

Majestic Asset Management (“Majestic”) and its officers have advised the Autorité des marchés financiers (the “AMF”), as principal regulator, that they intend to establish, manage and distribute securities of an investment fund, the Rivemont Crypto Fund (“RCF” or the “Fund”), which will initially invest in the Bitcoin and the Ether. Majestic intends to distribute securities of the RCF in reliance on available prospectus exemptions.

The AMF has consulted with staff of the Canadian Securities Administrators (the “CSA”) as part of the CSA Regulatory Sandbox Initiative and has advised Majestic that the Fund will be carrying out a new type of business in Canada, and that additional obligations must therefore be imposed in order to adequately monitor developments in this new area. The AMF grants Majestic the authorization to establish and act as the manager of the RCF, subject the conditions indicated below.

The AMF imposes the following conditions on Majestic:

1. The term “cryptocurrency” includes the Bitcoin, the Ether and anything commonly considered cryptocurrency, digital or virtual currency, or digital or virtual token.
2. Majestic must obtain the AMF’s prior approval to:
 - (a) establish or act as manager of an investment fund that invests in cryptocurrencies;
 - (b) amend the investment objective of the RCF or any investment fund managed by Majestic that invests in cryptocurrencies, including a change in the investments of the investment fund to include a cryptocurrency not previously held by that investment fund;
 - (c) change the entity that maintains custody of the cryptocurrencies held by an investment fund managed by Majestic (such entity, a “cryptocurrency custodian”), unless the new cryptocurrency custodian is a subsidiary of the current cryptocurrency custodian;
 - (d) change the entity mainly responsible for the execution of trades in the cryptocurrencies for an investment fund managed by Majestic (such entity, a “cryptocurrency broker”), unless the new cryptocurrency broker is a subsidiary of the current cryptocurrency broker;
 - (e) make a material change in Majestic’s valuation policies and procedures applicable to Majestic’s cryptocurrencies; and
 - (f) change RCF’s investment portfolio manager.
3. As part of its obligations as an investment fund manager under *Regulation 31-103 respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations*, Majestic will be responsible for oversight of the functions performed by each cryptocurrency custodian and each cryptocurrency broker and, as such, Majestic shall enter into with each of these parties a written agreement providing, among other things:
 - (a) that the cryptocurrency custodian or the cryptocurrency broker is registered and/or licensed as needed to maintain custody of the cryptocurrencies or to execute trades in the cryptocurrencies, as applicable; and
 - (b) that the obligations and duties of the cryptocurrency custodian or the cryptocurrency broker, which obligations and duties shall include the establishment and maintenance of compliance systems that are sufficient to provide reasonable assurance that applicable regulatory requirements are complied with, and to manage the risks associated with its business, including those associated with cryptocurrencies, in accordance with prudent business practices.

4. Within thirty days following the calendar year end, Majestic shall provide the AMF with:
 - (a) a copy of the most recent report received by Majestic from an independent auditor reviewing the sufficiency of each cryptocurrency custodian's practices regarding custody of the cryptocurrencies for which it acts as custodian; and
 - (b) for each cryptocurrency custodian and each cryptocurrency broker, a copy of all documentation received by Majestic relating to any regulatory compliance reviews and inspections or investigations of the relevant cryptocurrency custodian or cryptocurrency broker.
5. For any investment fund managed by Majestic that invests in cryptocurrencies, Majestic will make available to unitholders, within 90 days following December 31st of each year, the annual audited financial statements of the investment fund, and will make the net asset value (NAV) of the investment fund available on at least a monthly basis.
6. Majestic must require from each cryptocurrency custodian and cryptocurrency broker that it will promptly be notified by each cryptocurrency custodian and cryptocurrency broker, so that it can in turn promptly notify its principal regulator, in the event of:
 - (a) a material change to the operations or regulatory status of the cryptocurrency custodian or the cryptocurrency broker;
 - (b) a material change to the insurance policies, contingency reserves or other similar arrangements held or maintained by the cryptocurrency custodian or the cryptocurrency broker to compensate or mitigate losses suffered by such entity's customers or users in connection with such entity's operations.
7. Within thirty days following the end of each calendar quarter, Majestic shall provide the AMF with the following continuous disclosure documents for each investment fund managed by Majestic that invests in cryptocurrencies:
 - (a) the amounts subscribed into and redeemed from the investment fund for each quarter;
 - (b) in respect of each distribution of securities of the fund, the number of investors, the aggregate amount of capital raised and the prospectus exemption relied upon;
 - (c) the identification of all entities, other than the cryptocurrency broker, through which trades were placed in the quarter, and the proportion of total trades that were placed through each such entity in the quarter;
 - (d) the NAV of the investment fund, as at the end of each month during the quarter.
8. In Ontario, Majestic shall not manage the RCF following the date of January 26, 2020, unless such date is renewed at the discretion of the Director.