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Commodity Futures Act of Ontario (R.S.O. 1990, c. C.20)

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Notices / News Releases

1.1 Notices

1.1.1 OSC Staff Notice 81-726 – 2014 Summary Report for Investment Fund and Structured Product Issuers

OSC Staff Notice 81-726 – *2014 Summary Report for Investment Fund and Structured Product Issuers* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

2014 - Summary Report for Investment Fund and Structured Product Issuers

Investment Funds & Structured Products Branch

February 18, 2015

ONTARIO SECURITIES COMMISSION

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Introduction

OSC ONTARIO SECURITIES COMMISSION

Introduction

This, our fifth annual Summary Report for Investment Fund and Structured Product Issuers, provides an overview of the key activities and initiatives of the Ontario Securities Commission for 2014 that impact investment fund and structured product issuers and the fund industry, including:

- key policy initiatives,
- emerging issues and trends,
- continuous disclosure and compliance reviews, and
- recent developments in staff practices.

This report provides information about the status of some of the initiatives the OSC is undertaking to promote clear and concise disclosure in order to assist investors to make more informed investment decisions, as well as our work to address the sufficiency of regulatory coverage across all investment fund products. It also highlights recent product and market developments, and our regulatory response to these developments, in order to assist the investment management industry in understanding and complying with current regulatory requirements.

The OSC is responsible for overseeing over 3,700 publicly-offered investment funds. Ontario-based publicly-offered investment funds hold approximately 80% of the just over $1.2 trillion in publicly-offered investment fund assets in Canada.

We administer the regulatory framework for investment funds, including:

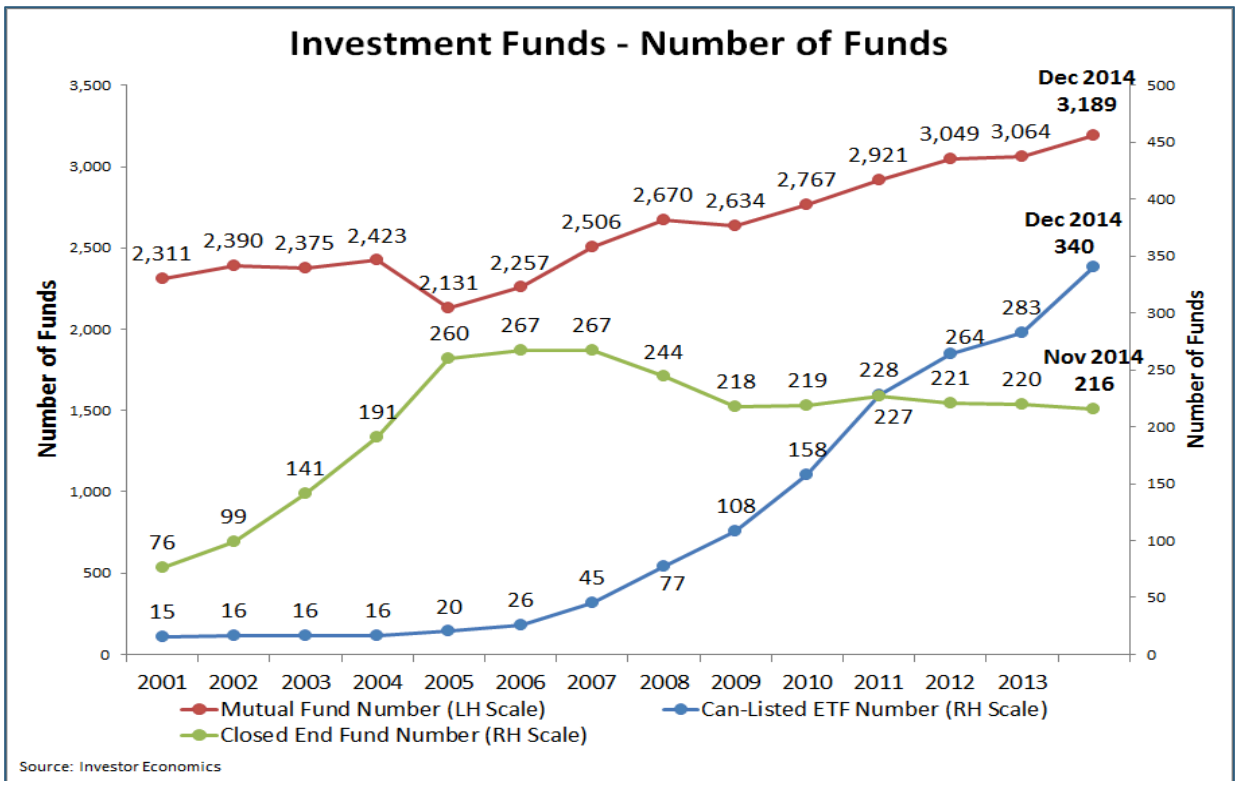
- reviewing and assessing product disclosure for all types of investment funds, including prospectuses and continuous disclosure filings,
- considering applications for discretionary relief from securities legislation and rules, and
- taking a leadership role in developing new rules and policies to adapt to the changing environment in the investment fund industry.

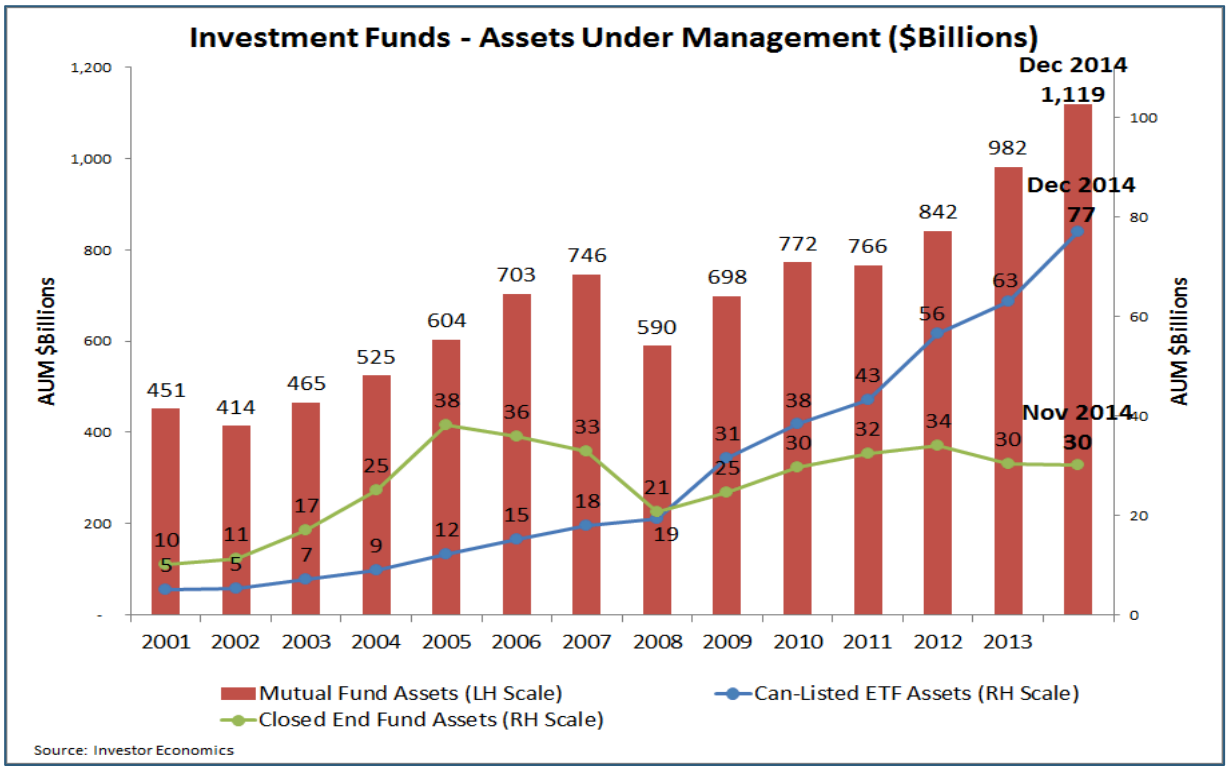
We also monitor and participate in investment fund regulatory developments globally, primarily through our work with the International Organization of Securities Commissions (IOSCO). OSC staff participation on the IOSCO C5 Investment Management Committee informs our operational and policy work. In this report, we highlight some of the recent work by IOSCO C5 that we think will be of interest to investment fund issuers.

Over the last few years there has been an increase in the number and types of structured products that are sold to retail investors. In order to better reflect the expansion of these product offerings in the market and the work of the branch, the OSC Investment Funds branch formally changed its name to Investment Funds and Structured Products, effective May 26, 2014. The name change was also intended to signal that the OSC will treat comparable products sold to retail investors in a consistent way, despite their respective technical definitions in the Securities Act (Ontario). In this regard, amendments to National Instrument 81-102 *Investment Funds* (NI 81-102), which came into force in September 2014, introduce core investment and operational requirements for publicly offered non-redeemable investment funds. The title of NI 81-102 changed from *Mutual Funds* to *Investment Funds* to reflect the broader application of the national instrument.

The investment fund products we oversee include both conventional mutual funds and non-conventional investment funds. Non-conventional funds include non-redeemable investment funds such as closed-end funds, mutual funds listed and posted for trading on a stock exchange (ETFs), commodity pools, scholarship plans, labour-sponsored or venture capital funds and flow-through limited partnerships. We discuss the different types of funds further on our website at www.osc.gov.on.ca Investment Funds - Fund Operations.

The ETF market has continued to grow steadily over the last few years. As at the end of December 2014, there were 340 ETFs in Canada with assets of approximately $77 billion. In comparison, as at December 2013, there were 283 ETFs with assets of approximately $63 billion, representing an increase in assets of approximately 22%. Over the same period, conventional fund assets increased approximately $137 billion, or by around 14%, with total assets as at December 2014 of approximately $1.1 trillion. As at November 2014, closed-end fund assets remained unchanged from the previous December, at approximately $30 billion.


Investment Funds - Number of Funds
Number of Funds
Number of Funds
Dec 2014
3,189
Dec 2014
340
Nov 2014
216
2,311 2,390 2,375 2,423 2,131 2,257 2,506 2,670 2,634 2,767 2,921 3,049 3,064
76 99 141 191 260 267 267 244 218 219 228 221 220
15 16 16 16 20 26 45 77 108 158 227 264 283
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013
Mutual Fund Number (LH Scale)
Can-Listed ETF Number (RH Scale)
Closed End Fund Number (RH Scale)
Source: Investor Economics


Investment Funds - Assets Under Management ($Billions)
AUM $Billions
AUM $Billions
Dec 2014
1,119
Dec 2014
77
Nov 2014
30
451 414 465 525 604 703 746 590 698 772 766 842 982
10 11 17 25 38 36 33 21 31 38 43 56 63
5 5 7 9 12 15 18 19 25 30 32 34 30
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013
Mutual Fund Assets (LH Scale)
Can-Listed ETF Assets (RH Scale)
Closed End Fund Assets (RH Scale)
Source: Investor Economics

As these and other investment and structured products increase in number, and as the use of ETFs by retail investors continues to grow, the OSC will continue to assess and respond to product developments and innovations with a view to promoting investor protection and assessing the sufficiency and consistency of the regulatory treatment of different investment fund products.

1. Key Policy Initiatives

1. Key Policy Initiatives

The OSC continues to play a leading role in several significant policy initiatives with other securities regulators in Canada through the Canadian Securities Administrators (the CSA). This section reports on the status of significant policy initiatives including:

- mutual fund fees
- pre-sale delivery for mutual funds, risk classification methodology for Fund Facts, and summary disclosure for ETFs
- accredited investor exemption for investment funds

This section also highlights the recent change to the *Securities Act* (Ontario) relating to investment fund insider trading and self-dealing.

1.1 Mutual Fund Fees

In February 2014, in order to advance a policy decision on mutual fund fees, the CSA decided to undertake third-party research that would help determine the extent to which embedded advisor compensation and other forms of tied compensation influence advisor behaviour and impact investor outcomes.

This work followed stakeholder consultations, held by the CSA, in the summer and fall of 2013 to further the discussion of the issues raised in CSA Discussion Paper and Request for Comment 81-407 *Mutual Fund Fees* (the Fund Fees Paper). The themes that emerged from these earlier consultations were set out in CSA Staff Notice 81-323 *Status Report on Consultation under CSA Discussion Paper and Request for Comment 81-407 Mutual Fund Fees* published in December, 2013.

In April 2014, CSA staff invited the submission of proposals for two independent pieces of research to evaluate the extent, if any, to which: (i) sales and trailing commissions influence fund sales, and (ii) the use of fee-based vs. commission-based compensation changes the nature of advice and investment outcomes over the long term.

The request for proposals resulted in the hiring of Douglas J. Cumming, Professor of Finance and Entrepreneurship at the Schulich School of Business, York University, to conduct the first piece of research, and The Brondesbury Group to conduct the second piece of research. While Professor Cumming's research requires the review and analysis of specific mutual fund data, The Brondesbury Group's research consists of the review of the relevant literature.

In November 2014, Professor Cumming sent requests for specific data to all investment fund managers offering public mutual funds across Canada, asking them to respond to the data request by January, 2015.

The Brondesbury Group's and Professor Cumming's final research reports are expected to be published in the spring of 2015, which will be key inputs to CSA staff deliberations on policy recommendations. Individual funds and individual fund company information will not be identified in either report.

1.2 Pre-Sale Delivery for Mutual Funds, Risk Classification Methodology for Fund Facts, and Summary Disclosure for ETFs

On December 11, 2014, Stage 3 of the Point of Sale (POS) disclosure initiative was completed with the publication of final amendments to implement pre-sale delivery of Fund Facts for mutual funds. Under current securities legislation, a Fund Facts is required to be delivered to investors within two days of buying a mutual fund. The Amendments change the timing of delivery by requiring delivery of the most recently filed Fund Facts to a purchaser before a dealer accepts an instruction for the purchase of a mutual fund. The requirement for pre-sale delivery of Fund Facts takes effect on May 30, 2016.

The CSA is proceeding with 2 remaining work streams as part of the POS disclosure initiative: (i) the development of a CSA mutual fund risk classification methodology, and (ii) the development of a summary disclosure document for ETFs, similar to the Fund Facts, and a requirement to deliver the summary disclosure document within two days of an investor buying an ETF.

(i) Development of a CSA mutual fund risk classification methodology

The CSA published CSA Notice 81-324 and Request for Comments *Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts*, which set out a proposed risk classification methodology (the Proposed Methodology) to be used to calculate and disclose a fund's volatility risk on the risk scale in the Fund Facts document. Prior to publication, the CSA held consultations with industry representatives, academics and investor advocates to seek feedback on the CSA's proposed risk classification methodology. The comment period ended on March 12, 2014.

The CSA received 56 comment letters in response to the Proposed Methodology which addressed a number of aspects of the Proposed Methodology including, but not limited to, the metric chosen to calculate volatility risk, the performance time period to be used, and the proposal to move from a five category scale to a six category scale in the Fund Facts document. The comment letters can be found on our website.

On January 29, 2015, CSA staff published CSA Staff Notice 81-325 *Status Report on Consultation under CSA Notice 81-324 and Request for Comment on Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts* which provided an update on the status of this work stream and outlined the key themes that arose from the comments on the Proposed Methodology.

Later in 2015, the CSA aims to publish for comment proposed rule amendments that implement a standardized risk classification methodology. A more detailed summary of comments received in response to CSA Notice 81-324, along with CSA responses to those comments, will also be published at that time.

(ii) Development of a summary disclosure document for ETFs

Investor focus-testing of a draft summary disclosure document for ETFs was completed in fall 2014. The draft summary disclosure document for ETFs is based on the Fund Facts, with modifications to reflect the specific attributes of ETFs. The CSA expect to publish for comment proposed amendments mandating the form of a summary disclosure document for ETFs as well as requiring its delivery within two days of buying an ETF, in spring or early summer 2015. The proposed amendments codify exemptive relief orders granted by the CSA which took effect on September 1, 2013 and cover all ETF manufacturers and bank-owned dealers, which account for approximately 80% of all ETF trades.

1.3 Accredited Investor Exemption for Investment Funds

As part of the OSC's broader exempt market initiative, we are amending the accredited investor exemption to permit fully managed accounts, where the adviser has a fiduciary relationship with the investor, to purchase any securities on an exempt basis, including investment fund securities. Currently, in Ontario, investment funds are carved out of the managed account category of the accredited investor exemption. Removing the carve-out would harmonize the managed account category of the accredited investor exemption in all Canadian jurisdictions. In February 2014, the CSA published for comment amendments to the review of accredited investor and minimum amount exemptions. We expect final publication in February 2015, and this amendment to come into effect, subject to Ministerial approval, in spring 2015.

1.4 Amendment to *Securities Act* (Ontario) Relating to Insider Trading and Self-Dealing

Part XXI of the Act, Insider Trading and Self-Dealing, contains conflict of interest investment restrictions which, until July 24, 2014, only applied to mutual funds. In July 2014, Part XXI of the Act was amended to extend the conflict of interest investment restrictions to all investment funds, so that they apply to non-redeemable investment funds and mutual funds.

After the Act was amended on July 24, 2014, some questions arose about the application of Part XXI to non-redeemable investment funds, and about the impact of the amendments on the existing requirements for mutual funds. Staff responded to these questions by setting out its views in OSC Staff Notice 81-725 *Recent Amendments to Part XXI Insider Trading and Self-Dealing of the Securities Act (Ontario) – Transition Issues* on August 7, 2014. In particular, staff provided guidance on the interaction between Part XXI of the Act and the Modernization amendments to NI 81-102 that came into force in September 2014.

2. Emerging Issues and Trends

2. Emerging Issues and Trends

2.1 Update on Linked Note Offerings

The OSC reviews novel linked note supplements filed for pre-clearance under National Instrument 44-102 *Shelf Distributions* and CSA Staff Notice 44-304 *Linked Notes Distributed under the Shelf Prospectus System* (SN 44-304).

In January 2015, the CSA published CSA Staff Notice 44-305 *Structured Notes Distributed under the Shelf Prospectus System* (SN 44-305). SN 44-305 updates and supplements the CSA's views from SN 44-304 regarding disclosure and other issues that issuers should consider when structuring and administering their note programs.

Key topics covered in SN 44-305 include:

- The disclosure of the issuer's estimate of the note's fair value with a view to improving transparency regarding the estimated profit that may be embedded into the note.
- Disclosure issuers should consider providing to investors on an on-going basis.
- Our views regarding the use of investment funds and managed portfolios as reference assets.
- Reminders of and updates to the process to be followed when filing structured note pricing supplements.

OSC staff will continue to review structured notes filed for pre-clearance and monitor the development of the structured note industry generally. We will continue to consider what gaps may exist under our regulatory approach to structured notes and whether more formal regulatory requirements may become necessary to ensure we are regulating like products in a consistent way to achieve investor protection and fair and efficient capital markets. In the interim, the CSA will continue to provide updates regarding our views, concerns or initiatives in connection with structured notes, as necessary.

2.2 Mutual Fund Distributions in Deferred or Low Load Sales Charge Series

In the course of our prospectus reviews, we are placing a greater emphasis on the various practices that currently exist for mutual funds regarding distributions paid in the form of reinvested units instead of cash. More specifically, we are focused on funds that are designed to pay regular distributions. Of particular concern are those mutual funds that set the payment of distributions in the form of reinvested units as the default option, if investors do not specifically request distributions in cash.

Staff's view is that where a choice to receive distributions in cash or in reinvested units is available, a fund manager should ensure that an investor has, in fact, made that election, rather than proceeding with a default option in the absence of instructions. This is particularly so where that default option could result in additional fees being paid by an investor. For example, if a fund is purchased under a deferred sales charge (DSC), fees may be payable on redemption of those reinvested units, whereas no fees would apply to cash distributions.

Staff's emphasis is part of a larger focus on the more general use by the mutual fund industry of default options, in the absence of receiving instructions from investors. We are concerned that these default options could interfere with the client/advisor relationship since they permit transactions to proceed whether or not investors have been able to discuss and understand their options with their advisor. In addition, there is a concern with potential conflicts of interest associated with distributions being automatically reinvested in additional units. This distribution option arguably benefits the fund manager and the advisor more than cash distributions, since assets that remain in the fund would attract additional management fees and trailing commissions, as applicable.

We expect to continue to review fund distribution policies generally, with a particular emphasis on those mutual funds that seek to make regular distributions. Our reviews will include examining default options and the differing treatment of reinvested distributions versus cash with respect to redemption fees payable in a DSC series. For existing funds, this may result in a request for enhanced disclosure in the prospectus or the Fund Facts. We also expect to seek feedback from fund managers with respect to a reasonable time period to transition towards the removal of any default options, as well as the steps involved in doing so.

We may provide further guidance as we continue to review this issue. Filers should note, however, that in light of the foregoing concerns, we will closely examine and question any new funds being launched that have a default feature that causes distributions to be automatically reinvested in additional units of the fund. Filers and their counsel are encouraged to contact staff in the planning stages of a new fund structure that gives rise to questions relating to the issues identified above.

2.3 Fee-Based Series with Dual Dealer Compensation

During the year, staff became aware of certain investment fund series intended for fee-based accounts that had a trailing commission embedded in the ongoing cost of the fund series.

In staff's view, a series intended for fee-based accounts with this type of dual compensation structure is inconsistent with a critical attribute of the fee-based series,

namely the negotiation of the dealer's compensation, which is intended to provide investors with heightened transparency of the cost of the dealer's services and a clear expectation of the services to be rendered in exchange for the negotiated fee. Having a trailing commission embedded in a fee-based series blurs the lines between the attributes of a fee-based series and the embedded fee (trailing commission) series and is potentially misleading for investors.

The November 2014 issue of the Investment Funds Practitioner highlights staff's expectations going forward. In particular, staff's expectation that any new funds with fee-based series not have an embedded trailing commission.

We will continue to review and monitor developments on mutual fund fee structures and dealer compensation models in our prospectus reviews, and will provide further guidance as needed. Issuers and their counsel are encouraged to contact staff in the planning stage of any structure that may give rise to questions concerning this issue.

2.4 Changes to Short Term Trading Fees

Item 6(5) of Form 81-101F1 – *Contents of Simplified Prospectus* requires, among other disclosure, a description of the short term trading activities in a mutual fund that are considered to be inappropriate or excessive, and restrictions, if any, that a mutual fund may impose on an investor to deter such short-term trades.

During the year, we became aware of some fund managers who had changed their short term trading fee practices and policies. The changes in practice resulted in short term trading fees applying when redemptions occurred within 7 days of purchase, instead of within a 30 day period as was previously the case.

Short-term trading fees are commonly used as one of the measures to discourage short-term trading and to compensate funds for the additional costs incurred as a result of this practice. Currently, most Canadian investment fund managers impose short-term trading fees ranging between 1% and 2% on redemptions made within 30 to 90 days of purchase.

If a fund manager changes their practice relating to the applicability of short term trading fees, staff will seek clarification regarding the rationale for the change. In particular, staff will seek to understand:

- how the change is considered an effective means to deter short-term trades and remains consistent with the fund manager's statutory duty under s.116 of the *Securities Act* (Ontario) to act in the best interest of the funds and their securityholders;

- what other policies and procedures the manager has in place to monitor, detect and deter short-term trading, in particular,

    - whether the fund manager varied its short-term trading policies and procedures in relation to the two different types of short-term trading activities, namely market timing and excessive trading; and

    - for trade monitoring, regardless of the reduction of the redemption fee period from 30 days to 7 days, whether the fund manager will continue with the previously used time frame to monitor these trading activities and to apply the appropriate action;

- how effective the manager's policies and procedures have been to date in monitoring, deterring and detecting short-term trading activities and;

- whether the reduction of the redemption free period was reviewed by the independent review committee and any other governance bodies of the funds, and the frequency with which the fund manager will evaluate the effectiveness of its short-term trading policies going forward.

As staff continues to review and further consider this issue, we remind investment fund managers of their fiduciary duty to maintain effective policies to deter short term trading. As part of the OSC's ongoing review, issuers can expect staff to continue to seek clarification around any changes that are made to short-term trading fees by asking them to answer the above questions. Attention will also be given to the information required by Part A, Item 6(5) of Form 81-101F1 – *Contents of Simplified Prospectus* and Item 12(9) of Form 81-101F2 – *Contents of Annual Information* Form when reviewing annual filings to ensure that policies and procedures relating to short term trading fees are fully and plainly disclosed.

3. Disclosure and Compliance Reviews

3. Disclosure and Compliance Reviews

On an ongoing basis, the OSC reviews the prospectus and continuous disclosure filings of Ontario-based investment funds. Risk-based criteria are used to select investment funds for reviews of their disclosure documents. Staff may also choose to conduct targeted reviews of a particular industry segment or on a particular topic. For its prospectus reviews, staff continues to focus on three areas: fees and expenses; investment objectives and strategies; and conflicts of interest. Further details on this can be found in the November 2013 issue of the Investment Funds Practitioner.

In addition to prospectus and continuous disclosure reviews, the Investment Funds and Structured Products Branch works closely with staff in the Compliance and Registrant Regulation (CRR) Branch on issues related to fund manager compliance and identifying possible emerging issues. This sometimes leads to us conducting joint reviews.

3.1 Continuous Disclosure Reviews

This section discusses some of our reviews and findings in connection with:

- IFRS
- high MERs
- fixed income volatility
- senior loans
- direct payment of ongoing dealer service fees – default rate feature
- review of fees and expenses disclosure

3.1.1 IFRS

Investment funds that are subject to National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) are required to adopt International Financial Reporting Standards (IFRS) for financial years beginning on or after January 1, 2014. In early September 2014, we commenced an issue-oriented review of interim financial reports for the period ended June 30, 2014, being the first IFRS financial statements that were required to be filed. Our review focused on the transition requirements set out in IFRS and in NI 81-106. Our review encompassed 90 investment fund managers with head offices in Ontario that managed investment funds with calendar year-end reporting periods.

In order to provide feedback to the industry on the outcome of the reviews, as well as to provide guidance to investment funds that had yet to file their first IFRS financial statements, staff issued a number of IFRS Releases - IFRS Release No. 1,

IFRS Release No. 2, and IFRS Release No. 3 - during fall 2014. The Releases outlined the most common issues that had been identified during the review.

IFRS Release No.4 was issued in January 2015 and took the form of a "tip sheet" to assist investment fund issuers with some of the key elements in a set of first IFRS annual financial statements.

Staff may expand the reviews by examining the interim financial reports of investment funds with non-calendar year-end periods, or the first IFRS audited annual financial statements. Additional guidance will be issued, as needed, in order to assist investment funds and their advisers with their IFRS filings.

3.1.2 High MERs

During the year, we conducted a targeted review of investment funds that had: (i) management expense ratios (MERs) in excess of 5%; and (ii) absorbed a high level of expenses in order to present MERs after absorptions consistent with the industry average. Our focus was on whether these funds could sustain the above scenarios.

We were informed that new funds tend to fall into both categories and each fund manager's plan was to make fund assets grow in order to reduce MERs before absorptions in the future. For funds with high MERs, if such funds are not able to demonstrate that they are viable after a reasonable period of time, we conveyed our expectation for fund managers to consider all options available to them in order to improve performance, increase fund size, manage costs, achieve efficiencies of scale and, ultimately, reduce MER. For funds with high absorptions, we cautioned fund managers of setting a pattern of absorbing expenses for many years which may influence investor expectations, and reminded managers to ensure that investors understand that waivers or absorptions could cease in the future, potentially resulting in a higher MER. The July 2014 Investment Funds Practitioner provides a summary of the results of this review.

3.1.3 Fixed Income Volatility

As a result of observing significant redemptions from fixed income funds during the second half of 2013, OSC staff conducted a review in 2014 to assess the adequacy of their processes around portfolio risk management, and to determine whether the disclosure relating to risk and market events was sufficient for investors in fixed income funds to make informed investment decisions.

Findings from this review are highlighted in the March 2014 Investment Funds Practitioner.

While our initial review was focused on the fixed income segment, staff has expanded the reviews to focus on other asset classes that may also be susceptible to liquidity issues, in particular, funds with exposure to high yield fixed income, small cap equity funds, and emerging market issuers.

As part of this expanded review, we are seeking clarification from fund managers regarding their policies and procedures around evaluation of liquidity levels of individual fund holdings, and how the fund holdings fit within the restrictions concerning illiquid assets, as set out in Part 2.4 of NI 81-102. In particular, we are:

- asking about any stress testing and scenario analysis the fund managers may have conducted for their fund portfolios;
- enquiring about the valuation of illiquid assets, the valuation policies and procedures more generally, and whether there is any oversight by the independent review committee;
- reviewing risk disclosure in offering and CD documents.

We anticipate publishing an OSC Staff notice in spring 2015 that outlines the findings of these reviews. In this notice, staff expects to communicate its views on best practices for liquidity assessment protocol, portfolio risk management, and disclosure.

3.1.4 Senior Loans

As part of our ongoing reviews focused on fixed income investment funds, staff is also looking at the liquidity of senior loans and how such liquidity fits within the context of the mutual fund regulatory framework, including ETFs, given that senior loans are not investment grade debt and often have longer transaction settlement times than traditional debt securities.

The November 2014 issue of the Investment Fund Practitioner identifies the key areas that staff will be focusing on when reviewing investment funds that have exposure to senior loans.

3.1.5 Direct Payment of Ongoing Dealer Service Fees – Default Rate Feature

In the course of our prospectus reviews, staff became aware of certain investment fund series that have a default rate feature attached to the direct payment by investors of ongoing dealer service fees. As a part of our continued focus on mutual fund fee structures and dealer compensation models, staff conducted a targeted review of the disclosure documents of several fund families to evaluate and better understand this practice and its extent.

Staff's understanding is that fund managers may have introduced the default rate feature to help optimize the administrative efficiency of dealer back offices and assist dealers who may wish to transition from the embedded fee (i.e., trailing commission) model to a direct payment model of paying ongoing dealer service fees.

While staff generally does not object to fund managers facilitating direct payment arrangements, and expects that a maximum rate is disclosed where the fund manager facilitates such payments, staff's view is that no such payment should be made pursuant to the application of a default rate.

Staff communicated its views to the fund managers that were involved in the targeted review. We also reiterated our views in the July 2014 issue of the Investment Funds Practitioner, which set out staff's expectations regarding the disclosure of these direct payment arrangements and ongoing dealer service fees in the prospectus and by dealers to their clients. In the same article, we also set out our expectations going forward with regard to fund managers transitioning away from the default rate feature for existing funds and series, and our expectation that new funds and series will not include this feature.

3.1.6 Review of Fees and Expenses Disclosure

In our 2013 Annual Report for Investment Fund Issuers we reported that staff had commenced a targeted review of the allocation of overhead expenses between fund managers and their funds. In particular, the review focused on how fund managers address conflicts of interest and whether sufficient disclosure is provided to investors in prospectuses, financial statements, and MRFPs regarding these related party transactions.

On May 8, 2014, we issued OSC Staff Notice 81-724 *Report on Staff's Continuous Disclosure Review of the Fees and Expenses Disclosure by Investment Funds* which sets out staff's recommendations based on our observations of the fees and expenses disclosure practices of investment funds.

3.2 Compliance and Registrant Regulation Branch and Investment Fund Manager Compliance Reviews

In September 2014, staff of the CRR Branch published OSC Staff Notice 33-745 *Annual Summary Report for Dealers, Advisers and Investment Fund Managers***.** This Notice summarizes new and proposed rules and initiatives impacting registrants, current trends in deficiencies from compliance reviews of registrants (as well as acceptable practices to address them and unacceptable practices to prevent them), and current trends in registration issues.

Section 4.4 of OSC Staff Notice 33-745 contains information specifically for investment fund managers derived from the reviews carried out by the CRR Branch. Topics that were covered in this section include:

- Repeat common deficiencies, including inappropriate expenses charged to funds, inadequate oversight of outsourced functions and service providers, and non-delivery of net asset value adjustments.
- Inadequate sales practices involving promotional items and business promotion activities.
- Inappropriate organizational structure.
- Discussion of a targeted sweep of large impact investment fund managers.
- Discussion of a sweep of newly registered investment fund managers.
- New and proposed rules and initiatives impacting investment fund managers.

4. Outreach, Consultation and Education

4. Outreach, Consultation and Education

We continue our efforts to be transparent regarding practices and procedures that impact investment fund issuers in as timely a manner as possible. Our intent in doing so is to better enable fund managers and their advisors to avoid potential regulatory issues when they are at the planning stage for a new fund or transaction. As indicated at various points earlier in this report, we publish guidance and updates for the investment fund industry periodically.

During the year, staff published four IFRS Releases which discussed the findings from our review of the first IFRS interim financial reports filed by calendar year-end investment funds that are reporting issuers. Early in 2015, staff discussed this topic at a webinar hosted by CPA Canada and attended by over 1,700 CPAs, as well as at an event organized by a national accounting firm. Staff continues to act as an observer on the Investment Funds Standing Committee at CPA Canada.

We also continue to engage in periodic discussions with other regulators such as the Mutual Fund Dealers Association of Canada and the Investment Industry Regulatory Organization of Canada. Additionally, on an ongoing basis, we sought input from the OSC's Investor Advisory Panel, as well as other industry and investor organizations and stakeholders.

At the annual OSC Dialogue, held on October 16, 2014, Rhonda Goldberg, Director of the Investment Funds and Structured Products Branch, participated on a panel that discussed the rapid innovation in products and distribution, as it applies to the long term needs of investors. An audio presentation of the panel discussion is available on the OSC's website**.**

As in past years, we met with staff from the Investment Management and Derivatives divisions of the Securities and Exchange Commission to discuss investment fund trends, novel products and emerging issues that are common to our respective jurisdictions. These meetings help ensure that our regulatory approaches to product development are consistent and that opportunities for regulatory arbitrage between our markets are minimized.

In an effort to ensure effective national oversight of the investment fund industry, the CSA's Investment Funds Committee holds monthly conference calls. The Committee provides a forum for discussing novel applications, policy interpretation and initiatives, and operational matters in a timely fashion. It ensures that regulatory requirements are nationally applied consistently, fairly, and effectively, pursuant to the Passport system. Rhonda Goldberg is currently Chair of the Committee.

4.1 Investment Funds Product Advisory Committee (IFPAC)

The OSC's IFPAC was established in August, 2011. The IFPAC, which is currently comprised of 11 external members, advises OSC staff specifically on emerging product developments and innovations occurring in the investment fund industry, and discusses the impact of these developments and emerging issues. The IFPAC also acts as one source of feedback to OSC staff on the development of policy and rule-making initiatives to promote investor protection, fairness and market efficiency across all types of investment fund products. The IFPAC typically meets quarterly and members serve a two year term. You can find a list of current IFPAC members on the OSC website.

Topics of discussion with IFPAC this year have included, among others, the pre-sale delivery of Fund Facts; measuring, managing and regulating for risk; and alternative investments becoming an increasing part of the retail investment landscape. We also discussed with IFPAC the continuous disclosure reviews we carried out throughout the year relating to fund fees and expenses, and high yield fixed income and senior loan funds.

4.2 The Investment Funds Practitioner

The Investment Funds Practitioner is an overview of topical issues arising from applications for discretionary relief, prospectuses and continuous disclosure documents that investment fund issuers file with the OSC and that are reviewed by the Investment Funds and Structured Products Branch. It is intended to assist investment fund managers and their advisors who prepare public disclosure documents and applications for discretionary relief on behalf of investment funds. The Practitioner is also intended to make fund managers more broadly aware of some of the issues we have raised in connection with our reviews and how we have resolved them. In this regard, we encourage investment fund managers and their advisors to review the Practitioner. The Investment Funds Practitioner can be found on our website www.osc.gov.on.ca at Information for Investment Funds.

In mid-2014, we posted to the OSC website a Table of Contents of prior editions of the Practitioner, organized by topic. The Table of Contents will be updated concurrently with the publication of each new edition of the Practitioner. We hope that the Table of Contents can be used as a quick reference guide for locating topics discussed in previous editions of the Practitioner.

We published 3 editions of the Investment Funds Practitioner since last year's summary report: March 2014, July 2014 and November 2014. We welcome suggestions for future topics.

4.3 International Organization of Securities Commissions - Committee 5 - Investment Management (IOSCO C5)

Staff continued their participation in IOSCO C5 during 2014. This committee is focussed on investment management issues and is comprised of representatives from 30 regulators. The international developments and priorities discussed at C5 inform our policy and operational work, which is also guided by the principles and best practices published by IOSCO.

During the year, IOSCO C5 finalized a report outlining good practices for reducing reliance on credit ratings in the asset management sector. C5 also participated in two reviews in conjunction with IOSCO's Assessment Committee. The first was a review of the principles relating to continuous disclosure, which examined the frequency and timeliness of periodic reporting, including financial statements and material change updates, to investors. The second review followed up on the 2012 report outlining policy recommendations for money market funds (MMFs) and assessed the progress of IOSCO jurisdictions in adopting any necessary rules in relation to MMFs. Amendments to Canadian rules relating to MMFs were already in place by the end of 2012.

Current C5 initiatives include completing the consultation on proposed methodologies for identifying systemically important non-bank non-insurance financial institutions. C5 is also conducting work in the areas of fees and expenses (updating prior IOSCO work in this area), custody arrangements for collective investment schemes, and best practices applicable to the voluntary termination of an investment fund, including fund mergers and reorganizations.

In addition to C5, OSC staff also participated on IOSCO Committee 8 – Retail Investors during 2014. In particular, staff led C8's effort in the development of a strategic framework document that set out IOSCO's niche in investor education and financial literacy, current thinking and research, a strategy for program development, proposed work streams and best practices. The framework document for best practices was published for consultation in May 2014. The final report, published in November 2014, can be found on the IOSCO website at www.iosco.org.

5. Feedback and Contact Information

5. Feedback and Contact Information

If you have any questions regarding, or feedback on, our fifth annual summary report, please send them to <investmentfunds@osc.gov.on.ca>.

You can find additional information regarding investment funds and the Investment Fund and Structured Products Branch on the OSC website.

We have also attached a list of Investment Funds and Structured Products Branch staff at the end of this report.

Investment Funds and Structured Products Branch
Contact Information

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The OSC Inquiries & Contact Centre operates from
8:30 a.m. to 5:00 p.m. Eastern Time, Monday to Friday,
and can be reached on the Contact Us page of

osc.gov.on.ca

If you have questions or comments about this report, please contact:

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Viraf Nania
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1.1.2 CSA Staff Notice 51-342 – Staff Review of Issuers Entering Into Medical Marijuana Business Opportunities

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 51-342
Staff Review of Issuers Entering Into Medical Marijuana Business Opportunities

February 23, 2015

Introduction

Staff from the British Columbia Securities Commission, the Alberta Securities Commission, the Ontario Securities Commission and the Autorité des marchés financiers, (**staff** or **we**) recently reviewed the disclosure provided by certain reporting issuers that announced publicly their intention to enter into Canada's medical marijuana industry.

For the majority of issuers we reviewed, the disclosures in the original announcements were deficient, prompting staff to require the subsequent issuance of a clarifying disclosure document. This notice summarizes our overall findings and provides disclosure expectations for reporting issuers contemplating some involvement with the medical marijuana industry in Canada.

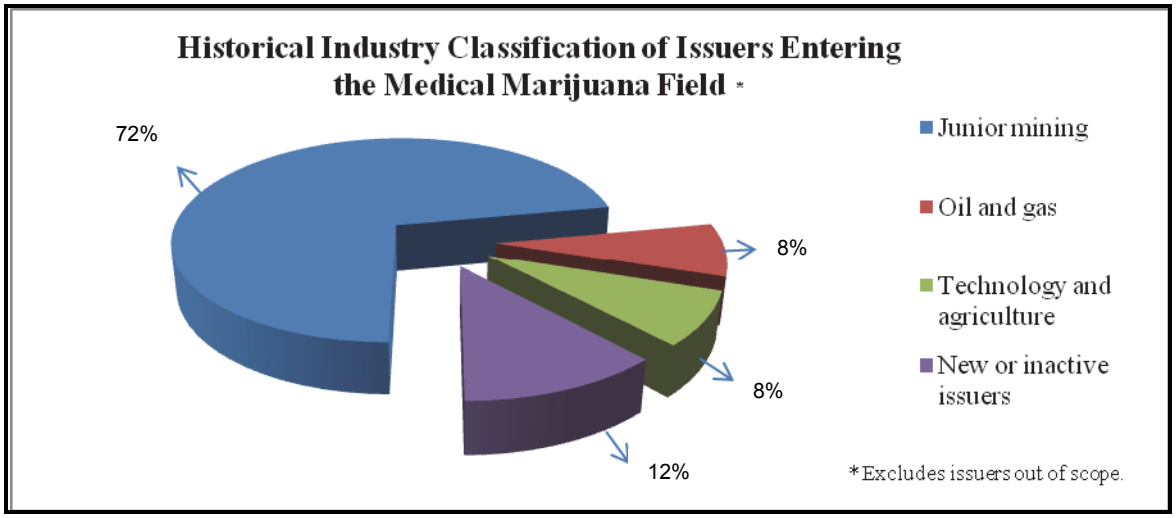
We also encourage issuers considering a change in business, not limited to medical marijuana opportunities, to use this notice as a tool to help ensure that any disclosure provided is factual and balanced.

Background

In June 2013, the Canadian Government enacted the *Marihuana for Medical Purposes Regulations* (**MMPR**) which govern the production, distribution and use of medical marijuana in Canada. These regulations became substantially effective on April 1, 2014.

There has been significant interest by the media, investors, and reporting issuers in this new area of business. In particular, we observed a substantial number of issuers announcing their intention to explore opportunities in the medical marijuana industry, following the introduction of MMPR.

A large majority of the issuers we reviewed in connection with this notice identified themselves as being in the junior mining industry prior to announcing their move to explore medical marijuana business opportunities. A breakdown of these issuers by their former identified industries is provided in the following chart:



In many cases, we observed that issuers who disclosed their intention to enter the medical marijuana industry obtained an immediate increase in their share price, even in cases where little, or any, substantive information was provided to the public about their prospective plans.

Given our concern that investors may face financial harm by purchasing an issuer's shares at an inflated price, before the issuer has established a viable business in the medical marijuana industry, we issued *CSA Investor Alert: Caution Urged For Those Looking to Invest in Medical Marijuana Stocks* on June 16, 2014.

Review Objectives

The objective of our review was to determine if issuers were meeting the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) by providing sufficient and balanced disclosure related to their change in business to the medical marijuana field. In particular, we are concerned that issuers are benefiting from a positive impact on their share price by announcing their interest in the industry, but selectively omitting important information such as the stage of their plans and any risks and uncertainties related to those plans. Our review focused on whether an issuer's initial press releases, announcing its intent to enter this industry, contained sufficient detail to enable investors to understand what resources have been committed to the plan, as well as the related risks, cost implications and time required before the issuer can begin licensed operations. We are also concerned about whether press releases included unnecessary details such as exaggerated reports or promotional commentary, which could mislead investors as to the stage of development of an issuer's plans.

Review Scope

We initially reviewed the disclosure provided by 62 issuers announcing their intent to become involved in the medical marijuana industry. 40% or 25 of these issuers, raised serious investor protection concerns relating to balanced disclosure consistent with the issues outlined throughout this notice.

For the remaining 37 issuers, we were satisfied, for purposes of this review, that concerns around balanced disclosure and sufficient information to the public were mitigated through steps the issuers had taken announcing their change in business. For example, these issuers' business plans had progressed to a point where the issuer had been halted by their stock exchange in anticipation of a filing statement or other disclosure document in connection with an acquisition or a change of business. In these cases, more detailed and comprehensive information was to be provided in a disclosure document before trading would resume, which included a shareholder vote to approve the change in business transaction. As a result, these 37 issuers were determined to be outside the scope of this review. Once these issuers have completed their change of business transaction, they will be subject to our continuous disclosure review program.

The 25 issuers that we determined to be in scope for the purpose of this review were generally at a preliminary stage of entry into the medical marijuana field, including:

- Issuers in the early stages of due diligence that were contemplating medical marijuana opportunities in general terms, but had not committed to or disclosed any details about a specific opportunity or strategy for entering the industry;
- Issuers that filed a licence application with Health Canada under MMPR, or that acquired or invested in another company that applied for a licence; and
- Issuers that announced an agreement to invest in or acquire a medical marijuana business subject to certain terms, such as a non-binding letter of intent.

Regulatory Requirements and Guidance

NI 51-102 governs requirements on the timing and content of a reporting issuer's continuous disclosure record. Required disclosure items, such as management's discussion and analysis (**MD&A**) and material change reports, provide an opportunity for management of reporting issuers to discuss events which have had or may have a material impact on the issuer's performance. Part 1 (a) of Form 51-102F1 states, "Your objective when preparing the MD&A should be to improve your company's overall financial disclosure by giving a balanced discussion of your company's financial performance and financial condition including, without limitation, such considerations as liquidity and capital resources – openly reporting bad news as well as good news".

National Policy 51-201 *Disclosure Standards* (**NP 51-201**) contains further guidance on the importance of providing balanced disclosure to investors in other disclosure documents, such as press releases. NP 51-201 states that "announcements of material changes should be factual and balanced. Unfavourable news must be disclosed just as promptly and completely as favourable news". The policy also states that "a company's press release should contain enough detail to enable the media and

investors to understand the substance and importance of the change it is disclosing. Avoid including unnecessary details, exaggerated reports or promotional commentary".

When an issuer materially changes the focus of its business, it should ensure it communicates key information about its intended plans. This may include, but is not limited to, obtaining the appropriate licences or meeting regulatory requirements and determining whether the issuer has sufficient capital or other resources to implement the changes. The issuer needs to consider the level of disclosure to be included in a press release or material change report, which should include among other things, information about the time and resources required for the change in business as well as the barriers and obligations involved in realizing the change.

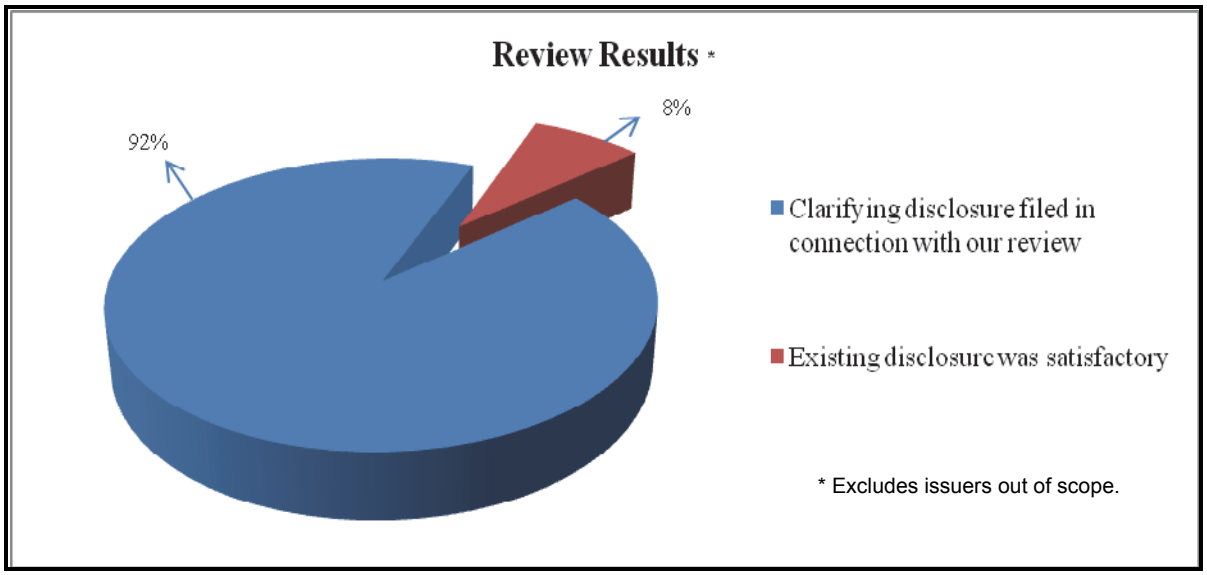
Issuers should also consider whether announcements about a potential change of business trigger the filing of a material change report as per the requirements of Part 7 of NI 51-102.

Findings and Outcomes

In general, we found that issuers' disclosure was often unbalanced and promotional in nature. While the benefits associated with involvement in the medical marijuana industry were often discussed, these discussions were not consistently accompanied by disclosure about the risks, uncertainties, cost implications and time required before the issuer can begin licensed operations.

Additionally, a discussion of barriers and obligations to entering the industry was often not provided. Given a majority of these issuers originated in industries other than medical marijuana, we are concerned that investors were not provided with sufficient information to understand the business changes being proposed by these issuers.

We sent comment letters to all issuers in the scope of our review. We asked 92% of these issuers to file a clarifying disclosure document in connection with our review, which they did. In most cases, issuers filed a clarifying press release which superseded the original announcements by providing more comprehensive and balanced disclosure. We were disappointed at the level of deficiency identified in the original announcements by issuers.



We identified the following specific disclosure deficiencies during the course of our review:

- Lack of a clear discussion of the issuer's stage of entry into the medical marijuana field, including development progress to date and steps that remain to be completed before a revenue generating medical marijuana business could begin (including the status of any licence application and whether or not an application had been submitted to date).
- No discussion of an estimate of the time, cost and nature of costs required to affect the proposed new business opportunity.
- Lack of any discussion of the medical marijuana licensing requirements of Health Canada, which are important in order for investors to adequately understand the resources and commitments which will be required in order to begin the new line of business.

- No discussion of any approvals (e.g., from the board of directors, shareholders or the issuer's securities exchange) which were obtained, or may still be required before the issuer may proceed with its proposed business plans.

- Failure to acknowledge that:

  - The issuer will not be able to grow or sell medical marijuana without a licence from Health Canada.

  - A facility meeting the licensing requirements of Health Canada must be available for inspection by Health Canada before a licence can be granted.

  - There is no assurance that any prospective project in the medical marijuana industry will be successfully initiated or completed.

The following is an example of the deficient disclosure which we observed during our review, along with an example of how that disclosure could be enhanced.

Example – Deficient Disclosure

The Company's Board of Directors has approved a corporate diversification project whereby management has decided to enter the medical marijuana industry.

The Company has submitted its initial licence application to Health Canada and has entered into a non-binding letter of intent to purchase a facility in Sudbury, Ontario which will be used to produce medical marijuana.

The Company looks forward to participating in this new growth industry.

Example – Enhanced Disclosure

Management is actively pursuing opportunities in the medical marijuana industry, including a medical marijuana licence under the *Marihuana for Medical Purposes Regulations* (MMPR).

As a condition of obtaining a licence, Health Canada requires significant steps to be taken, including the construction of an indoor growing facility equipped with physical barriers, visual monitoring, recording devices, intrusion detection, air filtration systems, as well as other important controls around distribution and access.

At this time, the Company has submitted a written licence application to Health Canada, however, no feedback has been received from Health Canada with respect to this application. As a result, none of the infrastructure required to support our licence application has as yet been ordered, purchased or assembled.

[If estimates of time and cost to complete the issuer's plans are not yet available]

Consequently, the Company is currently at too early a stage in its due diligence process to provide any estimate of the time or cost required in order to obtain a licence, or to assemble the infrastructure required in order to support our licence application. Until a facility meeting the requirements of MMPR is constructed, available for inspection by Health Canada and the Company is in receipt of a final licence from Health Canada, the Company cannot begin production of medical marijuana.

[If estimates of time or cost to complete the issuer's plans are available]

The amount of time required to obtain a licence is dependent on Health Canada's timeline for reviewing licence applications. Further, the amount of time the Company may need to resolve any comments received from Health Canada during the application process will not be known until such comments are received. As a result, the Company is currently at too early a stage in its due diligence process to provide any estimate of the amount of time required in order to obtain a licence. However, the Company has assembled a budget for the purchase of land in Sudbury, Ontario and the construction of a facility on that land which would meet the above noted licensing requirements of Health Canada. The Company currently anticipates costs of approximately $X in connection with these plans. The budgeted cost of the facility will be re-assessed once Health Canada has approved the design of the facility. Until a facility meeting the requirements of MMPR is constructed, available for inspection by Health Canada and the Company is in receipt of a final licence from Health Canada, the Company cannot begin production of medical marijuana.

Example – Enhanced Disclosure (continued)

Approval from the Company's Board of Directors, shareholders and stock exchange is also required before the Company may begin any operations in the medical marijuana industry.

There can be no assurance that the Company's medical marijuana licence application will be approved by Health Canada, or that any prospective projects in the industry will be successfully completed.

If an issuer concludes that a previously announced initiative, such as the exploration of medical marijuana opportunities, is no longer being pursued then this information should also be disclosed.

Considerations for Other Industries

We remind issuers that the guidance in this notice is applicable to all industries, particularly companies thinking about material changes to their primary business or where an event has or will have an impact on future prospects. All issuers should ensure comprehensive, balanced disclosure is provided to investors, avoiding promotional commentary.

Conclusion

Announcements about significant events and business developments are often material information to investors. It is important to ensure that these announcements contain balanced disclosure about any associated risks, uncertainties or barriers to achieving the events being announced, rather than promotional commentary. Given their importance, we will continue to closely review these announcements, including as they relate to issuers exploring medical marijuana opportunities, through our continuous disclosure and prospectus review programs. We remind issuers that when we identify material disclosure deficiencies, we will request that the issuer correct the deficiency by filing clarifying disclosure. We may also consider further action depending on the circumstances.

Questions

Please refer your questions to any of the following:

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1.2 Notices of Hearing

1.2.1 Future Solar Developments Inc. et al. – ss. 127(7), 127(8)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
FUTURE SOLAR DEVELOPMENTS INC.,
CENITH ENERGY CORPORATION, CENITH AIR INC.,
ANGEL IMMIGRATION INC. and XUNDONG QIN
also known as SAM QIN

NOTICE OF HEARING
(Subsections 127(7) & 127(8) of the Securities Act)

WHEREAS the Ontario Securities Commission (the "Commission") issued a temporary order on February 17, 2015 (the "Temporary Order") pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c S.5, as amended (the "Act") ordering the following:

1. pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that Future Solar Developments Inc. ("FSD"), Cenith Energy Corporation, Cenith Air Inc., Angel Immigration Inc. and Xundong Qin (also known as Sam Qin) (the "Respondents") shall cease trading in all securities;

2. pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act that all trading in the securities of FSD shall cease; and

3. pursuant to paragraph 3 of subsection 127(1) and subsection 127(5) of the Act that the exemptions contained in Ontario securities law do not apply to any of the Respondents;

TAKE NOTICE THAT the Commission will hold a hearing pursuant to subsections 127(7) and 127(8) of the Act at the offices of the Commission, 17th Floor, 20 Queen Street West, Toronto, commencing on March 2, 2015 at 11:00 a.m. or as soon thereafter as the hearing can be held;

TO CONSIDER whether it is in the public interest for the Commission:

1. to extend the Temporary Order pursuant to subsections 127(7) and 127(8) of the Act until the conclusion of the hearing or until such further time as considered necessary by the Commission; and

2. to make such further orders as the Commission considers appropriate;

BY REASON OF the facts recited in the Temporary Order and of such allegations and evidence as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to further notice of the proceeding.

AND TAKE FURTHER NOTICE that the Notice of Hearing is also available in French, participation may be in either French or English and participants must notify the Secretary's Office in writing as soon as possible, and in any event, at least thirty (30) days before a hearing if the participant is requesting a proceeding to be conducted wholly or partly in French; and

ET AVIS EST ÉGALEMENT DONNÉ PAR LA PRÉSENTE que l'avis d'audience est disponible en français, que la participation à l'audience peut se faire en français ou en anglais et que les participants doivent aviser le Bureau du secrétaire par écrit le plut tôt possible et, dans tous les cas, au moins trente (30) jours avant l'audience si le participant demande qu'une instance soit tenue entièrement ou partiellement en français.

Dated at Toronto this 19th day of February, 2015

"Josée Turcotte"
Secretary to the Commission

1.4 Notices from the Office of the Secretary

1.4.1 Knowledge First Financial Inc.

FOR IMMEDIATE RELEASE
February 19, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
KNOWLEDGE FIRST FINANCIAL INC.

TORONTO – The Commission issued an Order in the above named matter approving the Amended Settlement Agreement reached between Staff of the Commission and Knowledge First Financial Inc.

A copy of the Order dated February 18, 2015 and the Amended Settlement Agreement dated February 12, 2015 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.2 Future Solar Developments Inc. et al.

FOR IMMEDIATE RELEASE
February 20, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
FUTURE SOLAR DEVELOPMENTS INC.,
CENITH ENERGY CORPORATION, CENITH AIR INC.,
ANGEL IMMIGRATION INC. and XUNDONG QIN
also known as SAM QIN

TORONTO – The Office of the Secretary issued a Notice of Hearing on February 19, 2015 setting the matter down to be heard on March 2, 2015 at 11:00 a.m. to consider whether it is in the public interest for the Commission:

(1) to extend the Temporary Order pursuant to subsections 127(7) and (8) of the Act until the conclusion of the hearing, or until such further time as considered necessary by the Commission; and

(2) to make such further orders as the Commission considers appropriate.

A copy of the Notice of Hearing dated February 19, 2015 and Temporary Order dated February 17, 2015 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.3 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
February 24, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
GLOBAL ENERGY GROUP, LTD.,
NEW GOLD LIMITED PARTNERSHIPS,
CHRISTINA HARPER, VADIM TSATSKIN,
MICHAEL SCHAUMER, ELLIOT FEDER,
ODED PASTERNAK, ALAN SILVERSTEIN,
HERBERT GROBERMAN, ALLAN WALKER,
PETER ROBINSON, VYACHESLAV BRIKMAN,
NIKOLA BAJOVSKI, BRUCE COHEN
and ANDREW SHIFF

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND ELLIOT FEDER

TORONTO – The Commission issued an Order in the above named matter which provides that the January 20, 2012 Order is further varied to remove the condition of the March 28, 2012 Order that the proceeds from the sale of shares be held in trust by Aird & Berlis LLP, such that the Funds may be released by Aird & Berlis LLP to A. Farber & Partners Inc., the Trustee in Bankruptcy of the Estate of Elliot Feder.

A copy of the Order dated February 20, 2015 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.4 2241153 Ontario Inc. et al.

FOR IMMEDIATE RELEASE
February 24, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5 AS AMENDED

AND

IN THE MATTER OF
2241153 ONTARIO INC., SETENTERPRICE,
SARBJEET SINGH, DIPAK BANIK,
STOYANKA GUERENSKA, SOPHIA NIKOLOV
and EVGUENI TODOROV

TORONTO – The Commission issued an Order in the above named matter which provides that:

1. This matter is adjourned to a hearing scheduled for March 24, 2015 at 9:00 a.m. or to such other date as may be agreed to by the parties and fixed by the Office of the Secretary;

2. On or before March 24, 2015, Staff shall disclose to the Respondents all documents and things in its possession or control that are relevant to the allegations in this matter; and

3. Upon failure of any party to attend at the hearing scheduled for March 24, 2015 at 9:00 a.m., the hearing will proceed in the absence of that party and such party will not be entitled to any further notice of the proceedings.

A copy of the Order dated February 23, 2015 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

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416-593-8314
1-877-785-1555 (Toll Free)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 BCE Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Dual application for Exemptive Relief Applications – Application for relief from the prospectus and first trade requirements for certain trades made in connection with a preferred share exchange offer – The issuer cannot rely on the take-over bid exemptions in Section 2.16 of National Instrument 45-106 – Prospectus and Registration Exemptions and in Section 2.11 of National Instrument 45-102 – Resale of Securities as the preferred shares subject to the exchange offer are not voting securities nor equity securities – Holders of preferred shares will receive documents that contain prospectus-level disclosure and a fairness opinion – Holders of preferred shares will have contractual rights of action substantially equivalent to the rights of shareholders in a formal take-over bid – Relief granted, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 74(1), 131 and Part XX.
Regulation 11-102 respecting Passport System, s. 4.7(1).
Policy Statement 11-203 respecting Process for Exemptive Relief Applications in Multiple Jurisdictions, ss. 3.6, 5.2(2).
Regulation 45-102 respecting Resale of Securities, ss. 2.6, 2.11.
Regulation 45-106 respecting Prospectus and Registration Exemptions, s. 2.16.
Regulation 62-104 respecting Take-Over Bids and Issuer Bids, s. 2.30 and Form 62-104F1.
OSC Rule 62-504 – Take-Over Bids and Issuer Bids, Form 62-504F1.

Translation

August 8, 2014

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUÉBEC AND ONTARIO
(the "Jurisdictions")

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
BCE INC.
(the "Filer")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (together, the "**Decision Makers**") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**"):

a) for an exemption from the prospectus requirement under the Legislation and the corresponding requirements under the applicable securities legislation of the Local Jurisdictions (defined below) (collectively, the "**Prospectus Requirements**") in connection with the distribution of BCE Preferred Shares (defined below); and

b) that the first trade of the BCE Preferred Shares is not a distribution under the Legislation and the applicable securities legislation of the Local Jurisdictions, provided that the conditions in Section 2.11 of *Regulation 45-102 respecting Resale of Securities* ("**Regulation 45-102**") are satisfied,

(collectively, the **"Exemption Sought"**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

a) the Autorité des marchés financiers (the "AMF") is the principal regulator for this application;

b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System* ("**Regulation 11-102**") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (each a "**Local Jurisdiction**"); and

c) the decision is the decision of the AMF and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions* and Regulation 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

The Filer

1. The Filer is a corporation governed by the *Canada Business Corporations Act* (the "**CBCA**").

2. The Filer's registered and head office is located at 1 Carrefour Alexander-Graham-Bell, Building A, 8th Floor, Verdun, Québec, H3E 3B3.

3. The Filer is a reporting issuer in each of the Provinces of Canada (the "**Provinces**") and, to its knowledge, is currently not in default of securities legislation in any of the Provinces.

4. The authorized capital of the Filer consists of:

   a) an unlimited number of voting common shares (the "**BCE Common Shares**");

   b) an unlimited number of first preferred shares, issuable in series (the "**BCE Preferred Shares**");

   c) an unlimited number of second preferred shares, issuable in series; and

   d) an unlimited number of non-voting Class B shares.

5. As of July 23, 2014, the Filer had outstanding the following shares in its capital:

   a) 778,126,130 BCE Common Shares; and

   b) 135,000,000 BCE Preferred Shares.

6. The BCE Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") and on the New York Stock Exchange.

7. The BCE Preferred Shares are listed and posted for trading on the TSX.

The Company

8. Bell Aliant Inc. (the **"Company"**) is a corporation governed by the CBCA.

9. The Company's registered and head office is located at 7 South Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia, B3J 3K5.

10. The Company is a reporting issuer in each of the Provinces and, to the knowledge of the Filer, is currently not in default of securities legislation in any of the Provinces.

11. The authorized capital of the Company consists of:

    a) an unlimited number of voting common shares (the "**Bell Aliant Common Shares**"); and

    b) an unlimited number of preference shares, issuable in series.

12. To the knowledge of the Filer, the Company has 227,834,039 Bell Aliant Common Shares outstanding.

13. The Bell Aliant Common Shares are listed and posted for trading on the TSX.

14. The Filer and its affiliates own approximately 100,376,270 Bell Aliant Common Shares, representing approximately 44.06% ownership of the outstanding Bell Aliant Common Shares.

15. The Filer has the right to nominate a majority of the directors of the Company, subject to certain conditions, for so long as the Filer owns not less than 30% of the outstanding Bell Aliant Common Shares and certain commercial agreements between Bell Aliant Regional Communications, Limited Partnership ("**Bell Aliant LP**") and Bell Canada are in place.

Bell Aliant GP

16. Bell Aliant Regional Communications Inc. ("**Bell Aliant GP**") is a corporation governed by the CBCA.

17. Bell Aliant GP's registered and head office is located at 7 South Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia, B3J 3K5.

18. Bell Aliant GP is a reporting issuer in each of the Provinces and, to the knowledge of the Filer, is currently not in default of securities legislation in any of the Provinces.

19. The authorized capital of Bell Aliant GP consists of:

    a) an unlimited number of voting common shares (the "**Bell Aliant GP Common Shares**"); and

    b) an unlimited number of non-voting common shares.

20. To the knowledge of the Filer, Bell Aliant GP has 101,373,833 Bell Aliant GP Common Shares outstanding.

21. The Bell Aliant GP Common Shares are not listed or posted for trading on any market.

22. All but one of the Bell Aliant GP Common Shares (representing an approximate 99.999% interest in Bell Aliant GP) is owned by the Company. The remaining one Bell Aliant GP Common Share (representing an approximate 0.001% interest in Bell Aliant GP) is held indirectly by the Filer.

23. The Filer has the right to appoint a majority of the directors of Bell Aliant GP, subject to certain conditions, for so long as the Filer owns not less than 30% of the outstanding Bell Aliant Common Shares and certain commercial agreements between Bell Aliant LP and Bell Canada are in place.

Prefco

24. Bell Aliant Preferred Equity Inc. ("**Prefco**") is a corporation governed by the CBCA.

25. Prefco's registered and head office is located at 7 South Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia, B3J 3K5.

26. Prefco is a reporting issuer in each Jurisdiction and Local Jurisdiction and, to the knowledge of the Filer, is currently not in default of securities legislation in any of the Jurisdictions or Local Jurisdictions.

27. The authorized capital of Prefco consists of:

    a) an unlimited number of voting common shares (the "**Prefco Common Shares**"); and

    b) an unlimited number of preference shares, issuable in series (the "**Prefco Preferred Shares**").

28. To the knowledge of the Filer, Prefco has outstanding the following shares in its capital:

    a) 227,768,734 Prefco Common Shares;

    b) 11,500,000 series A preferred shares;

    c) 4,600,000 series C preferred shares; and

    d) 9,200,000 series E preferred shares.

29. All of the outstanding Prefco Common Shares are held by Bell Aliant GP.

30. The Prefco Preferred Shares are listed and posted for trading on the TSX.

The Offers

31. The Filer, the Company and Prefco have entered into a support agreement dated July 23, 2014 (the "**Support Agreement**") pursuant to which the Filer has agreed, subject to the terms and conditions of the Support Agreement, to make an offer to:

    a) acquire all of the outstanding Bell Aliant Common Shares that it or its affiliates do not already own in exchange for (i) $31 in cash, (ii) 0.6371 of a BCE Common Share, or (iii) $7.75 cash and 0.4778 of a BCE Common Share (with shareholders electing option (i) or (ii) being subject to pro-ration such that the aggregate consideration will be paid 25% in cash and 75% in BCE Common Shares) (the "**Common Share Offer**"); and

    b) exchange all of the outstanding Prefco Preferred Shares for new series of BCE Preferred Shares having economic terms that are the same as the Prefco Preferred Shares (the "**Preferred Share Exchange Offer**").

32. The Common Share Offer is a formal take-over bid under *Regulation 62-104 respecting Take-Over Bids and Issuer Bids* (**"Regulation 62-104"**) and Part XX of the *Securities Act* (Ontario) (the "**OSA**") and, accordingly:

    a) the Filer is required to prepare and deliver a securities exchange take-over bid circular for the Common Share Offer that contains prospectus-level disclosure regarding the Filer and the BCE Common Shares;

    b) the distribution of the BCE Common Shares pursuant to the Common Share Offer will be exempt from the Prospectus Requirements by virtue of the "take-over bid" exemption in Section 2.16 of *Regulation 45-106 respecting Prospectus and Registration Exemptions* ("**Regulation 45-106**"); and

    c) the first trade of BCE Common Shares will not be considered a distribution under Section 2.6 of Regulation 45-102, provided that the conditions in Section 2.11 of Regulation 45-102 are satisfied.

33. The Common Share Offer is also an insider bid under *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* ("**Regulation 61-101**") and the Common Share Offer is, accordingly, not an arm's length transaction.

34. Given that the Common Share Offer is subject to Regulation 61-101, the Filer will comply with the requirements of Regulation 61-101 for the purposes of the Common Share Offer, including the minority approval and formal valuation requirements set out therein.

35. The Common Share Offer is subject to, among other things:

    a) Certain required regulatory approvals applicable to the Common Share Offer (including, without limitation, approval of the TSX and New York Stock Exchange to list the BCE Common Shares and

clearance pursuant to the *Competition Act* (Canada)) being obtained on terms satisfactory to the Filer, acting reasonably; and

b) more than 50% of the Bell Aliant Common Shares (calculated on a fully-diluted basis) held by holders of Bell Aliant Common Shares who are not interested holders of Bell Aliant Common Shares (i.e., holders of Bell Aliant Common Shares who would be excluded from voting as part of the minority in any subsequent acquisition transaction relating to the Bell Aliant Common Shares pursuant to Part 8 of Regulation 61-101) having been validly tendered under the Common Share Offer and having not been withdrawn, which may be waived by the Filer.

36. The board of directors of the Company (the "**Company Board**") formed a special committee (the "**Company Special Committee**") to consider the Common Share Offer. The Company Special Committee, following consultation with its financial and legal advisors, unanimously: (a) determined that the consideration to be received under the Common Share Offer is fair, from a financial point of view, to the holders of Bell Aliant Common Shares (other than the Filer and its affiliates), and (b) approved the entering into of the Support Agreement and the making of the unanimous recommendation that holders of Bell Aliant Common Shares accept the Common Share Offer.

37. The Company Board, upon the recommendation of the Company Special Committee, unanimously (with the exception of any interested directors): (a) determined that the consideration to be received under the Common Share Offer is fair, from a financial point of view, to the holders of Bell Aliant Common Shares (other than the Filer and its Affiliates), and (b) approved the entering into of the Support Agreement and the making of the unanimous recommendation that holders of Bell Aliant Common Shares accept the Common Share Offer.

38. For the purposes of Regulation 62-104 and Part XX of the OSA, the Prefco Preferred Shares are neither "voting securities" nor "equity securities".

39. Since the Prefco Preferred Shares are not "voting securities or equity securities", the Preferred Share Exchange Offer would not be considered a formal take-over bid under Regulation 62-104 or Part XX of the OSA and, accordingly, the issuance of the BCE Preferred Shares in connection with the Preferred Share Exchange Offer would not be exempt from the Prospectus Requirement by virtue of the "take-over bid" exemption in Section 2.16 of Regulation 45-106.

40. The Preferred Share Exchange Offer would be subject to, among other things:

a) a minimum tender condition of at least $66^{2/3}$% of the outstanding Prefco Preferred Shares having been validly deposited and not properly withdrawn; and

b) the conditions of the Common Share Offer set forth in the Support Agreement having been satisfied, or to the extent permitted by applicable law and the terms of the Support Agreement, waived by the Filer such that the Filer will be bound to take up and pay for the Bell Aliant Common Shares validly deposited and not properly withdrawn under the Common Share Offer.

41. The completion of the Preferred Share Exchange Offer is not a condition to the completion of the Common Share Offer. However, the completion of the Common Share Offer is a condition to the completion of the Preferred Share Exchange Offer.

42. The board of directors of Prefco (the "**Prefco Board**") formed a special committee (the "**Prefco Special Committee**") to consider the Preferred Share Exchange Offer.

43. In connection with the Preferred Share Exchange Offer, the Prefco Board will prepare and deliver to holders of Preferred Shares a directors' circular (the "**Prefco Directors' Circular**") in accordance with the requirements of Form 62-104F3 of Regulation 62-104 and Form 62-504F3 of OSC Rule 62-504 – *Take-Over Bids and Issuer Bids* ("**Rule 62-504**").

44. The Prefco Special Committee engaged a financial advisor. The financial advisor has provided the Prefco Special Committee with an opinion that based upon the assumptions, limitations and qualifications set forth therein, as of July 22, 2014, the consideration to be received pursuant to the Preferred Share Exchange Offer is fair, from a financial point of view, to the Preferred Shareholders. A copy of the financial advisor's fairness opinion will be included in the Prefco Directors' Circular.

45. The Prefco Special Committee, following consultation with its financial and legal advisors, unanimously: (a) determined that the consideration to be received under the Preferred Share Exchange Offer is fair, from a

financial point of view, to the holders of Prefco Preferred Shares, and (b) approved the entering into of the Support Agreement and the making of the unanimous recommendation that holders of Prefco Preferred Shares accept the Preferred Share Exchange Offer.

46. The Prefco Board, upon the recommendation of the Prefco Special Committee, unanimously (with the exception of any interested directors): (a) determined that the consideration to be received under the Preferred Share Exchange Offer is fair, from a financial point of view, to the holders of Prefco Preferred Shares, and (b) approved the entering into of the Support Agreement and the making of the unanimous recommendation that holders of Prefco Preferred Shares accept the Preferred Share Exchange Offer.

47. The Preferred Share Exchange Offer would not be subject to Regulation 61-101 because the Prefco Preferred Shares are not equity or voting securities. In addition, while Prefco is a "related party" of the Filer, the exchange of the outstanding Prefco Preferred Shares for newly issued BCE Preferred Shares pursuant to the Preferred Share Exchange Offer does not fall within any of the transactions enumerated in paragraphs (a) through (m) of the definition of "related party transaction" as defined in Regulation 61-101. Accordingly, Regulation 61-101 (including the minority approval and formal valuation requirements set out therein) will not apply to the Preferred Share Exchange Offer.

48. Notwithstanding that the Preferred Share Exchange Offer is not a formal take-over bid under Regulation 62-104 or Part XX of the OSA, the Filer intends to comply with the provisions of Regulation 62-104 and Part XX of the OSA that are applicable to a formal take-over bid with respect to the Preferred Share Exchange Offer, including delivery of a take-over bid circular (the "**Preferred Share Exchange Offer Circular**") in accordance with the requirements of Form 62-104F1 of Regulation 62-104 and Form 62-504F1 of Rule 62-504, and which contains prospectus-level disclosure regarding the Filer and the BCE Preferred Shares.

49. In addition, as an irrevocable term of the Preferred Share Exchange Offer, the Filer proposes to grant holders of Prefco Preferred Shares that tender such shares under the Preferred Share Exchange Offer contractual rights of action for rescission or damages in the event of a misrepresentation in the Preferred Share Exchange Offer Circular, substantially equivalent to the rights of shareholders provided for under Section 222 of the *Securities Act* (Québec), Section 131 of the OSA and the corresponding provisions of the securities legislation of the Local Jurisdictions. Such rights would be described in the Preferred Share Exchange Offer Circular.

50. Accordingly, in considering the Preferred Share Exchange Offer, holders of Prefco Preferred Shares would have all of the information that they would have received if the Preferred Share Exchange Offer were a formal take-over bid.

51. Holders of Prefco Preferred Shares will also be granted withdrawal rights substantially equivalent to the rights of shareholders provided for under Regulation 62-104 and in Section 98.1 of the OSA.

52. Further, following the completion of the Preferred Share Exchange Offer, the former holders of Prefco Preferred Shares would have all of the rights that they would have if the Preferred Share Exchange Offer were a formal take-over bid.

53. Section 2.16 of Regulation 45-106 provides an exemption from the Prospectus Requirements in circumstances where a security is distributed in connection with a take-over bid in a Jurisdiction or Local Jurisdiction.

54. Since the Preferred Share Exchange Offer is not a "take-over bid" within the meaning of Regulation 62-104 or Part XX of the OSA, the prospectus exemption in Section 2.16 of Regulation 45-106 would not be available and the first trade in the BCE Preferred Shares would be a distribution.

55. The Filer will not treat the Preferred Share Exchange Offer as a take-over bid exempt from the Legislation or the securities legislation of a Local Jurisdiction, except to the extent such exemption, if any, is evidenced by a decision document from the Decision Makers.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Makers to make this decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:

a) The Filer treats the Preferred Share Exchange Offer as if it were a take-over bid and complies with the requirements of the securities legislation applicable to take-over bids, except that the requirements in Regulation 61-101 (including the minority approval and formal valuation requirements set out therein) shall not apply to the Preferred Share Exchange Offer; and

b) The first trade of any BCE Preferred Shares acquired by holders of Prefco Preferred Shares pursuant to this decision, in any Jurisdiction or Local Jurisdiction, is deemed a distribution or a primary distribution to the public under applicable securities legislation unless the following conditions are met:

(i) A take-over bid circular in a manner that complies with the formal bid requirements of (a) Regulation 62-104 and (b) Part XX of the OSA and Rule 62-504 , relating to the distribution of the BCE Preferred Shares pursuant to the Preferred Share Exchange Offer was filed by the Filer on SEDAR;

(ii) The trade is not a control distribution; and

(iii) The Filer was a reporting issuer on the date the Prefco Preferred Shares were first taken up under the Preferred Share Exchange Offer.

"Lucie J. Roy"
Senior Director, Corporate Finance

2.1.2 New Gold Bayfield Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for an order that the issuer is not a reporting issuer under applicable securities laws – issuer has outstanding warrants exercisable into securities of parent that are held by 49 security holders – more than 15 of the warrant holders are resident in British Columbia – warrant holders no longer require public disclosure in respect of the issuer – relief granted

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(10)(b).

February 18, 2015

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND ALBERTA
(the Jurisdictions)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
NEW GOLD BAYFIELD CORP.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) to cease to be a reporting issuer (the Exemption Sought).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

(a) the Ontario Securities Commission is the principal regulator for this application; and

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation existing under the laws of the Province of British Columbia and was formed by the amalgamation (the Amalgamation) of Bayfield Ventures Corp. (Bayfield) and 1019298 B.C. Ltd. (Subco), pursuant to the plan of arrangement (the Arrangement) made effective at 12:06 a.m. (Vancouver time) (the Effective Time) on January 1, 2015 (the Effective Date). The Filer's head office is located in Vancouver, British Columbia. All of the issued and outstanding common shares of the Filer (the Filer Shares) are owned by New Gold Inc.

2. The Filer is a reporting issuer or the equivalent in each of the Jurisdictions. The Filer is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer.

3. New Gold, the parent company of the Filer, is a corporation existing under the laws of the Province of British Columbia. New Gold is a reporting issuer or the equivalent in each of the Jurisdictions, as well as in all other provinces and territories of Canada, and the common shares of New Gold (the New Gold Shares) are listed and traded on the Toronto Stock Exchange (TSX) and on the NYSE MKT LLC under the symbol "NGD".

4. Immediately prior to the Effective Time, Bayfield was a corporation existing under the laws of the Province of British Columbia and had the following issued and outstanding securities: (a) 79,241,850 common shares (the Bayfield Shares); and (b) 4,497,547 common share purchase warrants (the Bayfield Warrants) expiring between May 6, 2016 and May 22, 2016, each Bayfield Warrant exercisable at a price of $0.255 or $0.35 into one Bayfield Share.

5. Bayfield was a reporting issuer or the equivalent in each of the Jurisdictions, as well as the Province of British Columbia, immediately prior to the Effective Time and the Bayfield Shares were listed and traded on the TSX Venture Exchange (TSXV) under the symbol "BYV".

6. At the Effective Time, New Gold acquired all of the issued and outstanding Bayfield Shares pursuant to the Arrangement in exchange for New Gold Shares on the basis of 0.0477 of a New Gold Share for each Bayfield Share.

7. As a result of the completion of the Arrangement, 3,779,836 additional New Gold Shares were listed and posted for trading on the TSX and 214,533 New Gold Shares were reserved for issuance upon exercise of the Bayfield Warrants. The

Bayfield Shares were delisted from the TSXV at the close of business on January 2, 2015.

8. On completion of the Arrangement, the Filer became a reporting issuer as Bayfield, one of the amalgamating companies, was a reporting issuer for a period of at least twelve months prior to the Amalgamation.

9. On completion of the Arrangement, the Bayfield Warrants continued to exist as warrants of the Filer (the **"Filer Warrants"**), which are the only securities of the Filer that are not held by New Gold.

10. Pursuant to the terms of the Arrangement, each holder of a Bayfield Warrant outstanding immediately prior to the Effective Date, became entitled upon completion of the Arrangement, to receive, upon the exercise of such holder's warrant, in lieu of each Bayfield Share to which such holder was previously entitled to, 0.0477 of a New Gold Share for each Bayfield Warrant, subject to the adjustment provisions of such Bayfield Warrants. As a result of the terms of the Arrangement and the Amalgamation, New Gold is now obligated to issue the number of New Gold Shares necessary to meet, and in lieu of, the Filer's obligations upon the exercise of a Filer Warrant.

11. The simplified procedure under the Canadian Securities Administrators' Staff Notice 12-307 *Application for a Decision that an Issuer is not a Reporting Issuer* is not available to the Filer, as it will continue to have greater than 15 beneficial securityholders in the Province of British Columbia. There is one holder of Filer Shares and there are 49 holders of Filer Warrants.

12. The Filer has no intention of accessing the capital markets in the future by issuing any further securities to the public, and has no intention of issuing any securities.

13. No securities of the Filer are traded on a market place as defined in National Instrument 21-101 *Marketplace Operation*.

14. The Filer is not required to remain a reporting issuer in the Jurisdictions under any contractual arrangement between the Filer and the holders of the Filer Warrants.

15. The Filer and New Gold are not in default of any requirement of Canadian securities law as a reporting issuer.

Decision

Each of the Decision Makers is satisfied that the decision meets the test contained in the Legislation for the Decision Makers to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted.

"James Turner"
Vice-Chair
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

2.1.3 FAM Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from provisions of section 8.4 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) permitting filer to include alternative financial disclosure in business acquisition report pursuant to section 13.1 of NI 51-102 – filer acquired a property that have been owned by multiple owners over previous two years and unable to obtain historical accounting records – comparative period financial statements impractical to prepare – recent audited interim financial statements for the property will be provided.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.4, 13.1.

February 18, 2015

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
FAM REAL ESTATE INVESTMENT TRUST
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for a decision pursuant to Section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) that the Filer be exempt from the requirement to include the financial statement disclosure prescribed under section 8.4 of NI 51-102 and Item 3 of Form NI 51-102F4 *Business Acquisition Report* relating to financial statement disclosure for significant acquisitions, so that the Filer does not need to include in the business acquisition report (**BAR**) of the Filer relating to the Acquisition (as defined herein), the BAR Required Financials (as defined herein), but include the BAR Alternative Financials (as defined herein) (the **Exemption Sought**).

Under the 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 British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (collectively, with Ontario, the **Jurisdictions**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is an unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated as of December 17, 2014.

2. The Filer is authorized to issue an unlimited number of units (**"Units"**) and an unlimited number of special voting units (**"Special Voting Units"**). As at the date hereof, there were 14,935,795 Units outstanding and 5,073,818 Special Voting Units outstanding.

3. The Filer is a reporting issuer or the equivalent thereof in each Jurisdiction and is not in default of any requirement of Canadian securities legislation.

4. The Units are listed and posted for trading on the Toronto Stock Exchange (**"TSX"**) under the symbol "F.UN". The REIT also has warrants (**"Warrants"**) outstanding, each of which entitles the holder thereof to acquire a Unit at an exercise price of $10.50 per Warrant at any time prior to 5:00 p.m. (Toronto time) on December 28, 2015. The Warrants are listed and posted for trading on the TSX under the symbol "F.WT".

5. On December 17, 2014, the Filer completed the acquisition (the **"Acquisition"**) of a portfolio of seven office properties (the **"Acquisition Properties"**) from Slate GTA Suburban Office Inc. (**"Slate GTA"**) for approximately $190.0 million. As partial consideration for the Acquisition, the Filer paid approximately $144.0 million in cash, which was funded from a mortgage secured by the Acquisition Properties. The remaining consi-

deration was satisfied by the delivery of 2,794,363 Units and 2,096,686 Class B exchangeable units (the **"Class B Units"**) of FAM II Limited Partnership, a limited partnership managed and controlled by the Filer, along with 2,096,686 Special Voting Units which accompany and attach to Class B Units.

6. The Acquisition represents a "significant acquisition" as defined in NI 51-102, and accordingly, the Filer is required to prepare and file a business acquisition report (**"BAR"**) on or before March 2, 2015.

7. In accordance with Section 8.4 of NI 51-102, the BAR relating to the Acquisition Properties must include certain financial statements for the Acquisition Properties, being:

   (a) financial statements as at and for the years ended December 31, 2013 and December 31, 2012, being the most recently completed financial year of the Acquisition Properties ended on or before the acquisition date and the financial year immediately preceding such financial year, with the financial statements as at and for the year ended December 31, 2013 being audited, in accordance with the subsections 8.4(1) and 8.4(2) of NI 51-102;

   (b) unaudited financial statements for the 9 month interim periods ended September 30, 2014 and September 30, 2013, being the most recently completed interim period of the Acquisition Properties ended on or before the acquisition date and the comparable period in the preceding financial year, in accordance with subsection 8.4(3) of NI 51-102; and

   (c) pro forma statement of financial position of the Filer as at September 30, 2014 (the date of the Filer's most recent interim financial statements filed), that give effect to the Acquisition, as if it had taken place as at such date, in accordance with subsection 8.4(5) of NI 51-102, and pro forma income statements of the Filer for the year ended December 31, 2013 and the 9 months ended September 30, 2014 giving effect to the Acquisition as if it occurred at the beginning of the 2013 financial year,

   (collectively, the **"BAR Required Financials"**).

8. Prior to the Acquisition, the Acquisition Properties had been owned by Slate GTA since May 15, 2013. For the period from January 1, 2012 to May 14, 2013, the Acquisition Properties were owned by another entity (the "Prior Owner") unrelated to Slate GTA or the Filer.

9. Slate GTA will provide the Filer with the required financial statements for the period from the date of acquisition of the Acquisition Properties by Slate GTA on May 15, 2013 to September 30, 2014 for inclusion in the BAR.

10. For the period from January 1, 2012 to May 14, 2013, the Filer and Slate GTA have been seeking the historical accounting records for that period from the Prior Owner. Following all reasonable efforts made by the REIT and Slate GTA, it has been determined that the Prior Owner is not in possession of any historical accounting records which would assist the Filer in preparing any of the historical financial statements for the Acquisition Properties required to be included in the BAR. However, the Filer is able to access from a third party accounting firm sufficient historical accounting records to construct the required financial statements for the period from January 1, 2012 to December 31, 2012.

11. In light of the foregoing, it is proposed that in lieu of the BAR Required Financials, the BAR would include:

   (a) audited financial statements as at December 31, 2013 and for the period from May 15, 2013 to December 31, 2013;

   (b) audited financial statements as at and for the 9 month interim period ended September 30, 2014; and

   (c) a pro forma statement of financial position of the Filer as at September 30, 2014 giving effect to the Acquisition, and a pro forma income statements of the Filer for the year ended December 31, 2013 (but only giving effect to the acquisition of the Acquisition Properties by Slate GTA since May 15, 2013) and the 9 months ended September 30, 2014,

   (collectively, the **"BAR Alternative Financials"**).

12. In addition, the BAR will include: (a) a summary of the independent property appraisals conducted by Altus Group Limited regarding each of the Acquisition Properties; (b) a description of the environmental site reconnaissance letters prepared by an independent environmental consultant regarding each of the Acquisition Properties; (c) a description of each property condition assessment report prepared by an independent consultant regarding each of the Acquisition Properties, including identified immediate work and capital expenditures recommended by the

consultant over the next ten years; and (d) disclosure of the fact that the existing historical accounting records for the Acquisition Properties are not sufficient to create the required audited financial statements for the Acquisition Properties.

13. The Filer is also relying on the exemption to prepare comparative financial information in respect of the Acquisition Properties for the 9 months ended September 30, 2013 pursuant to Section 8.9 of NI 51-102 as, among other things, it is impracticable to present prior period information on a basis consistent with the financial information in respect of the Acquisition Properties for the 9 months ended September 30, 2014.

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 Exemption Sought is granted provided that the BAR for the Acquisition includes the BAR Alternative Financials.

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

2.1.4 Hyperion Exploration Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).

February 19, 2015

Burstall Winger Zammit LLP
Suite 1600 Dome Tower
333 - 7th Avenue SW
Calgary, AB T2P 2Z1

Attention: Jonathan J. Hudolin

Dear Sir:

Re: Hyperion Exploration Corp. (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions for a decision under the securities legislation (the **Legislation**) of the Jurisdictions that the Applicant is not a reporting issuer.

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

The Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and

(d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting.

"Denise Weeres"
Manager, Legal, Corporate Finance
Alberta Securities Commission

2.1.5 Picton Mahoney Asset Management

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from the mutual fund conflict of interest restrictions in the Securities Act (Ontario) to allow pooled funds to invest in securities of underlying funds under common management – relief subject to certain conditions.

Applicable Legislative Provisions

Securities Act (Ontario) R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(2)(c), 111(4), 113.

February 17, 2015

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
PICTON MAHONEY ASSET MANAGEMENT
(the Filer)

AND

IN THE MATTER OF
THE TOP FUNDS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of the Filer, each of the funds listed in Schedule "A" and any other investment fund that will not be a reporting issuer in any jurisdiction of Canada that may be established, advised or managed by the Filer in the future (collectively, the **Top Funds**) which invests its assets in any other investment fund that is not or will not be a reporting issuer in any jurisdiction of Canada and that has been or may be in the future established, advised or managed by the Filer (the **Underlying Funds**):

(a) for a decision to revoke and replace the Prior Relief (as defined below);

(b) for an order pursuant to the securities legislation (the **Legislation**) of Ontario and Alberta, exempting the Filer and the Top Funds from the restriction which prohibits

  (i) an investment fund in Ontario, or a mutual fund in Alberta, from knowingly making an investment in any person or company in which the investment fund or mutual fund, as applicable, alone or together with one or more related mutual funds, is a substantial security holder;

  (ii) an investment fund in Ontario, or a mutual fund in Alberta from knowingly making an investment in an issuer in which:

    (A) any officer or director of the investment fund or mutual fund, as applicable, its management company or distribution company or an associate of any of them, or

    (B) any person or company who is a substantial security holder of the investment fund or mutual fund, as applicable, its management company or its distribution company,

  has a significant interest, and

(iii) a mutual fund, its management company or its distribution company from knowingly holding an investment described in paragraphs (A) and (B) above (the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application):

1. the Ontario Securities Commission is the principal regulator for this application; and

2. 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 respect of the Requested Relief, in Ontario and Alberta.

Interpretation

Unless expressly defined herein, terms in this application have the respective meanings given to them in National Instrument 14-101 – *Definitions* and MI 11-102.

Representations

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

Filer

1. The Filer is a general partnership formed under the laws of the Province of Ontario with its head office located in Toronto, Ontario.

2. The Filer is registered as (i) an investment fund manager in Ontario, Québec and Newfoundland and Labrador; (ii) an adviser in the category of portfolio manager in Ontario, British Columbia, Saskatchewan, Manitoba, Québec and Prince Edward Island; and (iii) a dealer in the category of exempt market dealer in Ontario, British Columbia, Alberta and Québec.

3. The Filer is, or will be, the investment fund manager and portfolio manager for the Top Funds and the Underlying Funds (collectively, the **Funds**). As such, the Filer is responsible for managing the assets of the Funds, has complete discretion to invest and reinvest the Funds' assets, and is responsible for executing all portfolio transactions.

4. The Filer is not a reporting issuer in any jurisdiction of Canada and is not in default of securities legislation of any jurisdiction of Canada.

Top Funds

5. Each Top Fund is or will be an open-ended trust established under the laws of the Province of Ontario by declaration of trust, as amended and restated (the **Master Trust Declaration**).

6. Pursuant to the Master Trust Declaration, the Filer acts or will act as the trustee of the Top Funds and has or will have authority to manage the business and affairs of the Top Funds and to bind the Top Funds.

7. Each of the Top Funds is or will be sold pursuant to prospectus exemptions in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**).

8. Each of the Top Funds is or will be an investment fund for the purposes of the *Securities Act* (Ontario) (the Act) or a mutual fund for the purposes of the *Securities Act* of Alberta, but no Top Fund is or will be a reporting issuer in any jurisdiction of Canada.

9. The existing Top Funds are not in default of securities legislation of any jurisdiction of Canada.

10. The Master Trust Declaration of each of the Top Funds describes or will describe the separate investment objectives, strategies and/or restrictions applicable to the Top Funds, the fees, compensation and expenses payable by the Top Funds, the calculation of net asset value, distributions, the powers and duties of the investment fund manager and all other matters material to each of the Top Funds, including the fact that in pursuing its investment objectives, each Top Fund may invest all, or less than all, its assets in one or more Underlying Funds as an investment strategy.

Underlying Funds

11. Each Underlying Fund is or will be an open-ended trust established under the laws of the Province of Ontario by the Master Trust Declaration.

12. Pursuant to the Master Trust Declaration, the Filer acts or will act as the trustee of the Underlying Funds and has or will have authority to manage the business and affairs of the Underlying Funds and to bind the Underlying Funds.

13. Each of the Underlying Funds has or will have separate investment objectives, strategies and/or restrictions, as described in the Master Trust Declaration.

14. Each of the Underlying Funds calculates and will calculate its net asset value and offer redemptions at least at the same frequency as the applicable Top Fund.

15. Securities of the Underlying Funds are and will be issued pursuant to prospectus exemptions in accordance with NI 45-106.

16. The Underlying Funds are, or will be, investment funds for the purposes of the Act or a mutual fund for the purposes of the *Securities Act* (Alberta), but no Underlying Fund is, or will be, a reporting issuer in any jurisdiction of Canada.

17. The existing Underlying Funds are not in default of securities legislation of any jurisdiction of Canada.

Fund-on-Fund Structure

18. The Top Funds allow investors in the Top Funds to obtain exposure to the investment portfolios of the Underlying Funds and their investment strategies through, primarily, direct investments by the Top Funds in securities of the Underlying Funds (the Fund-on-Fund Structure). The Filer believes that the Fund-on-Fund Structure provides an efficient and cost-effective manner of pursuing portfolio diversification on behalf of the Top Funds rather than through the direct purchase of securities.

19. For the purpose of implementing the Fund-on-Fund Structure, the Filer will ensure that:

    (a) an investment by a Top Fund in an Underlying Fund is, or will be, compatible with the investment objectives of the Top Fund. Any investment made by a Top Fund in an Underlying Fund will be aligned with the investment objectives, investment strategy, risk profile and other principal terms of the Top Fund.

    (b) an investment in an Underlying Fund by a Top Fund will be effected at an objective price. The portfolio of each Underlying Fund consists and will consist primarily of publicly-traded securities and/or derivatives traded over-the-counter and on an exchange; the underlying assets of such derivatives will be primarily traded on markets or exchanges for which an observable market price is available;

    (c) the respective investment portfolio of the Underlying Funds are or will be considered to be liquid. While the Underlying Funds are not prohibited from purchasing and holding “illiquid assets” (as defined in National Instrument 81-102 – *Investment Funds* (**NI 81-102**)), the Filer manages or will manage the portfolios of each Underlying Fund to ensure there is sufficient liquidity to provide for redemptions of securities by securityholders of the Top Funds;

    (d) the units of an Underlying Fund are or will be recorded in the Underlying Fund’s transfer agent’s record in the name of the Top Fund and the remaining assets of each Top Fund and each Underlying Fund are, or will be, held by one or more entities that meet, or will meet, the qualifications set out in subsection 6.2 of NI 81-102, other than that audited financial statements may not have been made public for the purpose of subsection 6.2(3)(a) of NI 81-102, or for fund assets held outside of Canada, entities that meet, or will meet, the qualifications set out in subsection 6.3 of NI 81-102, other than that audited financial statements may not have been made public for the purpose of subsection 6.3(3)(a) of NI 81-102;

    (e) the assets of the existing Top Funds and the existing Underlying Funds are currently held by Scotia Capital Inc., Goldman, Sachs & Co., RBC Dominion Securities Inc., Société Générale Capital Canada Inc., and Goldman Sachs International;

    (f) the arrangements between or in respect of each Top Fund and the Underlying Funds are and will be such as to avoid the duplication of management fees or incentive fees paid to the Filer or its affiliates for the same service;

    (g) no sales fees or redemption fees are payable by the Top Fund in relation to its purchases or redemptions of securities of the Underlying Funds;

    (h) the Filer will not vote the securities of the applicable Underlying Fund held by the Top Funds at any meeting of holders of such securities except that the Top Fund may, if the Filer so chooses, arrange for all of the

securities it holds of an Underlying Fund to be voted by the beneficial holders of securities of a Top Fund to the extent the matter being voted on would have required the approval of such beneficial holders had it occurred at the Top Fund level;

(i) the offering memorandum or other disclosure document, where available, of each of the Top Funds will be provided to all investors of the applicable Top Funds and will disclose:

(i) that the Top Fund may purchase securities of an Underlying Fund;

(ii) that the Filer, or an affiliate of the Filer, is the investment fund manager and portfolio manager of both the Top Funds and the Underlying Funds and potential conflicts of interests relating to such relationship;

(iii) the approximate or maximum percentage of net assets of the Top Fund that the Top Fund intends to invest in securities of the Underlying Funds;

(iv) the process or criteria used to select the Underlying Funds; and

(v) the fees and expenses payable by the Underlying Funds that the Top Fund may invest in, including any incentive fees;

(j) each of the Funds which is subject to National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) will prepare annual audited financial statements and interim unaudited financial statements in accordance with NI 81-106 and will otherwise comply with the requirements of NI 81-106 applicable to them; and

(k) the investors in each of the Top Funds are entitled to receive, on request and free of charge, a copy of the offering documents (if available) and financial statements of all Underlying Funds in which the Top Fund may invest its assets.

20. No Underlying Fund will be invested in units of a Top Fund that is already invested in units of such Underlying Fund.

21. The Filer is entitled to receive quarterly management fees, payable in arrears with respect to the Top Funds and the Underlying Funds, but no management fees or incentive fees are or will be payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service.

22. A Top Fund's investments in the Underlying Funds represent the business judgment of a responsible person uninfluenced by considerations other than the best interests of the Top Fund.

Generally

23. The amounts invested from time to time in an Underlying Fund by a Top Fund may exceed 20% of the outstanding voting securities of the Underlying Fund. As a result, each Top Fund could, either alone or together with other Top Funds, become a substantial security holder of an Underlying Fund. The Top Funds are, or will be, related investment funds by virtue of the common management by the Filer.

24. Persons or companies who are officers or directors of the Filer or substantial security holders of the Filer or the Top Funds may acquire and hold a significant interest in one or more Underlying Funds from time to time. The significant interest in the Underlying Funds may arise as a result of the direct or indirect investment in securities of the Underlying Fund by such persons or companies.

25. Because the Top Funds and the Underlying Funds are not subject to NI 81-102, the Top Funds and the Underlying Funds are and will be unable to rely on the exception available under subsection 2.5(7) of NI 81-102.

26. In the absence of the Requested Relief, a Top Fund would be precluded from purchasing and holding securities of an Underlying Fund due to investment restrictions contained in securities legislation.

Prior Relief

27. Under a decision dated March 12, 2010 (the Prior Relief), the Filer and Picton Mahoney Diversified Strategies Fund and any other investment fund established and managed by the Filer after the date thereof (collectively, the Prior Relief Top Funds) were granted relief to permit the Prior Relief Top Funds to invest in certain underlying funds that were

established, managed and advised by the Filer or may have been established, managed and advised by the Filer after the date thereof (the Prior Relief Underlying Funds).

28. The Filer now seeks relief for certain investment funds created prior to March 12, 2010 to engage in fund-on-fund investing. Therefore, the Filer is seeking to revoke and replace the Prior Relief with the Requested Relief, to more accurately reflect the Top Funds under the Fund-on-Fund Structure.

Decision

The decision of the principal regulator under the Legislation of the Jurisdiction is that

1. the Prior Relief is revoked; and

2. the Requested Relief is granted, provided that, in each case:

   (a) securities of the Top Funds are distributed in Canada solely pursuant to exemptions from the prospectus requirements in NI 45-106;

   (b) the investment by a Top Fund in an Underlying Fund is compatible with the investment objectives of a Top Fund;

   (c) no Top Fund will purchase or hold securities of an Underlying Fund unless, at the time of the purchase of securities of the Underlying Fund, the Underlying Fund holds no more than 10% of the market value of its net assets in securities of other investment funds, unless the Underlying Fund:

      (i) is a “clone fund” (as defined in NI 81-102);

      (ii) purchases or holds securities of a “money market fund” (as defined by NI 81-102); or

      (iii) purchases or holds securities that are “index participation units” (as defined by NI 81-102) issued by an investment fund;

   (d) no management fees or incentive fees are payable by a Top Fund that, to a reasonable person, would duplicate a fee payable by an Underlying Fund for the same service;

   (e) no sales fees or redemption fees are payable by the Top Fund in relation to its purchases or redemptions of securities of the Underlying Funds;

   (f) the Filer will not vote the securities of the Underlying Fund held by the Top Funds at any meeting of holders of such securities, except that a Top Fund may arrange for the securities it holds of an Underlying Fund to be voted by the beneficial holders of securities of the Top Fund;

   (g) no Underlying Fund will be invested in units of a Top Fund that is already invested in units of such Underlying Fund; and

   (h) the offering memorandum, where available, or other disclosure document, of each of the Top Funds will be provided to all investors of the applicable Top Funds prior to the time of investment and will disclose:

      (i) that the Top Fund may purchase securities of an Underlying Fund;

      (ii) that the Filer is the investment fund manager and portfolio manager of both the Top Funds and the Underlying Funds and potential conflicts of interests relating to such relationship;

      (iii) the approximate or maximum percentage of net assets of the Top Fund that the Top Fund intends to invest in securities of the Underlying Funds;

      (iv) each officer and director or substantial security holder of the Filer, if any, that has or may have a significant interest in the Underlying Fund through investments made in securities of such Underlying Fund, the approximate amount of the significant interest they hold on an aggregate basis as of the date of the applicable disclosure document, expressed as a percentage of the NAV of the Underlying Fund, and the potential conflicts of interest which may arise from such relationships;

      (v) the process or criteria used to select the Underlying Funds;

(vi) the fees and expenses payable by the Underlying Fund(s) that the Top Fund may invest in, including any incentive fees; and

(vii) that the investors in each of the Top Funds are entitled to receive, on request and free of charge, a copy of the offering memorandum or other similar disclosure document of the Underlying Funds (if available) and the annual and semi-annual financial statements of the Underlying Funds in which the Top Fund invests its assets.

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

SCHEDULE "A"

List of Funds

Picton Mahoney Market Neutral Equity Fund
Picton Mahoney Global Market Neutral Equity Fund
Picton Mahoney Income Opportunities Fund
Picton Mahoney Diversified Strategies Fund
Picton Mahoney Long Short Equity Fund
Picton Mahoney Global Long Short Equity Fund
Picton Mahoney Long Short Emerging Markets Fund
Picton Mahoney Long Short Global Resource Fund
Picton Mahoney 130/30 Alpha Extension Canadian Equity Fund
Picton Mahoney Premium Fund
Picton Mahoney Long Short US SMid Cap Fund
Picton Mahoney Special Situations Fund

2.1.6 UBS Global Asset Management (Canada) Inc. as manager of UBS (Canada) High Yield Debt Fund

Headnote

Relief granted to mutual fund to cease to be a reporting issuer under securities legislation – Mutual fund not eligible to rely on simplified process set out in CSA Staff Notice 12-307 because beneficially owned by more than 50 persons – Mutual fund became a reporting issuer in order to allow another prospectus qualified fund to purchase units of the mutual fund – That prospectus qualified fund no longer holds units of the mutual fund – The remaining unitholders are all accredited investors – Units of the mutual fund are only distributed on exempt basis pursuant to available regulatory exemptions from prospectus requirements – Fund is not being distributed to the retail public.

Statutes Cited

Securities Act (Ontario), s. 1(10)(a)(ii).

February 13, 2015

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

AND

IN THE MATTER OF
UBS GLOBAL ASSET MANAGEMENT (CANADA) INC.
(the Applicant) AS MANAGER OF THE
UBS (CANADA) HIGH YIELD DEBT FUND
(the Fund and together with the Applicant, the Filers)

DECISION

Background

The Ontario Securities Commission (**Decision Maker**) has received an application from the Filers for a decision under the securities legislation of Ontario (the **Legislation**) that the Fund no longer be a reporting issuer under the Legislation (the **Exemptive Relief Sought**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filers:

The Applicant

1. The Applicant is a corporation existing under the laws of the Province of Nova Scotia with its head office located in Toronto, Ontario.

2. The Applicant is registered with the Commission under the *Securities Act* (Ontario) (the **OSA**) as a dealer in the category of exempt market dealer, as an adviser in the category of portfolio manager and as an investment fund manager and, under the *Commodity Futures Act* (Ontario), as an adviser in the category of commodity trading manager. The Applicant is also registered as a dealer in the category of exempt market dealer and as an adviser in the category of portfolio manager in all other provinces and territories of Canada, as an investment fund manager in Québec and Newfoundland and Labrador, and as an adviser under the *Commodity Futures Act* in Manitoba.

3. The Applicant is currently the portfolio manager and investment fund manager of the Fund.

4. The Applicant and the Fund are not in default of securities, commodity futures or derivatives legislation in any jurisdiction in Canada.

The Fund

5. The Fund is established as an Ontario domiciled trust.

6. The Fund is a reporting issuer in Ontario and is not in default of any of its obligations thereunder.

7. The details of the simplified prospectus for the Fund are as follows:

   UBS (Canada) High Yield Debt Fund, Series A, B, D and F Units – Simplified Prospectus dated as of May 1, 2014;

8. The Fund is authorized to issue one class of units (**Units**) and within each class an unlimited number of series of Units (each a **Series**) and an unlimited number of Units of each Series. The Fund has four Series of Units that are qualified by the simplified prospectus.

9. As of the date of this Application, all the unitholders in the Fund are accredited investors that do not rely on the simplified prospectus to purchase the Units. The Applicant does not intend to sell any more Units under the simplified prospectus and does not intend to renew the simplified prospectus following its lapse date.

10. The Fund became qualified to distribute its Units by way of a simplified prospectus to allow UBS (Canada) Global Allocation Fund, a prospectus qualified fund, to purchase Units of the Fund. As of the date of this Application, the UBS (Canada) Global Allocation Fund no longer holds any Units of the Fund.

11. The remaining unitholders in the Fund are clients of an affiliate of the Applicant (UBS Investment

Management Canada Inc. hereinafter, the "**Affiliate**") who is also a registrant. The Affiliate offers investment management and financial counselling services, primarily to high net worth individuals (each, a "**Client**") through a managed account ("**Managed Account**"). Each Client who wishes to receive the investment management services of the Affiliate executes a written agreement whereby the Client appoints the Affiliate to manage the investment portfolio of the Client with discretionary authority to trade in securities for the Managed Account without obtaining the specific consent of the Client on the underlying securities that will be held in the Managed Account. At no time have these underlying Clients of the Affiliate been provided with the simplified prospectus or advised that there was a simplified prospectus. The Fund is only distributed to Managed Account Clients of the Affiliate and therefore not widely distributed.

12. The Fund does not charge a commission or a management fee directly to investors of the Affiliate. The Applicant and the Affiliate have entered into a bulk subscription agreement whereby the affiliate pays the Applicant a fee based on the assets under management. With respect to the relationship between the Client and the Affiliate, under its agreement, the Client agrees to pay the Affiliate a management fee. The terms of the fees are detailed in each Client's agreement. However, there are no redemption fees applicable to the Fund.

13. Investors in the Fund are only comprised of and will in the future only be comprised of investors who qualify as "accredited investors" as defined in NI 45-106. In the bulk subscription agreement with the Affiliate, the Affiliate represents to the Applicant that all investors that the Affiliate puts into the Fund are accredited investors falling within either the income test or the asset test as set forth in NI 45-106 Part 1 definition of Accredited Investor paragraphs (j), (k) and (l). This is confirmed annually by the Affiliate to the Applicant in a certificate addressed to the Applicant.

14. The Fund has more than 15 unitholders in Ontario. In addition, the Fund has more than 51 unitholders in total worldwide.

15. The only reason that the Fund is not eligible for relief pursuant to OSC Staff Notice 12-703 *Applications for a Decision that an Issuer is not a Reporting Issuer* is because of the number of unitholders in the Fund.

16. The Affiliate has confirmed that they send each Client a monthly statement showing current holdings and a summary of all transactions carried out in their managed account during the month as well as a comprehensive quarterly portfolio reporting package that includes current holdings, capital allocation, asset mix and performance. The Applicant will send a notice to the Affiliate to distribute to all unitholders of the Fund in their next comprehensive quarterly portfolio reporting package advising that the Fund has ceased to be a reporting issuer and explaining the implications of such fact. As there are no redemption charges payable by unitholders in the Fund, these Clients will be permitted to instruct the Affiliate if they no longer wish to be invested in the Fund and there will be no fees associated with such redemption.

17. Ceasing to be a reporting issuer will reduce the regulatory and financial burdens associated therewith, such as the costs of preparing Management Reports of Fund Performance and maintaining an Independent Review Committee. As the management expense ratio of the Fund will be reduced, this will be a benefit to the unitholders to the extent the costs and expenses associated with these requirements will no longer be applicable.

18. The Fund will continue as a pooled fund subject to NI 81-106 (being a mutual fund in Ontario) and the regulatory obligations therein, and will continue to be subject to the self-dealing and conflict of interest requirements in Part XXI of the OSA.

Decision

The Decision Maker is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Maker under the Legislation is that the Exemptive Relief Sought is granted.

"James Turner"
Vice Chair
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

2.1.7 Uranium One Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for a decision that the issuer is not a reporting issuer under applicable securities laws – issuer's securities are traded only on a market or exchange outside of Canada – only publicly held securities of the issuer are debt securities listed on a foreign exchange – issuer's outstanding securities are beneficially owned, directly or indirectly by fewer than 15 securityholders in each jurisdiction and fewer than 51 securityholders worldwide – no Canadian securityholders – requested relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).
CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer.

February 24, 2015

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, MANITOBA,
SASKATCHEWAN, ONTARIO, QUEBEC,
NOVA SCOTIA, NEW BRUNSWICK,
NEWFOUNDLAND AND LABRADOR AND
PRINCE EDWARD ISLAND
(the "Jurisdictions")

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
URANIUM ONE INC.
(the "Filer")

DECISION

Background

The securities regulatory authority or regulator of each of the Jurisdictions ("**Decision Maker**") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that the Filer is not a reporting issuer (the "**Exemptive Relief Sought**").

Under the Process of Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

a) the Ontario Securities Commission is the principal regulator for this application, and

b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

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

General

1. The Filer was continued under, and is governed by, the *Canada Business Corporations Act* (the "**CBCA**").

2. The Filer's registered office and head office are located at Suite 1710, Bay Adelaide Centre, 333 Bay Street, Toronto, Ontario, M5H 2R2.

3. The Filer is a reporting issuer under the laws of each of the Jurisdictions and is not in default of its obligations under the securities laws of any of the Jurisdictions.

4. All of the common shares ("**Common Shares**") of the Filer are beneficially held by a single shareholder. That shareholder, State Atomic Energy Company Rosatom (the Russian state-owned nuclear industry conglomerate), owns 100% of the Common Shares through two subsidiaries. The Filer was taken "private" pursuant to a corporate arrangement (the "**Arrangement**") completed on October 18, 2013.

5. As part of, or in connection with, the Arrangement:

   a. all of the outstanding stock options and warrants to acquire Common Shares were cancelled in exchange for certain payments, as a result of which the Filer now has no stock options or warrants outstanding; and

   b. the Common Shares were de-listed from the Toronto Stock Exchange (the "**TSX**") and from the JSE Ltd. stock exchange on October 21, 2013 and October 22, 2013, respectively.

6. The Filer applied for and obtained relief from certain requirements under National Instrument 51-102, *Continuous Disclosure Obligations* and under the *Securities Act* (Ontario) relating to proxy solicitation and information circular and related requirements by order dated March 21, 2014.

7. Pursuant to the trust indenture (the "**Debenture Indenture**") made as of March 12, 2010 between the Filer and Computershare Trust Corporation of Canada (the "**Indenture Trustee**"), the Filer had C$32.524 million principal amount of 5% (re-set from the original rate of 7.5%) convertible unsecured subordinated debentures (the "**Debentures**") maturing on March 13, 2015 previously outstanding. The Debentures were listed for trading on the TSX under the symbol "UUU.DB.A."

8. The Debentures are no longer outstanding. Under the terms of the Debenture Indenture (specifically section 11.2), the Filer executed and delivered such instruments as required by the Indenture Trustee and irrevocably made payment in full of all outstanding amounts owed on the Debentures on February 5, 2015. The Filer was discharged of its obligations under the Debenture Indenture and the Debentures were terminated on February 5, 2015 (the "**Debenture Termination**"). Subsequent to the Debenture Termination, the Debentures were de-listed from the TSX on February 9, 2015.

Debt Securities

9. The Filer has two series of ruble-denominated bonds (the "**Ruble Bonds**") outstanding:

   a. approximately US$41.2 million principal amount of a series originally issued in Russia on December 7, 2011 (the balance of the approximately US$463.5 million originally issued having been repurchased), listed for trading on the Moscow Exchange under the symbol RU000A0JRTS1; and

   b. approximately US$205.8 million principal amount of a second series issued in Russia on August 23, 2013, listed for trading on the Moscow Exchange under the symbol RU000A0JRTT9,

   the current balances being based on foreign exchange rates as of December 31, 2014.

10. In addition, the Filer's wholly-owned subsidiary Uranium One Investments Inc. ("**U1 Investments**") has issued and outstanding US$300 million aggregate principal amount of non-convertible 6.25% Senior Secured Notes (the "**Notes**") which mature on December 13, 2018. The Notes are guaranteed by the Filer and certain of its subsidiaries. The Notes are listed on the Official List of the Luxembourg Stock Exchange.

11. Neither the Ruble Bonds nor the Notes constitute voting or equity securities in the capital of the Filer, and none of them are convertible into voting or equity securities.

The Ruble Bonds

12. The Ruble Bonds were not marketed or sold in Canada. A search was conducted to determine the beneficial holders of the Filer, pursuant to which the Filer requested and reviewed records (English translations prepared by the Filer) provided by the National Settlement Depository of the Moscow Exchange Group (which is the central depository and clearing house for securities trading, and acts as the registrar, transfer agent and paying agent for the Ruble Bonds), compiled as of November 24, 2014 (the "**Ruble Bond Information**"). The Ruble Bond Information indicated that none of the Ruble Bonds are beneficially owned, or owned as of record, by Canadian persons. Based on the Ruble Bond Information, for each series of Ruble Bonds there is only one holder that is a nominee. This nominee holds approximately 0.0018% and 0.0002% of the outstanding principal amount of the series 01 and series 02 Ruble Bonds of the Filer, respectively. The terms of the Ruble Bonds do not require maintenance of reporting issuer status.

13. Based on the Ruble Bond Information, the total number of beneficial holders of Ruble Bonds of the Filer is 33. There are nine (9) beneficial holders of series 01 Ruble Bonds and twenty-six (26) beneficial holders of series 02 Ruble Bonds, with two holders holding bonds of each series.

14. The Moscow Exchange imposes disclosure requirements on listed issuers. Those disclosure requirements include quarterly and annual financial reports (with certain prescribed content requirements) and timely disclosure of material facts (as defined for the purposes of that exchange).

The Notes

15. The Notes were issued by U1 Investments, a wholly-owned subsidiary of the Filer. U1 Investments is not a reporting issuer.

16. The Notes are guaranteed by the Filer. The indenture governing the Notes (the "**Note Indenture**") requires that certain disclosures be made by the Filer to holders of Notes. Specifically, the Note Indenture requires that annual and quarterly financial reports, prepared in accordance with IFRS, be provided to the holders of Notes, along with reports on material changes to the Filer. Such reports must also be posted on the Filer's website and the website of the Luxembourg Stock Exchange. The Note Indenture does not require maintenance of reporting issuer status.

Additional Disclosure

17. On the basis of the representations above, the Filer's outstanding securities, including debt

securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 because the Ruble Bonds trade on a marketplace and it is a reporting issuer in British Columbia. The Filer could not voluntarily surrender its status as a reporting issuer in British Columbia under BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because the Ruble Bonds are traded through or quoted on an exchange or quotation system.

18. Other than the Common Shares and the Ruble Bonds, the Filer has no other securities outstanding.

19. Based on the Filer's diligent inquires described above, residents of Canada do not (i) directly or indirectly beneficially own more than 2% of each class or series of outstanding securities of the Filer worldwide; and (ii) do not directly or indirectly comprise more than 2% of the total number of securityholders of the Filer worldwide.

20. Since the Debenture Termination, none of the Filer's securities are listed, traded or quoted in Canada on: (i) a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or (ii) any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

21. The Filer has no intention to seek public financing by way of an offering of securities.

22. The Filer is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer.

23. Upon the grant of the Exemptive Relief Sought, the Filer will no longer be a reporting issuer in any jurisdiction in Canada.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the Decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

"Monical Kowal"
Vice-Chair
Ontario Securities Commission

"James Turner"
Vice-Chair
Ontario Securities Commission

2.1.8 PrairieSky Royalty Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – filer made an acquisition of related businesses that was significant under Part 8 of NI 51-102 – acquisition was of an Alberta limited partnership, including the general partner thereof – the general partner is a "related business" under Part 8 of NI 51-102 – section 8.4 of NI 51-102 require the provision in a business acquisition report of financial statements for each business or related business acquired – general partner had minimal income, assets and liabilities and had no significant recorded or unrecorded liabilities, contingencies or commitments – filer granted relief from providing financial statements for the general partner in its business acquisition report, on the condition that it provides certain disclosure in the business acquisition report about the general partner including the general partner's income, assets and liabilities.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.4, 13.

Citation: Re PrairieSky Royalty Ltd., 2015 ABASC 567

February 23, 2015

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA AND ONTARIO
(the Jurisdictions)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
PRAIRIESKY ROYALTY LTD.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision (the **Exemption Sought**) under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the requirements under section 8.4 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) and Item 3 of Form 51-102F4 *Business Acquisition Report* with respect to the acquisition as part of the Arrangement (as defined herein) of Range Royalty Management Ltd. (**Range GP**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

(a) the Alberta Securities Commission is the principal regulator for this application;

(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 provinces and territories of Canada other than Alberta and Ontario; and

(c) this decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* or MI 11-102 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

The Filer

1. The Filer is a corporation existing under the *Business Corporations Act* (Alberta) (**ABCA**).

2. The Filer is a Calgary based royalty-focused company, generating royalty revenues as petroleum and natural gas are produced from its properties located predominantly in the Province of Alberta.

3. The Filer's head office is located in Calgary, Alberta.

4. The Filer is a reporting issuer in each of the provinces and territories of Canada and is not in default of securities legislation in any jurisdiction.

5. The Filer's common shares (the **Common Shares**) are listed and posted for trading on the Toronto Stock Exchange under the symbol “PSK”.

The Arrangement

6. On November 12, 2014, the Filer entered into an arrangement agreement with Range Royalty Limited Partnership (**Range LP**), Range GP and Range Royalty Trust (**Range Trust)** pursuant to which the Filer agreed to, among other things, acquire all of the Range Units (as defined herein) pursuant to a plan of arrangement under the ABCA (the **Arrangement**).

7. The Arrangement was completed on December 19, 2014.

8. Pursuant to the Arrangement, among other things, the Filer acquired, directly or indirectly, all of the Range Units and all of the shares of Range GP, and each of the holders of Range Units received 0.8 of a Common Share for each Range Unit held. Also pursuant to the Arrangement, following the acquisition of the units of Range LP, Range LP was wound-up and dissolved, Range GP and the Filer were amalgamated and Range Trust was wound-up and its assets were distributed to the unitholders of Range Trust.

9. As part of the Arrangement, the Filer issued approximately 19.32 million Common Shares to the holders of the LP Units (as defined herein) and 6,874 Common Shares to the holder of the common shares of Range GP. Based on the closing price of the Common Shares of $32.35 on December 19, 2014, the date of closing of the Arrangement, the total consideration for Range LP was approximately $625 million and for Range GP was approximately $222,000.

10. The value of the Common Shares issued as consideration for the shares of Range GP was approximately 0.035% of the value of the aggregate Common Shares issued as consideration in connection with the Arrangement.

Range LP

11. Prior to the completion of the Arrangement, Range LP was a limited partnership formed under the laws of Alberta. Range LP operated a Canadian oil and gas royalty business.

12. Range LP was not a reporting issuer in any jurisdiction.

13. Range LP had 24,152,015 class B limited partnership units (the **LP Units**) and 8,593 class A general partnership units (the **GP Units** and together with the LP Units, the **Range Units**) issued and outstanding.

14. 41% of the LP Units were held by Range Trust and 59% of the LP Units were widely held. All of the GP Units were held by Range GP.

15. As at December 31, 2013 and September 30, 2014, Range LP had total assets of approximately $186 million and $185 million, respectively. For the twelve months ended December 31, 2013 and the nine months ended September 30, 2014, Range LP had net income of approximately $8 million and $19 million, respectively.

Range GP

16. Prior to the completion of the Arrangement, Range GP was a corporation existing under the ABCA.

17. Range GP's sole business was to be the general partner of Range LP and to act as administrator of Range Trust pursuant to the terms of the limited partnership agreement of Range LP, a management services agreement, an administration agreement and the trust indenture creating Range Trust. Pursuant to a title trust agreement dated effective May 31, 2005 between Range GP and Range LP, Range GP held legal title on behalf of Range LP to its royalty and freehold mineral interests. Range GP carried out all of the management and administrative activities of Range LP.

18. Other than the GP Units, Range GP did not have any assets. Pursuant to the limited partnership agreement of Range LP, Range GP was entitled to be reimbursed by Range LP for all direct and indirect operating, general and administrative and other costs and expenses incurred by Range GP on behalf of Range LP, which consisted entirely of payroll and certain charges related to Range LP's credit facility. The Range GP Units represented approximately 0.035% of the aggregate number of Range Units, and therefore a 0.035% interest in the assets and business of Range LP. For the fiscal year ended December 31, 2013 and the 9 month period ended September 30, 2014, Range GP received a distribution per GP Unit equal to $1.45 and $1.37 per GP Unit, respectively, or in aggregate $12,460 and $11,772 respectively.

19. The management services agreement, title trust agreement and administration agreement were terminated pursuant to the Arrangement.

20. Range GP did not receive a management fee for acting as general partner of Range LP or administrator of Range Trust. All employment expenses for the officers and employees of Range GP and the directors' fees for the directors of Range GP were indirectly paid by Range LP and are therefore reflected in the financial statements of Range LP. The expenses of Range GP consisted solely of bank charges and taxes payable, which were de minimis for the year ended December 31, 2013. The income of Range GP consisted solely of its 0.035% allocation of Range LP's accounting income, which for the year ended December 31, 2013 was approximately $3,000 and for the nine months ended September 30, 2014 was approximately $7,000. Range GP's assets consisted of a minimal amount of cash and accounts receivable which were approximately $11,000 and $82,000, respectively, for the year ended December 31, 2013 and $46,000 and $94,000, respectively, for the nine months ended September 31, 2014. The accounts receivable was comprised entirely of unpaid distributions from Range LP. Range GP's sole liabilities were: (i) amounts owing to Range LP for the acquisition of the GP Units (8,574 GP Units at $5.83 per GP Unit) (**Investments**), which amount was offset over time by the accumulated distributions on the GP Units; and (ii) amounts due to Range LP, which was changes in the bank balance offset by accounting income booked yearly (0.035% of Range LP accounting income). As at December 31, 2013, Investments and amounts due to Range LP were approximately $17,000 and $33,000, respectively. As at September 30, 2014, Investments and amounts due to Range LP were approximately $29,000 and $61,000 respectively.

21. At the effective time of the Arrangement, Range GP had no significant recorded or unrecorded liabilities, contingencies or commitments.

22. At the effective time of the Arrangement, Range GP had no assets or liabilities other than a small cash balance and a small amount of tax payable that would have been accrued for 2014 (approximately $1,000). As part of the Arrangement, Range LP was wound-up and dissolved and Range Trust was wound-up. As Range GP's sole business was acting as general partner of Range LP and administrator of Range Trust, there was no longer any business for Range GP to carry on.

23. As no assets or liabilities (other than the immaterial amounts disclosed in paragraph 20 above) or ongoing business was acquired by the Filer in connection with the acquisition of Range GP, the financial information of Range GP is irrelevant to an investor. Further, the price paid for the outstanding shares of Range GP was de minimus. All of the relevant financial information in respect of the effect of the Arrangement on the Filer is contained in the financial statements of Range LP.

Business Acquisition Report Financial Statement Requirements

24. The Filer has determined that the acquisition of Range LP constitutes a significant acquisition for purposes of NI 51-102 and accordingly, the Filer is required to file a business acquisition report (**BAR**) within 75 days of the completion of the Arrangement pursuant to section 8.2 of NI 51-102.

25. The acquisition of Range GP is highly immaterial to the Filer. In addition, given that Range GP's only asset was approximately 0.035% of the Range Units, representing a corresponding 0.035% interest in the business of Range LP, the acquisition of Range GP is viewed as ancillary to the acquisition of Range LP by the Filer.

26. As the acquisition of Range LP and Range GP were contingent upon a single common event,

pursuant to subsection 8.1(1) of NI 51-102 the acquisition of Range GP constitutes the "acquisition of a related business". Pursuant to subsection 8.3(2) of NI 51-102, the Filer must consider the significance tests of related businesses on a combined basis. As the acquisition of Range LP alone constitutes a significant acquisition, the acquisition of Range GP and Range LP on a combined basis constitutes a significant acquisition for purposes of NI 51-102. Pursuant to subsection 8.4(8), the Filer is required to include separate financial statements for each related business.

27. As a result of the foregoing, the Filer is required to include in the BAR the following financial statements for each of Range LP and Range GP:

    (a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the most recently completed financial year ended on or before the effective date of the Arrangement and the financial year immediately preceding the most recently completed financial year;

    (b) a statement of financial position as at the end of the periods specified in paragraph 27(a) above;

    (c) notes to the financial statements;

    with all of the foregoing for the most recently completed financial year end to be accompanied by an auditor's report thereon (collectively, the **Annual Financial Statements**);

    (d) a comparative interim financial report including (i) a balance sheet as at the end of the interim period and a balance sheet as at the end of the immediately preceding financial year; (ii) an income statement, a statement of retained earnings and a cash flow statement, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year; and (iii) notes to the financial statements (collectively, the **Interim Financial Statements**);

    (e) a pro forma statement of financial position of the Filer as at the date of the most recent statement of financial position filed that gives effect, as if they had taken place as at the date of the pro forma statement of financial position, to significant acquisitions that have been completed, but are not reflected in the Filer's most recent statement of financial position for an annual or interim period;

    (f) a pro forma income statement of the Filer that gives effect to significant acquisitions completed since the beginning of the financial period referred to in paragraph 27(e) as if they had taken place at the beginning of that financial year, for each of the following financial periods: (i) the most recently completed financial year for which it has filed financial statements; and (ii) the interim period for which the Filer has filed an interim financial report that started after the period in (i) and ended immediately before the acquisition date;

    (g) pro forma earnings per share based on the pro forma financial statements referred to in paragraph 27(f) (paragraphs 27(e), (f) and (g) are collectively referred to as the **Pro Forma Financial Statements**).

28. The Filer is currently preparing the financial information required to be included in the BAR pursuant to section 8.4 of NI 51-102 in respect of Range LP.

29. Range GP has never prepared financial statements. Range GP historically prepared basic accounting information for each fiscal year which included cash balances, payroll expenses and bank debits and credits which was used for purposes of completing Range GP's tax returns.

30. The Filer submits that the granting of the requested relief would not be prejudicial to the public interest, and the inclusion of Range LP's Annual Financial Statements and Interim Financial Statements and the inclusion of Range LP in the Pro Forma Financial Statements in the BAR would provide investors with all of the relevant financial information in respect of the effect of the Arrangement on the Filer and the exclusion of Range GP's financial statements would not have any impact on investors' understanding and evaluation of the Filer or of the Arrangement for the following reasons:

    (a) The value of the shares of Range GP and the consideration paid by the Filer for such shares in connection with the Arrangement was highly immaterial to both the Filer and relative to Range LP. But for the requirement to aggregate "related businesses" for purposes of the significance tests, Range GP considered alone is clearly immaterial for purposes of such tests.

    (b) In addition to the immateriality of the size and value of Range GP in the context of the Arrangement, the sole business of Range GP was to act as the general

partner of Range LP and administrator of Range Trust and other than providing management and administrative services to Range LP and Range Trust, Range GP did not carry on any active business and other than as described in paragraph 20 above, did not have beneficial title to any assets. In connection with the completion of the Arrangement, all of the management and administrative services provided by Range GP to Range LP were terminated. The sole purpose of the Filer effecting the Arrangement was to acquire Range LP. As Range GP was an entity that existed as part of the Range LP structure, including the acquisition of the shares of Range GP in the overall structure of the transaction was important to Range LP as it had no use for the company following completion of the Arrangement.

(c) Given that Range GP's only asset was approximately 0.035% of the Range Units, representing a corresponding 0.035% interest in the business of Range LP, the financial information which is relevant to investors is that of Range LP described in paragraph 27 above, and such information will be included in the BAR.

(d) Range GP has never prepared financial statements and to prepare Range GP's financial statements would provide no benefit to investors over and above the financial information of Range LP to be included in the BAR described in paragraph 27 above.

(e) In lieu of the financial statements in respect of Range GP, the Filer will include in the BAR the information in respect of Range GP provided in representations 17 to 23 above (the **Alternative Range GP Financial Disclosure**).

Decision

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that the BAR includes the Alternative Range GP Financial Disclosure.

"Tom Graham"
Director, Corporate Finance

2.2 Orders

2.2.1 RBC Global Asset Management Inc and RBC Global Asset Management (UK) Limited – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Relief from the adviser registration requirement of subsection 22(1)(b) of the CFA granted to a sub-adviser headquartered in a foreign jurisdiction in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions – Relief mirrors exemption available in section 8.26.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations made under the Securities Act (Ontario).

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c.C.20, as am., ss. 1(1), 22(1)(b) and 80.
Securities Act, R.S.O. 1990, c.S.5, as am., s. 25(3).
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.26.1.
Ontario Securities Commission Rule 35-502 Non-Resident Advisers, s. 7.11.

February 13, 2015

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
RBC GLOBAL ASSET MANAGEMENT INC.

AND

RBC GLOBAL ASSET MANAGEMENT (UK) LIMITED

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of RBC Global Asset Management (UK) Limited (the **Sub-Adviser**) and RBC Global Asset Management Inc. (the **Principal Adviser**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 80 of the CFA, that the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Sub-Advisory Services (as defined below) (the **Representatives**) be exempt, for a specified period of time, from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser in respect of the Clients (as defined below) in respect of commodity futures contracts and commodity futures options traded on commodity futures exchanges (collectively, the **Contracts**) and cleared through clearing corporations;

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON the Sub-Adviser and the Principal Adviser having represented to the Commission that:

1. The Principal Adviser is a corporation organized under the federal laws of Canada, with its head office located in Toronto, Ontario. The Principal Adviser is registered as an adviser in the category of portfolio manager under the securities legislation in all the provinces and territories of Canada, as a dealer in the category of exempt market dealer under the *Securities Act* (Ontario) (the **OSA**) and under the securities legislation in Newfoundland and Labrador, and as an investment fund manager under the OSA and the securities legislation of Quebec, British Columbia and Newfoundland and Labrador. The Principal Adviser is also registered under the CFA as an adviser in the category of commodity trading manager.

2. The Principal Adviser is not in default of securities legislation of Ontario.

3. The Principal Adviser provides investment advice and/or discretionary portfolio management services in Ontario to (i) investment funds, the securities of which are qualified by prospectus for distribution to the public in Ontario and the

other provinces and territories of Canada (the **Investment Funds**); (ii) pooled funds, the securities of which are sold on a private placement basis in Ontario and certain other provinces and territories of Canada pursuant to prospectus exemptions contained in National Instrument 45-106 *Prospectus and Registration Exemptions* (the **Pooled Funds**); (iii) clients with managed accounts who have entered into investment management agreements with the Principal Adviser (the **Managed Accounts**); and (iv) other Investment Funds, Pooled Funds and Managed Accounts that may be established in the future in respect of which the Principal Adviser engages the Sub-Adviser to provide portfolio advisory services (the **Future Clients**) (each of the Investment Funds, Pooled Funds, Managed Accounts and Future Clients being referred to individually as a **Client** and collectively as the **Clients**).

4. Certain of the Clients may, as part of their investment program, invest in Contracts.

5. The Principal Adviser acts as a commodity trading manager in respect of such Clients.

6. The Sub-Adviser is a corporation incorporated under the laws of England and Wales. The head office of the Sub-Adviser is located in London, United Kingdom.

7. The Sub-Adviser and the Principal Adviser are affiliates, and are indirect subsidiaries of Royal Bank of Canada.

8. The Sub-Adviser is authorised and regulated in the United Kingdom by the Financial Conduct Authority, and in the United States by the U.S. Securities and Exchange Commission, where it is registered as an investment adviser. In the United Kingdom, the Sub-Advisor is authorized and permitted to conduct the Sub-Advisory Services, including the following activities: (i) advising on investments (except on pensions transfers and pension opt outs); (ii) agreeing to carry on a regulated activity; (iii) arranging deals in investments; (iv) dealing in investments as an agent; (v) making arrangements with a view to transactions in investments; and (vi) managing investments.

9. The Sub-Adviser is registered in a category of registration, or operates under an exemption from registration, under the commodities futures or other applicable legislation of the United Kingdom, that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario.

10. The Sub-Adviser engages in the business of an adviser in respect of Contracts in the United Kingdom.

11. The Sub-Adviser is not resident in any province or territory of Canada.

12. The Sub-Adviser is not registered in any capacity under the CFA or the OSA.

13. In connection with the Principal Adviser acting as an adviser to Clients in respect of the purchase or sale of securities and Contracts, the Principal Adviser, pursuant to a written agreement made between the Principal Adviser and the Sub-Adviser, has retained the Sub-Adviser to act as a sub-adviser for the Principal Adviser in respect of securities and Contracts in which the Sub-Adviser has experience and expertise by exercising discretionary authority on behalf of the Principal Adviser, in respect of all or a portion of the assets of the investment portfolio of the respective Client, including discretionary authority to buy or sell Contracts for the Client (the **Sub-Advisory Services**), provided that:

    (a) in each case, the Contracts must be cleared through an "acceptable clearing corporation" (as defined in National Instrument 81-102 *Mutual Funds*, or any successor thereto (**NI 81-102**)) or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A of NI 81-102, or any successor thereto; and

    (b) such investments are consistent with the investment objectives and strategies of the applicable Client.

14. The written agreement between the Principal Adviser and the Sub-Adviser sets out the obligations and duties of each party in connection with the Sub-Advisory Services and permits the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the Sub-Adviser in respect of the Sub-Advisory Services.

15. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative or as partner or an officer of a registered adviser and is acting on behalf of a registered adviser.

16. By providing the Sub-Advisory Services to the Principal Adviser in respect of the Clients, the Sub-Adviser and its Representatives will be engaging in, or holding himself, herself or itself out as engaging in, the business of advising others in respect of Contracts and, in the absence of being granted the requested relief, would be required to register as an adviser, or as a representative of an adviser, as the case may be, under the CFA.

17. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA that is similar to the exemption from the adviser registration requirement in section 25(3) of the OSA which is provided under section 8.26.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**).

18. The relationship among the Principal Adviser, the Sub-Adviser and any Client satisfies the requirements of section 8.26.1 of NI 31-103.

19. The Sub-Adviser will only provide the Sub-Advisory Services as long as the Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.

20. The Principal Adviser will deliver to the Clients all applicable reports and statements under applicable securities and derivatives legislation.

21. As would be required under section 8.26.1 of NI 31-103:

    (a) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser; and

    (b) the Principal Adviser has entered into a written contract with each Client, agreeing to be responsible for any loss that arises out of the failure of the Sub-Adviser:

        (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Principal Adviser and each Client; or

        (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (together with (i), the **Assumed Obligations**).

22. The prospectus or similar offering document for each Client that is an Investment Fund or a Pooled Fund and for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services will include the following disclosure:

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any of its Representatives) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

23. In circumstances where a Client that is an Investment Fund or a Pooled Fund and for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, all investors of the Client who are Ontario residents will receive written disclosure prior to the purchasing of any Contracts for such Client that includes:

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any of its Representatives) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

24. Each Client that is a Managed Account for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services will receive written disclosure prior to the purchasing of any Contracts for such Client that includes:

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any of its Representatives) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

25. The Principal Advisor and the Sub-Advisor obtained substantially similar relief in *Re: RBC Global Asset Management Inc. and RBC Global Asset Management (UK) Limited* dated January 28, 2014 (the **2014 Order**) pursuant to which the

Sub-Advisor provided Sub-Advisory Services to the Principal Advisor in respect of the Clients. The 2014 Order expired on January 11, 2015.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested;

IT IS ORDERED, pursuant to section 80 of the CFA, that the Sub-Adviser and its Representatives are exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA when acting as sub-adviser to the Principal Adviser in respect of the Sub-Advisory Services, for a period of five years, provided that at the relevant time:

(a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

(b) the Sub-Adviser's head office or principal place of business is in a foreign jurisdiction;

(c) the Sub-Adviser is registered in a category of registration, or operates under an exemption from registration, under the commodities futures or other applicable legislation of the foreign jurisdiction in which its head office or principal place of business is located, that permits it to carry on the activities in that jurisdiction that registration as an adviser under the CFA would permit it to carry on in Ontario;

(d) the Sub-Adviser engages in the business of an adviser in respect of Contracts in the foreign jurisdiction in which head office or principal place of business is located;

(e) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

(f) the Principal Adviser has entered into a written agreement with the Clients, agreeing to be responsible for any loss that arises out of any failure of the Sub-Adviser to meet the Assumed Obligations;

(g) the prospectus or similar offering document for each Client that is an Investment Fund or a Pooled Fund and for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services will include the following disclosure:

    (i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any of its Representatives) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada; and

(h) in circumstances where a Client that is an Investment Fund or a Pooled Fund and for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, all investors of the Client who are Ontario residents will receive written disclosure prior to the purchasing of any Contracts for such Client that includes:

    (i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any of its Representatives) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada; and

(i) each Client that is a Managed Account for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services will receive written disclosure prior to the purchasing of any Contracts for such Client that includes:

    (i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any of its Representatives) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

DATED at Toronto, Ontario this 13th day of February, 2015.

"John Turner"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

2.2.2 Canadian National Railway Company – s. 104(2)(c)

Headnote

Subsection 104(2)(c) of the Act – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 658,333 of its common shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – the selling shareholder did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and has not, for a minimum of 30 days prior to the date of the application seeking the relief, purchased common shares of the Issuer in anticipation or contemplation of a sale of common shares to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or public shareholders – proposed purchases exempt from the issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares permitted to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer will not make any proposed purchase unless it has first obtained written confirmation that between the date of the order and the date on which the proposed purchase is completed, the selling shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any common shares of the Issuer.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c.S.5, AS AMENDED

AND

IN THE MATTER OF
CANADIAN NATIONAL RAILWAY COMPANY

ORDER
(Clause 104(2)(c))

UPON the application (the **"Application"**) of Canadian National Railway Company (the "**Issuer**") to the Ontario Securities Commission (the **"Commission"**) for an order pursuant to clause 104(2)(c) of the *Securities Act* (Ontario) (the "**Act**") exempting the Issuer from the requirements of sections 94 to 94.8, inclusive, and sections 97 to 98.7, inclusive, of the Act (the "**Issuer Bid Requirements**") in respect of the proposed purchases by the Issuer of up to 658,333 of its common shares (collectively, the "**Subject Shares**") in one or more tranches from The Bank of Nova Scotia (the "**Selling Shareholder**");

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 13, 25 and 26 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.

2. The head office and registered office of the Issuer is located at 935 de La Gauchetière Street West, Montréal, Quebec, H3B 2M9.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the common shares of the Issuer (the "**Common Shares**") are listed for trading on the Toronto Stock Exchange (the "**TSX**") and the New York Stock Exchange (the "**NYSE**") under the symbols "CNR" and "CNI", respectively. The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The authorized share capital of the Issuer consists of an unlimited number of Common Shares, of which 809,219,134 were issued and outstanding as of January 15, 2015.

5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario.

6. The Selling Shareholder does not, directly or indirectly, own more than 5% of the issued and outstanding Common Shares.

7. The Selling Shareholder is the beneficial owner of at least 658,333 Common Shares. None of the Subject Shares were acquired by, or on behalf of, the Selling Shareholder in anticipation or contemplation of resale to the Issuer.

8. No Common Shares were purchased by, or on behalf of, the Selling Shareholder on or after December 20, 2014, being the date that was 30 days prior to the date of the application of the Issuer seeking this Order, in anticipation or contemplation of a sale of Common Shares to the Issuer.

9. The Subject Shares are held by the Selling Shareholder in connection with arrangements to hedge client transactions in respect of the Common Shares. The Selling Shareholder will not purchase, have purchased on its behalf, or

otherwise accumulate, any Common Shares to re-establish its holdings of Common Shares which will have been reduced as a result of the sale of the Subject Shares pursuant to the Proposed Purchases (as defined below) between the date of this Order and the date on which a Proposed Purchase is to be completed.

10. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer or an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions*.

11. The Issuer announced on October 21, 2014 that it is engaging in a normal course issuer bid (the "**Normal Course Issuer Bid**") for up to 28,000,000 Common Shares, representing 3.95% of the Issuer's public float of Common Shares as of the date specified in the Notice of Intention to Make a Normal Course Issuer Bid (the "**Notice**") that was submitted to, and accepted by, the TSX. The Notice specifies that purchases under the Normal Course Issuer Bid will be conducted through the facilities of the TSX and the NYSE or alternative trading systems, if eligible, or by such other means as may be permitted by the TSX or a securities regulatory authority in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the **"TSX NCIB Rules"**), including under automatic trading plans and by private agreements under issuer bid exemption orders issued by securities regulatory authorities (each, an "**Off-Exchange Block Purchase**").

12. The Commission granted the Issuer an order on October 24, 2014 (the "**October 2014 Order**") pursuant to clause 104(2)(c) of the Act exempting the Issuer from the Issuer Bid Requirements in connection with Off-Exchange Block Purchases by the Issuer of up to 5,175,000 Common Shares, and on January 28, 2015 the Autorité des marchés financiers issued to the Issuer an equivalent order (the "**AMF Order**") in connection with Off-Exchange Block Purchases by the Issuer of up to 1,200,000 Common Shares, in each case in one or more tranches, from arm's length selling shareholders. As at February 3, 2015, the Issuer has purchased an aggregate of 7,464,345 Common Shares pursuant to the Normal Course Issuer Bid, including 5,175,000 Common Shares under the October 2014 Order and 1,200,000 Common Shares under the AMF Order.

13. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an "**Agreement**") pursuant to which the Issuer will agree to acquire some or all of the Subject Shares from the Selling Shareholder by way of one or more purchases, each occurring before October 23, 2015 (each such purchase, a "**Proposed Purchase**") for a purchase price (each such price, a "**Purchase Price**" in respect of such Proposed Purchase) that will be negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price will, in each case, be at a discount to the prevailing market price and below the bid-ask price for the Common Shares on the TSX at the time of each Proposed Purchase.

14. The Issuer has implemented an automatic repurchase plan (an "**ARP**") to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in its Common Shares during internal blackout periods, including regularly scheduled quarterly blackout periods. Under the terms of the ARP, at times it is not subject to blackout restrictions, the Issuer may, but is not required to, instruct the designated broker to make purchases under the Normal Course Issuer Bid in accordance with the terms of the ARP. Such purchases under the ARP will be determined by the designated broker in its sole discretion based on parameters established by the Issuer prior to any blackout period in accordance with TSX rules, applicable securities laws (including this Order) and the terms of the agreement between the broker and the Issuer. The ARP was approved by the TSX and is in compliance with the TSX NCIB Rules, applicable securities law and this Order. The Issuer will notify the designated broker upon the completion of a Proposed Purchase and instruct the broker not to conduct a Block Purchase (as defined below) in accordance with the TSX NCIB Rules during such calendar week. No Subject Shares will be acquired under the ARP or otherwise during any of the Issuer's blackout periods.

15. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX NCIB Rules.

16. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for the purposes of the Act, to which the Issuer Bid Requirements would apply.

17. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and below the bid-ask price for the Common Shares on the TSX at the time of each Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholder in reliance upon the exemption from

the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.

18. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Common Shares on the TSX at the time of each Proposed Purchase, the Issuer could otherwise acquire the Subject Shares through the facilities of the TSX as a "block purchase" (a "**Block Purchase**") in accordance with the block purchase exception in paragraph 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.

19. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

20. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

21. Management of the Issuer is of the view that: (a) the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase Common Shares under the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the exemption from the Issuer Bid Requirements available pursuant to subsection 101.2(1) of the Act; and (b) the Proposed Purchases are an appropriate use of the Issuer's funds.

22. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's security holders and it will not materially affect the control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Common Shares in the open market at the then prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.

23. To the best of the Issuer's knowledge, as of January 15, 2015, the "public float" for the Common Shares represented approximately 87% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

24. The Common Shares are "highly-liquid securities" within the meaning of section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.

25. Other than the Purchase Price, no fee or other consideration will be paid by the Issuer in connection with the Proposed Purchases.

26. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Trading Products Group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

27. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to 9,333,333 Common Shares as of the date of this Order.

28. Assuming completion of the purchase of the maximum number of Subject Shares, being 658,333 Common Shares, the Issuer will have purchased an aggregate of 7,033,333 Common Shares under the Normal Course Issuer Bid pursuant to Off-Exchange Block Purchases.

AND UPON the Commission being satisfied to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchases, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

(b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX NCIB Rules or another Off-Exchange Block Purchase during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under its Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;

(c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of such Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Common Shares pursuant to the Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by such other means as may be permitted by the TSX, including under automatic trading plans and, subject to condition (i) below, by Off-Exchange Block Purchases;

(e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Trading Products Group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases, and (ii) that information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate purchase price, will be available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") following the completion of each Proposed Purchase;

(h) the Issuer will report information regarding each Proposed Purchase, including the number of Subject Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase;

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate more than one-third of the maximum number of Common Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 9,333,333 Common Shares; and

(j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing that the Selling Shareholder has not purchased, or had purchased on its behalf, or otherwise accumulated, any Common Shares between the date of this Order and the date on which such Proposed Purchase is to be completed.

DATED at Toronto, Ontario, this 6th day of February, 2015.

"Anne Marie Ryan"
Commissioner
Ontario Securities Commission

"Mary Condon"
Commissioner
Ontario Securities Commission

2.2.3 Knowledge First Financial Inc.

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
KNOWLEDGE FIRST FINANCIAL INC.

ORDER

WHEREAS on March 6, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to the Statement of Allegations filed by Staff of the Commission ("Staff") on March 5, 2014 with respect to Knowledge First Financial Inc. ("KFFI");

AND WHEREAS KFFI entered into a Settlement Agreement dated March 5, 2014 (the "Settlement Agreement") in relation to certain of the matters set out in the Statement of Allegations;

AND WHEREAS the Settlement Agreement acknowledged KFFI's co-operation with Staff and set out the costs incurred by KFFI in retaining an independent consultant (the "Consultant") to prepare and assist KFFI in implementing a plan to strengthen KFFI's "compliance system" within the meaning of section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

AND WHEREAS the Settlement Agreement set out that a manager in the Compliance and Registrant Regulation Branch of the Commission (the "OSC Manager") approved the amended Consultant's plan dated November 16, 2012 and that Staff reviewed the progress reports detailing KFFI's progress with respect to the implementation of the amended Consultant's plan as revised by various progress reports (the "Amended Consultant's Plan");

AND WHEREAS the Settlement Agreement set out that the Consultant confirmed by letter dated October 17, 2013 that the Amended Consultant's Plan had been fully implemented;

AND WHEREAS on March 7, 2014, the Commission ordered: (a) the Settlement Agreement be approved; (b) by no later than May 7, 2015, KFFI will provide the OSC Manager as defined in the Terms and Conditions with a report on whether the revised policies and procedures and internal controls set out in the Amended Consultant's Plan are: (i) being followed by KFFI; (ii) working appropriately and (iii) being adequately administered and enforced by KFFI; and (c) KFFI be reprimanded;

AND WHEREAS on June 6, 2014, KFFI made a motion to the Commission to vary the KFFI Settlement Agreement to delete the heading that read "PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST" and replace it with "PART IV – CONDUCT TO BETTER SERVE THE PUBLIC INTEREST" (the "Variation Motion");

AND WHEREAS on June 13, 2014, the Commission ordered the Variation Motion be dismissed and requested that Staff, in fairness to KFFI, reconsider whether to amend the Settlement Agreement as requested by KFFI;

AND WHEREAS the parties have signed an Amended Settlement Agreement dated February 12, 2015 (the "Amended Settlement Agreement") which sets out the same facts and terms of settlement as the Settlement Agreement but replaces the heading that read "PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST" with "PART IV – CONDUCT TO BETTER SERVE THE PUBLIC INTEREST";

AND WHEREAS the parties consent to the terms of this Order approving the Amended Settlement Agreement and agree that the sanctions provided for in the Order dated March 7, 2014 remain in full force and effect;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order without the requirement of another public hearing;

IT IS HEREBY ORDERED THAT:

(a) the Amended Settlement Agreement is approved.

DATED at Toronto, Ontario this 18th day of February, 2015

"James E. A. Turner"

2.2.4 Future Solar Developments Inc. et al. – ss. 127(1), 127(5)

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
FUTURE SOLAR DEVELOPMENTS INC.,
CENITH ENERGY CORPORATION, CENITH AIR INC.,
ANGEL IMMIGRATION INC. and XUNDONG QIN
also known as SAM QIN

TEMPORARY ORDER
(Subsections 127(1) and 127(5) of the Securities Act)

WHEREAS it appears to the Ontario Securities Commission (the "Commission") that:

1. Future Solar Developments Inc. ("FSD") is an Ontario corporation with a registered address in Scarborough, Ontario;

2. Cenith Energy Corporation ("Cenith Energy") is an Ontario corporation with a registered address in Scarborough, Ontario;

3. Cenith Air Inc. ("Cenith Air") is an Ontario corporation with a registered address in Scarborough, Ontario;

4. Angel Immigration Inc. ("Angel Immigration") is an Ontario corporation with a registered address in Scarborough, Ontario;

5. Xundong Qin (also known as Sam Qin) ("Qin") is an Ontario resident and is a director and the directing mind of FSD, Cenith Energy, Cenith Air, and Angel Immigration;

6. FSD, Cenith Energy, Cenith Air, Angel Immigration (collectively, the "Corporate Respondents") and Qin (together with the Corporate Respondents, the "Respondents") may have engaged in or held themselves out as engaging in the business of trading in securities without being registered in accordance with Ontario securities and without an exemption from the registration requirements contrary to subsection 25(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act");

7. None of the Respondents are registered in accordance with Ontario securities law as a dealer or are exempt under Ontario securities law from the requirement to comply with subsection 25(1) of the Act;

8. The Respondents may have traded securities that were a distribution without a prospectus having been filed with the Director and without an exemption from the prospectus requirement contrary to subsection 53(1) of the Act;

9. None of the Corporate Respondents are reporting issuers and FSD has not filed a preliminary prospectus or a prospectus and the Director has not issued a receipt in respect of this company;

10. Qin may have authorized, permitted or acquiesced in the noncompliance with the Act by the Corporate Respondents contrary to section 129.2 of the Act;

11. Staff are conducting an investigation into the conduct described above;

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in subsection 127(5) of the Act;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

AND WHEREAS by Authorization Order made October 21, 2014, pursuant to subsection 3.5(3) of the Act, any one of Howard I. Wetston, James E.A. Turner, Monica Kowal, James D. Carnwath, Mary G. Condon, Edward P. Kerwin, Alan J. Lenczner and Christopher Portner, acting alone, is authorized to make orders under section 127 of the Act;

IT IS ORDERED, pursuant to paragraph 2 of subsection 127(1) of the Act, that all trading in the securities of FSD shall cease;

IT IS FURTHER ORDERED pursuant to paragraph 2 of subsection 127(1) of the Act, that the Respondents cease trading in all securities; and

IT IS FURTHER ORDERED pursuant to paragraph 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to any of the Respondents; and

IT IS FURTHER ORDERED that pursuant to subsection 127(6) of the Act, this Order shall take effect immediately and shall expire on the 15th day after its making unless extended by Order of the Commission.

DATED at Toronto this 17th day of February 2015.

"James Turner"

2.2.5 Questrade Russell US Midcap Growth Index ETF Hedged to CAD et al. – s. 1.1 of OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions

Headnote

Certain mutual funds designated as exchange-traded funds for the purposes of OSC Rule 48-501.

Rules Cited

Ontario Securities Commission Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions, s. 1.1.

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 48-501 –
TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS
(Rule)

AND

IN THE MATTER OF
QUESTRADE RUSSELL US MIDCAP GROWTH INDEX ETF HEDGED TO CAD ("QMG"),
QUESTRADE RUSSELL US MIDCAP VALUE INDEX ETF HEDGED TO CAD ("QMV"),
QUESTRADE RUSSELL 1000 EQUAL WEIGHT US TECHNOLOGY INDEX ETF HEDGED TO CAD ("QRT"),
QUESTRADE RUSSELL 1000 EQUAL WEIGHT US INDUSTRIALS INDEX ETF HEDGED TO CAD ("QRI"),
QUESTRADE RUSSELL 1000 EQUAL WEIGHT US HEALTH CARE INDEX ETF HEDGED TO CAD ("QRH"),
QUESTRADE RUSSELL 1000 EQUAL WEIGHT US CONSUMER DISCRETIONARY INDEX ETF HEDGED TO CAD ("QRD"),
(the Funds)

DESIGNATION ORDER
Section 1.1

WHEREAS each of the Funds is or will be listed on the Toronto Stock Exchange;

AND WHEREAS under the Universal Market Integrity Rules (UMIR), each Fund is considered an Exempt Exchange-traded Fund that is not subject to prohibitions related to trading during certain securities transactions;

AND WHEREAS the definition of "exchange-traded fund" in the Rule is substantially similar to the definition of Exempt Exchange-traded Fund in UMIR, and the purpose of the Rule and UMIR are substantially similar;

THE DIRECTOR HEREBY DESIGNATES each of the Funds as an exchange-traded fund for the purposes of the Rule.

DATED February 18, 2015

"Susan Greenglass"
Director, Market Regulation

2.2.6 Lundin Petroleum AB

Headnote

Subsection 1(10) of the Securities Act – Application by a reporting issuer for an order that it is not a reporting issuer – based on diligent enquiry, residents of Canada (i) do not directly or indirectly beneficially own more than 2% of each class or series of outstanding securities of the reporting issuer worldwide, and (ii) do not directly or indirectly comprise more than 2% of the total number of shareholders of the reporting issuer worldwide – Issuer is subject to Australian securities law and requirements of the NASDAQ Stockholm – Issuer has undertaken that it will concurrently deliver to its Canadian securityholders all disclosure material it is required under Swedish securities laws and exchange requirements to deliver to Swedish resident securityholders – Issuer has provided notice through a press release that it has submitted an application to cease to be a reporting issuer in Ontario.

Applicable Legislative Provisions

Securities Act (Ontario), s. 1(10)(a)(ii).

February 20, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5, AS AMENDED (THE "ACT")

AND

IN THE MATTER OF
LUNDIN PETROLEUM AB
(THE "FILER")

ORDER

UPON the Director having received an application from the Filer for an order under subparagraph 1(10)(a)(ii) of the Act that the Filer is not a reporting issuer in Ontario (the "**Requested Order**");

AND UPON considering the application and the recommendation of the staff of the Ontario Securities Commission (the "**Commission**");

AND UPON the Filer representing to the Commission as follows:

1. The Filer is a company incorporated under the Swedish *Companies Act* (2005:551) with company registration number 556610-8055.

2. The Filer's head and registered office is located at Hovslagargatan 5, Stockholm, Sweden, 111 48. The Company maintains no office and has no employees in Canada.

3. The Filer is a Swedish oil and gas exploration and production company with a portfolio of assets primarily located in Europe and South East Asia.

4. The Filer's issued capital is 311,070,330 shares with a quota value of SEK 0.01 each (each, a "**Share**"). All Shares carry the same voting rights and the same rights to a share of the Filer's assets and net result. The Filer has no other securities outstanding other than the Shares. The Filer had no debt obligations other than ordinary course trade payables and external bank credit facilities.

5. The Shares have been listed on the NASDAQ Stockholm (the "**Nasdaq Stockholm**") since August 2001.

6. On March 24, 2011, the Shares were listed on the Toronto Stock Exchange (the "**TSX**") and the Filer became a reporting issuer in Ontario.

7. The Filer's securities have only been listed on the Nasdaq Stockholm and the TSX.

8. The Filer is not a reporting issuer in any other jurisdiction in Canada other than Ontario.

9. The Filer had discussions with the TSX regarding a voluntary delisting of its Shares from the TSX and the TSX delisted the Shares at the close of trading on November 14, 2014.

10. None of the Filer's securities are listed, traded or quoted on a marketplace in Canada as defined in National Instrument 21-101 – *Marketplace Operation* and the Filer does not intend to have its securities listed, traded or quoted on such a marketplace in Canada.

11. The Filer is subject to all applicable corporate requirements of a company formed in Sweden and the applicable securities laws and rules of the Nasdaq Stockholm. The Filer is not in default of any requirements of Swedish law or the rules or requirements of the Nasdaq Stockholm applicable to it.

12. The Filer is not in default of any of its obligations under the Act as a reporting issuer.

13. The Filer is unable to rely on the simplified procedure set out in CSA Staff Notice 12-307 in order to apply for the Requested Order because the Filer's securities are traded on the Nasdaq Stockholm and it has more than 50 securityholders in total worldwide.

14. To the knowledge of the Filer, residents of Canada do not directly or indirectly beneficially own more than 2% of each class or series of outstanding securities of the Filer worldwide. The due diligence conducted by the Filer in support of the foregoing representation is as follows:

    (a) Using a record date of October 28, 2014, the Filer caused Broadridge Financial Solutions, Inc. ("**Broadridge**") to conduct a search (the "**Broadridge Search**") to confirm the residency of the beneficial holders of the shares held through intermediaries who are clients of Broadridge ("**Broadridge Intermediaries**"). The search found that 649 shareholders beneficially own an aggregate of 648,756 Shares, broken down by province as follows:

        (i) Alberta – 63 securityholders holding 47,156 Shares;

        (ii) British Columbia – 152 securityholders holding 345,105 Shares;

        (iii) Manitoba – 10 securityholders holding 14,488 Shares;

        (iv) New Brunswick – 1 securityholder holding 200 Shares;

        (v) Newfoundland – 1 securityholder holding 33 Shares;

        (vi) Northwest Territories – 1 securityholder holding 72 Shares;

        (vii) Nova Scotia – 1 securityholder holding 2 Shares;

        (viii) Ontario – 401 securityholders holding 235,085 Shares;

        (ix) Prince Edward Island – 1 securityholder holding 6 Shares;

        (x) Quebec – 14 securityholders holding 6,172 Shares;

        (xi) Saskatchewan – 3 securityholders holding 400 Shares; and

        (xii) Yukon – 0 securityholders holding 0 Shares.

    (b) An additional search of the Swedish share registers (the "**Registered Shareholder List**") by Euroclear Sweden ("**Euroclear**"), the Swedish Securities Register Center, indicated there were 16 registered shareholders with a Canadian address holding 2,226,556 Shares as of October 31, 2014. These figures include the holdings of the Canadian Depositary for Securities ("**CDS**"), which totalled 2,178,039 Shares, four Canadian-resident nominees (the "**Canadian Nominees**"), which totalled an aggregate 40,860 Shares, and 11 Canadian-resident individuals, which totalled an aggregate 7,657 Shares.

    (c) According to Broadridge, three of the Canadian Nominees are clients of Broadridge and would have had their beneficial holdings accounted for in the Broadridge Search. The fourth Canadian Nominee confirmed that it held 746 Shares for the benefit of three Canadian residents.

    (d) The Registered Shareholder List indicated that there were five international-resident nominees (the "**International Nominees**") that were affiliated with Canadian brokers, dealers or intermediaries. According to

Broadridge, all of the International Nominees are clients of Broadridge and would have had their beneficial holdings accounted for in the Broadridge Search.

(e) Based on the information provided by Broadridge, Euroclear and the fourth Canadian Nominee referenced in paragraph 14(c), the Filer estimates that there are 663 beneficial shareholders with a Canadian address holding 657,159 Shares. This estimate assumes that all of the CDS holdings were reflected in the Broadridge search of beneficial shareholders referenced in paragraph 14(a).

(f) As of October 31, 2014, there were 311,070,330 Shares issued and outstanding. Based on the information provided by Broadridge and Euroclear and the Filer's estimates referenced in paragraph 14(e), Canadian residents beneficially owned no more than 657,159 Shares, representing 0.22% of the total outstanding Shares. Even if it is assumed that none of the Shares held beneficially through Broadridge Intermediaries were registered with CDS, Canadian residents would still directly or indirectly beneficially own no more than 0.91% of the total outstanding Shares.

15. To the knowledge of the Filer, residents of Canada do not directly or indirectly comprise more than 2% of the total number of shareholders of the Filer worldwide. The due diligence conducted by the Filer in support of the foregoing representation is as follows:

(a) According to the Swedish share registers, as of October 31, 2014, there were 46,502 registered holders. Based on the Filer's estimates referenced in paragraph 14(e), there were 663 beneficial shareholders with a Canadian address. Assuming that none of the other registered holders of Shares beneficially held Shares for other persons, residents of Canada do not directly or indirectly comprise more than 1.43% of the total number of shareholders of the Filer.

16. In the past 12 months, the Filer has not taken steps to create a market in Canada for the Shares and, in particular, never offered securities to the public in Ontario or in any other jurisdiction in Canada by way of a prospectus offering. The Filer only attracted a de minimis number of Canadian investors and the daily average volume of trading of the Shares in the 12 months prior to delisting from the TSX was approximately 1,375 shares, which accounted for approximately 0.11% of the Filer's worldwide daily trading volumes. In contrast, the average daily volume on the Nasdaq Stockholm for the same period represented approximately 1,276,665 shares. The Filer has no plans to seek a public offering of its securities in Canada or an offering pursuant to an exemption from the prospectus requirements of Canadian securities laws.

17. The Filer has not issued securities in Canada pursuant to a prospectus or an exemption from the prospectus requirements, other than pursuant to an exemption from the prospectus requirement in connection with the issuance of Shares pursuant to a plan of arrangement with a Canadian reporting issuer in 2006.

18. The Filer files continuous disclosure reports under Swedish securities laws and follows the exchange requirements of the Nasdaq Stockholm. All such continuous disclosure documents of the Filer are publicly available to all of the Filer's securityholders on the Filer's website at www.lundin-petroleum.com.

19. The Filer qualifies as a "Designated Foreign Issuer" under National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* ("**NI 71-102**") and has relied on and complied with the exemptions from Canadian disclosure requirements afforded to Designated Foreign Issuers under Part 5 of NI 71-102.

20. The Filer has provided advance notice to Canadian-resident securityholders in a press release dated January 7, 2015 that it has applied to the Commission for a decision that it is not a reporting issuer in Ontario, and if that decision is made, the Filer will no longer be a reporting issuer in any jurisdiction in Canada.

21. The Filer has provided an undertaking that it will concurrently deliver to its Canadian securityholders all disclosure it would be required under Swedish securities laws or exchange requirements to deliver to Swedish-resident securityholders.

22. The Filer will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following a decision from the Commission granting the relief requested.

AND UPON the Commission being satisfied that it would not be prejudicial to the public interest;

IT IS HEREBY ORDERED pursuant to subparagraph 1(10)(a)(ii) of the Act that, for the purposes of Ontario securities law, the Filer is not a reporting issuer.

DATED this 20th day of February, 2015.

"Mary Condon"
Vice-Chair
Ontario Securities Commission

"Anne Marie Ryan"
Commissioner
Ontario Securities Commission

2.2.7 Bank of New York Mellon and Magna International Inc. – s. 46(4) of the OBCA

Headnote

Order pursuant to subsection 46(4) of the Business Corporations Act (Ontario) – trust indenture to be governed by the United States Trust Indenture Act of 1939, as amended, in connection with a proposed public offering of debt securities of the issuer in the United States and Canada – relief conditional upon the trustee to be appointed under the trust indenture filing with the Commission and on SEDAR a submission to the non-exclusive jurisdiction of the courts and administrative tribunals of Ontario and appointment of an agent for service of process in Ontario – Canadian base shelf prospectus will include disclosure about the existence of this order and a statement regarding the risks associated with the purchase of debt securities of the issuer under the trust indenture by a holder in Ontario as a result of the absence of a local trustee appointed under the trust indenture – trust indenture exempted from the requirements of Part V of the Business Corporations Act (Ontario).

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B.16, as am., ss. 46(2), 46(3), 46(4), Part V.
Securities Act, R.S.O. 1990, c.S.5, as am.
Trust Indenture Act of 1939, 53 Stat. 1149 (1939), 15 U.S.C., Secs. 77aaa-77bbb, as am.

March 28, 2014

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT,
R.S.O. 1990, CHAPTER B.16, AS AMENDED
(THE "OCBA")

AND

IN THE MATTER OF
THE BANK OF NEW YORK MELLON

AND

MAGNA INTERNATIONAL INC.

ORDER
(Subsection 46(4) of the OBCA)

UPON the application of The Bank of New York Mellon (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 46(4) of the OBCA exempting a trust indenture (the "Indenture") entered into between Magna International Inc. ("Magna") and the Applicant from the requirements of Part V of the OBCA;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON it being represented by Magna and the Applicant to the Commission that:

1. The Applicant is a United States based financial institution organized under the laws of the State of New York and is neither resident nor authorized to do business as a trust company in Ontario.

2. Magna is a corporation existing under the OBCA. Magna is a reporting issuer under the *Securities Act* (Ontario) (the "OSA") and is not in default of any requirement of the OSA and the respective regulations and rules under the OSA together with applicable published policy statements of the Canadian Securities Administrators (collectively, the "Securities Laws").

3. The Applicant is the trustee under the Indenture to be entered into between Magna and the Applicant.

4. Magna proposes to issue from time to time debt securities (the "Securities") under the Indenture.

5. The Indenture will be governed by the laws of the State of New York and the federal laws of the United States applicable therein.

6. A short form base shelf prospectus (the "Canadian Base Shelf Prospectus") will be filed by Magna with the Commission pursuant to the applicable requirements of National Instrument 44-101 *Short Form Prospectus Distributions* and National Instrument 44-102 *Shelf Distributions*. Accordingly, the Securities may not be offered or sold in Canada (except in the Province of Ontario) or to any resident of Canada (other than residents of Ontario) except pursuant to an exemption from the prospectus requirements of the applicable province or territory of Canada and otherwise in accordance with Securities Laws.

7. The Indenture will be filed by Magna with the Commission prior to any sale of Securities being completed.

8. Public offers and sales of the Securities will be made, from time to time, in the United States pursuant to a shelf registration statement on Form F-10 (the "Registration Statement") which is to be filed by Magna with the United States Securities and Exchange Commission (the "SEC"). The Canadian Base Shelf Prospectus will form a part of the Registration Statement subject to such changes as are permitted or required by the SEC.

9. Because the Canadian Base Shelf Prospectus will be filed under the OSA, Part V of the OBCA will apply to the Indenture by virtue of subsection 46(2) of the OBCA.

10. As a result of the filing of the Registration Statement with the SEC, the Indenture is subject to and governed by the provisions of the United

States *Trust Indenture Act of 1939*, as amended (the "TIA"). The Indenture will provide that there shall always be a trustee thereunder that satisfies the requirements of sections 310(a)(1), 310(a)(2) and 310(b) of the TIA and will contain provisions in conformity with the requirements of the TIA.

11. Because the TIA regulates trustees and trust indentures of publicly offered debt securities in the United States in a manner that is consistent with Part V of the OBCA, holders of Securities in Ontario will not, subject to paragraph 12, derive any additional material benefit from having the Indenture be subject to Part V of the OBCA.

12. The Applicant intends to file with the Commission a submission to the non-exclusive jurisdiction of the courts and administrative tribunals of Ontario and appointment of an agent for service of process in Ontario ("Submission to Jurisdiction and Appointment of Agent for Service of Process").

13. The Canadian Base Shelf Prospectus will disclose the existence of the Order, if granted, and state that the Applicant, its officers and directors, and the assets of the Applicant are located outside of Ontario and, as a result, it may be difficult for a holder that purchases Securities in Canada, to enforce rights against the Applicant, its officers or directors, or the Applicant's assets and that such holder may have to enforce rights against the Applicant in the United States.

14. It is not currently anticipated that the Securities issued pursuant to the Indenture will be listed on any stock exchange, but listing may occur in the future.

AND UPON the Commission being of the opinion that to do so would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to subsection 46(4) of the OBCA, that the Indenture is exempt from Part V of the OBCA, provided that:

(a) the Indenture is governed by and subject to the TIA; and

(b) prior to or concurrently with Magna's filing of the executed Indenture with the Commission and the filing of any pricing supplement or shelf prospectus supplement in respect to an offering of the Securities, the Applicant, or any trustee that replaces the Applicant under the terms of the Indenture, has filed with the Commission and on SEDAR a Submission to Jurisdiction and Appointment of Agent for Service of Process.

"Edwin P. Kerwin"
Commissioner
Ontario Securities Commission

"Vern Krishna"
Commissioner
Ontario Securities Commission

2.2.8 Global Energy Group, Ltd. et al.

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED**

AND

**IN THE MATTER OF
GLOBAL ENERGY GROUP, LTD.,
NEW GOLD LIMITED PARTNERSHIPS,
CHRISTINA HARPER, VADIM TSATSKIN,
MICHAEL SCHAUMER, ELLIOT FEDER,
ODED PASTERNAK, ALAN SILVERSTEIN,
HERBERT GROBERMAN, ALLAN WALKER,
PETER ROBINSON, VYACHESLAV BRIKMAN,
NIKOLA BAJOVSKI, BRUCE COHEN
and ANDREW SHIFF**

AND

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
AND ELLIOT FEDER**

ORDER

WHEREAS by Notice of Hearing dated June 8, 2010, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on June 14, 2010, pursuant to sections 37, 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to make orders, as specified therein, against Global Energy Group, Ltd., New Gold Limited Partnerships ("New Gold"), Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder ("Feder"), Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff. The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff") dated June 8, 2010;

AND WHEREAS Feder entered into a settlement agreement with Staff dated January 18 and 19, 2012 (the "Settlement Agreement") in which Feder agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated June 8, 2010, subject to the approval of the Commission;

AND WHEREAS the Settlement Agreement was approved by the Commission on January 20, 2012;

AND WHEREAS on January 20, 2012, the Commission made an order (the "January 20, 2012 Order") which provided, among other things, that:

(a) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Feder cease permanently with the exception that Feder is permitted to contact the existing shareholders of (i) Genesis Rare Diamonds (Ontario) Ltd. (ii) Kimberlite Diamond Corporation (iii) Genesis Rare Diamonds (U.K.) Ltd. and (iv) their subsidiaries, none of which is a reporting issuer, or their counsel and to discuss/explore the potential for the sale of Feder's shares in those corporations to any or all of their existing shareholders and/or the purchase of Feder's shares in those corporations by the respective corporations for cancellation, provided that Feder's shares are not actually sold and/or purchased without Feder first obtaining a further exemption/order from the Commission that permits such sale(s) and/or purchase(s);

AND WHEREAS the January 20, 2012 Order also requires that Feder disgorge to the Commission the amount of $230,447 obtained as a result of his non-compliance with Ontario securities law (the "Disgorgement Order");

AND WHEREAS on March 12, 2012, Feder brought an application pursuant to section 144 of the Act to vary the January 20, 2012 Order to permit Feder to sell shares he held in (i) Genesis Rare Diamonds (Ontario) Ltd. (ii) Kimberlite Diamond Corporation (iii) Genesis Rare Diamonds (U.K.) Ltd. and (iv) their subsidiaries to those corporations for cancellation or redemption (the "Application");

AND WHEREAS as part of the Application, Feder consented to the Commission imposing terms and conditions pursuant to subsection 127(2) of the Act that the proceeds from the sale of the shares shall be paid directly to Aird & Berlis LLP in trust and shall not be disbursed until a further order of the Commission in order to permit Staff and Feder to make submissions on the appropriate amount to be paid in satisfaction of the Disgorgement Order (the "Terms and Conditions");

AND WHEREAS Staff consented to the Application;

AND WHEREAS on March 28, 2012, the Commission ordered that (i) the January 20, 2012 Order be varied to permit Feder to sell shares he held in (i) Genesis Rare Diamonds (Ontario) Ltd. (ii) Kimberlite Diamond Corporation (iii) Genesis Rare Diamonds (U.K.) Ltd. and (iv) their subsidiaries, to those corporations for cancellation or redemption; and (ii) that the variance of the January 20, 2012 Order be conditioned upon the proceeds from the sale of the shares being paid directly to Aird & Berlis LLP in trust and not being disbursed by Aird & Berlis LLP until a further order of the Commission in order to permit Staff and Feder to make submissions on the appropriate amount to be paid in satisfaction of the Disgorgement Order (the "March 28, 2012 Order");

AND WHEREAS Feder was paid $150,000 for the sale of his shares and the proceeds were paid to Aird &

Berlis LLP in trust pursuant to the March 20, 2012 Order (the "Funds");

AND WHEREAS by letter dated May 29, 2013 from his counsel, Feder requested an order of the Commission that permits: (i) the payment of $100,000 from the Funds towards the Disgorgement Order and, upon the Commission confirming receipt of the payment, (ii) the disbursement of the remaining Funds to Feder (the "May 29 Request");

AND WHEREAS Feder acknowledged that (i) the payment in the amount of $100,000 towards the Disgorgement Order will be made directly by Aird & Berlis LLP to the Commission, and (ii) the payment does not release him from his obligation to pay the remaining amount of the Disgorgement Order;

AND WHEREAS Staff consented to the May 29 Request;

AND WHEREAS the hearing to consider the May 29 Request was held in writing;

AND WHEREAS the Commission declined to make the proposed order but provided the parties with an opportunity to make further oral or written submissions;

AND WHEREAS at the request of the parties, an oral hearing was scheduled for August 19, 2013 at 3:00 p.m. to permit the parties to make submissions in connection with the May 29 Request;

AND WHEREAS in connection with the May 29 Request Feder filed a sworn Statement of Financial Condition on July 31, 2013;

AND WHEREAS by letter dated August 16, 2013, Staff informed the Office of the Secretary of the Commission that it withdrew its consent to the May 29 Request and the parties requested that the hearing scheduled for August 19, 2013 be adjourned sine die on consent;

AND WHEREAS the hearing scheduled for August 19, 2013 to consider the May 29 Request was adjourned sine die;

AND WHEREAS on July 4, 2014, Feder filed an assignment into bankruptcy;

AND WHEREAS by virtue of the Disgorgement Order, the Commission is a creditor of Feder;

AND WHEREAS a further order of the Commission is required for the release of the Funds held in trust by Aird & Berlis LLP to A. Farber & Partners Inc., the Trustee in Bankruptcy of the Feder Estate, so that such Funds may be distributed to creditors of the Feder Estate in accordance with relevant provisions of the Bankruptcy Act;

AND WHEREAS Staff consents to the proposed order;

AND WHEREAS Feder does not oppose the proposed order;

AND WHEREAS it is the opinion of the Commission that it is in the public interest to make this order;

IT IS ORDERED that the January 20, 2012 Order is further varied to remove the condition of the March 28, 2012 Order that the proceeds from the sale of shares be held in trust by Aird & Berlis LLP, such that the Funds may be released by Aird & Berlis LLP to A. Farber & Partners Inc., the Trustee in Bankruptcy of the Estate of Elliot Feder.

DATED AT TORONTO this 20th day of February, 2015.

"James E. A. Turner"

2.2.9 2241153 Ontario Inc. et al. – s. 127

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5 AS AMENDED**

AND

**IN THE MATTER OF
2241153 ONTARIO INC., SETENTERPRICE,
SARBJEET SINGH, DIPAK BANIK,
STOYANKA GUERENSKA, SOPHIA NIKOLOV
and EVGUENI TODOROV**

**ORDER
(Section 127)**

WHEREAS on February 10, 2015, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on February 9, 2015, to consider whether it is in the public interest to make certain orders against 2241153 Ontario Inc. ("2241153"), Setenterprice, Sarbjeet Singh ("Singh"), Dipak Banik ("Banik"), Stoyanka Guerenska ("Guerenska"), Sophia Nikolov ("Nikolov") and Evgueni Todorov ("Todorov") (together, the "Respondents");

AND WHEREAS the Notice of Hearing set a hearing in this matter for February 23, 2015 at 11:00 a.m.;

AND WHEREAS on February 11, 2015 a settlement agreement entered into by Staff of the Commission ("Staff") and Singh and 2241153 was approved by the Commission;

AND WHEREAS on February 23, 2015 Staff attended a hearing in this matter and no one appeared on behalf of the Respondents;

AND WHEREAS the Commission considered the submissions from Staff and the Commission is of the opinion that it is in the public interest to make this order;

IT IS ORDERED that:

1. This matter is adjourned to a hearing scheduled for March 24, 2015 at 9:00 a.m. or to such other date as may be agreed to by the parties and fixed by the Office of the Secretary;

2. On or before March 24, 2015, Staff shall disclose to the Respondents all documents and things in its possession or control that are relevant to the allegations in this matter; and

3. Upon failure of any party to attend at the hearing scheduled for March 24, 2015 at 9:00 a.m., the hearing will proceed in the absence of that party and such party will not be entitled to any further notice of the proceedings.

DATED at Toronto this 23rd day of February, 2015.

"Alan J. Lenczner"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Knowledge First Financial Inc.

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
KNOWLEDGE FIRST FINANCIAL INC.

AMENDED SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. Staff of the Ontario Securities Commission ("Staff") and counsel for Knowledge First Financial Inc. ("KFFI") will file a joint request that the Ontario Securities Commission (the "Commission") approve the amended settlement agreement dated February 12, 2015 (the "Amended Settlement Agreement") as being in the public interest pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "Act") without the requirement for another public hearing.

2. At a public hearing on March 7, 2014, the Commission approved the settlement agreement between Staff and KFFI dated March 5, 2014 (the "Settlement Agreement"). The parties have now agreed to the Amended Settlement Agreement in which the title "Part IV – Conduct Contrary to the Public Interest" has been changed to "Part IV – Conduct to Better Serve the Public Interest". The Agreed Facts and Terms of Settlement sections of the Amended Settlement Agreement remain essentially unchanged from the Settlement Agreement.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agrees to recommend approval of the Amended Settlement Agreement. KFFI agrees to the making of an order in the form attached as Schedule "A", based on the facts set out below.

PART III – AGREED FACTS

4. For this proceeding and any other regulatory proceeding commenced by a securities regulatory authority, KFFI agrees with the facts as set out in Part III of the Amended Settlement Agreement.

Overview

5. KFFI has been the subject of four compliance field review reports since 2003 by Staff of the Compliance and Registrant Regulation Branch ("CRR Staff"). KFFI also had previous terms and conditions imposed on its registration by CRR Staff from July 9, 2004 to June 1, 2005 and from June 1, 2005 to February 21, 2006. The last compliance field review report dated June 14, 2012 (the "2012 Compliance Report") identified numerous compliance deficiencies. In some cases, CRR Staff found KFFI to be deficient in similar areas to those previously identified as containing deficiencies.

6. On August 10, 2012, the Commission issued a temporary section 127 order (the "Temporary Order") with KFFI's consent which imposed terms and conditions ("Terms and Conditions") on KFFI's registration. The Terms and Conditions required KFFI to retain an independent consultant (the "Consultant") to: (a) prepare and assist KFFI to implement a plan to strengthen its compliance system and (b) retain an independent monitor (the "Monitor") to use best efforts to contact all new clients pending implementation of the Consultant's plan to, among other things, confirm the accuracy of the client's know your client ("KYC") information, that the investment is suitable for the client and that the client understands the fee structure of the investment.

7. On November 16, 2012, the Consultant delivered an amended Consultant's plan (the "Consultant's Plan") which set out a plan to revise KFFI's compliance policies and procedures including amending KFFI's application form and KYC processes and to require additional organizational and policy improvements as summarized in paragraphs 27 and 28.

8. The Consultant has confirmed in its attestation letter dated October 17, 2013 that the Consultant's plan as revised by various progress reports delivered by the Consultant has been fully implemented.

9. KFFI has agreed to adhere to the revised internal controls, supervision and policies and procedures developed during the implementation of the Consultant's Plan.

10. Given KFFI's implementation of the Consultant's Plan, KFFI's co-operation to date, KFFI's agreement to adhere to the revised internal controls, supervision and policies and procedures set out in the Consultant's Plan, the parties previously agreed to settle the proceeding commenced by Notice of Hearing dated March 5, 2014 on the basis that: (a) no later than May 7, 2015, KFFI will provide the OSC Manager as defined in the Terms and Conditions with a report, based on a work plan to be agreed upon jointly by KFFI, the Consultant and the OSC Manager, which reports on whether the revised policies and procedures and internal controls set out in the Amended Consultant's Plan as well as any subsequent revisions thereto are: (i) being followed by KFFI; (ii) working appropriately; and (iii) being adequately administered and enforced by KFFI, such report to include a description of the Consultant's testing to support its conclusions for the 12 month period ending March 7, 2015; and (b) KFFI will receive a reprimand.

11. The Commission approved the Settlement Agreement at a public hearing on March 7, 2014.

The Respondent

12. KFFI distributes three distinct savings plans (the "Plans"), which are Registered Education Savings Plans ("RESPs") under the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supp.), as amended.

13. KFFI was incorporated federally on December 18, 1996. KFFI was formerly known as USC Education Savings Plans Inc. and before that known as Scholarship Consultants of North America Ltd. KFFI is a wholly owned subsidiary of the Knowledge First Foundation (the "Foundation"), a not-for-profit Canadian corporation. The Foundation sponsors and promotes the Plans. The Foundation had approximately $3.36 billion in assets under administration as at April 30, 2013.

14. KFFI is registered with the Commission as both an investment fund manager and as a dealer in the category of scholarship plan dealer.

Previous Compliance Reviews and Previous Terms and Conditions

15. KFFI has been the subject of three previous compliance reviews conducted by CRR Staff. Terms and conditions were previously imposed on its registration as a result of those reviews.

16. A compliance field review report by CRR Staff dated August 27, 2003 identified a number of compliance deficiencies including: (i) failing to collect essential Know Your Client ("KYC") information; (ii) inadequate supervision of dealing representatives ("DRs"); (iii) misleading information in marketing materials; (iv) lack of processes to monitor when DRs or branch managers ("BMs") should transmit enrolment applications to head office; (v) inadequacies in compliance structure resulting in a number of instances where KFFI's compliance officer did not ensure that KFFI had discharged its obligations under Ontario securities law; (vi) ineffective complaint handling procedures; and (vii) enrolment representative agreements which set up DRs as independent contractors without reference to KFFI's supervisory obligation.

17. A compliance field review report dated June 23, 2004 by CRR Staff identified some of the same deficiencies identified in the compliance field review report dated August 27, 2003 and that a number of the initiatives proposed to rectify the deficiencies were incomplete.

18. On July 9, 2004, terms and conditions were imposed on KFFI's registration which included filing progress reports with the Manager, Compliance to address the identified deficiencies.

19. A third compliance field review report by CRR Staff dated June 17, 2005 identified further compliance deficiencies.

20. On June 1, 2005, terms and conditions were imposed on KFFI's registration which included a term requiring KFFI to file progress reports with the Manager, Compliance to address all identified deficiencies for the period of August 26, 2003 up to August 31, 2004.

2012 Compliance Report

21. From October 2011 to January 2012, CRR Staff conducted a compliance review at KFFI's head office in Mississauga, Ontario and at various branch locations in the Greater Toronto Area. On June 14, 2012, CRR Staff issued the 2012

Compliance Report which identified the following deficiencies: (i) KFFI lacked an adequate system of compliance controls and supervision; (ii) KFFI failed to meet its suitability and KYC obligations; (iii) some KFFI DRs did not have a sufficient understanding of the structure and key features, including risks of the Plans; (iv) some KFFI DRs did not disclose the nature and the extent of their potential material conflicts of interest; (v) inadequate written referral agreements and inadequate disclosure of written referral agreements; and (vii) written policies and procedures manual which inadequately addressed suitability, marketing and account activity.

Temporary Order dated August 10, 2012

22. On August 10, 2012, the Commission issued the Temporary Order with KFFI's consent which imposed Terms and Conditions on KFFI's registration. The Terms and Conditions required KFFI to retain an independent consultant (the "Consultant") to: (a) prepare and assist KFFI to implement a plan to strengthen its compliance system within the meaning of section 11.1 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103"); (b) make recommendations to rectify all identified compliance deficiencies raised in the 2012 Compliance Report; and (c) retain an independent monitor (the "Monitor") to use best efforts to contact all new clients for the purpose of confirming: (i) the accuracy of the clients' KYC information; (ii) the investment is suitable for the client and (iii) that the clients understand the fee structure of the investment.

23. The OSC Manager, as referred to in the Terms and Conditions, approved Deloitte & Touche LLP as the Monitor and approved Sanford Eprile & Company as the Consultant.

Amended Consultant's Plan dated November 16, 2012

24. On October 10, 2012, the Consultant provided Staff with its initial Consultant's plan to strengthen KFFI's compliance systems. After Staff's request for further details on the specific actions that KFFI would engage in to strengthen its compliance system and rectify the deficiencies identified in the 2012 Compliance Report, KFFI delivered the Consultant's Plan on November 16, 2012.

25. The Consultant's Plan was a 33 page document which listed specific action steps to address the deficiencies set out in the 2012 Compliance Report. The Consultant's Plan set out action steps, the responsible person and due dates for each of the following areas of KFFI's compliance system:

    (a) overall compliance systems;

    (b) KYC and suitability information;

    (c) sales practices and marketing;

    (d) financial condition and custody;

    (e) conflicts of interest;

    (f) referral arrangements; and

    (g) books and records.

Implementation of the Amended Consultant's Plan

26. The Terms and Conditions required the Consultant to provide monthly (bi-monthly as of June 21, 2013) progress reports detailing KFFI's progress with respect to the implementation of the Consultant's Plan for each recommendation. The Consultant delivered progress reports to Staff on December 10, 2012 and January 9, February 8, March 11, April 10, May 10, June 10, August 10 and October 4, 2013 which reported on the implementation of the Consultant's Plan.

27. The Consultant's Plan together with the subsequent progress reports noted in paragraph 26 required the following action steps to improve the collection of KYC and suitability information:

    (a) amending KYC application form to include items such as client's risk tolerance, investment time horizon, occupation and disposable income, etc., for all new subscribers;

    (b) implementing a KYC update process to upgrade the increased KYC information when subscribers contact KFFI to make changes to contribution levels or make any other changes such as a switch in plans;

(c) adding a message to the annual subscriber's account statements which advises subscribers to contact KFFI with updated KYC information when a material change in their circumstances has occurred;

(d) establishing a tracking mechanism to ensure the completeness of any update process;

(e) revising KFFI's internal affordability guidelines so as to reflect "disposable income" as well as comparisons to authoritative guidance (e.g. Statistic Canada's Annual Analytical Reports on Economic Well-Being of Canadians") relating to affordability;

(f) enhancing compliance training materials to help ensure consistency of information on the enrolment application form and to ensure that factors relevant to determining product suitability are documented in the notes section to KFFI's KYC forms;

(g) developing formal procedures for trade review and for the monitoring of suitability of client trades;

(h) analysing cancellation rates over multiple time horizons to highlight high risk branches and DRs for further internal compliance review; and

(i) establishing parameters for unsuitable investments, including imposing restrictions on:

- selling to subscribers whose sole source of income is temporary or fluctuating government benefits;
- selling to subscribers with annual income of less than $25,000;
- selling to subscribers with seasonal or variable income that cannot be expected to support a plan's committed contribution; and
- selling to subscribers beyond a certain age threshold.

28. The Consultant's Plan required the following additional organizational and policy improvements to ensure an improved compliance system for KFFI:

(a) developing a separate compliance training program for DRs and relevant employees;

(b) establishing a compliance committee of senior management including KFFI's ultimate designated person ("UDP"), CCO, Vice President Compliance Operations, National Director of Compliance and business unit heads;

(c) ensuring that job descriptions are updated to reflect detailed accountabilities for executing daily, weekly, monthly and periodic compliance activities and timely reporting of results and tracking of actions to be taken;

(d) establishing a senior management committee including compliance representatives to review and approve new products; and

(e) reviewing and enhancing the reporting of compliance issues to the Governance Committee of the Board.

29. By progress report dated October 4, 2013, the Consultant confirmed that the above changes and the other improvements in the Consultant's Plan had been fully implemented.

Role of Monitor

30. From August 21, 2012 to April 6, 2013, the Monitor reviewed 9,479 New Client applications, called 3,500 New Clients and KFFI unwound 88 new client applications based on the KYC information being gathered under KFFI's former KYC process. In these 88 cases, the Monitor determined based on the new client's KYC Information and KFFI suitability policies, that the investment was not suitable.

31. On March 21, 2013, KFFI advised the Commission that KFFI intended to roll out its new KYC and suitability policies on April 5, 2013 and the Commission ordered the Monitor requirement suspended from the Terms and Conditions effective April 5, 2013.

Prior Commission Approval of Settlement Agreement

32. On March 7, 2014, the Commission ordered: (a) the Settlement Agreement be approved; (b) pursuant to clause 4 of subsection 127(1) of the Act, no later than May 7, 2015, KFFI will provide the OSC Manager as defined in the Terms and Conditions with a report, based on a work plan to be agreed upon jointly by KFFI, the Consultant and the OSC Manager, which reports on whether the revised policies and procedures and internal controls set out in the Amended Consultant's Plan as well as any subsequent revisions thereto are: (i) being followed by KFFI; (ii) working appropriately and (iii) being adequately administered and enforced by KFFI, such report to include a description of the Consultant's testing to support its conclusions for the 12 month period ending March 7, 2015; and (c) pursuant to clause 6 of subsection 127(1) of the Act, KFFI be reprimanded.

Prior Commission Dismissal of KFFI's Motion to Vary Settlement Agreement

33. On June 13, 2014, the Commission dismissed KFFI's motion to vary the Settlement Agreement to delete the title "Part IV – Conduct Contrary to the Public Interest" and replace it with "Part IV – Conduct to Better Serve the Public Interest" (the "Variation Motion") as the Commission concluded that it did not have the authority to vary the Settlement Agreement. In dismissing the Variation Motion, the Commission requested that Staff, in fairness to KFFI, reconsider whether to amend the Settlement Agreement as requested by KFFI.

KFFI'S POSITION

34. KFFI acknowledges that changes were required to strengthen its compliance system so as to better serve the public interest.

35. With the introduction of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") and its principles based approach to compliance, KFFI engaged a third party audit firm to assess its sales supervision framework. The auditor firm's work was completed in two phases. KFFI advises that Phase I declared the design effectiveness to be satisfactory and Phase II identified deficiencies that were promptly addressed by KFFI.

36. In addition, KFFI invested considerable time, resources and dollars and worked closely with the OSC staff in the Investment Funds Branch prior to the 2012 Compliance Report, in the development of a new type of scholarship plan. The Flex First Plan was designed to address many suitability concerns raised in the 2012 Compliance Report. The new product was launched in November 2012.

37. Upon receipt of the 2012 Compliance Report, KFFI immediately set out to address the compliance deficiencies highlighted in the report, particularly the KYC and Suitability deficiencies. Initial changes were implemented prior to the Consultants being retained or their plan being reviewed or approved by Staff.

38. KFFI has worked with the Consultant and the Monitor to ensure that the Terms and Conditions imposed by the Commission on August 10, 2012 were fully implemented.

39. As at November 30, 2013, KFFI had incurred $4,291,325 in Consultant, Monitor and other consultant costs as a result of the implementation of the Terms and Conditions.

40. KFFI has co-operated with Staff and consented to the Temporary Order which imposed the Terms and Conditions and consented to other Commission orders which extended the Temporary Order and varied the Terms and Conditions.

41. KFFI has agreed to adhere to the revised internal controls, supervision and policies and procedures in all provincial and territorial jurisdictions in Canada in which KFFI is registered and as referenced in the Consultant's Plan and the progress reports.

PART IV - CONDUCT TO BETTER SERVE THE PUBLIC INTEREST

42. By engaging in the conduct described above, KFFI admits and acknowledges that its compliance system did not meet reasonable compliance practices and that changes were required to strengthen its compliance system so as to better serve the public interest.

PART V – TERMS OF SETTLEMENT

43. KFFI agrees to the terms of the Amended Settlement listed below:

(a) The Commission will make an order in the form attached as Schedule "A" that the Amended Settlement Agreement is approved pursuant to subsection 127(1) of the Act.

PART VI – STAFF COMMITMENT

44. If the Commission approves the Amended Settlement Agreement, Staff will not commence any proceeding under Ontario securities law against KFFI in relation to the facts set out in Part III of the Amended Settlement Agreement, subject to the provisions of paragraph 45 below.

45. If the Commission approves the Amended Settlement Agreement and, at any subsequent time, KFFI fails to comply with any of the terms of the Amended Settlement Agreement, Staff may bring proceedings under Ontario securities law against KFFI. These proceedings may be based on, but are not limited to, the facts set out in Part III of the Amended Settlement Agreement as well as the breach of the Amended Settlement Agreement.

PART VII – PROCEDURE FOR APPROVAL OF AMENDED SETTLEMENT

46. Given that the Settlement Agreement has been approved at a public hearing on March 7, 2014, the parties will seek approval of the Amended Settlement Agreement in writing by submitting a copy of the Amended Settlement Agreement and draft consent order to the Commission without the requirement for another public hearing.

47. Staff and KFFI agree that the Amended Settlement Agreement will form all of the agreed facts that will be submitted to the Commission.

48. If the Commission approves the Amended Settlement Agreement, KFFI agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

49. If the Commission approves the Amended Settlement Agreement, neither party will make any public statement that is inconsistent with the Amended Settlement Agreement.

50. Whether or not the Commission approves the Amended Settlement Agreement, KFFI will not use, in any proceeding, the Amended Settlement Agreement or the negotiation or process of approval of the Amended Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF AMENDED SETTLEMENT AGREEMENT

51. If the Commission does not approve the Amended Settlement Agreement or does not make the order attached as Schedule "A" to the Amended Settlement Agreement, all discussions and negotiations between Staff and KFFI will be without prejudice to Staff and KFFI.

52. Both parties will keep the terms of the Amended Settlement Agreement confidential until the Commission approves the Amended Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Amended Settlement Agreement, both parties must continue to keep the terms of the Amended Settlement Agreement confidential, unless they agree in writing not to do so or if otherwise required by law.

PART IX – EXECUTION OF AMENDED SETTLEMENT AGREEMENT

53. All parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

54. A fax copy of any signature will be treated as an original signature.

Dated this 12th day of February, 2015.

Knowledge First Financial Inc.

"R. George Hopkinson" Per: *"R. George Hopkinson"*

"Darrell Bartlett" Per: *"Darrell Bartlett"*

"Tom Atkinson"
Director, Enforcement Branch

SCHEDULE "A"

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
KNOWLEDGE FIRST FINANCIAL INC.

ORDER

WHEREAS on March 6, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to the Statement of Allegations filed by Staff of the Commission ("Staff") on March 5, 2014 with respect to Knowledge First Financial Inc. ("KFFI");

AND WHEREAS KFFI entered into a Settlement Agreement dated March 5, 2014 (the "Settlement Agreement") in relation to certain of the matters set out in the Statement of Allegations;

AND WHEREAS the Settlement Agreement acknowledged KFFI's co-operation with Staff and set out the costs incurred by KFFI in retaining an independent consultant (the "Consultant") to prepare and assist KFFI in implementing a plan to strengthen KFFI's "compliance system" within the meaning of section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

AND WHEREAS the Settlement Agreement set out that a manager in the Compliance and Registrant Regulation Branch of the Commission (the "OSC Manager") approved the amended Consultant's plan dated November 16, 2012 and that Staff reviewed the progress reports detailing KFFI's progress with respect to the implementation of the amended Consultant's plan as revised by various progress reports (the "Amended Consultant's Plan");

AND WHEREAS the Settlement Agreement set out that the Consultant confirmed by letter dated October 17, 2013 that the Amended Consultant's Plan had been fully implemented;

AND WHEREAS on March 7, 2014, the Commission ordered: (a) the Settlement Agreement be approved; (b) by no later than May 7, 2015, KFFI will provide the OSC Manager as defined in the Terms and Conditions with a report on whether the revised policies and procedures and internal controls set out in the Amended Consultant's Plan are: (i) being followed by KFFI; (ii) working appropriately and (iii) being adequately administered and enforced by KFFI; and (c) KFFI be reprimanded;

AND WHEREAS on June 6, 2014, KFFI made a motion to the Commission to vary the KFFI Settlement Agreement to delete the heading that read "PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST" and replace it with "PART IV – CONDUCT TO BETTER SERVE THE PUBLIC INTEREST" (the "Variation Motion");

AND WHEREAS on June 13, 2014, the Commission ordered the Variation Motion be dismissed and requested that Staff, in fairness to KFFI, reconsider whether to amend the Settlement Agreement as requested by KFFI;

AND WHEREAS the parties have signed an Amended Settlement Agreement dated February 12, 2015 (the "Amended Settlement Agreement") which sets out the same facts and terms of settlement as the Settlement Agreement but replaces the heading that read "PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST" with "PART IV – CONDUCT TO BETTER SERVE THE PUBLIC INTEREST";

AND WHEREAS the parties consent to the terms of this Order approving the Amended Settlement Agreement and agree that the sanctions provided for in the Order dated March 7, 2014 remain in full force and effect;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order without the requirement of another public hearing;

IT IS HEREBY ORDERED THAT:

(a) the Amended Settlement Agreement is approved.

DATED at Toronto, Ontario this _____ day of February, 2015

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke

THERE ARE NO ITEMS TO REPORT THIS WEEK.

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

THERE ARE NO ITEMS TO REPORT THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Mahdia Gold Corp.	13 January 2015	26 January 2015	26 January 2015		

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Chapter 8

Notice of Exempt Financings

REPORT OF TRADES ON FORM 45-106F1 AND 45-501F1

There are no Reports of Exempt Distribution on Forms 45-106F1 or 45-501F1 (Reports) in this Bulletin.

Reports filed on or after February 19, 2014 must be filed electronically.

As a result of the transition to mandated electronic filings, the OSC is considering the most effective manner to make data about filed Reports available to the public, including whether and how this information should be reflected in the Bulletin. In the meantime, Reports filed with the Commission continue to be available for public inspection during normal business hours.

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Cambridge Bond Fund
Cambridge U.S. Dividend US$ Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated February 18, 2015
NP 11-202 Receipt dated February 19, 2015
Offering Price and Description:
Class A, C, E, EF, F, I and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #2309290

Issuer Name:
Cenovus Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 17, 2015
NP 11-202 Receipt dated February 17, 2015
Offering Price and Description:
$* - * Common Shares
Price: $* per Offered Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Barclays Capital Canada Inc.
J.P. Morgan Securities Canada Inc.
Merrill Lynch Canada Inc.
Credit Suisse Securities (Canada), Inc.
Morgan Stanley Canada Limited
AltaCorp Capital Inc.
BNP Paribas (Canada) Securities Inc.
Desjardins Securities Inc.
Cormark Securities Inc.
FirstEnergy Capital Corp.
Macquarie Capital Markets Canada Ltd.
National Bank Financial Inc.
Peters & Co. Limited
Raymond James Ltd.
UBS Securities Canada Inc.
Promoter(s):
-
Project #2308894

Issuer Name:
Cenovus Energy Inc.
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated February 18, 2015
NP 11-202 Receipt dated February 18, 2015
Offering Price and Description:
$1,501,875,000 - 67,500,000 Common Shares
Price: $22.25 per Offered Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Barclays Capital Canada Inc.
J.P. Morgan Securities Canada Inc.
Merrill Lynch Canada Inc.
Credit Suisse Securities (Canada), Inc.
Morgan Stanley Canada Limited
AltaCorp Capital Inc.
BNP Paribas (Canada) Securities Inc.
Desjardins Securities Inc.
Cormark Securities Inc.
FirstEnergy Capital Corp.
Macquarie Capital Markets Canada Ltd.
National Bank Financial Inc.
Peters & Co. Limited
Raymond James Ltd.
UBS Securities Canada Inc.
Promoter(s):
-
Project #2308894

Issuer Name:
Dividend Select 15 Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 23, 2015
NP 11-202 Receipt dated February 23, 2015
Offering Price and Description:
Maximum: $ * - * Equity Shares
Price: $* per Equity Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Promoter(s):
-
Project #2310633

Issuer Name:
Horizons US 7-10 Year Treasury Bond ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 12, 2015
NP 11-202 Receipt dated February 17, 2015
Offering Price and Description:
Class A Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
HORIZONS ETFs MANAGEMENT (CANADA) INC.
Project #2308281

Issuer Name:
OSISKO GOLD ROYALTIES LTD
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated February 19, 2015
NP 11-202 Receipt dated February 19, 2015
Offering Price and Description:
$200,020,000 - 10,960,000 Units Issuable on Exercise of Outstanding Special Warrants
Price: $18.25 Per Special Warrant
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
RBC Dominion Securities Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
Cormark Securities Inc.
Paradigm Capital Inc.
Edgecrest Capital Corporation
Promoter(s):
-
Project #2309766

Issuer Name:
PowerShares FTSE RAFI Global Small-Mid Fundamental ETF
PowerShares Global Shareholder Yield ETF
PowerShares Low Volatility Portfolio ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 18, 2015
NP 11-202 Receipt dated February 18, 2015
Offering Price and Description:
CAD Units and USD Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
INVESCO CANADA LTD.
Project #2309137

Issuer Name:
Squire Mining Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated February 20, 2015
NP 11-202 Receipt dated February 20, 2015
Offering Price and Description:
$300,000.00 - 3,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Jordan Capital Markets Inc.
Promoter(s):
Ian H. Mann
Project #2310392

Issuer Name:
Starlight U.S. Multi-Family (No. 4) Core Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 20, 2015
NP 11-202 Receipt dated February 23, 2015
Offering Price and Description:
Maximum: US$75,000,000 - *Class A Units and/or Class U Units and/or Class D Units and/or
Class E Units and/or Class F Units and/or Class H Units and/or Class C Units
Minimum Offering: US$28,750,000
Price: C$10.00 per Class A Unit
US$10.00 per Class U Unit
C$10.00 per Class D Unit
US$10.00 per Class E Unit
C$10.00 per Class F Unit
C$10.00 per Class H Unit
C$10.00 per Class C Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Raymond James Ltd.
TD Securities Inc.
Dundee Securities Ltd.
GMP Securities L.P.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Promoter(s):
Starlight Investments Ltd.
Project #2310337

Issuer Name:
Student Transportation Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 19, 2015
NP 11-202 Receipt dated February 20, 2015
Offering Price and Description:
C$* - * Common Shares
Price: C$* per Common Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Stifel, Nicolaus & Company, Inc.
Raymond James Ltd.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #2309835

Issuer Name:
Student Transportation Inc.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated February 20, 2015
NP 11-202 Receipt dated February 20, 2015
Offering Price and Description:
$75,024,000.00 - 10,420,000 Common Shares
Price: C$7.20 per Common Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Stifel, Nicolaus & Company, Inc.
Raymond James Ltd.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #2309835

Issuer Name:
theScore, Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 18, 2015
NP 11-202 Receipt dated February 18, 2015
Offering Price and Description:
$23,048,000 - 34,400,000 Units
Price: $0.67 per Offered Unit
Underwriter(s) or Distributor(s):
MACKIE RESEARCH CAPITAL CORPORATION
CANACCORD GENUITY CORP.
BEACON SECURITIES LIMITED
Promoter(s):
-
Project #2307956

Issuer Name:
Timbercreek Global Real Estate Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated February 18, 2015
NP 11-202 Receipt dated February 18, 2015
Offering Price and Description:
Offering Class A and Class F Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2309276

Issuer Name:
TSO3 inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated February 17, 2015
NP 11-202 Receipt dated February 17, 2015
Offering Price and Description:
$10,000,000 - 8,000,000 Units
Price: $1.25 per Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Cannacord Genuity Corp.
Euro Pacific Canada Inc.
Laurentian Bank Securities Inc.
Promoter(s):
-
Project #2308415

Issuer Name:
Yamana Gold Inc.
Type and Date:
Preliminary Base Shelf Prospectus dated February 17, 2015
Receipted on February 18, 2015
Offering Price and Description:
Up to 93,774,384 Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2309038

Issuer Name:
Aequus Pharmaceuticals Inc.
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 18, 2015
NP 11-202 Receipt dated February 20, 2015
Offering Price and Description:
$4,190,329.00 - 7,618,780 Common Shares and 3,809,390 Common Share Purchase Warrants on exercise or deemed exercise of 7,618,780 Outstanding Special Warrants
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Clarus Securities Inc.
Promoter(s):
Doug Janzen
Fotios Plakogiannis
Alexander Goumeniouk
Peter Wilson
Charlie Perperidis
Project #2296456

Issuer Name:
Bombardier Inc.
Principal Regulator - Quebec
Type and Date:
Final Base Shelf Prospectus dated February 18, 2015
NP 11-202 Receipt dated February 19, 2015
Offering Price and Description:
Cdn$2,500,000,000
Debt Securities
Preferred Shares
Class B Shares (Subordinate Voting)
Subscription Receipts
Warrants
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
UBS SECURITIES CANADA INC.
CIBC WORLD MARKETS INC.
CITIGROUP GLOBAL MARKETS CANADA INC.
Promoter(s):
-
Project #2307518

Issuer Name:
Brompton 2015 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 17, 2015
NP 11-202 Receipt dated February 18, 2015
Offering Price and Description:
Maximum: $35,000,000 - 1,400,000 Limited Partnership Units @: $25/Unit
Minimum: $5,000,000 - 200,000 Limited Partnership Units @ $25/Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
GMP Securities L.P.
Raymond James Ltd.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Dundee Securities Ltd
Haywood Securities Inc.
Industrial Alliance Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
BROMPTON FLOW-THROUGH MANAGEMENT LIMITED
BROMPTON FUNDS LIMITED
Project #2295034

Issuer Name:
Chesswood Group Limited
Principal Regulator - Ontario
Type and Date:
Amended and Restated Base Shelf Prospectus dated February 17, 2015 (the amended prospectus) amending and restating the Base Shelf Prospectus dated November 27, 2013
NP 11-202 Receipt dated February 17, 2015
Offering Price and Description:
$100,000,000.00
Debt Securities (unsecured)
Common Shares
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2134917

Issuer Name:
Crew Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 23, 2015
NP 11-202 Receipt dated February 23, 2015
Offering Price and Description:
$100,002,000.00 - 16,667,000 Common Shares
Price:$6.00 per Common Share
Underwriter(s) or Distributor(s):
GMP Securities L.P.
TD Securities Inc.
Cormark Securities Inc.
Macquarie Capital Markets Canada Ltd.
RBC Dominion Securities Inc.
Raymond James Ltd.
Peters & Co. Limited
BMO Nesbitt Burns Inc.
AltaCorp Capital Inc.
Canaccord Genuity Corp.
Dundee Securities Ltd.
FirstEnergy Capital Corp.
Promoter(s):
-
Project #2306670

Issuer Name:
Horizons Auspice Managed Futures Index ETF
Horizons Auspice Broad Commodity Index ETF
Horizons Gold Yield ETF
Horizons Natural Gas Yield ETF
(Class E Units and Advisor Class Units)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated February 19, 2015
NP 11-202 Receipt dated February 23, 2015
Offering Price and Description:
Class E Units and Advisor Class Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
ALPHAPRO MANAGEMENT INC.
Project #2300147

Issuer Name:
HUSKY ENERGY INC.
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated February 23, 2015
NP 11-202 Receipt dated February 23, 2015
Offering Price and Description:
$3,000,000,000
Common Shares
Preferred Shares
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2308371

Issuer Name:
Nutritional High International Inc.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Long Form
Prospectus dated February 13, 2015 (the amended prospectus) amending and restating the Long Form Prospectus dated January 29, 2015
NP 11-202 Receipt dated February 17, 2015
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Jacob Securities Inc.
Promoter(s):
FMI CAPITAL ADVISORY INC.

Project #2271978

Issuer Name:
Pacific & Western Bank of Canada
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 19, 2015
NP 11-202 Receipt dated February 19, 2015
Offering Price and Description:
$10,000,000.00 (minimum) to $15,000,000 (maximum)
Up to 1,500,000 Non-Cumulative 6-Year Rate Reset Preferred Shares, Series 3 (Non-Viability Contingent Capital (NVCC))
Underwriter(s) or Distributor(s):
INDUSTRIAL ALLIANCE SECURITIES INC.
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
PI FINANCIAL CORP.
BURGEONVEST BICK SECURITIES LIMITED
INTEGRAL WEALTH SECURITIES LIMITED
JONES GABLE & COMPANY LIMITED
LEEDE FINANCIAL MARKETS INC.
Promoter(s):
PWC CAPITAL INC.
Project #2300627

Issuer Name:
RG One Corp.
Type and Date:
Final CPC Prospectus dated February 17, 2015
Receipted on February 20, 2015
Offering Price and Description:
A minimum of 3,600,000 Common Shares ($360,000) and a maximum of 10,000,000 Common Shares ($1,000,000)
PRICE: $0.10 PER COMMON SHARE
Underwriter(s) or Distributor(s):
M Partners Inc.
Promoter(s):
-
Project #2294938

Issuer Name:
Rock Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 17, 2015
NP 11-202 Receipt dated February 17, 2015
Offering Price and Description:
$13,160,000
5,600,000 Common Shares
Price: $2.35 per Common Share
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
ALTACORP CAPITAL INC.
FIRSTENERGY CAPITAL CORP.
HAYWOOD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
PARADIGM CAPITAL INC.
GMP SECURITIES L.P.
Promoter(s):
-
Project #2305487

Issuer Name:
The Intertain Group Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 23, 2015
NP 11-202 Receipt dated February 23, 2015
Offering Price and Description:
$420,000,000.00
28,000,000 Subscription Receipts
$15.00 per Subscription Receipt
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
CORMARK SECURITIES INC.
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
NATIONAL BANK FINANCIAL INC.
CLARUS SECURITIES INC.
CANTOR FITZGERALD CANADA CORPORATION
Promoter(s):
-
Project #2305985

Issuer Name:
Inovent Capital Inc.
Principal Jurisdiction - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated November 24, 2014
Amended and Restated Preliminary Long Form Prospectus dated December 19, 2014
Withdrawn on February 16, 2015
Offering Price and Description:
$50,000,000 - * Offered Shares
Price: $ * per Offered Share
Underwriter(s) or Distributor(s):
ALTACORP CAPITAL INC.
EURO PACIFIC CANADA INC.
LAURENTIAN BANK SECURITIES INC.
Promoter(s):
Jim Scott
Dixon Lawson
Project #2284480

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Firm Name Change	From: Hanocci Capital Partners Inc. To: Durose Asset Management Inc.	Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	February 12, 2015
Change in Registration Category	NBC Alternative Investments Inc. / BNC Gestion Alternative Inc.	From: Portfolio Manager and Commodity Trading Manager To: Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager	February 19, 2015

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1 SROs

13.1.1 IIROC – OSC Staff Notice of Request for Comment – Margin requirements for certain cash and security borrowing and lending arrangements – Proposed Amendments to Schedules 1, 7 and 7A of Dealer Member Form 1

OSC STAFF NOTICE OF REQUEST FOR COMMENT

THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

MARGIN REQUIRMENTS FOR CERTAIN CASH AND SECURITY BORROWING AND LENDING ARRANGEMENTS – PROPOSED AMENDMENTS TO SCHEDULES 1, 7 AND 7A OF DEALER MEMBER FORM 1

IIROC is republishing for public comment proposed amendments to Schedule 1, 7 and 7A of Dealer Member Form 1. The primary objective of the proposed amendments is to more closely align the capital requirements for certain cash and security borrowing and lending arrangements to an IIROC Dealer Member's risk of loss associated with such arrangements by reducing applicable margin requirements. A copy of the IIROC Notice including the amended documents was also published on our website at http://www.osc.gov.on.ca. The comment period is for 90 days and ends on May 27, 2015.

13.3 Clearing Agencies

13.3.1 Notice of Effective Date – Technical Amendments to CDS Procedures – Change for Aequitas Neo Exchange Bring-On

NOTICE OF EFFECTIVE DATE

TECHNICAL AMENDMENTS TO CDS PROCEDURES – CHANGE FOR AEQUITAS NEO EXCHANGE BRING-ON

The Ontario Securities Commission is publishing *Notice of Effective Date – Technical Amendments to CDS Procedures – Change for Aequitas Neo Exchange bring-on*. The CDS procedure amendments were reviewed and approved by CDS's strategic development review committee (SDRC) on January 29, 2015. CDS has determined that these amendments will become effective on March 1, 2015.

A copy of the CDS notice is published on our website http://www.osc.gov.on.ca.

Chapter 25

Other Information

25.1 Consents

25.1.1 Premier Royalty Inc. – s. 4(b) of R.R.O. 1990, Reg. 289/00 under the OBCA

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the "Regulation") MADE UNDER
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(the "OBCA")

AND

IN THE MATTER OF
PREMIER ROYALTY INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Premier Royalty Inc. (the "**Applicant**") to the Ontario Securities Commission (the **"Commission"**) requesting the consent from the Commission, pursuant to subsection 4(b) of the Regulation, for the Applicant to continue in another jurisdiction pursuant to Section 181 of the OBCA (the "**Continuance**");

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Applicant representing to the Commission that:

1. The Applicant intends to apply to the Director under the OBCA pursuant to Section 181 of the OBCA for authorization to continue under the *Business Corporations Act* (British Columbia) (the "**BCBCA**").

2. The Applicant was incorporated as an Ontario corporation on May 10, 2007, was amalgamated with Premier Royalty Corporation on July 1, 2013, and continues to exist under the OBCA.

3. The head office of the Applicant is located at #1400 – 400 Burrard Street, Vancouver, BC V6C 3A6.

4. The financial year end of the Applicant is December 31.

5. The authorized share capital of the Applicant comprises an unlimited number of common shares (the "**Premier Shares**").

6. Until October 4, 2013, the Premier Shares were held by the public and were listed on the Toronto Stock Exchange.

7. On October 4, 2013, Sandstorm Gold Ltd. ("**Sandstorm**") acquired all of the issued and outstanding Premier Shares that it did not already hold pursuant to a plan of arrangement under the OBCA (the "**Plan of Arrangement"**). Sandstorm is a reporting issuer in Ontario and its common shares (the "**Sandstorm Shares**") are listed on the Toronto Stock Exchange.

8. In addition to the outstanding Premier Shares, at the time of the Plan of Arrangement, the Applicant had issued and outstanding options to purchase Premier Shares, and 8 classes of warrants to purchase Premier Shares (collectively, the "**Convertible Premier Securities**").

9. The Convertible Premier Securities were not replaced with Sandstorm securities in the Plan of Arrangement. However, as a result of the completion of the Plan of Arrangement and the terms of the Convertible Premier Securities, upon exercise, the Convertible Premier Securities now entitle the holder thereof to receive, and the holder will be issued, Sandstorm Shares.

10. Due to the number of holders of the Convertible Premier Securities that remained outstanding following completion of the Plan of Arrangement, the Applicant could not at that time apply to cease to be a reporting issuer in Ontario or in any other jurisdiction. At the date hereof, the Applicant is still unable to do so.

11. On November 8, 2013, the Applicant obtained relief (the "**Exemptive Relief**") from certain continuous disclosure, certification and related provisions of securities legislation on conditions, including that Sandstorm is the beneficial owner of all voting securities of the Applicant and that Sandstorm is a reporting issuer in a jurisdiction of Canada. The Applicant is currently relying on the Exemptive Relief.

12. The Applicant is currently an "offering corporation" under the OBCA and is a reporting issuer under the *Securities Act* (Ontario), R.S.O. 1990, c. S.5, as amended (the "**Securities Act**"), and the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

13. Pursuant to Subsection 4(b) of the Regulation, an application for authorization to continue in another jurisdiction under Section 181 of the OBCA must, in the case of an "offering corporation" under the OBCA be accompanied by a consent from the Commission.

14. As at January 30, 2015, there were 78,527,236 Premier Shares issued and outstanding, all registered in the name of Sandstorm. In addition, as at January 30, 2015, the following Convertible Premier Securities were outstanding:

    a. **Options:** 2,873,333 options to purchase Premier Shares (pursuant to which up to 416,633 Sandstorm Shares could be delivered as a result of the Plan of Arrangement), with expiry dates ranging from December 11, 2017 to March 1, 2018.

    b. **December 2016 Warrants:** 4,788,712 warrants to purchase Premier Shares (pursuant to which up to 694,363 Sandstorm Shares could be delivered as a result of the Plan of Arrangement) at an exercise price of $2.00 per Premier Share (representing approximately $13.79 per Sandstorm Share), on or prior to December 4, 2016.

    c. **Class II December 2016 Warrants:** 8,691,004 warrants (of which 5,508,176 warrants are held by Sandstorm) to purchase Premier Shares (pursuant to which only up to 461,510 Sandstorm Shares could be delivered as a result of the Plan of Arrangement because the 5,508,176 warrants held by Sandstorm will likely not be exercised) at an exercise price of $2.00 per Premier Share (representing approximately $13.79 per Sandstorm Share), on or prior to December 4, 2016.

    d. **Yamana Warrants:** 500,000 warrants to purchase Premier Shares (pursuant to which up to 72,500 Sandstorm Shares could be delivered as a result of the Plan of Arrangement) at an exercise price of $2.50 per Premier Share (representing approximately $17.24 per Sandstorm Share), on or prior to February 28, 2016.

15. None of the Convertible Premier Securities are listed on a stock exchange.

16. In accordance with the OBCA and the Applicant's constating documents, a special resolution of shareholders must be obtained in connection with the proposed Continuance, meaning the approval of not less than two-thirds of the aggregate votes cast by the shareholders present in person or represented by proxy at a meeting of shareholders. The only shareholder that is entitled to vote is Sandstorm, and as such, no meeting need be held. A written resolution of the sole shareholder approving the Continuance was signed as of January 29, 2015.

17. The Continuance is proposed to be made in order to enable the Applicant to be amalgamated with Sandstorm, which is organized under the BCBCA, as part of a tax-related restructuring being effected by Sandstorm.

18. The Applicant is not in default of any of the provisions of the OBCA, the Securities Act and the securities legislation of all other jurisdictions in which it is a reporting issuer, and the regulations and rules made thereunder (collectively, the **"Legislation"**).

19. The Applicant is not a party to any proceeding or, to the best of its information, knowledge and belief, any pending proceeding under the Legislation.

20. Following the Continuance, the Applicant will remain a reporting issuer in Ontario and in each of the other jurisdictions where it is currently a reporting issuer in accordance with the terms of the Exemptive Relief.

21. The Exemptive Relief will cease to be relevant upon completion of the amalgamation of the Applicant with Sandstorm.

22. The principal regulator of Sandstorm upon completion of the amalgamation of the Applicant with Sandstorm will be the British Columbia Securities Commission.

23. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto, Ontario on this 13th day of February, 2015.

"James Turner"
Ontario Securities Commission

"Judith N. Robertson"
Ontario Securities Commission

25.1.2 Caspian Energy Inc. – s. 4(b) of Ont. Reg. 289/00 under the OBCA

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Business Corporations Act (British Columbia).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, Ont. Reg. 289/00, as am., s. 4(b).
Securities Act,R.S.O. 1990, c. S.5, as am.

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the "Regulation") MADE UNDER
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(the "OBCA")

AND

IN THE MATTER OF
CASPIAN ENERGY INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Caspian Energy Inc. (the "**Applicant**") to the Ontario Securities Commission (the "Commission") requesting the consent from the Commission, pursuant to subsection 4(b) of the Regulation, for the Applicant to continue in another jurisdiction pursuant to Section 181 of the OBCA (the "**Continuance**");

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Applicant representing to the Commission that:

1. The Applicant intends to apply to the Director under the OBCA pursuant to Section 181 of the OBCA for authorization to continue under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") under its name Caspian Energy Inc. The Applicant has a name reservation granted by the Registrar of Companies, British Columbia in the name CASPIAN ENERGY INC., under name reservation number NR 1998671. The Applicant does not intend to change its name in connection with the Continuance.

2. The Applicant was incorporated as a private company under the OBCA on January 26, 1982

under the name “Northway Explorations Limited”. By articles of amendment dated February 3, 1986, the Applicant's authorized capital was changed to consist of an unlimited number of common shares without par value. By articles of amendment dated October 3, 1986, the private company restrictions were removed from the Applicant's articles. Effective September 2, 2004, the Applicant's articles were amended to change its name to “Caspian Energy Inc.” The Applicant’s articles were further amended on February 20, 2014 to effect the consolidation of its securities on a 10 to 1 basis. The Applicant continues to exist under the OBCA.

3. The head office of the Applicant is located at 396 - 11th Avenue S.W., Suite 410, Calgary, Alberta, T2R 0C5 and its registered office is located at 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, Canada, M5H 3C2. Following the Continuance, the Applicant intends to change its registered office to 2200 HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

4. The financial year end of the Applicant is December 31.

5. The authorized share capital of the Applicant comprises an unlimited number of common shares (the “**Caspian Shares**”), of which 134,434,109 were issued and outstanding as of February 11, 2015. All of the Caspian Shares are currently listed on the NEX board of the TSX Venture Exchange (the “**NEX**”) under the symbol CZK.H. The Applicant does not have any securities listed on any other exchange.

6. The Applicant is currently an “offering corporation” under the OBCA and is a reporting issuer under the *Securities Act* (Ontario), R.S.O. 1990, c. S.5, as amended (the “**Securities Act**”), and the securities legislation of British Columbia and Alberta. The Applicant is not a reporting issuer or equivalent in any other jurisdiction. The Alberta Securities Commission is currently the Applicant's principal regulator.

7. A summary of the material provisions respecting the proposed Continuance has been provided to the shareholders of the Applicant in the management information circular of the Applicant dated November 12, 2014 (the “**Circular**”) in respect of the Applicant's annual and special meeting of the Applicant’s shareholders (the “**Shareholders**”) held on December 12, 2014 (the “**Meeting**”). The Circular was mailed on November 14, 2014 to Shareholders of record at the close of business on November 10, 2014, was filed on November 14, 2014 on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and includes full disclosure of the reasons for, and the implications of, the proposed Continuance and a summary of the material differences between the OBCA and the BCBCA.

8. In accordance with the OBCA, the Securities Act and the Applicant's constating documents, the special resolution of Shareholders obtained at the Meeting in connection with the proposed Continuance (the “**Continuance Resolution**”) required the approval of 66 2/3% of the aggregate votes cast by Shareholders present in person or by proxy at the Meeting. Each Shareholder was entitled to one vote for each Caspian Share held.

9. The Shareholders had the right to dissent with respect to the proposed Continuance pursuant to Section 185 of the OBCA, and the Circular disclosed full particulars of this right in accordance with applicable law.

10. The Continuance Resolution was approved at the Meeting by 99.99% of the votes cast by Shareholders in respect of the Continuance Resolution. None of the Shareholders exercised dissent rights pursuant to section 185 of the OBCA.

11. The Continuance is proposed to be made to satisfy a condition precedent to the completion of the Filer’s previously announced acquisition of the ownership interests in Aral Petroleum Capital LLP (“**Aral**”) not already owned by the Applicant. The Applicant currently owns a 40% indirect interest in Aral, which is the operating entity of the exploratory licence for the area referred to as the “North Block” in Kazakhstan.

12. The Applicant is not in default under any provision of the OBCA, the Securities Act and the securities legislation of all other jurisdictions in which it is a reporting issuer, and the regulations and rules made thereunder (collectively, the “**Legislation**”).

13. The Applicant is not a party to any proceeding or, to the best of its information, knowledge and belief, any pending proceeding under the Legislation.

14. Following the Continuance, the Applicant will remain a reporting issuer in Ontario and in each of the other jurisdictions where it is currently a reporting issuer and the Alberta Securities Commission with continue to be the Applicant’s principal regulator.

The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the BCBCA.

DATED at Toronto, Ontario on this 20th day of February, 2015.

"Mary Condon"
Commissioner
Ontario Securities Commission

"Anne Marie Ryan"
Commissioner
Ontario Securities Commission

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