

## **Headnote**

Application for time-limited relief related to distribution of a value-referenced crypto asset (commonly referred to as a stablecoin) – CSA staff are of the view that fiat-backed crypto assets are generally securities and/or derivatives – issuer has filed a prospectus to qualify distribution of a value-referenced crypto asset – issuer is a special purpose vehicle with no other business – relief provides exemptions from certain prospectus form requirements and ongoing reporting issuer and reporting insider obligations to reflect the nature of the securities and the issuer – relief is time-limited – relief granted based on the particular facts and circumstances of the application with the objective of fostering innovative businesses in Canada – decision should not be viewed as a precedent for other issuers.

## **Applicable Legislative Provisions**

*Securities Act*, R.S.O. 1990, c. S.5, as amended, ss. 1(1), 25(3), 59(1), 74, 107 & 147

Multilateral Instrument 11-102 *Passport System*, s. 4.7

National Instrument 41-101 *General Prospectus Requirements*, ss. 5.3(2), 5.11(2), 8.2 & 19.1

Form 41-101F1 *Information Required in a Prospectus*, Instruction (16)

National Instrument 51-102 *Continuous Disclosure Obligations*, ss. 4.3, 5.1(1) & 13.1

National Instrument 52-110 *Audit Committees*, ss. 6.1.1(3) & 8.1

National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*, ss. 2.3, 2.4 & 6.1

National Instrument 55-104 *Insider Reporting Requirements and Exemptions*, parts 3 and 5 and s. 10.1

**November 20, 2025**

**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  
QCAD DIGITAL TRUST  
(the Filer)**

**AND**

**IN THE MATTER OF  
STABLECORP DIGITAL CURRENCIES INC.  
(the Servicer)**

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from the Servicer on behalf of the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that:

- (a) the requirements of subsection 25(3) of the *Securities Act* (Ontario) (the **Act**) to be registered as an adviser shall not apply to the Servicer in respect of it advising the Filer with respect to the Reserve Assets (as defined below) (the **Adviser Registration Relief**);
- (b) the requirements of subsection 59(1) of the Act to include a certificate signed by an underwriter or underwriters shall not apply to the Filer in connection with the Prospectus (as defined below) and the Amended and Restated Prospectus (as defined below) (the **Underwriter's Certificate Relief**);
- (c) the requirements of subsections 5.3(2) and 5.11(2) of National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) that an issuer and promoter provide a certificate in the applicable issuer certificate form shall not apply to the Filer and the Servicer in connection with the Prospectus and the Amended and Restated Prospectus (the **Certificate Form Relief**);
- (d) the requirements in section 8.2 of NI 41-101 regarding the lapse date for a prospectus that qualifies securities distributed on a best efforts basis shall not apply to the Filer in connection with the Prospectus and the Amended and Restated Prospectus (the **Lapse Date Relief**);
- (e) the requirement in Instruction (16) of Form 41-101F1 *Information Required in a Prospectus* (**Form 41-101F1**) that certain marketing materials are the only documents that can be incorporated by reference into a long form prospectus shall not apply to the Filer in connection with the Prospectus and the Amended and Restated Prospectus (the **Incorporation by Reference Relief**);
- (f) the requirements of section 4.3 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) to file an interim financial report for each interim period shall not apply to the Filer (the **Interim Financial Reporting Relief**);
- (g) the requirements of subsection 5.1(1) of NI 51-102 to file the management's discussion and analysis (**MD&A**) relating to an interim financial report shall not apply to the Filer (the **Interim MD&A Relief**);
- (h) the requirements of subsection 6.1.1(3) of National Instrument 52-110 *Audit Committees* shall not apply to the Filer (the **Audit Committee Independence Relief**); and
- (i) the requirements of section 107 of the Act, sections 2.3 and 2.4 of National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* and parts 3 and 5 of National Instrument 55-104 *Insider Reporting Requirements and Exemptions* that insiders of reporting issuers file a report disclosing any direct or indirect beneficial ownership of or control or direction over securities of the reporting issuer shall not apply to the insiders of the Filer in relation to such insider's ownership of or control or direction over QCAD Tokens (the **Insider Reporting Relief**).

(collectively, the Adviser Registration Relief, the Underwriter's Certificate Relief, the Certificate Form Relief, the Lapse Date Relief, the Incorporation by Reference Relief, the Interim Financial Reporting Relief, the Interim MD&A Relief, the Audit Committee Independence Relief, and the Insider Reporting Relief, the **Relief Sought**).

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

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

### **Interpretation**

Capitalized terms used herein have the meaning ascribed thereto below (or in National Instrument 14-101 *Definitions* and MI 11-102, as applicable) unless otherwise defined in this Decision.

**1 CAD** means one dollar (\$1.00) in the lawful currency of Canada.

**aggregate nominal value** means the price of the outstanding QCAD Tokens where each QCAD Token has a price equal to 1 CAD.

**Auditor** means the auditor of the Filer who is currently Davidson & Company LLP.

**Authorized Participant** means any eligible entity that has entered into a QCAD Purchase and Redemption Agreement with the Servicer, on behalf of the Filer.

**Canadian custodian** has the meaning ascribed to that term in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

**CTPs** means crypto asset trading platforms that are registered in Canada with one or more members of the CSA.

**Custodian** means Tetra Trust Company in its capacity as Custodian under the Custodian Agreement.

**Custodian Agreement** means the custodianship agreement dated May 1, 2025 between the Servicer, in its capacity as administrator and servicing agent of the Filer, and the Custodian, as it may be amended from time to time.

**Fiat-Backed Crypto Asset** means a VRCA that intends to replicate the value of a single currency with an underlying fiat currency-based reserve that may or may not be in a segregated account. QCAD Tokens are Fiat-Backed Crypto Assets for which the Reserve Assets are held in segregated accounts with Canadian financial institutions.

**Institutional Qualified Holder** means an Authorized Participant or any other institutional redeemer acceptable to the Filer who has executed a QCAD Purchase and Redemption Agreement with the Filer and the Servicer and whose status as such has not been revoked by the Servicer.

**Money Market Fund** has the meaning ascribed to that term in National Instrument 81-102 *Investment Funds* or in Rule 12d1-1 of the United States *Investment Company Act of 1940*, as the case may be.

**Monthly Attestation** means the monthly assurance report described in condition (f) and the assertion of management in respect of which the monthly assurance report was issued.

**NI 52-107** means National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*.

**OTC** means over the counter.

**outstanding QCAD Tokens** means the QCAD Tokens that have been minted and issued in exchange for funds less any QCAD Tokens for which a request for redemption has been fulfilled.

**publicly accountable enterprise** means a publicly accountable enterprise as defined in the Handbook.

**QCAD Holder** means a holder of QCAD Tokens.

**QCAD Program** means, in aggregate, the issuance or redemption (minting and burning) of QCAD Tokens, the holding by the Filer of the Reserve Assets, the management by the Servicer of the Reserve Assets and the ongoing administration and management of all matters related or incidental thereto.

**QCAD Purchase and Redemption Agreement** means an agreement between the Servicer, on behalf of the Filer, and an Authorized Participant, as amended from time to time, and which will govern the terms and conditions associated with the purchase and redemption of QCAD Tokens by Authorized Participants.

**QCAD Terms and Conditions** means the terms and conditions associated with the redemption of QCAD Tokens by Qualified Holders, as published from time to time by Stablecorp on its website ([www.stablecorp.ca](http://www.stablecorp.ca)) and under the Filer's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**QCAD Tokens** means the QCAD tokens, which are blockchain-based tokens that are defined by Canadian securities regulators as VRCAs and are qualified for distribution by the Prospectus.

**Qualified Holder** means an Institutional Qualified Holder or a Retail Qualified Holder.

**Reference Value** means 1 CAD.

**Reserve Account** means the segregated "In Trust For" accounts with Canadian financial institutions holding the Reserve Assets.

**Reserve Assets** means the assets held by the Filer and administered by the Servicer as described in representation 27.

**Retail Qualified Holder** means a Qualified Holder who is not an Institutional Qualified Holder and who has established an account with the Servicer.

**SEDAR+** means the System for Electronic Data Analysis and Retrieval +.

**Staff Notice 21-332** means CSA Staff Notice 21-332 *Crypto Asset Trading Platforms: Pre-Registration Undertakings – Changes to Enhance Canadian Investor Protection*.

**Trust Agreement** means the trust agreement dated May 1, 2025 between the Trustee and the Chief Executive Officer of the Servicer (as settlor).

**Trustee** means Odyssey Trust Company.

**Trust Property** means the property and assets of the Filer, including the Reserve Assets.

**VRCA** means Value Referenced Crypto Asset, a digital asset that is designed to maintain a stable value over time by referencing the value of an equivalent value of a fiat currency or any other value or right, or combination thereof.

## **Representations**

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

### ***The Filer***

1. The Filer is a special purpose trust established under the laws of the province of Ontario.
2. The Trustee is the trustee of the Filer, and the provisions and features of the Filer are set forth in the Trust Agreement. As per the Trust Agreement, the Filer has been established for the sole purpose of: (i) holding registered title to the Trust Property; and (ii) maintaining the Reserve Assets.
3. The sole beneficiary of the Filer is the Servicer. The beneficial interest of the Servicer is limited to the right to receive, in accordance with the terms of the Trust Agreement: (i) distributions when and as declared, if any; and (ii) the net proceeds of liquidation of the Trust Property upon termination of the Filer, after satisfaction of all liabilities of the Filer, including the liabilities owed by the Filer to the QCAD Holders.
4. Tetra Trust Company is the Custodian of the assets of the QCAD Program, pursuant to the Custodian Agreement. The Custodian is a provincially regulated trust company based in Calgary, Alberta and provides services to the QCAD Program from its office in Calgary, Alberta. The Custodian is responsible for safekeeping of all Reserve Assets delivered to it. The Custodian may appoint a qualified sub-custodian from time to time, subject to the approval of the Filer.
5. The Filer filed a preliminary prospectus dated June 10, 2025, in respect of the continuous offering of QCAD Tokens in the form prescribed by Form 41-101F1 in the Jurisdiction. The Filer expects to file a final prospectus in the Jurisdictions other than Québec on or about the date of this Decision (the **Prospectus**). The Filer also expects to file an amended and restated final prospectus in the Jurisdictions after it has been translated into French (the **Amended and Restated Prospectus**).
6. The Filer is not in default of securities legislation in any of the Jurisdictions.

### ***The Servicer***

7. The Servicer is a corporation incorporated under the federal laws of Canada with its head office located in Toronto, Ontario.
8. The Servicer is a wholly-owned subsidiary of Canada Stablecorp Inc. (**Stablecorp**), a corporation established under the federal laws of Canada.

9. The Servicer is registered as an MSB in order to conduct virtual currency dealings.
10. The Servicer is the administrator and servicing agent of the Filer pursuant to a servicing and administration agreement (the **QCAD Servicing Agreement**). Pursuant to the QCAD Servicing Agreement, the Servicer is responsible for managing the QCAD Program, which includes overseeing the issuance and redemption of QCAD Tokens, which activities are also referred to and result in the “minting” and “burning” of QCAD Tokens, and managing the Reserve Assets.
11. The Servicer is compensated by the income generated by the Reserve Assets. The Servicer does not currently receive fees in connection with the purchase or redemption of QCAD Tokens. The Servicer may pay fees to Authorized Participants.
12. The Servicer’s personnel, including its management, consists of compliance professionals, finance professionals and software engineers with experience operating within regulated financial services environments and blockchain technology.
13. The Servicer is not in default of securities legislation in any of the Jurisdictions.

### ***QCAD Tokens***

14. As described in Staff Notice 21-332, a VRCA is a digital asset that is designed to maintain a stable value over time by referencing the value of an equivalent value of a fiat currency or any other value or right, or combination thereof. The mechanism through which a VRCA is designed to maintain its value, also commonly known as its “peg” to the reference value, may be through maintaining a reserve of assets or through an algorithm coded into a smart contract. A VRCA that intends to replicate the value of a single currency with an underlying fiat currency-based reserve that may or may not be in a segregated account is referred to as a Fiat-Backed Crypto Asset. QCAD Tokens are Fiat-Backed Crypto Assets and are pegged to the value of the Canadian dollar.
15. QCAD Tokens are multi-chain digital assets currently available on the Ethereum, Solana, Algorand and Stellar blockchains. QCAD Tokens may also become available on other blockchains that meet the technical specifications and other due diligence requirements of the Servicer. QCAD Tokens can be used as a method of payment, as a store of value, or to facilitate the trading, borrowing and lending of other digital assets.
16. QCAD Tokens are intended to provide the holders thereof with the ability to conduct transactions within a digitally native environment using blockchain technology to securely record the transactions in an immutable, transparent and auditable manner.
17. Each QCAD Token is designed to maintain a stable value equivalent to 1 CAD. QCAD Tokens are purchased and redeemed in Canadian dollars.
18. QCAD Holders are not entitled to receive distributions or any form of passive income on their QCAD Tokens. QCAD Tokens are not designed to appreciate in value. QCAD Holders should not expect to profit from their holdings in QCAD Tokens based on the efforts of the Servicer or any other person. QCAD Holders are not entitled to any of the revenues that are generated by the Reserve Assets.

### ***Purchases of QCAD Tokens***

19. QCAD Tokens are issued and sold on a continuous basis and there is no minimum or maximum number of QCAD Tokens that may be issued.
20. QCAD Tokens can only be purchased from the Filer by Authorized Participants that have entered into a QCAD Purchase and Redemption Agreement with the Servicer.
21. An Authorized Participant can purchase QCAD Tokens in accordance with the terms of the QCAD Terms and Conditions and its QCAD Purchase and Redemption Agreement. Authorized Participants will purchase QCAD Tokens from the Filer through the Servicer on a 1:1 basis (i.e., 1 CAD for 1 QCAD Token).
22. Authorized Participants must satisfy the Servicer's onboarding criteria, which includes financial and reputational due diligence. The Servicer takes commercially reasonable efforts to verify, at the time of onboarding and on a reasonably periodic basis thereafter, that each Authorized Participant is in material compliance with the laws of Canada. Within Canada, Authorized Participants will be CTPs. Outside of Canada, Authorized Participants are expected to include CTPs, OTC liquidity providers, merchants and other institutional market participants.
23. Authorized Participants may sell QCAD Tokens to end users and may charge brokerage commissions on such sales. Any such fees will be funded directly between the purchaser/seller and the Authorized Participant and shall not be deducted from the Reference Value or the Reserve Assets.

### ***Redemption of QCAD Tokens***

24. Qualified Holders may, subject to certain conditions, redeem their QCAD Tokens for the Reference Value from the Filer through the Servicer. Such conditions will generally include the presence of circumstances that would render the sale of QCAD Tokens via the facilities of a CTP impractical or impossible. In addition, the QCAD Terms and Conditions set out the qualifying criteria that must be met in order to qualify as a Qualified Holder and have a right to redeem QCAD Tokens from the Filer through the Servicer.
25. End users may withdraw QCAD Tokens from accounts with CTPs, send and receive payments in QCAD Tokens and transfer QCAD Tokens on a peer-to-peer basis. End users do not have the right to redeem QCAD Tokens from the Filer through the Servicer unless they are a Qualified Holder.

### ***Reserve Assets***

26. All Canadian dollars received in exchange for the issuance of QCAD Tokens are held by the Filer as Reserve Assets. The Reserve Assets are custodied with the Custodian. The Custodian holds the Reserve Assets in the Reserve Account.
27. The Filer is subject to investment restrictions which govern the manner in which the Reserve Assets may be held or invested. The Reserve Assets are administered by the Servicer and consist of: (i) Canadian currency; (ii) investments that are evidence of indebtedness with a remaining term to maturity of 90 days or less and that are issued, or fully and unconditionally guaranteed as to principal and interest, by the government of Canada; (iii) securities issued by one or more Money Market Funds denominated in Canadian dollars which are licensed, regulated or authorized by a

regulatory authority in Canada or the United States of America; or (iv) such other assets that the securities regulatory authority where the Filer is domiciled has consented to in writing.

28. The Servicer ensures that the nominal value of the Reserve Assets is at least equal to the aggregate nominal value of all outstanding QCAD Tokens at least once each day. The Servicer maintains daily accounts of: (i) the market value of the Reserve Assets; (ii) the supply of issued QCAD Tokens; and (iii) such other information as may be required by the CSA from time to time (including the items indicated under “Information Rights” below). The Reserve Assets are measured at fair value in accordance with Canadian GAAP for publicly accountable enterprises. The Reserve Assets may not be encumbered or pledged as collateral at any time, and the Filer shall not borrow or lend assets of any kind.
29. Every month, the Servicer will publish the Monthly Attestation. The Monthly Attestations indicate that the value of the Reserve Assets are at least equal to the CAD amount of QCAD Tokens in circulation as of the end of the particular month and on at least one randomly selected day during the particular month. The Monthly Attestations are made publicly accessible on Stablecorp’s website and under the Filer’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) within 45 days of the end of each month. Stablecorp also provides such information at no cost to the QCAD Holders upon request.
30. Every year, the Auditor will perform a full audit of the Filer’s annual financial statements that comply with the requirements set out in NI 52-107 (the **Audited Annual Financial Statements**). The Audited Annual Financial Statements will be made available via Stablecorp’s website and under the Filer’s profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) within 120 days of the end of each respective financial year.

### ***Minting and Burning of QCAD Tokens***

31. Every QCAD Token is created on a public blockchain in a process known as “minting”. To be minted, an equivalent amount in fiat currency is transferred to the Reserve Account. No QCAD Token will ever be minted prior to the fiat currency being confirmed as received in the Reserve Account.
32. For every QCAD Token redeemed, an equivalent amount of QCAD Tokens will be permanently destroyed in a process known as “burning”. Following the burning process, the equivalent amount of fiat currency will be transferred to the Authorized Participant or Qualified Holder. No fiat currency will ever be transferred to an Authorized Participant or Qualified Holder from the Reserve Account without confirmation that a corresponding number of QCAD Tokens have been burned.

### ***Information Rights***

33. Certain information regarding the Reserve Assets and the amount of issued QCAD Tokens will be available to QCAD Holders and to the public including:
  - (a) the daily market value of the Reserve Assets by asset class described in condition (f)(i)(I)(1) and aggregate issued QCAD Tokens;
  - (b) the historical amount of issued QCAD Tokens on a daily basis;



- (c) at least once each month, the quantity of QCAD Tokens held by persons or companies involved in the issuance and management of QCAD Tokens, including the Filer, the Servicer, the Custodian, and any individuals that are primarily responsible for the administration of the Reserve Assets;
- (d) the Monthly Attestations, indicating that the Reserve Assets are at least equal to the amount of QCAD Tokens in circulation as of the end of the month and on at least one randomly selected day during the month; and
- (e) the Audited Annual Financial Statements and annual MD&A (collectively with items (a)-(d) and the Prospectus, the **QCAD Information**).

34. The QCAD Information will be made available by Stablecorp on its website and the Monthly Attestations, Audited Annual Financial Statements, and annual MD&A will also be filed under the Filer's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

#### ***Adviser Registration Relief***

35. The Reserve Assets may include certain securities as described in representation 27. If the Servicer were considered to be in the business of advising the Filer with respect to investing in, buying or selling securities, it would be required to be registered as an adviser.

#### ***Underwriter's Certificate Relief***

36. Authorized Participants will not provide the same services in connection with a distribution of QCAD Tokens as would typically be provided by an underwriter in a conventional underwriting.

37. The Servicer will generally conduct its own marketing, advertising and promotion of the QCAD Program to the extent permitted by its registrations.

38. Authorized Participants were not involved in the preparation of the Prospectus and have not participated in the development of any of the public record disclosures. Authorized Participants will not incur any marketing costs or receive any underwriting fees or commissions from the Filer or the Servicer. Authorized Participants will not directly solicit, finance, market or provide advice in connection with the circulation of QCAD Tokens (or in a manner different from any activity already being conducted in regard to other digital assets trading on or through their platforms). Any due diligence conducted by participants in the QCAD Program is entirely discretionary or as a result of criteria imposed on or established by the relevant participant.

39. None of the Authorized Participants have or will provide any input in regard to the manner in which QCAD Tokens are distributed and there is no need conduct any pricing, stabilization or related forms of trading activity in connection with the circulation of QCAD Tokens. This includes any activity that could constitute advice in connection with the purchase of QCAD Tokens.

#### ***Certificate Form Relief***

40. The Filer is requesting the Certificate Form Relief on the basis that the QCAD Tokens will be continuously offered during the distribution period and, as such, the language in the certificates will be modified accordingly.

### ***Lapse Date Relief***

41. The Filer is requesting the Lapse Date Relief on the basis that the QCAD Tokens will be continuously offered. To the extent the QCAD Tokens are considered to be distributed on a best efforts basis, absent the Lapse Date Relief, the distribution would be required to cease within 180 days from the date of the receipt for the Prospectus.

### ***Incorporation by Reference Relief***

42. The Filer is requesting the Incorporation by Reference Relief in order to incorporate by reference in the Prospectus the Monthly Attestations, the Audited Annual Financial Statements and annual MD&A for any financial year ended after the date of the receipt for the Prospectus, and the QCAD Terms and Conditions.

### ***Interim Financial Reporting Relief***

43. The Servicer, on behalf of the Filer, shall publish the Monthly Attestations. The Monthly Attestations will indicate that the value of the Reserve Assets is at least equal to the CAD amount of QCAD Tokens in circulation as of the end of the particular month and on at least one randomly selected day during the particular month. The Monthly Attestations will also contain additional financial information, including the number of issuances and redemptions of QCAD Tokens during the particular month, any amounts paid to the Servicer, and accrued fees owing to the Servicer. With the publication of the Monthly Attestations, QCAD Holders will receive more frequent reporting than would otherwise be the case if such information were to be delivered on a quarterly basis.
44. The Monthly Attestations are made publicly accessible on Stablecorp's website and under the Filer's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) within 45 days of the end of each month. Stablecorp also provides such information at no cost to the QCAD Holders upon request.
45. The Audited Annual Financial Statements will be made available via Stablecorp's website and under the Filer's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) within 120 days of the end of each respective financial year.

### ***Interim MD&A Relief***

46. The activities and business of the Filer are limited. QCAD Holders do not participate in any of the growth, revenues or cash flows of the business of the Filer or the Servicer. The ability of the QCAD Program to develop over time will be evidenced by the monthly publishing of the number of QCAD Tokens in circulation, all of which is also evidenced by the on-chain record of any QCAD Token in circulation. As such, the Filer is seeking the Interim MD&A Relief because the preparation of such disclosure will not enhance the extent and quality of the disclosure delivered elsewhere, including via reporting that is not already contemplated under NI 51-102. The Filer believes that the existing level of disclosure, coupled with the Relief Sought, will meet the objectives of allowing the QCAD Holders to monitor and make informed decisions about their holdings.

### ***Audit Committee Independence Relief***

47. The persons performing the functions for the Filer similar to those performed by the directors of a company are the directors of the Servicer.

48. Pursuant to the QCAD Servicing Agreement, the Servicer is responsible for contracting with the Auditor and managing the creation of the Monthly Attestations and the Audited Annual Financial Statements. The financial disclosures to be provided in connection with the QCAD Program will be very limited and information regarding the outstanding QCAD Tokens can be independently verified via the associated blockchain on which the QCAD Tokens are circulated. The Filer believes that the Servicer is adequately equipped to support the Auditor in its performance of the audit requirements. As such, the Filer believes it is reasonable to grant the Audit Committee Independence Relief on this basis.

### ***Insider Reporting Relief***

49. The primary purpose of the QCAD Program is to develop a digital token that serves as a means of payment, which is backed by reserves that are available to fund redemption rights for those Qualified Holders who are otherwise unable to find liquidity via available platforms.

50. The price of 1 QCAD Token will be equivalent to 1 CAD at all times. QCAD Tokens do not carry voting rights and no QCAD Token will ever be minted prior to the fiat currency being confirmed as received in the Reserve Account.

51. Notwithstanding the Insider Reporting Relief, the QCAD Information will include disclosure of QCAD Tokens held by the Filer, the Servicer, and any other person or company involved in the issuance and management of QCAD Tokens, including any individuals that are primarily responsible for the administration of the Reserve Assets, and any custodian of the Reserve Assets.

### **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 Relief Sought is granted provided that:

- (a) the business purpose of the Filer is limited to holding registered title to the Trust Property and maintaining the Reserve Assets;
- (b) in performing its duties under the QCAD Servicing Agreement, the Servicer will act diligently, honestly and in good faith, and in the best interests of QCAD Holders;
- (c) the only outstanding securities of the Filer will be one unit held by the President of the Servicer in his capacity as settlor of the Filer and QCAD Tokens;
- (d) the only liabilities of the Filer are the QCAD Tokens, the costs associated with the QCAD Program, including but not limited to Trustee fees, Custodian fees, audit and accounting fees, costs associated with being a reporting issuer, such as filing fees, and accrued fees owing to the Servicer;
- (e) the Filer will not pay any compensation to the Servicer if doing so would result in the value of the Reserve of Assets being less than the outstanding value of QCAD Tokens;
- (f) within 45 days of the end of each month the Filer files on SEDAR+ a Monthly Attestation that includes an assurance report from a public accountant that is authorized to sign such a report under

the laws of a jurisdiction of Canada, and that meets the professional standards of that jurisdiction, that complies with all of the following:

- (i) provides reasonable assurance in respect of the assertion by management of the Filer that the Filer has met the following criteria as at the last business day of the preceding month and at least one randomly selected day during the preceding month:

- (I) The Filer maintains a reserve of assets that is

- (1) in the reference fiat currency and is comprised of any of the following:

- (A) Canadian currency;

- (B) investments that are evidence of indebtedness with a remaining term to maturity of 90 days or less and that are issued, or fully and unconditionally guaranteed as to principal and interest, by the government of Canada;

- (C) securities issued by one or more Money Market Funds denominated in Canadian dollars which are licensed, regulated or authorized by a regulatory authority in Canada or the United States of America; or

- (D) such other assets that the Principal Regulator and the other members of the CSA have consented to in writing;

- (2) all of the assets that comprise the reserve of assets are:

- (A) measured at fair value in accordance with Canadian GAAP for publicly accountable enterprises at the end of each day;

- (B) held with a Canadian custodian;

- (C) held in an account clearly designated for the benefit of QCAD holders or in trust for QCAD holders;

- (D) held separate and apart from the assets of the Filer and its affiliates and from the reserve of assets of any other crypto asset so that, to the best of the knowledge and belief of the Filer after taking steps that a reasonable person would consider appropriate, including consultation with experts such as legal counsel, no creditors of the Filer other than QCAD holders in their capacity as QCAD holders, will have recourse to the

reserve of assets, in particular in the event of insolvency; and

(E) not encumbered or pledged as collateral at any time; and

(3) the fair value of the reserve of assets is at least equal to the aggregate nominal value of all outstanding QCAD Tokens at least once each day.

- (ii) the randomly selected day referred to in (i) is selected by the public accountant and disclosed in the assurance report;
  - (iii) for each day referred to in (i), management's assertion includes all of the following:
    - (I) details of the composition of the reserve of assets by asset class described in (i)(I)(1);
    - (II) the fair value of the reserve of assets in (i)(I)(2)(A) by asset class described in (i)(I)(1);
    - (III) the quantity of all outstanding QCAD Tokens;
  - (iv) provides reasonable assurance in respect of the assertion by management of the Filer of the following amounts from the preceding month:
    - (I) number of QCAD Tokens issued;
    - (II) number of QCAD Tokens redeemed;
    - (III) amounts paid to the Servicer; and
    - (IV) accrued fees owing to the Servicer; and
  - (v) the assurance report is prepared in accordance with the Handbook;
- (g) the Filer will not distribute QCAD Tokens until after a receipt has been issued for the Amended and Restated Prospectus;
- (h) the Prospectus and the Amended and Restated Prospectus incorporate by reference all of the following such that they form part of the Prospectus and the Amended and Restated Prospectus:
- (i) each Monthly Attestation for any month ended after the date of the receipt for the Prospectus,
  - (ii) the Audited Annual Financial Statements and annual MD&A for any financial year ended after the date of the receipt for the Prospectus, and
  - (iii) the QCAD Terms and Conditions;

(i) the Filer will file each Monthly Attestation on SEDAR+ with the securities regulatory authority or regulator in each jurisdiction of Canada within 45 days of the end of the month to which the Monthly Attestation pertains;

(j) the Filer will maintain a website on which it will post the QCAD Information;

(k) the certificates in the Prospectus state the following:

“This prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each province and territory of Canada other than Québec.”

(l) the certificates in the Amended and Restated Prospectus state the following:

“This prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of Québec; and this amended and restated prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of a particular distribution of securities under the prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each province and territory of Canada other than Québec.”

(m) the lapse date of the Prospectus shall be the later of the following:

(i) the date that is 12 months after the date of the receipt for the Prospectus; and

(ii) the date that is 12 months and 20 days after the date of the receipt for the Prospectus, if the Filer files a *pro forma* prospectus not less than 30 days prior to the date that is 12 months after the date of the receipt for the Prospectus and a prospectus not later than 12 months and 10 days after of the receipt for the Prospectus;

(n) the lapse date of the Amended and Restated Prospectus shall be the later of the following:

(i) the date that is 12 months after the date of the receipt for the Prospectus; and

(ii) the date that is 12 months and 20 days after the date of the receipt for the Prospectus, if the Filer files a *pro forma* prospectus not less than 30 days prior to the date that is 12 months after the date of the receipt for the Prospectus and a prospectus not later than 12 months and 10 days after of the receipt for the Prospectus;

(o) within 10 days of the lapse date of the Prospectus, the Filer shall pay to the Autorité des marchés financiers the amount by which 0.04% of 25% of the gross value of QCAD Tokens distributed under the Prospectus and the Amended and Restated Prospectus exceeds \$1381; and

(p) this Decision shall expire on the lapse date of the Amended and Restated Prospectus.

*“David Surat”*

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Associate Vice President, Corporate Finance  
Ontario Securities Commission

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