token Purchase Agreement (defined below) and other documents relevant to the Security Token Offering and the Pilot Test, via the Platform. Investors interested in purchasing Tokens will be required to sign the Token Purchase Agreement using a secure electronic signature application via the Platform.

32. The Filer expects the Security Token Offering to involve the issuance of 100,000 Tokens. The price of the Tokens at the time of issuance will be determined based on the Offering Amount, divided by the number of Tokens issued.

33. No additional Tokens for the Property will be created or issued after the Security Token Offering, except as may be necessary to represent any subsequent approved capital contributions in respect of material works to the Property.

34. The Filer requires investors to purchase Tokens by transferring Canadian or U.S. dollars to the Filer's bank account. The funds will be held in escrow at a Canadian custodian (as defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**)) in a trust account for the benefit of the investors, separate and apart from the Filer's or its subsidiary's own assets, until either (i) the Offering Amount is raised, in which case the Property acquisition and Security Token Offering will close simultaneously and the Tokens will sent to investors' wallets, or (ii) the Offering Amount is not met within the Offering Period or the Property becomes no longer available for sale, in which case investors' escrowed funds will be returned to them.

35. The Filer will not accept crypto assets as payment for Tokens.

36. The Filer will provide each investor with a two-day right of withdrawal during which time they may cancel their Token purchase.

37. The Tokens are subject to a minimum hold period of two years. The Filer will not facilitate any transfers or resales of Tokens, except in limited special cases where an investor needs to sell their Tokens because of an unforeseen financial

need. In these circumstances the Filer will work with the Token holder to find a buyer for the Tokens provided that they buyer satisfies the Filer's investor onboarding process described in paragraphs 21 to 28 above.

38. There is no market for the Tokens distributed by the Filer and the Filer has no present intention of listing Tokens on any marketplace (as the term is defined in National Instrument 21-101 *Marketplace Operation* (**NI 21-101**)).

39. Investors will use an authorization protocol to generate their private keys using a Multi-Party Computation key management solution known as Web3Auth, also called wallet-based authentication, a login process in which a user verifies their identity by connecting their blockchain wallet to an application. The private keys are split into three parts and each part is stored separately on the user's device, the login provider's service, and the recovery share respectively. Two of the three parts are required to recover the private key. The Filer will not hold the private keys on behalf of the investors and will not be able to retrieve the investor's private key on their own.

40. Investors will be able to see the number of Tokens they hold in their account on the Platform, however they will not be able to transfer the Tokens as secondary trading will be restricted on the Platform. The Filer, in its capacity as general partner of the SPV, will maintain a centralized register of Token holders (limited partners of the SPV), which will include the name and address of each investor and the address of the investor's digital wallet on the Polymesh blockchain where the Tokens are held. A copy of the register will be held with the Filer's legal counsel.

41. If the Tokens are lost or stolen, the Filer will reissue the Tokens to the investor's wallet by issuing a forced return of the tokens via the Polymesh blockchain. Any forced return of the tokens will be managed by Polymath in coordination with the Filer.

42. The Property will be rented and managed by an independent third-party property manager.

43. Rental income, net of expenses and reserves, earned by the SPV will be distributed to Token holders from time to time. Token holders will receive net rental income from the Property *pro rata* to their Token holdings.

44. The Security Token Offering for the Property includes a maximum investment term of 5 years (the **Investment Term**), at the end of which Token holders will determine through a voting process whether the Property should be sold by the SPV or retained for a further term.

45. Holders of the Tokens will be entitled to vote for:

    a. approval for carrying out any material works to the Property, which incur costs in excess of 5% of the original cost of the Property or involve a period of longer than two calendar months without rental income;

    b. approval for any modification in the initial Investment Term of the Property;

    c. approval for the sale of the Property; and

    d. approval for the appointment, change or removal of the property manager of the Property.

46. In order to purchase the Tokens, investors will be obligated to enter into a subscription agreement with the Filer and the SPV (the **Token Purchase Agreement**).

47. The Filer will provide investors with a copy of the limited partnership agreement of the SPV, which provides Token holders with information rights in respect of the SPV and Property, including access to the SPV's books and information about the rental income, expenses, and reserves relating to the Property.

48. Every prospective Token purchaser will be provided with an offering memorandum (the **Offering Memorandum**) which describes the Filer and the Security Token Offering, including key information about the Property, all acquisition related costs with a detailed transaction breakdown, additional capital contributions required in respect of material works to the Property, anticipated net rent (showing the breakdown of total rent minus any associated fees such as property maintenance fees), and illustrative examples of how investors may calculate total or annualized return on investment through a range of potential inputs (e.g. illustrative projections of capital appreciation, net exit value), investment risk factors, a breakdown of fees payable to the Filer, a summary of the limited partnership agreement which governs the SPV, eligibility for investment and the online subscription process through the Platform.

49. The description of investment risk factors in the Offering Memorandum will include, among other risks, the illiquidity of the underlying Property, lack of any Token secondary market, mandated Token hold periods and that the expiry of the hold period does not mean there will be a market for the Tokens at that time, lack of assurance that the Filer will become registered and associated potential inability of the Filer to conduct registerable activity beyond the date that this Decision expires.

50. The Offering Memorandum will describe the rights of action for a misrepresentation in section 130.1 of the Legislation.

51. Copies of the Token Purchase Agreement and the Offering Memorandum will be accessible to investors via the Platform.

52. The Filer will have a dedicated customer service email address for complaints and inquiries. Any complaint will be acknowledged within seven days and investigated and resolved within a target maximum of sixty days.

Decision

The OSC is satisfied that the Decision meets the test set out in the Legislation for the regulator to make the decision for the purposes of pilot testing this novel business.

The decision of the OSC under the Legislation is that the Prior Decision is repealed and the Relief Sought is granted, provided that all of the following conditions are met:

a. The Filer will conduct only one issuance of Tokens representing the economic rights of ownership of a single real estate asset, the Property.

b. The Filer will limit the Security Token Offering to no more than 100 investors in total.

c. The Filer will only permit "accredited investors", as defined in section 73.3 of the Legislation and section 1.1 of NI 45-106 that have completed the Filer's onboarding process described in representations 25 to 28 and have been approved and verified by the Filer, to purchase Tokens.

d. The value of the Tokens acquired by each investor does not exceed $150,000, however the amount that may be suitable for an investor to invest may be lower than the maximum investment amount.

e. The Filer will deal fairly, honestly and in good faith with all purchasers of Tokens.

f. The Filer will establish, maintain and apply policies and procedures that establish a system of controls and supervision designed to manage the risks associated with the Filer's business, including risks resulting from use of the Platform, cybersecurity breaches and potential conflicts of interest including as between the Filer, any vendor of the Property, any property manager of the Property, and/or any other service provider.

g. The Filer will ensure that any conflicts of interest will be identified and addressed in the best interests of the investor.

h. The Filer will hold all funds received by investors for the purchase of Tokens in escrow with a Canadian Custodian (as defined in section 1.1 of NI 31-103) in a trust account for the benefit of investors, separate and apart from the Filer's or its subsidiary's own assets, until either (i) the Offering Amount is raised, in which case the Property and Token acquisitions will close simultaneously and the Tokens will be sent to investors' wallets, or (ii) the Offering Amount is not met within the Offering Period or the Property becomes no longer available for sale, in which case investors' escrowed funds will be returned to them, in full, and without penalty.

i. Neither the Filer nor any of its directors, officers, employees, agents or representatives will make recommendations or provide investment advice to any purchaser of Tokens.

j. The Filer will not publicly advertise the Security Token Offering, other than on the Filer's website and its social media channels.

k. The Filer will not operate a marketplace as the term is defined in subsection 1(1) of the Legislation and NI 21-101 and the Filer will not list the Tokens on a marketplace or crypto-asset trading platform.

l. The Filer will not facilitate secondary trading of Tokens via the Platform and will not list the Tokens on an organized marketplace or crypto-asset trading platform.

m. In order to purchase the Tokens, investors will be required to enter into the Token Purchase Agreement.

n. The Filer will provide each investor with a copy of the Offering Memorandum which includes the information described in representations 47-49 and describes the rights of action for a misrepresentation in section 130.1 of the Legislation. The Offering Memorandum will describe the Decision and that the Filer will be required to be registered to operate the Platform after the date the Decision expires.

o. The Filer will provide each investor with a two-day right of withdrawal during which time they may cancel their Token purchase.

p. The Filer will not hold the private keys to investors' wallets. Investors will be able to see the number of Tokens they hold in their wallet on the Platform, however they will not be able to transfer the Tokens.

q. The Filer, in its capacity as general partner of the SPV, will maintain a centralized register of Token holders (limited partners of the SPV), which will include the name and address of each investor and the address of the investor's digital wallet on the Polymesh blockchain where the Tokens are held. A copy of the register will be held with the Filer's legal counsel.

r. No Tokens will be issued or gifted to insiders, employees, consultants, or advisors.

s. The Filer notifies holders of Security Tokens of the following events, within 10 days of the occurrence of such event:

(i) loss of any Security Tokens;

(ii) a discontinuation of the Filer's business;

(iii) any material change in the Filer's business;

(iv) any material issues identified or experienced in respect of the Filer's business or the Filer's Platform during the Pilot Test;

(v) the Filer receiving notice of any regulatory related investigations or proceedings in any jurisdiction in which it intends to offer the Security Tokens; and

(vi) a change of control of the Filer or the Property Manager;

t. The Filer will keep books, records and other documents reasonably necessary for the proper recording of its business.

u. The Filer will document and, in a manner that a reasonable purchaser would consider fair and effective, respond to each complaint received from an investor in Security Tokens.

v. The Filer will provide the OSC with:

(i) a written report every two months (within 10 days of the end of each such period) in a format acceptable to the OSC, with information relating to the Filer's progress-to-date in respect of the Pilot Test, including the milestones achieved, any issues experienced or identified and the Filer's proposed resolution to such issues, and any modifications made to the Platform or the Filer's business; and

(ii) any report, document or information that may be requested for the purpose of monitoring compliance with securities legislation and the conditions of this decision, on a timely basis, in a format acceptable to the OSC.

w. The Filer will post a copy of this decision on its website.

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

y. Before the end of the Pilot Test and no later than 6 months following the date of the Decision, the Filer will submit a substantially complete application to become registered as a dealer. The application must identify the proposed “Ultimate Designated Person” and the “Chief Compliance Officer”, as defined in NI 31-103.

z. This Decision shall expire on the earlier of the date that is 12 months after the date of the Decision, or the date on which the Filer becomes registered.

“Pat Chaukos”
Director, Office of Economic Growth and Innovation
Ontario Securities Commission

Application File #: 2023/0538

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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
THERE IS NOTHING TO REPORT THIS WEEK.		

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	
Tokens.com Corp.	January 2, 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:
1832 AM Canadian Dividend LP
1832 AM Canadian Growth LP
1832 AM Global Completion ETF LP
1832 AM Global Low Volatility Equity LP (formerly Scotia Global Low Volatility Equity LP0
1832 AM International Equity LP
1832 AM Tactical Asset Allocation ETF LP
1832 AM Total Return Bond LP (formerly Scotia Total Return Bond LP)
1832 AM U.S. Dividend Growers LP (formerly Scotia U.S. Dividend Growers LP)
1832 AM U.S. Low Volatility Equity LP (formerly Scotia U.S. Low Volatility Equity LP)
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Jan 19, 2024
NP 11-202 Final Receipt dated Jan 23, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06062818

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Issuer Name:
Invesco 1-3 Year Laddered Floating Rate Note Index ETF
Invesco 1-5 Year Laddered Investment Grade Corporate Bond Index ETF
Invesco Canadian Dividend Index ETF (formerly, PowerShares Canadian Dividend Index ETF)
Invesco ESG Canadian Core Plus Bond ETF (formerly, Invesco Tactical Bond ETF)
Invesco ESG Global Bond ETF
Invesco ESG NASDAQ 100 Index ETF
Invesco ESG NASDAQ Next Gen 100 Index ETF
Invesco FTSE RAFI Canadian Index ETF (formerly, PowerShares FTSE RAFI Canadian Fundamental Index ETF)
Invesco FTSE RAFI Global Small-Mid ETF (formerly, PowerShares FTSE RAFI Global Small-Mid Fundamental ETF)
Invesco FTSE RAFI U.S. Index ETF (formerly, PowerShares FTSE RAFI U.S. Fundamental Index ETF)
Invesco FTSE RAFI U.S. Index ETF II (Formerly, PowerShares FTSE RAFI U.S. Fundamental Index ETF II)
Invesco Fundamental High Yield Corporate Bond Index ETF (formerly, PowerShares Fundamental High Yield Corporate Bond Ind
Invesco International Developed Dynamic-Multifactor Index ETF
Invesco Long Term Government Bond Index ETF (formerly, PowerShares Ultra Liquid Long Term Government Bond Index ETF)
Invesco Low Volatility Portfolio ETF (formerly, PowerShares Low Volatility Portfolio ETF)
Invesco Morningstar Global Energy Transition Index ETF
Invesco NASDAQ 100 Equal Weight Index ETF
Invesco NASDAQ 100 Index ETF (formerly, Invesco QQQ Index ETF)
Invesco NASDAQ Next Gen 100 Index ETF
Invesco Russell 1000 Dynamic-Multifactor Index ETF
Invesco S&P 500 Equal Weight Index ETF
Invesco S&P 500 ESG Index ETF
Invesco S&P 500 ESG Tilt Index ETF
Invesco S&P 500 Low Volatility Index ETF (formerly, PowerShares S&P 500 Low Volatility Index ETF)
Invesco S&P Europe 350 Equal Weight Index ETF
Invesco S&P International Developed Dividend Aristocrats ESG Index ETF
Invesco S&P International Developed ESG Index ETF
Invesco S&P International Developed ESG Tilt Index ETF
Invesco S&P US Dividend Aristocrats ESG Index ETF
Invesco S&P US Total Market ESG Index ETF
Invesco S&P US Total Market ESG Tilt Index ETF
Invesco S&P/TSX 60 ESG Tilt Index ETF
Invesco S&P/TSX Canadian Dividend Aristocrats ESG Index ETF

Invesco S&P/TSX Composite ESG Index ETF
Invesco S&P/TSX Composite ESG Tilt Index ETF
Invesco S&P/TSX Composite Low Volatility Index ETF
(formerly, PowerShares S&P/TSX Composite Low Volatility Index ETF)
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Jan 24, 2024
NP 11-202 Final Receipt dated Jan 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06050825, 06050918, 06050817

Issuer Name:
CIBC 2025 Investment Grade Bond Fund
CIBC 2026 Investment Grade Bond Fund
CIBC 2027 Investment Grade Bond Fund
Principal Regulator – Ontario
Type and Date:
Final Simplified Prospectus dated Jan 24, 2024
NP 11-202 Final Receipt dated Jan 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06063665

Issuer Name:
Mawer Global Credit Opportunities Fund
Principal Regulator – Alberta
Type and Date:
Final Simplified Prospectus dated Jan 26, 2024
NP 11-202 Final Receipt dated Jan 26, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06063992

Issuer Name:
Canadian Scholarship Trust CST Advantage Plan
Canadian Scholarship Trust Family Savings Plan
Canadian Scholarship Trust Individual Savings Plan
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Jan 24, 2024
NP 11-202 Final Receipt dated Jan 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06050385

Issuer Name:
AGF Global Opportunities Bond ETF
AGF Global Sustainable Growth Equity ETF
AGF Systematic Canadian Equity ETF
AGF Systematic Emerging Markets Equity ETF
AGF Systematic Global ESG Factors ETF
AGF Systematic Global Infrastructure ETF
AGF Systematic Global Multi-Sector Bond ETF
AGF Systematic International Equity ETF
AGF Systematic US Equity ETF
AGF US Market Neutral Anti-Beta CAD-Hedged ETF
Principal Regulator – Ontario
Type and Date:
Final Long Form Prospectus dated Jan 26, 2024
NP 11-202 Final Receipt dated Jan 29, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06064887

Issuer Name:
GQG Partners Emerging Markets Quality Equity Fund
T. Rowe Price U.S. Blue Chip Growth Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jan 23, 2024
NP 11-202 Final Receipt dated Jan 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06075680

Issuer Name:
Onex Dividend Distribution Fund
Onex Global Special Situations Alternative Fund
Onex High Yield Bond Fund (Canada)
Onex International Fund
Onex Premium Income Trust
Onex U.S. Equity Fund
Principal Regulator – Ontario
Type and Date:
Preliminary Simplified Prospectus dated Jan 26, 2024
NP 11-202 Final Receipt dated Jan 29, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06077091

Issuer Name:
Horizons Psychedelic Stock Index ETF
Horizons US Marijuana Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated January 19, 2024
NP 11-202 Final Receipt dated Jan 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #03513426

Issuer Name:
Fidelity Advantage Bitcoin ETF
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Long Form Prospectus dated January 19, 2024
NP 11-202 Final Receipt dated Jan 23, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #03560996

Issuer Name:
Horizons Active Floating Rate Senior Loan ETF
Horizons Active High Yield Bond ETF
Horizons Active Ultra-Short Term US Investment Grade Bond ETF
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Long Form Prospectus dated January 19, 2024
NP 11-202 Final Receipt dated Jan 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #03509899

Issuer Name:
Horizons Absolute Return Global Currency ETF
Horizons Tactical Absolute Return Bond ETF
Principal Regulator – Ontario
Type and Date:
Amendment #1 to Final Simplified Prospectus dated January 19, 2024
NP 11-202 Final Receipt dated Jan 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #03562119

Issuer Name:
Horizons Global BBIG Technology ETF
Horizons Global Hydrogen Index ETF
Principal Regulator – Ontario
Type and Date:
Amendment #2 to Final Long Form Prospectus dated January 19, 2024
NP 11-202 Final Receipt dated Jan 25, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #03557340

Issuer Name:
Fidelity Advantage Bitcoin ETF Fund
Fidelity ClearPath® 2065 Portfolio
Principal Regulator – Ontario
Type and Date:
Amendment #3 to Final Simplified Prospectus dated January 19, 2024
NP 11-202 Final Receipt dated Jan 23, 2024
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Filing #06030240, 06030295

NON-INVESTMENT FUNDS

Issuer Name:
BriaCell Therapeutics Corp.
Principal Regulator – British Columbia
Type and Date:
Preliminary Short Form Base Shelf Prospectus dated Jan 22, 2024
NP 11-202 Preliminary Receipt dated Jan 23, 2024
Offering Price and Description:
US$200,000,000.00
Common Shares, Debt Securities, Subscription Receipts, Warrants, Rights, Units
Filing# 06074282

Issuer Name:
Coveo Solutions Inc.
Principal Regulator – Quebec
Type and Date:
Final Short Form Base Shelf Prospectus dated Jan 26, 2024
NP 11-202 Final Receipt dated Jan 26, 2024
Offering Price and Description:
$350,000,000.00
Subordinate Voting Shares, Preferred Shares, Debt Securities, Warrants, Subscription Receipts, Units
Filing# 06072452

Issuer Name:
Dye & Durham Limited
Principal Regulator – Ontario
Type and Date:
Preliminary Short Form Prospectus (NI 44-101) dated Jan 22, 2024
NP 11-202 Preliminary Receipt dated Jan 23, 2024
Offering Price and Description:
$125,840,000.00
10,400,000 Common Shares
Price: $12.10 per Common Share
Filing# 06072893

Issuer Name:
First Mining Gold Corp.
Principal Regulator – British Columbia
Type and Date:
Final Short Form Base Shelf Prospectus dated Jan 23, 2024
NP 11-202 Final Receipt dated Jan 23, 2024
Offering Price and Description:
$100,000,000.00
Common Shares, Preferred Shares, Warrants, Subscription, Receipts Units
Filing# 06065978

Issuer Name:
HEALWELL AI Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated Jan 19, 2024
NP 11-202 Preliminary Receipt dated Jan 22, 2024
Offering Price and Description:
$150,000,000.00
Class A Subordinate Voting Shares, Debt Securities, Warrants, Units, Subscription Receipts
Filing# 06073652

Issuer Name:
Pure Enerje Sciences Inc.
Principal Regulator – British Columbia
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated Jan 23, 2024
NP 11-202 Amendment to Preliminary Receipt dated Jan 25, 2024
Offering Price and Description:
74,431 Common Shares Upon Exercise or Deemed Exercise of 74,431 Outstanding Special Warrants
Filing# 06038298

Issuer Name:
Xtract One Technologies Inc.
Principal Regulator – Ontario
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated Jan 23, 2024
NP 11-202 Preliminary Receipt dated Jan 26, 2024
Offering Price and Description:
$50,000,000.00
Common Shares, Warrants, Subscription Receipts, Units, Debt Securities
Filing# 06075837

B.10
Registrations

B.10.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	AILSA ASSET MANAGEMENT LTD.	Exempt Market Dealer	January 23, 2024
Voluntary Surrender	SMARTBE INVESTMENTS INC.	Exempt Market Dealer, Portfolio Manager, Investment Fund Manager	January 23, 2024
Voluntary Surrender	MACQUARIE CAPITAL MARKETS CANADA LTD./MARCHES FINANCIERS MACQUARIE CANADA LTEE.	Investment Dealer, Futures Commission Merchant	January 24, 2024
New Registration	Carriage House Wealth Ltd.	Portfolio Manager	January 26, 2024

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

B.11.2 Marketplaces

B.11.2.1 Nasdaq CXC Limited – Broker Preferencing for Anonymous Hidden Orders on CXC and CX2 – Notice of Approval

NASDAQ CXC LIMITED

NOTICE OF APPROVAL

BROKER PREFERENCING FOR ANONYMOUS HIDDEN ORDERS ON CXC AND CX2

In accordance with the requirements set out in the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto, the Ontario Securities Commission (**OSC** or **Commission**) approved amendments to the Nasdaq CXC Limited Trading Rule and Policies (**Trading Rules**) and to Nasdaq CXC Limited's (**Nasdaq Canada**) Form 21-101F1 reflecting the introduction of broker preferencing for anonymous hidden orders on the CXC and CX2 Trading Books.

Nasdaq Canada's Notice and Request for Comment on the proposed functionality was published on the Commission's website and in the Commission's Bulleting on December 21, 2023 at (2023) 46 OSCB 10684. No comment letters were received.

The new functionality is expected to be introduced in the first half of the year. Nasdaq Canada will send a Notice communicating the effective date of this change.

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