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Citation: *SLC Holdings Inc v Stracon Group Holding Inc*, 2026 ONCMT 7

Date: 2026-02-05

File No. 2026-6

BETWEEN:

SLC HOLDINGS INC.

(Applicant)

- and -

**STRACON GROUP HOLDING INC. and
ONTARIO SECURITIES COMMISSION**

(Respondents)

REASONS FOR DECISION

Adjudicator: Tim Moseley

Hearing: By videoconference, January 27, 2026; final written submissions received January 28, 2026

Appearances: Simon Bieber For SLC Holdings Inc.
Shane D'Souza For Stracon Group Holding Inc.
Charlie Pettypiece For Ontario Securities Commission

REASONS FOR DECISION

1. OVERVIEW

- [1] At the heart of this proceeding lies a narrow issue. The applicant SLC Holdings Inc. (**SLC Barbados**) disputes the assertion by the respondent Stracon Group Holding Inc. (**Stracon Canada**), an Ontario corporation, that Stracon Canada recently acquired the assets of a third party through an amalgamation in Peru.
- [2] The dispute comes before this Tribunal because SLC Barbados says Stracon Canada's December 2025 prospectus violates Ontario securities law, in that it falsely states that the amalgamation is complete. SLC Barbados seeks an order under s. 127(1) of the *Securities Act*¹ (the **Act**) cease trading the shares of Stracon Canada, which were recently listed on the Toronto Stock Exchange. It says it is motivated to seek that order because it has made an as-yet-unresolved claim against the assets that would be subject to the amalgamation, and it wants to protect the value of its claim.
- [3] Because SLC Barbados is a private party, it must obtain standing from the Tribunal for it to seek the order it requests under s. 127(1) of the *Act*.²
- [4] At a case management hearing on January 27, 2026, Stracon Canada asked that I bifurcate (or split) the proceeding, so that the motion for standing would be heard before the merits hearing, if any. SLC Barbados opposed the request. After hearing submissions, I gave an oral decision bifurcating the proceeding, for reasons to follow. I invited the parties to file written submissions about a schedule for the remaining steps in the proceeding.
- [5] The parties delivered their submissions later that day. The following day, I issued an order³ containing my decision to bifurcate the proceeding and setting out the schedule. These are my reasons for that order.

¹ RSO 1990, c S.5 (the **Act**)

² *Pearson (Re)*, 2018 ONSEC 53 at para 69 (**Pearson**); *MI Developments (Re)*, 2009 ONSEC 47 at paras 108, 248

³ https://www.capitalmarketstribunal.ca/sites/default/files/2026-01/rad_20260128_slc-holdings-inc.pdf

2. ANALYSIS

2.1 Bifurcation

2.1.1 Introduction

[6] Whether or not to bifurcate a proceeding where standing is in issue is a matter of discretion for the Tribunal.⁴ I considered the following factors in reaching my decision in this case.

2.1.2 Urgency

[7] In some instances, a pending transaction or shareholders' meeting, or other event, may dictate a compressed schedule, such that it would be impractical to bifurcate the proceeding.⁵ In this case, while SLC Barbados and Stracon Canada both expressed a desire to move quickly, with a merits hearing in late February or the first half of March, neither party asserted any real urgency. Accordingly, this factor was neutral in my decision.

2.1.3 Distinctiveness of issues at the standing and merits stages

[8] Sometimes the questions to be determined at the standing stage will be very similar to those to be determined at the merits stage. Sometimes the questions will differ. A greater difference militates in favour of bifurcation. This is so because bifurcating may avoid the time and cost involved in the parties unnecessarily addressing, in evidence and submissions, merits-related issues that would not be reached if the proceeding were dismissed at the standing stage.⁶

[9] In this proceeding, the merits-related issues differ meaningfully from the issues related to standing. The parties agree that at the merits stage:

- a. a core issue will be whether the Stracon Canada prospectus contains a material misrepresentation;
- b. that issue will depend on whether the amalgamation is complete under Peruvian law; and

⁴ *Wilks Brothers, LLC (Re)*, 2021 ONSEC 25 at para 34

⁵ *Catalyst Group Inc (Re)*, 2016 ONSEC 14 (**Catalyst 2016**) at para 45

⁶ *Catalyst 2016* at para 45; *Capital Markets Tribunal Rules of Procedure*, rule 1

- c. the Tribunal will require expert opinion evidence about Peruvian law in order to decide that issue.

[10] In contrast, the core issue at the standing stage will be whether SLC Barbados is a proper applicant to seek a cease trade order. That determination may depend on, among other things, whether SLC Barbados is directly affected by whether the shares of Stracon Canada continue to trade.⁷

[11] SLC Barbados submitted that this difference in the issues ought not to be persuasive. It argued, correctly, that a party seeking standing must establish that it has a *prima facie* case.⁸ As a result, a bifurcated proceeding that proceeds beyond the standing stage will inevitably lead to some duplication, in that the parties must at least touch on the merits of the case twice, once at the standing stage and once at the merits stage.

[12] That contention has superficial appeal, but it cannot be determinative. If it were, then no proceeding of this kind would ever be bifurcated.

2.1.4 Other efficiency considerations

[13] SLC Barbados further noted that the parties intended to file all their evidence before the standing stage, even if I were to bifurcate the proceeding. Therefore, SLC Barbados argued, bifurcation would not yield a meaningfully more efficient proceeding.

[14] I do not accept that submission. A lower standard applies to establishing a *prima facie* case versus establishing on a balance of probabilities that a cease trade order would be in the public interest. Therefore, even if the parties file all their evidence before the standing motion, bifurcation might reduce or avoid the cross-examination of at least some witnesses.

[15] Further, while the parties intended to file all their evidence before the standing hearing, the same not did not apply to their written submissions on the merits. Those would come after the standing hearing. As a result, if the Tribunal denies

⁷ *Catalyst Group Inc (Re)*, 2020 ONSEC 6 at para 25

⁸ *Pearson* at para 88

SLC Barbados standing, bifurcation would likely avoid the parties having to prepare, and the Tribunal panel having to review, those submissions.

[16] Finally, a dismissal of the standing motion would obviate the need for the full day the parties forecast for the merits hearing.

2.1.5 Conclusion on bifurcation

[17] I therefore decided to bifurcate the proceeding because:

- a. there was no urgency or other factor compelling an integrated hearing;
- b. there are meaningfully different issues involved in the standing and merits hearings; and
- c. separating the two hearings might realize efficiencies and save costs.

2.2 Schedule

[18] At my request, each of SLC Barbados and Stracon Canada proposed a schedule for the remaining steps in the proceeding.

[19] The competing schedules did not differ significantly, other than in the amount of time SLC Barbados would have to deliver its record. It proposed to do so by the end of the day on February 3, seven days after the case management hearing. It argued that it needed time to obtain expert opinions, to assemble material and to secure English translations of some Spanish-language documents.

[20] Stracon Canada submitted that January 31, four days after the case management hearing, would be more appropriate. It contended that:

- a. SLC Barbados should have had its evidence prepared before commencing an application that makes allegations of this nature; and
- b. it would be unfair to Stracon Canada to have its time to respond truncated as a result of SLC Barbados not having its evidence ready.

[21] In my view, both positions had some merit. I gave greater weight to Stracon Canada's position because SLC Barbados had been better placed, in the time leading up to the commencement of the application, to get its case in order. Accordingly, I ordered that SLC Barbados deliver its record by noon on February 2. The other steps in the proceeding flowed naturally from that date, in intervals similar to those proposed by the parties.

[22] I ordered that:

- a. regarding the standing motion:
 - i. SLC Barbados deliver its record by noon on February 2, 2026;
 - ii. Stracon Canada deliver its responding record by end of day February 5, 2026;
 - iii. SLC Barbados deliver its written submissions by end of day February 8, 2026;
 - iv. Stracon Canada deliver its written submissions by noon on February 10, 2026;
 - v. Ontario Securities Commission deliver its written submissions by noon on February 11, 2026;
 - vi. SLC Barbados deliver written reply submissions of no more than five pages (if any) by end of day February 11, 2026; and
 - vii. the motion be heard at 1:00pm on February 12, 2026, by videoconference; and
- b. regarding the merits hearing, if any:
 - i. SLC Barbados deliver its written submissions by end of day February 14, 2026;
 - ii. Stracon Canada deliver its written submissions by noon on February 17, 2026;
 - iii. Ontario Securities Commission deliver its written submissions by end of day on February 19, 2026;
 - iv. SLC Barbados deliver written reply submissions, if any, by end of day on February 20, 2026; and

v. the merits hearing take place at 10:00am on February 23, 2026, in the Tribunal's hearing room.

Dated at Toronto this 5th day of February, 2026

"Tim Moseley"

Tim Moseley