The IIROC Short Selling Debate

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In this InvestorIntel interview, host Tracy Weslosky brings together Power Nickel Inc.'s (TSXV: PNPN | OTCQB: CMETF) CEO Terry Lynch and Founder of Save Canadian Mining, a movement to stop predatory short selling, along with compliance expert and CBLT Inc.'s (TSXV: CBLT) President, CEO, and Director Peter Clausi to debate about whether the recently released IIROC (the Investment Industry Regulatory Organization of Canada) guidance on short selling has any teeth and will have any effect on short sellers or brokerage houses.

IIROC's August 17, 2022 Guidance Note sets out the rule that a short seller must have a "reasonable expectation" that sufficient shares will be available to settle any resulting trade on settlement date. As Terry Lynch and Peter Clausi point out, this is not a new rule, but a restatement of a current prohibition under UMIR 2.2 – Manipulative and Deceptive Activities.

In the debate, which can also be viewed in full on the InvestorIntel YouTube channel (click here), Terry tells Tracy that the IIROC statement "has the potential to be big news," because "the problem was it wasn't well understood by the major investment banks, and so they didn't adhere to the practices. So now I think IIROC has clarified this once and for all and has clearly moved the liability away from from them and onto the people that don't follow the rules."

Peter and Terry both agree that the recent IIROC guidance has shifted the responsibility for covering short selling from the individual investors to the brokerage houses who have to have a "reasonable expectation" that sufficient shares will be available to settle any resulting trade, but Peter Clausi points

out that the IIROC guidance doesn't itself prohibit naked short selling, which is a major problem in the market. He also points out that there is tremendous wiggle room in the words "reasonable expectation" used by IIROC to make enforcement difficult, and in reality protects brokerage houses from prosecution.

To access the full InvestorIntel interview, click here.

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Power Nickel is a Canadian junior exploration company focusing on high-potential copper, gold, and battery metal prospects in Canada and Chile.

Power Nickel is the 100-per-cent owner of five properties comprising over 50,000 acres strategically located in the prolific iron-oxide-copper-gold belt of northern Chile. It also owns a 3-per-cent NSR royalty interest on any future production from the Copaquire copper-molybdenum deposit, recently sold to a subsidiary of Teck resources Inc. Under the terms of the sale agreement, Teck has the right to acquire one-third of the 3-per-cent NSR for $3-million at any time. The Copaquire property borders Teck's producing Quebrada Blanca copper mine in Chile's first region.

To learn more about Power Nickel Inc., click here

About CBLT Inc.

CBLT Inc. is a Canadian mineral exploration company with a proven leadership team, targeting lithium, cobalt and gold in reliable mining jurisdictions. CBLT is well-poised to deliver real value to its shareholders.

To learn more about CBLT Inc., click here

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