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Citation: *SLC Holdings Inc v Stracon Group Holding Inc*, 2026 ONCMT 15
Date: 2026-03-23
File No. 2026-6

BETWEEN:

**SLC HOLDINGS INC.
(Applicant)**

- and -

**STRACON GROUP HOLDING INC. and ONTARIO SECURITIES COMMISSION
(Respondents)**

REASONS FOR DECISION

(Section 127 of the *Securities Act*, RSO 1990, c S.5)

Adjudicators: Tim Moseley (chair of the panel)
Jane Waechter
Geoffrey D. Creighton

Hearing: By videoconference, February 12, 2026

Appearances: Simon Bieber For SLC Holdings Inc.
Robert Trenker
David Ionis
Caroline Harrell
Shane D'Souza For Stracon Group Holding Inc.
Chris Puskas
Mathew Zaia
Charlie Pettypiece For the Ontario Securities Commission
Jason Koskela
Jordan Lavi

TABLE OF CONTENTS

1.	OVERVIEW	1
2.	ANALYSIS.....	1
2.1	The law on standing	1
2.2	SLC did not raise its concerns with the Commission prior to filing the application	2
2.3	SLC’s allegations do not raise a novel securities law issue	3
2.4	The Tribunal is not the appropriate forum to adjudicate a core issue in the application	3
2.5	SLC is not directly affected by Stracon Canada’s conduct	4
3.	CONCLUSION.....	5

REASONS FOR DECISION

1. OVERVIEW

- [1] At the heart of this proceeding lies a narrow issue. The applicant SLC Holdings Inc. (**SLC**) disputes the assertion by the respondent Stracon Group Holding Inc. (**Stracon Canada**), an Ontario corporation, that Stracon Canada recently acquired the assets of its Peruvian subsidiary (**Stracon Peru**) through an amalgamation in Canada and Peru.
- [2] The dispute comes before this Tribunal because SLC says Stracon Canada's December 2025 non-offering prospectus violates Ontario securities law, in that it falsely states that the amalgamation is complete. SLC sought 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. SLC said it was motivated to seek that order because it has made an as-yet-unresolved claim in Peru against the assets that would be subject to the amalgamation, and it wants to protect the value of its claim.
- [3] Because SLC 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*. On January 27, 2026, the Tribunal ordered that the issue of standing be addressed first, with the merits hearing to follow only if the Tribunal were to grant standing.²
- [4] SLC brought this motion for standing. On February 12, we heard and dismissed the motion, and accordingly also dismissed this application, for reasons to follow. These are our reasons.

2. ANALYSIS

2.1 The law on standing

- [5] Section 127 of the *Act* empowers the Tribunal to make various orders if the Tribunal considers it to be in the public interest to do so. The provision is not

¹ RSO 1990, c S.5

² *SLC Holdings Inc v Stracon Group Holding Inc*, 2026 ONCMT 7

designed to resolve securities law disputes between private parties. For that reason, private parties must apply for standing to pursue claims under s. 127.³

- [6] The Tribunal has previously identified factors relevant to the exercise of its discretion to permit an application by a private party to proceed under s. 127.⁴ Below we address the four factors that were most influential in this case.

2.2 SLC did not raise its concerns with the Commission prior to filing the application

- [7] Our primary difficulty was that SLC did not raise its concerns about Stracon Canada's prospectus disclosure with staff of the Ontario Securities Commission before bringing this application. SLC says that it did not need to do so because SLC is best equipped to be the applicant, SLC knows the facts, and SLC is up to date on litigation developments in Peru.
- [8] Even if we were to assume all those facts to be true, SLC offered no persuasive reason why it would have been inappropriate to go to the Commission first.
- [9] We reject SLC's submission that requiring a party in its position to deal with Commission staff first is a matter of "form over substance". As the Tribunal held in *Epix Resource Finance Corporation (Re)*, parties should raise their concerns within the Commission's processes before taking the extraordinary step of commencing a s. 127 application. Dealing with the Commission first yields many benefits. It allows for a more policy-based, nuanced approach, and makes available an array of tools (e.g., negotiated outcomes such as supplemental disclosure) the Tribunal does not have.⁵

³ *MI Developments (Re)*, 2009 ONSEC 47 at para 107

⁴ *The Catalyst Capital Group Inc (Re)*, 2020 ONSEC 6 at para 25; *Central Goldtrust (Re)*, 2015 ONSEC 44 (**Central Goldtrust**) at paras 18-19, 21; *Catalyst Group Inc (Re)*, 2016 ONSEC 14 (**Catalyst 2016**) at paras 55, 60, 61; *Epix Resource Finance Corporation (Re)*, 2020 ONSEC 28 (**Epix**) at para 11

⁵ *Epix* at paras 7-9, 11

- [10] SLC confirmed during the hearing that it would not need to pursue this application if either:
- a. Stracon Canada posted security for SLC's contingent creditor claim in Peru; or
 - b. Stracon Canada amended its prospectus and other public disclosure.

[11] All of the above potential benefits underscore the utility and importance of engaging Commission staff before bringing an application.

2.3 SLC's allegations do not raise a novel securities law issue

[12] The second significant factor for us was the nature of the allegations. This application centres around SLC's allegation that Stracon Canada made misleading disclosure in its non-offering prospectus. SLC does not claim that it has been harmed by that disclosure, and even if SLC had such a claim, that would more likely be a matter for the courts rather than the subject of a s. 127 proceeding before this Tribunal.

[13] Civil claims aside, SLC's complaint to this Tribunal does not raise a novel issue of Ontario securities law. The highest-level issue that SLC's application presents is whether Stracon Canada's prospectus disclosure contains a misrepresentation. While that issue is grounded in Ontario securities law, there is nothing novel about it. Then, to decide whether, in this case, the prospectus contains a misrepresentation would require us to resolve the parties' dispute about the operation of Peruvian corporate law. That question may be novel, but it is not an issue of Ontario securities law.

2.4 The Tribunal is not the appropriate forum to adjudicate a core issue in the application

[14] The third factor of significance for us was that in order to determine whether there is a misstatement in Stracon Canada's prospectus, the Tribunal would need to decide when and whether the amalgamation of Stracon Peru and Stracon Canada was "effective" or "complete". This uncertainty stems from the fact that because of SLC's claim against Stracon Peru as a contingent creditor, the Peruvian Corporate Registry has not yet registered the merger. As was apparent from the conflicting expert legal opinions that SLC and Stracon Canada filed

(both of which were superficially plausible), the terms “effective” and “complete” might be synonymous or might bear different meanings, depending on context (e.g., speaking about the transfer of assets or about the formal existence of the transferring corporation) and audience (e.g., creditors, third party contractors, courts and regulators).

- [15] The parties are engaged in litigation in Peru that will resolve the status of the amalgamation in light of SLC's claim against Stracon Peru as a contingent creditor. That litigation includes an injunction granted by a Peruvian court on January 29, 2026, that, according to uncontested evidence from Stracon Canada, requires the Peruvian Corporate Registry to register the merger. The Peruvian courts are clearly engaged with these contested issues of Peruvian corporate law. They are best equipped to resolve those issues.

2.5 SLC is not directly affected by Stracon Canada’s conduct

- [16] Finally, we concluded that the effect on SLC of Stracon Canada’s alleged conduct was not direct enough to justify granting standing to SLC.
- [17] SLC’s stated interest in bringing this application was to preserve the value of its outstanding claim in Peru. SLC submitted that shareholders of Stracon Canada who acquired their shares in the face of misleading disclosure might later commence litigation against Stracon Canada that could devalue SLC’s claim. In our view, this submission was speculative and unsubstantiated. The only evidence to support this submission was in the affidavit of a director of SLC, who asserted that a “spate of litigation creates real enforcement risk” regarding SLC’s claim against Stracon Canada. Even if that assertion is admissible despite the fact that it is arguably an opinion, it is unsupported. SLC offered no evidence that would equip us to assess properly the materiality of its claim.
- [18] We agree with the Commission’s submission that this is not an appropriate basis for engaging the Tribunal’s resources and extraordinary public interest powers. SLC’s fundamental complaint is as a possible contingent creditor of Stracon Peru. Its connection to Stracon Canada’s prospectus disclosure is tenuous at best. Section 127 is not a tool for private parties to backstop civil claims made in foreign jurisdictions that are unrelated to questions of the public interest in Ontario’s capital markets.

3. CONCLUSION

[19] For these reasons, we decided that we would not exercise our discretion to allow SLC's s. 127 application to proceed. As a result, we dismissed both SLC's motion for standing and its application.

Dated at Toronto this 23rd day of March, 2026

"Tim Moseley"

Tim Moseley

"Jane Waechter"

Jane Waechter

"Geoffrey D. Creighton"

Geoffrey D. Creighton