**The Ontario Securities Commission**

# OSC Bulletin

April 9, 2015

Volume 38, Issue 14

(2015), 38 OSCB

The Ontario Securities Commission administers the
*Securities Act* of Ontario (R.S.O. 1990, c. S.5) and the
*Commodity Futures Act* of Ontario (R.S.O. 1990, c. C.20)

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Published under the authority of the Commission by:
**Carswell, a Thomson Reuters business**
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
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ISSN 0226-9325


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### 1.1.1 CSA Staff Notice 43-309 – Review of Website Investor Presentations by Mining Issuers

CSA Staff Notice 43-309 – *Review of Website Investor Presentations by Mining Issuers* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

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# CSA Staff Notice 43-309
## *Review of Website Investor Presentations by Mining Issuers*

**April 9, 2015**

## 1. Introduction

This notice summarizes the findings of a review (the **Review**) of investor presentations on mining issuers' websites, conducted by staff of the British Columbia Securities Commission (**BCSC**), the Ontario Securities Commission (**OSC**), and the Autorité des marchés financiers (**AMF**) (collectively, the **Principal Mining Jurisdictions** or **we**). We also provide practical information to assist mining issuers in designing investor presentations and websites that meet their disclosure obligations.

The Review assessed investor presentations' compliance with the requirements of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**). In addition, we reviewed the forward looking information (**FLI**) against the requirements of Part 4A of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**).

We expect mining issuers to use this notice as a self-assessment tool to strengthen their compliance with securities laws, in particular NI 43-101 and FLI disclosure requirements.

## 2. Summary of Results

### *2.1 Key Findings*

The results of our review highlight the need for mining issuers to improve their disclosure in order to comply with the following requirements of NI 43-101:

- **Naming the qualified person (QP)**: review of technical information by a QP directly improves compliance with requirements
- **Preliminary economic assessments (PEA):** providing required cautionary statements ensures proper understanding of the PEA results' limitations
- **Mineral resources and mineral reserves**: a clear statement whether mineral resources include or exclude mineral reserves is essential to avoid misleading disclosure
- **Exploration targets**: potential quantity and grade must be expressed as a range and be accompanied by the required statements outlining the target limitations
- **Historical estimates**: disclosure must include source, date, reliability, key assumptions and be accompanied by the required cautionary statements.

### 2.2 *Overall Assessment*

In general we found there is room for improvement for mining issuers to comply with disclosure requirements.

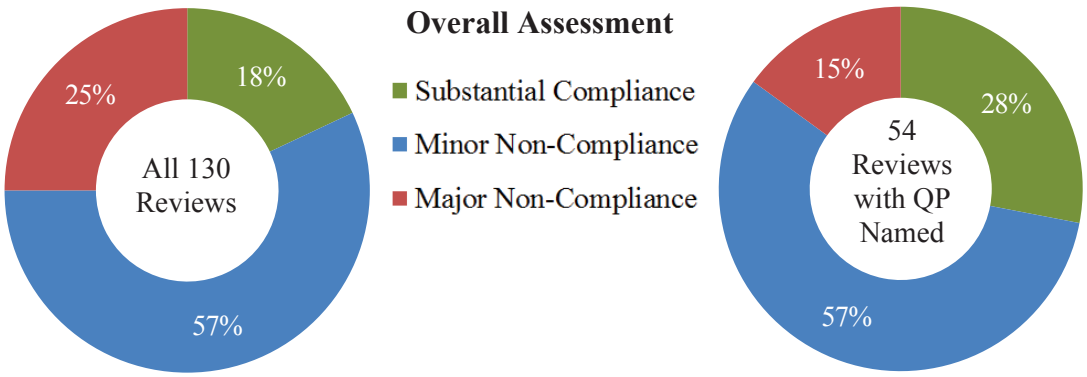
Some issuers use terms and statements that could be interpreted as overly promotional or misleading, potentially resulting in a misrepresentation. Terms such as “world-class”, “spectacular”, “production ready”, or “ore” may be used inappropriately in certain circumstances. Misuse of such terms was more commonly seen with exploration or mineral resource stage issuers.

Issuers at the mineral resource stage or earlier sometimes disclose anticipated economic outcomes for their mineral project such as production rate, capital and operating costs, or mine life suggesting that their project is at a more advanced stage of development than is supported by the existing technical report. Such disclosure may trigger the filing of a technical report to support the economic projections.

Based on an overall assessment of 130 investor presentations for compliance with NI 43-101 and FLI requirements, as well as whether the information was balanced and not overly promotional, we assigned a rating to each of the investor presentations as “substantial compliance”, “minor non-compliance”, or “major non-compliance”.

Of the 130 investor presentations, 54 presentations provided the name of the QP that approved the disclosure, and stated that QP's relationship to the issuer, as required by section 3.1 of NI 43-101. Those 54 presentations were rated as having substantial compliance or minor non-compliance 85% of the time, a significant improvement over the full population of presentations.

As demonstrated in the following pie charts, the rating and overall compliance with NI 43-101 disclosure requirements increased significantly among investor presentations reviewed by a QP. We saw improvement in disclosure of exploration targets, mineral resources and mineral reserves, historical estimates and exploration information. No improvement was noted with disclosure of economic studies. Issuers are reminded of the requirement to name the QP responsible for approving the disclosure to ensure that the information complies with NI 43-101.

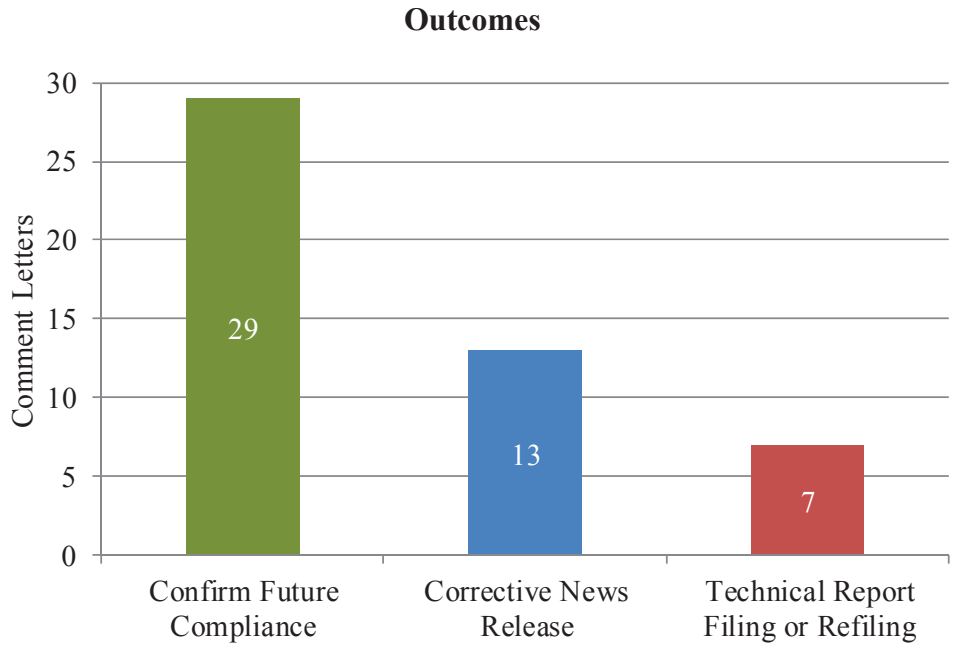



***2.3 Actions Taken***

Of the 130 investor presentations reviewed, we sent letters to 49 mining issuers requiring them to amend their investor presentations and correct the non-compliant disclosure. As shown in the bar graph below, this resulted in a range of outcomes from mining issuers confirming future

compliance with the requirements, to issuing a corrective news release, to filing or refiling a technical report.

The majority of the corrective news releases and technical report filings or refilings resulted from non-compliant disclosure of economic studies, PEAs, mineral resources, mineral reserves, exploration targets, historical estimates, or overly promotional language.




## 3. Purpose and Objective

Mining issuers make up approximately 43% (1,600) of the total number of reporting issuers overseen by CSA jurisdictions[1]. Approximately 94% of all mining issuers listed on the Toronto Stock Exchange (**TSX**), TSX Venture Exchange (**TSXV**), and the Canadian Stock Exchange (**CSE**) are regulated by the BCSC, OSC or AMF which maintain a staff of specialized mining professionals to review disclosure by mining issuers based in their respective jurisdictions.

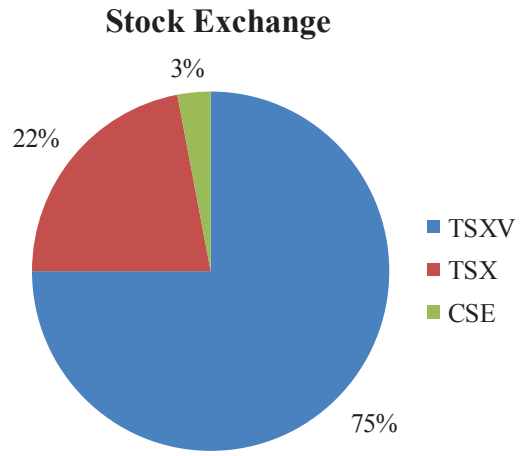
Investor presentations and other forms of investor relations materials contained on mining issuers' websites provide a powerful tool for communication. Information found on issuer websites is captured by the definition of "written disclosure" in NI 43-101 and disclosure requirements apply.

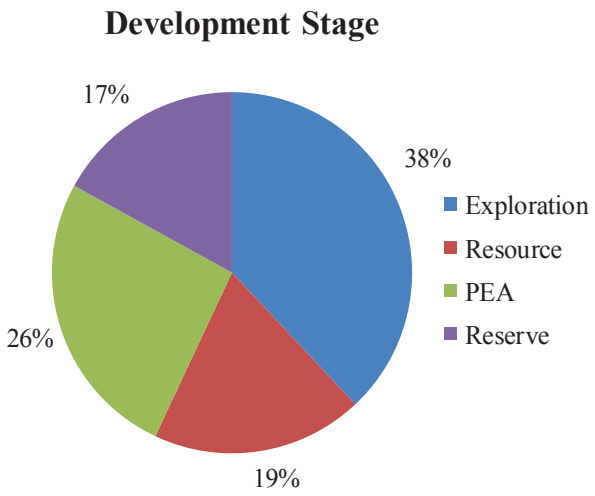
We often observe non-compliance with disclosure on mining issuers' websites such as investor presentations, fact sheets, media articles, and links to third party content. Our Review was intended to provide data and analysis to better understand the nature, extent and compliance of the disclosure in investor presentations in order to better assist mining issuers and their investor relations personnel to improve their disclosure to investors.

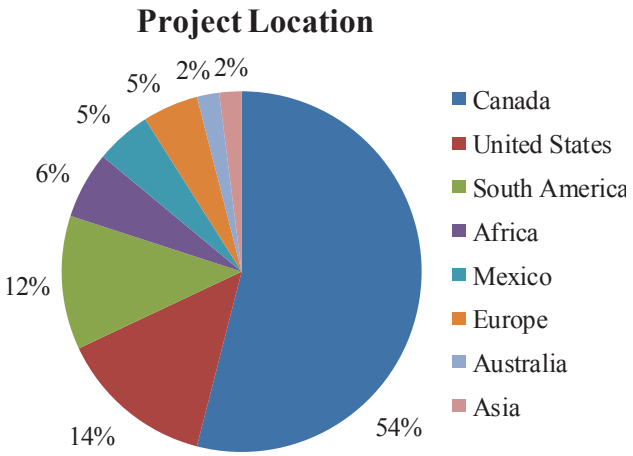
[1] As at December 2014

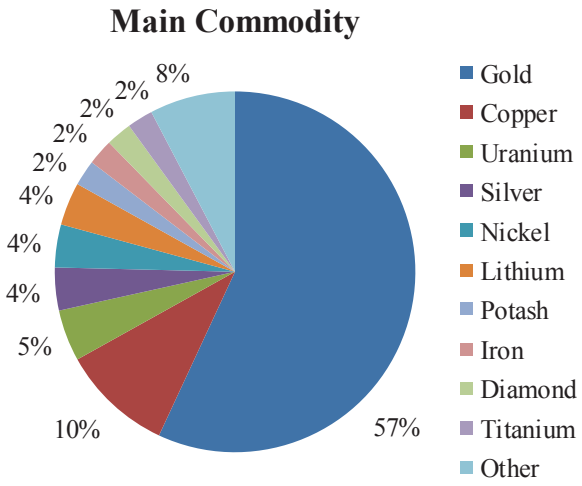
## 4. Profile of Issuers Reviewed

Approximately 88% of all mining issuers listed on the TSX, TSXV, and the CSE are at the pre-production stage. Our review focused on a sample of 130 mining issuers at the pre-production stage from the Principal Mining Jurisdictions with investor presentations dated between December 2013 and October 2014. The following pie charts provide details of the profile of the mining issuers reviewed in our sample including stock exchange listing, development stage, project location, and main commodity.



## 5. NI 43-101 Compliance

The results of our Review are presented according to the following thresholds of non-compliance: High Level of Non-Compliance (greater than 50% of investor presentations reviewed) and Areas for Additional Improvement (between 30% and 50% of investor presentations reviewed). When discussing the Review findings the number of investor presentations that included the particular disclosure is provided followed by the percentage of presentations that did not comply with NI 43-101 requirements. After each Review finding, staff commentary is provided on specific disclosure requirements and reminders for mining issuers. See Appendix A for an overall summary of the 130 investor presentation Review and Appendix B for details of the Review measures and references to the applicable NI 43-101 requirements.

### *5.1 High Level of Non-Compliance*

A. Naming the QP

Of the 130 investor presentations reviewed we found that only 54 provided the QP's name and their relationship to the issuer resulting in 58% non-compliance.

Staff commentary

- The foundation of NI 43-101 is that scientific or technical information is prepared or approved by a QP and the document containing this disclosure provides the name and relationship to the issuer of the QP. We remind issuers that including the name of the QP and their relationship to the issuer is required for all documents containing scientific or technical disclosure, including websites and investor relations materials.

- As shown by the results of this Review, the QP plays an important role in disclosure compliance. While the issuer is responsible for its own disclosure, it must ensure that the technical information is consistent with the information provided by the QP. Having the QP review and approve the disclosure (such as the investor presentation, website, etc.) has shown improved compliance with NI 43-101.

B. PEA cautionary statements

We observed that 34 of the investor presentations included financial results from a PEA level economic analysis and found that 56% lacked the required cautionary statements that the study included inferred mineral resources and the financial results of the PEA may not be realized.

Staff commentary

- We caution issuers to ensure that disclosure of the results of a PEA provide appropriate cautionary statements for the public to understand the limitations of the results of the PEA. Disclosure of a PEA that include inferred mineral resources must state with equal prominence that, "*the preliminary economic assessment is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized"*.

C. Caution that mineral resources are not mineral reserves

We noted that 56 of the investor presentations included financial results of an economic analysis of mineral resources, 34 of which were results of a PEA level study. Of the 56 instances, 50% did not include the required statement cautioning the public that economic viability of the mineral resources has not been demonstrated by the economic analysis.

Staff commentary

- Any disclosure implying that a PEA has demonstrated economic or technical viability is contrary to the definition of a PEA. In this context, disclosure of results of an economic analysis of mineral resources must include an equally prominent statement that, "*mineral resources that are not mineral reserves do not have demonstrated economic viability*". This caution is required any time the disclosure includes the results of an economic analysis of mineral resources.

D. Inclusion or exclusion of mineral reserves in mineral resources

We observed that 22 of the investor presentations disclosed both mineral resources and mineral reserves. For these presentations, it was not clear 50% of the time whether mineral resources included or excluded mineral reserves. This is important information in order to avoid double counting of the mineral resource estimate.

Staff commentary

- When reporting both mineral resources and mineral reserves, a clear statement whether mineral resources include or exclude mineral reserves is required. As practices on this matter vary, it is essential to state which convention is being followed to avoid misleading disclosure. The CIM Estimation Best Practice Committee recommends that mineral resources should be reported separately and exclusive of mineral reserves.

E. Exploration targets

We observed that only 14 of the investor presentations included disclosure of an exploration target, but this disclosure was non-compliant 79% of the time. This significant level of non-compliance is related to either failing to express the target as ranges or not including the required cautions, or both.

Staff commentary

- Staff has significant concerns about the disclosure of exploration targets, which are not mineral resource estimates and cannot be used the way a mineral resource estimate would be. If a mining issuer chooses to disclose an exploration target, it must provide a reasonable basis for the target and also make the public aware of the target's limitations. Both the potential quantity and grade of the exploration target must be expressed as ranges and be accompanied by an equally prominent statement that, "*the potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a mineral resource*" and that "*it is uncertain if further exploration will result in the target being delineated as a mineral resource*".

F. Historical estimates

Our Review observed that 30 of the investor presentations included disclosure of an historical estimate, but this disclosure was non-compliant 60% of the time.

Staff commentary

- Disclosure of historical estimates continues to need improvement in order to comply with the requirements. Simply saying "not NI 43-101 compliant" does not meet that requirement. Issuers are reminded that the required information about the source, date, reliability, key assumptions and other factors must be provided each time the historical estimate is disclosed. In addition, an equally prominent statement is required alerting the public that, "*a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves*" and "*the issuer is not treating the historical estimate as current mineral resources or mineral reserves*".

G. Exploration information about quality assurance/quality control and naming the laboratory

We found that 86 of the investor presentations disclosed analytical or testing results, with 67% failing to disclose a summary of the quality assurance program and quality control measures applied and 71% failing to provide the name and location of the testing laboratory used.

Staff commentary

- Issuers may be able to comply with the disclosure requirements concerning exploration information by including in the written disclosure a reference to the title and date of a document previously filed on SEDAR that contains the exploration information. This may include previously filed documents such as news releases and technical reports. As discussed below, relying on previously filed documents is acceptable to satisfy some of the disclosure requirements in Part 3 of NI 43-101.

H. Data verification

Of the 130 investor presentations reviewed only 47 included any reference to a statement that the QP had verified the data resulting in 64% non-compliance.

Staff commentary

- Data verification is the process of confirming that the data underlying the written disclosure has been properly generated, was accurately transcribed, and is suitable for the purpose that the data is used. NI 43-101 requires the issuer to include a statement regarding verification of the data by the QP in the document containing the written disclosure.

- As noted above with exploration information, disclosure regarding data verification may be made compliant by referencing the title and date of a document previously filed by the issuer that contains the required data verification statement information by the QP.

### *5.2 Areas for Additional Improvement*

A. Taxes in economic studies

We found that 56 of the investor presentations included financial results from economic studies (34 PEA level and 22 pre-feasibility or feasibility level). Of these 56 instances, 37% reported only pre-tax financial results or provided no information about the tax rate for the mineral project. Surprisingly, the level of pre-tax only financial results was higher for projects at a pre-feasibility or feasibility level than at a PEA level.

Staff commentary

- Reporting only pre-tax financial results for an "advanced property", which includes results of a PEA, pre-feasibility or feasibility study does not provide complete and balanced information for investors to appropriately assess the financial results. In order to properly evaluate the potential viability of mineral resources in a PEA, or to demonstrate viability in a pre-feasibility or feasibility study, the cash flow model needs to include assumptions that have an economic impact such as taxes, royalties, and other government levies.

B. Metal price assumptions used in mineral resources and mineral reserves

Eighty-one of the investor presentations disclosed mineral resources and 22 of these also disclosed mineral reserves. We found that 30% of the time no information was provided about the assumed metal price used for determining the mineral estimates.

Staff commentary

- Metal or commodity price assumptions are key factors in establishing the cut-off grade for both mineral resources and mineral reserves and these assumptions can have a significant impact on the size of the mineral estimate. For this reason, it is important that the assumed metal or commodity price, and the cut-off grade, be clearly stated. Issuers are also reminded to provide the effective date of the reported estimate.

- Providing a complete table of current mineral resources and mineral reserves with all material assumptions in an appendix to the investor presentation may assist in providing the required information. Issuers may also be able to satisfy the requirement to disclose key assumptions by referencing the title and date of a document previously filed by the issuer that contains the required information. Nevertheless, if the assumed metal or commodity price is significantly below or above current prices, issuers should make sure the disclosure is not misleading by clearly stating the key assumptions.

C. Drilling information regarding true widths and significantly higher grade intervals

We observed that 70 of the investor presentations included drilling results. Of these, 38% did not include information on true widths of mineralized zones and 42% did not provide results of significantly higher grade intervals enclosed in a lower grade intersection. This type of information is particularly important for early stage projects.

Staff commentary

- When drilling results are reported, it is important that investors be provided with information about the nature and context of the results such as true width and higher grade intersections. Without this information the drilling results, especially at the exploration stage, may be potentially misleading.

- In some cases, including representative drill sections or other figures showing mineralized intervals may assist in providing the necessary information in investor presentations. Mining issuers may also be able to rely on a previously filed document that contains the required information.

***5.3 Technical Report Triggers***

Technical reports are a key disclosure document under NI 43-101, supporting a mining issuer's disclosure about its material mineral properties. Our Review identified 81 investor presentations that disclosed mineral resources, mineral reserves, or results of a PEA. First time written disclosure of mineral resources, mineral reserves, or results of a PEA, or a change to any of these that constitutes a material change for the issuer triggers the filing of a technical report.

We noted that five of the 81 investor presentations (6%) disclosed financial results of an economic analysis (*e.g.* PEA or scoping study) that were not supported by a technical report.

Staff commentary

- Notwithstanding the fact that our review showed a high level of compliance, we have determined that a highlight of this requirement is warranted based on the relative gravity of not complying with the technical report trigger.

- We have significant concerns when information provided on a mining issuer's website includes PEA disclosure that is not supported by the existing technical report. Disclosing economic projections in investor presentations, fact sheets, posted or linked third party reports, or any statements on the issuer's website may trigger the filing of a technical report to support the disclosure.

- Mining issuers are reminded that we consider that the issuer has disclosed the results of a PEA, or similar type of economic analysis, when the disclosure includes information such as forecast mine production rates that might contain capital costs to develop and sustain the mining operation, operating costs, and projected cash flows.

## 6. FLI Compliance

The majority of investor presentations included FLI disclosure, often on slide two. We observed that 54% did not provide information required by paragraph 4A.3(c) of NI 51-102 concerning the material factors and assumptions used to develop the FLI. We expect that mining issuers will follow General Guidance (3) of Companion Policy 43-101CP indicating that FLI includes metal price assumptions used in mineral resource and mineral reserve estimates as well as other assumptions used in economic analysis and financial projections based on engineering studies.

## 7. Overly Promotional Terms and Potentially Misleading Information

During the course of the Review, we also assessed the investor presentations for terms and statements that may be overly promotional or misleading, potentially resulting in a misrepresentation[2] under securities legislation in a jurisdiction of Canada.

Terms which may be used inappropriately in certain circumstances include, "world-class", "spectacular and exceptional results", "production ready", "ore" in relation to mineral resources, and "management estimates". We noted that 38% of the investor presentations included statements that could be considered overly promotional or misleading, especially exploration stage and mineral resource stage issuers, by portraying their project to be at a more advanced stage of development.

[2] Misrepresentation as defined under securities legislation in each of the Canadian jurisdictions. Though the wording of the definition of "misrepresentation" differs slightly, in substance this definition is harmonized in all jurisdictions.

## 8. Conclusions

We expect mining issuers to use this notice to strengthen their compliance with securities legislation and improve their disclosure to investors. Having the QP review technical disclosure in investor presentations and other website disclosure is an important step in improving compliance with NI 43-101.

We will continue the review of mining issuers' website disclosure as part of our overall continuous disclosure review program. When we identify material disclosure deficiencies, we will request that the issuer correct the deficiency by amending or removing the website disclosure and filing a clarifying or retracting news release. We may place the issuer on the reporting issuer default list and where the issuer fails to comply with the requests we may consider issuing a cease trade order until the issuer corrects the deficiency.

If an issuer is considering a prospectus offering, the review of the prospectus filing will likely be deferred if issues such as those noted above are present.

For further guidance on this issue, please see CSA Staff Notice 51-312 *Harmonized Continuous Disclosure Review Program* and CSA Notice 51-322 *Reporting Issuer Defaults*.

**Questions**

Please refer your questions to any of the following people: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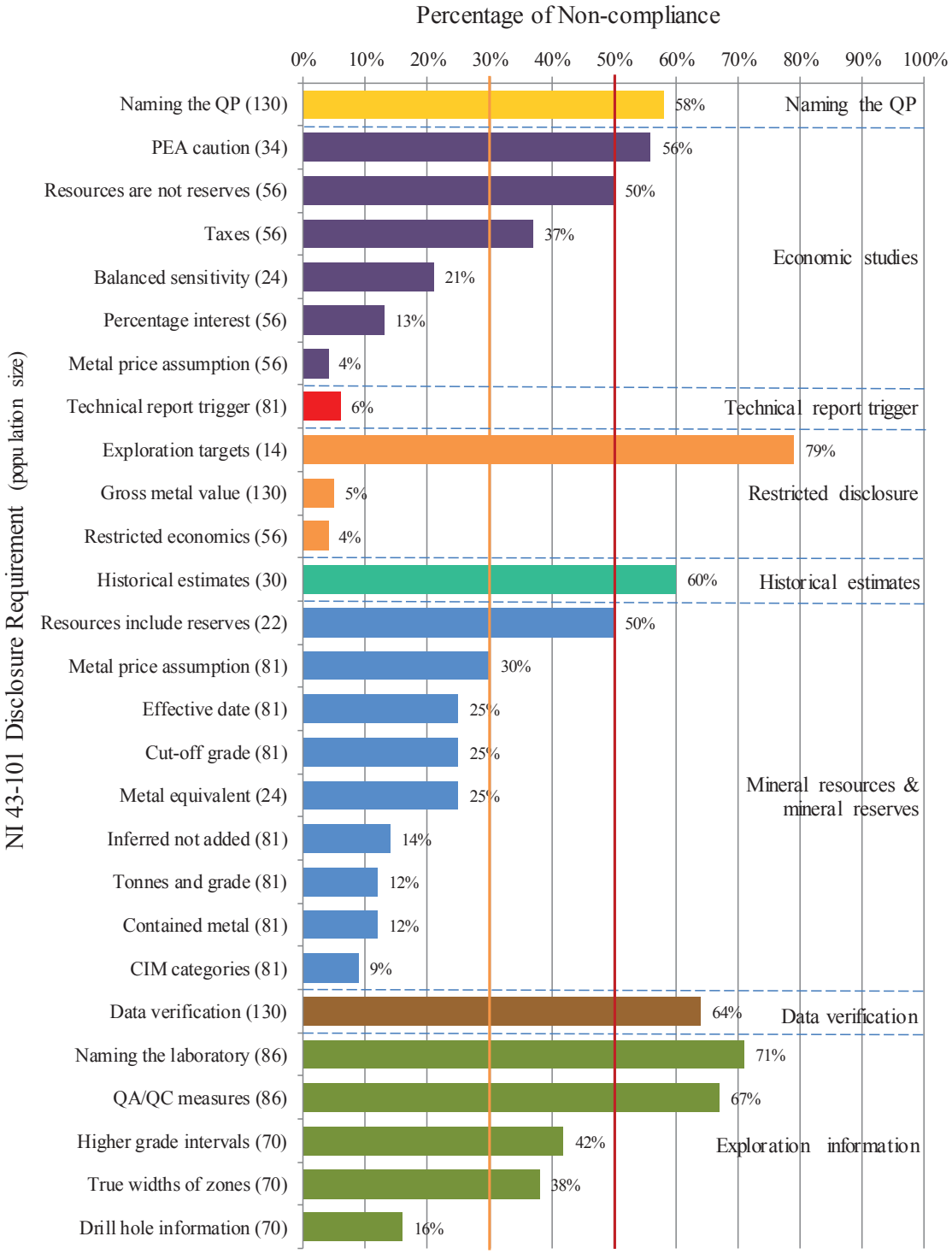
## Appendix A
## Results of 130 Investor Presentation Reviews

The following chart provides a summary of the 130 investor presentations reviewed and the percentage of non-compliance compared to particular disclosure requirements in NI 43-101. The non-compliance percentage is relative to the number of occurrences of the particular disclosure (population size). Disclosure requirements are grouped and colour-coded by type of disclosure, such as Economic studies.



## Appendix B
## Review Measures in Appendix A with Reference to Provisions of NI 43-101

Note: Review measures below are grouped and listed in the same order as the results in Appendix A.

| | |
|---|---|
| **Naming the QP** | s. 3.1 requires issuers to name the QP responsible for the technical disclosure and their relationship to the issuer |
| **Economic studies** | |
| PEA caution | ss. 2.3(3) requires disclosure of a PEA that includes inferred mineral resources provide the mandatory cautionary statements |
| Resources are not reserves | para. 3.4(e) requires a statement that mineral resources that are not mineral reserves do not have demonstrated economic viability if results of an economic analysis of mineral resources is provided |
| Taxes | Item 22(d) of Form 43-101F1 requires a summary of taxes applicable to the mineral project |
| Balanced sensitivity | s. 3.5 of 43-101CP states that disclosure must be factual, complete, and balanced and not present or omit information in a manner that is misleading - such as an unbalanced sensitivity analysis |
| Percentage interest | s. 3.5 of 43-101CP states that disclosure must be factual, complete, and balanced and not present or omit information in a manner that is misleading - such as not stating that the issuer only holds a minor percentage interest in a mineral project |
| Metal price assumption | Item 22(a) of Form 43-101F1 requires a clear statement of the principal assumptions used in an economic analysis - such as assumed metal price |
| **Technical report trigger** | para. 4.2(1)(j) requires that first time written disclosure of mineral resources, mineral reserves or the results of a PEA, or a change to any of these that is a material change to the issuer, must be supported by a technical report |
| **Restricted disclosure** | |
| Exploration targets | ss. 2.3(2) permits disclosure of exploration targets expressed as ranges of potential quantity and grade and subject to the inclusion of mandatory cautionary statements and other information |
| Gross metal value | para. 2.3(1)(c) prohibits issuers from disclosing gross value of metal or mineral in a deposit or sampled interval |
| Restricted economics | para. 2.3(1)(b) prohibits the disclosure of economic analysis using inferred mineral resources (except as allowed in a PEA), historical estimates, or exploration targets |
| **Historical estimates** | s. 2.4 requires specific information and mandatory cautionary statements when disclosing historical estimates |
| **Mineral resources & mineral reserves** | |
| Resources include reserves | para. 2.2(b) requires a statement whether mineral reserves are included in mineral resources |

| | |
|---|---|
| Metal price assumption | para. 3.4(c) requires disclosure of key assumptions (such as assumed metal price) used to determine the mineral resources and mineral reserves |
| Metal equivalent | para. 2.3(1)(d) requires that disclosure of a metal equivalent grade also state the grade of each metal used to establish the metal equivalent grade |
| Effective date | para. 3.4(a) requires that the effective date of a mineral resource and mineral reserve be disclosed if the mineral estimate is reported |
| Cut-off grade | para. 3.4(c) requires disclosure of key assumptions (such as cut-off grade) used to determine the mineral resources and mineral reserves |
| Inferred not added | para. 2.2(c) prohibits the addition of inferred resources to other categories of mineral resources |
| Tonnes and grade | para. 3.4(b) requires the quantity and grade of each category of mineral resources and mineral reserves be disclosed |
| Contained metal | para. 2.2 (d) requires that disclosure of contained metal also state the grade and quantity for each category of mineral resources and mineral reserves |
| CIM categories | para. 2.2(a) requires the use of only accepted mineral resource and mineral reserve categories as prescribed by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) |
| **Data verification** | s. 3.2 requires issuers to include a statement whether a QP has verified the data disclosed, how it was verified and reasons for any failure to verify |
| **Exploration information** | |
| Name of laboratory | para. 3.3(2)(f) requires disclosure of the name and location of the testing laboratory used and any relationship to the issuer |
| QA/QC measures | para. 3.3(1)(c) requires disclosure of a summary of the quality assurance program and quality control measures applied |
| Higher grade intervals | para. 3.3(2)(d) requires disclosure of any significantly higher grade intervals forming part of a lower grade intersection |
| True widths of zones | para. 3.3(2)(c) requires disclosure of true widths of mineralized zones, to the extent known |
| Drill hole information | para. 3.3(2)(b) requires disclosure of drilling information to include the location, azimuth and dip of the drill holes and the sample interval depth |

### 1.1.2 OSC Staff Notice 11-739 (Revised) – Policy Reformulation Table of Concordance and List of New Instruments

## OSC STAFF NOTICE 11-739 (REVISED)

## POLICY REFORMULATION TABLE OF CONCORDANCE AND LIST OF NEW INSTRUMENTS

**April 9, 2015**

The following revisions have been made to the Table of Concordance and List of New Instruments. A full version of the Table of Concordance and List of New Instruments as of March 31, 2015 has been posted to the OSC Website at www.osc.gov.on.ca.

**Table of Concordance**

| Item Key |
|---|
| The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-CSA Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous |

**Reformulation**

| Instrument | Title | Status |
|---|---|---|
| | None | |

**New Instruments**

| Instrument | Title | Status |
|---|---|---|
| 31-103 | Registration Requirements, Exemptions and Ongoing Registrant Obligations – Amendments | ***Minister's approval published January 15, 2015*** |
| 33-109 | Registration Information – Amendments | ***Minister's approval published January 15, 2015*** |
| 52-107 | Acceptable Accounting Principles and Auditing Standards – Amendments | ***Minister's approval published January 15, 2015*** |
| 23-102 | Use of Client Brokerage Commissions – Amendments | ***Minister's approval published January 15, 2015*** |
| 24-101 | Institutional Trade Matching and Settlement – Amendments | ***Minister's approval published January 15, 2015*** |
| 81-107 | Independent Review Committee for Investment Funds – Amendments | ***Minister's approval published January 15, 2015*** |
| 45-501CP | Companion Policy 45-501CP – Ontario Prospectus and Registration Exemptions - Amendments | ***Minister's approval published January 15, 2015*** |
| 91-501 | Strip Bonds – Amendments | ***Minister's approval published January 15, 2015*** |
| 91-502 | Trades in Recognized Options – Amendments | ***Minister's approval published January 15, 2015*** |
| 33-506 | (*Commodity Futures Act)* Registration Information – Amendments | ***Minister's approval published January 15, 2015*** |
| 35-502 | Non-Resident Advisers – Amendments | ***Minister's approval published January 15, 2015*** |
| 44-305 | 2015 Update – Structured Notes Distributed Under the Shelf Prospectus System | ***Published January 22, 2015*** |

**New Instruments**

| Instrument | Title | Status |
|---|---|---|
| 13-705 | Reduced Late Fee for Certain Outside Business Activities Filings | ***Published January 22, 2015*** |
| 11-739 | Policy Reformulation – Table of Concordance and List of New Instruments (Revised) | ***Published January 22, 2015*** |
| 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 | ***Published January 29, 2015*** |
| 54-303 | Progress Report on Review of the Proxy Voting Infrastructure | ***Published January 29, 2015*** |
| 92-401 | Derivatives Trading Facilities | ***Published for comment on January 29, 2015*** |
| 51-724 | Report on Staff's Review of REIT Distributions Disclosure | ***Published January 29, 2015*** |
| 11-312 | National Numbering System (Revised) | ***Published January 29, 2015*** |
| 51-723 | Report on Staff's Review of Related Party Transaction Disclosure and Guidance | ***Published January 29, 2015*** |
| 13-502 | Fees – Revocation and Replacement | ***Commission approval published February 5, 2015*** |
| 13-503 | (*Commodity Futures Act*) Fees – Revocation and Replacement | ***Commission approval published February 5, 2015*** |
| 45-501 | Ontario Prospectus and Registration Exemptions – Amendments | ***Ministerial approval of amendments published February 5, 2015*** |
| 45-102 | Resale of Securities – Amendments | ***Ministerial approval of amendments published February 5, 2015*** |
| 15-401 | Proposed Framework for an OSC Whistleblower Program | ***Published for comment February 5, 2015*** |
| 81-326 | Update on an Alternative Funds Framework for Investment Funds | ***Published February 12, 2015*** |
| 81-101 | Mutual Fund Prospectus Disclosure – Amendments | ***Minister's approval published February 12, 2015*** |
| 91-506 | Derivatives: Product Determination – Amendments | ***Commission approval published February 12, 2015*** |
| 91-507 | Trade Repositories and Derivatives Data Reporting – Amendments | ***Commission approval published February 12, 2015*** |
| 94-101 | Mandatory Central Counterparty Clearing of Derivatives | ***Published for comment on February 12, 2015*** |
| 45-106 | Prospectus and Registration Exemptions – Amendments | ***Commission approval published February 19, 2015*** |
| 45-102 | Resale of Securities – Amendments | ***Commission approval published February 19, 2015*** |
| 45-501 | Ontario Prospectus and Registration Exemptions – Amendments | ***Commission approval published February 19, 2015*** |
| 13-102 | System Fees for SEDAR and NRD – Amendments | ***Commission approval published February 19, 2015*** |
| 31-103 | Registration Requirements, Exemptions and Ongoing Registrant Obligations – Amendments (*includes amendments to 31-103CP)* | ***Commission approval published February 19, 2015*** |

**New Instruments**

| Instrument | Title | Status |
|---|---|---|
| 32-102 | Registration Exemptions for Non-Resident Investment Fund Managers – Amendments | ***Commission approval published February 19, 2015*** |
| 33-105 | Underwriting Conflicts – Amendments | ***Commission approval published February 19, 2015*** |
| 41-101 | General Prospectus Requirements – Amendments | ***Commission approval published February 19, 2015*** |
| 45-102 | Resale of Securities – Amendments (*includes amendments to 45-102CP)* | ***Commission approval published February 19, 2015*** |
| 51-102 | Continuous Disclosure Obligations – Amendments | ***Commission approval published February 19, 2015*** |
| 52-107 | Acceptable Accounting Principles and Auditing Standards – Amendments | ***Commission approval published February 19, 2015*** |
| 62-103 | Early Warning System and Related Take-Over Bid and Reporting Issues – Amendments | ***Commission approval published February 19, 2015*** |
| 62-104 | Take-Over Bids and Issuer Bids – Amendments | ***Commission approval published February 19, 2015*** |
| 11-203 | Process for Exemptive Relief Applications in Multiple Jurisdictions – Amendments | ***Commission approval published February 19, 2015*** |
| 23-103CP | Electronic Trading and Direct Electronic Access to Marketplaces –Amendments | ***Commission approval published February 19, 2015*** |
| 81-726 | 2014 Summary Report for Investment Fund and Structured Product Issuers | ***Published February 26, 2015*** |
| 51-342 | Staff Review of Issuers Entering into Medical Marijuana Business Opportunities | ***Published February 26, 2015*** |
| 51-101 | Standards of Disclosure for Oil and Gas Activities – Amendments | ***Ministerial approval published March 5, 2015*** |
| 11-328 | Notice of Local Amendments in Alberta and the Adoption of Multilateral Amendments in Yukon | ***Published March 12, 2015*** |
| 31-340 | OBSI Joint Regulators Committee Annual Report for 2014 | ***Published March 19, 2015*** |

For further information, contact:
Darlene Watson
Project Specialist
Ontario Securities Commission
416-593-8148

### 1.1.3 Notice of Ministerial Approval of the Revocation and Replacement of OSC Rule 13-502 Fees and OSC Rule 13-503 (Commodity Futures Act) Fees

On March 19, 2015, the Minister of Finance approved the revocation and replacement of OSC Rule 13-502 *Fees* and OSC Rule 13-503 *(Commodity Futures Act) Fees* made by the Ontario Securities Commission. The material approved by the Minister was published in the February 5, 2015 Bulletin after having been made by the Commission on January 27, 2015. An earlier version of the material was published for comment on September 18, 2014.

The revocation and replacement of these OSC Rules came into force on April 6, 2015.

The text of the approved amendments will be published in Chapter 5 of the April 16, 2015 Bulletin and on the OSC website at www.osc.gov.on.ca and are unchanged from the versions published in the February 5, 2015 Bulletin.

## 1.2 Notices of Hearing

### 1.2.1 Future Solar Developments Inc. et al. – ss. 127, 127.1

**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**
**(Sections 127 and 127.1 of the Securities Act)**

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O., c. S.5, as amended (the "Act"), at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on April 15, 2015, at 11:30 a.m. or as soon thereafter as the hearing can be held;

**AND TAKE NOTICE** that the purpose of the hearing is for the Commission to consider whether, in the Commission's opinion, it is in the public interest for the Commission to make the following orders:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, that trading in any securities or derivatives by Future Solar Developments Inc. ("FSD"), Cenith Energy Corporation ("Cenith Energy"), Cenith Air Inc. ("Cenith Air"), Angel Immigration Inc. ("Angel Immigration") and Xundong Qin (also known as Sam Qin) ("Qin") (collectively, the "Respondents") cease permanently or for such period as is specified by the Commission;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by the Respondents is prohibited permanently or for such period as is specified by the Commission;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;

(d) pursuant to paragraph 6 of subsection 127(1) of the Act, that the Respondents be reprimanded;

(e) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, that Qin resign one or more positions that he holds as a director or officer of any issuer, registrant, or investment fund manager;

(f) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, that Qin be prohibited from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager, permanently or for such period as is specified by the Commission;

(g) pursuant to paragraph 8.5 of subsection 127(1) of the Act, that the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager, or as a promoter, permanently or for such period as is specified by the Commission;

(h) pursuant to paragraph 9 of subsection 127(1) of the Act, that each Respondent pay an administrative penalty of not more than $1 million for each failure by the respective Respondent to comply with Ontario securities law;

(i) pursuant to paragraph 10 of subsection 127(1) of the Act, that each Respondent disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law;

(j) pursuant to section 127.1 of the Act, that the Respondents be ordered to pay the costs of the Commission investigation and the hearing; and/or

(k) such other order as the Commission considers appropriate in the public interest.

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff of the Commission, dated March 26, 2015, and such further allegations 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 stated above, the hearing may proceed in the absence of that party, and such party is not entitled to any further notice of the proceedings;

**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 26th day of March, 2015

"Josée Turcotte"
Secretary to the Commission

**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**

**STATEMENT OF ALLEGATIONS OF**
**STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission ("Staff") make the following allegations:

**A. Overview**

1. During the period from May 2012 until August 2014, (the "Material Time"), Future Solar Developments Inc. ("FSD"), Cenith Energy Corporation ("Cenith Energy"), Cenith Air Inc. ("Cenith Air"), Angel Immigration Inc. ("Angel Immigration") (collectively, the "Corporate Respondents") and Xundong Qin (also known as Sam Qin) ("Qin") (collectively, the "Respondents"): (i) traded in securities without being registered, contrary to subsection 25(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), (ii) illegally distributed securities, contrary to subsection 53(1) of the Act, and/or (iii) acted in a manner that was contrary to the public interest.

2. During the Material Time, Qin was an Ontario resident. Further, all of the Corporate Respondents were Ontario corporations with the same registered corporate address in Toronto, Ontario.

3. The Respondents raised approximately $6.6 million by selling securities of FSD to eleven (11) individuals resident in the People's Republic of China (the "OPNP Investors"). The investments at issue are linked or are stated by FSD to be linked to the Opportunities Ontario Provincial Nominee Program (the "OPNP") in which FSD investors could qualify for permanent resident status in Canada through the investor stream of the OPNP.

**B. The Respondents**

4. FSD was incorporated in Ontario on May 3, 2011 with a registered address in Toronto, Ontario. Qin is a director of FSD. During the Material Time, FSD was not a reporting issuer in Ontario, did not file a preliminary prospectus and prospectus, and did not file any reports of exempt distributions. During the Material Time, FSD was not registered with the Ontario Securities Commission (the "Commission") in any capacity.

5. Cenith Energy was incorporated in Ontario on August 28, 2002 with a registered address in Toronto, Ontario. Qin is the president and director of Cenith Energy. During the Material Time, Cenith Energy was not registered with the Commission in any capacity.

6. Cenith Air was incorporated in Ontario on January 20, 2014 with a registered address in Toronto, Ontario. Qin is the sole director of Cenith Air. During the Material Time, Cenith Air was not registered with the Commission in any capacity.

7. Angel Immigration was incorporated in Ontario on March 7, 2014 with a registered address in Toronto, Ontario. Qin is the sole director of Angel Immigration. During the Material Time, Angel Immigration was not registered with the Commission in any capacity.

8. During the Material Time, Qin was a resident of Ontario and a director and/or officer and the directing mind of all of the Corporate Respondents. Further, Qin was not registered with the Commission in any capacity.

**C. Unregistered Trading and Illegal Distribution**

9. The Respondents have accepted funds, directly or indirectly, from investors resident in the People's Republic of China for shares of FSD. These investments are linked or are stated by FSD to be linked to the OPNP, offered through the Ontario Ministry of Citizenship, Immigration and International Trade ("MCII"), which allows individuals to be nominated by the Ontario government to obtain permanent resident status in Canada through the investor stream of the OPNP.

10. Prior to their investment in FSD, investors were provided with a Subscription Agreement for Class B Preference Shares.

11. After investing with FSD, the OPNP Investors were provided with a letter confirming their investment and a certificate for Class B Preference Shares issued by FSD. The investment in FSD was a "security" as defined in subsection 1(1) of the Act.

12. According to documentation provided to investors and the MCII, the investments from the OPNP Investors were to be used by FSD to "support the company's planned expansion in the clean energy sector" with activities centred on (1) FSD's participation in the Ontario Power Authority's Feed-in-Tariff Program and (2) the design, manufacture, sale, installation and maintenance of custom LED lighting products and services.

13. As a result of the Respondents' conduct described above, approximately $6.6 million was raised from eleven (11) OPNP Investors and deposited, directly or indirectly, into Ontario-based bank accounts held in the names of the Corporate Respondents.

14. By engaging in the conduct described above, the Respondents traded and engaged in, or held themselves out as engaging in, the business of trading in securities and participated in acts, solicitations, conduct, or negotiations directly or indirectly in furtherance of the sale or disposition of securities not previously issued for valuable consideration, in circumstances where there were no exemptions available to the Respondents under the Act, contrary to sections 25 and 53 of the Act and/or contrary to the public interest.

**D. Breaches of Ontario Securities Law and/or Conduct Contrary to the Public Interest**

15. The specific allegations advanced by Staff are:

    (a) During the Material Time, the Respondents traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so, in circumstances where there were no exemptions available to the Respondents under the Act, contrary to subsection 25(1) of the Act;

    (b) During the Material Time, the trading of FSD securities as set out above constituted a distribution of securities by the Respondents in circumstances where no preliminary prospectus and prospectus were filed and receipts had not been issued for them by the Director, and where there were no exemptions available to the Respondents under the Act, contrary to subsection 53(1) of the Act; and

    (c) During the Material Time, Qin as a director or officer of the Corporate Respondents authorized, permitted or acquiesced in the Corporate Respondents' non-compliance with Ontario securities law and as a result is deemed to also have not complied with Ontario securities law pursuant to section 129.2 of the Act.

16. By reason of the foregoing, the Respondents violated the requirements of Ontario securities law and/or engaged in conduct contrary to the public interest such that it is in the public interest to make orders under section 127 of the Act.

17. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

**DATED** at Toronto, March 26, 2015.

### 1.2.2 Edward Furtak et al. – ss. 127 and 127.1

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

**AND**

**IN THE MATTER OF**
**EDWARD FURTAK, AXTON 2010 FINANCE CORP., STRICT TRADING LIMITED,**
**RONALD OLSTHOORN, TRAFALGAR ASSOCIATES LIMITED,**
**LORNE ALLEN and STRICTRADE MARKETING INC.**

**NOTICE OF HEARING**
**(Sections 127 and 127.1)**

**TAKE NOTICE THAT the** Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor, in the City of Toronto, commencing on Monday, April 27th, 2015 at 9:30 a.m., or as soon thereafter as the hearing can be held;

**AND TAKE NOTICE** that the purpose of the hearing is for the Commission to consider whether, in the Commission's opinion, it is in the public interest for the Commission to make the following orders:

a. pursuant to paragraph 1 of subsection 127(1) of the Act, that the registration of each of Ronald Olsthoorn ("Olsthoorn") and Trafalgar Associates Limited ("TAL") be suspended or restricted for such period as is specified by the Commission, or be terminated, or that terms and conditions be imposed on the registration;

b. pursuant to paragraph 2 of subsection 127(1) of the Act, that trading in securities of each of Axton 2010 Finance Corp. ("Axton") and Strict Trading Limited ("STL"), whether direct or indirect, cease permanently or for such period as is specified by the Commission;

c. pursuant to paragraph 2 of subsection 127(1) of the Act, that trading in any securities by Edward Furtak ("Furtak"), Axton, STL, Olsthoorn, TAL, Lorne Allen ("Allen") and Strictrade Marketing Inc. ("SMI") (collectively, the "Respondents") cease permanently or for such period as is specified by the Commission;

d. pursuant to paragraph 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by each of the Respondents is prohibited permanently or for such other period as is specified by the Commission;

e. pursuant to paragraph 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to each of the Respondents permanently or for such period as is specified by the Commission;

f. pursuant to paragraph 6 of subsection 127(1) of the Act, that each of the Respondents be reprimanded;

g. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, that each of Furtak, Olsthoorn and Allen (collectively, the "Individual Respondents") resign one or more positions that they hold as a director or officer of any issuer, registrant, and/or investment fund manager;

h. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, that each of the Individual Respondents be prohibited from becoming or acting as a director or officer of any issuer, registrant, and/or investment fund manager permanently or for such other period as is specified by the Commission;

i. pursuant to paragraph 8.5 of subsection 127(1) of the Act, that each of the Respondents be prohibited from becoming or acting as a registrant, an investment fund manager and/or as a promoter permanently or for such other period as is specified by the Commission;

j. pursuant to clause 9 of subsection 127(1) of the Act, that each of the Respondents pay an administrative penalty of not more than $1 million for each failure by that Respondent to comply with Ontario securities law;

k. pursuant to clause 10 of subsection 127(1) of the Act, that each of the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law;

l. pursuant to section 127.1 of the Act, that the Respondents be ordered to pay the costs of the Commission investigation and the hearing; and

m. such other order as the Commission considers appropriate in the public interest.

**BY REASON OF** the allegations as set out in the Statement of Allegations of Staff of the Commission dated March 30, 2015 and such further additional allegations 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 stated above, 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 30th day of March, 2015

"Josée Turcotte"
Secretary to the Commission

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

**AND**

**IN THE MATTER OF**
**EDWARD FURTAK, AXTON 2010 FINANCE CORP., STRICT TRADING LIMITED,**
**RONALD OLSTHOORN, TRAFALGAR ASSOCIATES LIMITED,**
**LORNE ALLEN and STRICTRADE MARKETING INC.**

**STATEMENT OF ALLEGATIONS OF**
**STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission ("Staff") make the following allegations:

## A. Overview

1. This proceeding relates to the trading in and distribution of securities in breach of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act") by Edward Furtak ("Furtak"), Axton 2010 Finance Corp. ("Axton"), Strict Trading Limited ("STL"), Ronald Olsthoorn ("Olsthoorn"), Trafalgar Associates Limited ("TAL"), Lorne Allen ("Allen") and Strictrade Marketing Inc. ("SMI") (collectively, the "Respondents").

2. The securities at issue were comprised of a series of contractual arrangements regarding licenses for trading software (the "Strictrade Offering"). The Respondents were involved in promoting and selling the Strictrade Offering during the period January 2012 to July 2014 (the "Material Time"). The Strictrade Offering is a "security" as defined in clause (n) of subsection 1(1) of the Act.

3. During the Material Time, the Respondents' conduct in respect of the Strictrade Offering violated Ontario securities laws as follows:

   (a) the Respondents engaged in illegal distributions of the Strictrade Offering, contrary to subsection 53(1) of the Act;

   (b) Allen, SMI, Furtak, Axton and STL engaged in, or held themselves out as engaging in, trading in securities without registration, contrary to subsection 25(1) of the Act;

   (c) Furtak and STL made misleading statements in contracts entered into with investors, contrary to subsection 44(2) of the Act; and

   (d) as registrants, TAL and Olsthoorn violated several provisions of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103").

## B. The Respondents

4. SMI was incorporated in Canada on January 1, 2012. Allen is the sole officer, director and shareholder of SMI. Neither SMI nor Allen was registered with the Ontario Securities Commission (the "Commission") during the Material Time.

5. TAL was incorporated in Ontario on February 24, 1994. TAL has been registered as an Exempt Market Dealer ("EMD") in Ontario since August 19, 2011, and in Alberta, British Columbia, Manitoba and Saskatchewan since June 12, 2014.

6. Olsthoorn is the sole officer and director of TAL and owns 50% of TAL's shares. Olsthoorn has been registered as a Dealing Representative, Chief Compliance Officer ("CCO") and Ultimate Designated Person ("UDP") of TAL in Ontario since August 19, 2011, and in Alberta, British Columbia, Manitoba and Saskatchewan since June 12, 2014.

7. Axton was incorporated in the British Virgin Islands on May 26, 2010. Axton owns the STRICT trading software (the "Software") that is at the centre of the Strictrade Offering. Axton was not registered with the Commission during the Material Time.

8. STL was incorporated in the British Virgin Islands on June 5, 2012. STL hosts and operates the Software. STL was not registered with the Commission during the Material Time.

9. Furtak is the founder, beneficial owner and an officer and director of Axton and STL. Furtak indirectly owns 50% of the shares of TAL and is designated as a permitted individual (shareholder) with TAL. Furtak was not registered with the Commission during the Material Time.

**C. Background to Allegations**

**The Strictrade Offering**

10. The Strictrade Offering involved a series of contracts which, taken together, constituted a security within the meaning of clause (n) in subsection 1(1) of the Act.

11. Pursuant to these contracts, investors:

- obtained licenses for the Software ("Software Licenses") from Axton;
- obtained financing for 100% of the purchase of the Software Licenses from Axton; and
- sold trading instructions generated by the Software ("Trading Instructions") to STL in return for payments ("Trading Report Payments").

12. During the Material Time, eight individuals invested in the Strictrade Offering. Collectively, these investors paid approximately $385,000 in interest and fees to Axton and STL; borrowed approximately $1,200,000 from Axton to finance their purchases of the Software Licenses; and received approximately $130,250 in Trading Report Payments due from STL.

13. Investors' return on their investment in the Strictrade Offering included the Trading Report Payments from STL, a potential software performance bonus from STL, and the ability to claim certain deductions from their income taxes related to the Software Licenses.

14. None of the investors who invested in the Strictrade Offering took possession of the Software. Rather, investors simply entered into the contractual arrangements described above, made payments of interest and fees pursuant to the agreements, and filed their tax returns.

15. The Strictrade Offering had not been previously issued and no prospectus was filed for the Strictrade Offering.

**D. The Respondents' Conduct in Respect of the Strictrade Offering**

**Conduct of SMI and Allen**

16. During the Material Time, SMI and Allen marketed the Strictrade Offering to potential investors and distributors, giving more than 60 presentations to individuals during one-on-one meetings and to groups at educational seminars.

17. SMI and Allen dealt directly with investors who participated in the Strictrade Offering. Allen sold the Strictrade Offering to some investors, had meetings with them and was present when they signed the contracts for the Strictrade Offering.

18. SMI and Allen received compensation in the form of commissions and/or other payments for their participation in the Strictrade Offering.

19. SMI also engaged TAL and Olsthoorn to market the Strictrade Offering and agreed to pay Olsthoorn 3% of any of SMI's sales of Software Licenses.

20. SMI and Allen engaged in, or held themselves out as engaging in, the business of trading in securities without registration contrary to subsection 25(1) of the Act. SMI and Allen also distributed the Strictrade Offering without a prospectus, contrary to subsection 53(1) of the Act.

**Conduct of TAL and Olsthoorn**

21. During the Material Time, Olsthoorn and TAL marketed the Strictrade Offering, giving approximately 29 marketing presentations to potential investors and distributors in Ontario, Manitoba, British Columbia, Saskatchewan and the United States.

22. Olsthoorn and TAL dealt directly with investors who participated in the Strictrade Offering. Olsthoorn and TAL sold the Strictrade Offering to some investors and served as their main point of contact in respect of their investment in the Strictrade Offering.

23. Olsthoorn and TAL distributed the Strictrade Offering without a prospectus, contrary to subsection 53(1) of the Act.

24. Further, as registrants, Olsthoorn and TAL failed to meet their Know Your Product ("KYP"), Know Your Client ("KYC") and suitability obligations under sections 3.4, 13.2 and 13.3 of NI 31-103, as they:

    (a) told potential investors that the Strictrade Offering did not require dealer registration under securities legislation; and

    (b) failed to take reasonable steps to determine if the Strictrade Offering was suitable for investors.

25. Given that Olsthoorn and TAL failed to meet their KYP, KYC and suitability obligations under NI 31-103 and engaged in illegal distributions, Olsthoorn failed to fulfil his obligations as UDP and CCO of TAL to ensure, promote and monitor compliance with securities legislation by TAL and individuals acting on its behalf under sections 5.1 and 5.2 of NI 31-103.

**Conduct of Furtak, Axton and STL**

26. Furtak created the Software. The Strictrade Offering was Furtak's idea and he was involved in all contractual arrangements with respect to the Strictrade Offering.

27. Axton indirectly solicited potential investors and distributors for the Strictrade Offering by entering into an agreement with SMI and agreeing to pay SMI a commission of 28% of all first-year prepaid interest, loan maintenance fees and service fees paid by investors.

28. Axton entered into contracts with all of the investors for the purchase of the Software Licenses. Axton also entered into contracts with all of the investors to finance their purchases of the Software Licenses. Axton received funds from the investors in the form of prepaid interest and loan maintenance fees pursuant to these contracts. Each of these contracts was an integral part of the Strictrade Offering.

29. STL entered into contracts with all of the investors under which the investors sold Trading Instructions generated by the Software to STL in return for Trading Report Payments. Under the contracts with STL, investors had to pay STL a service fee for hosting and operating the Software. The contracts with STL were also an integral part of the Strictrade Offering.

30. Furtak arranged for SMI to solicit potential investors and distributors for the Strictrade Offering. Furtak signed all contracts entered into between Axton and investors. Furtak also signed all contracts entered into between STL and investors.

31. Furtak set up the Axton and STL bank accounts and the STL trading account. Furtak directed the payment of commissions to SMI and the payment of Trading Report Payments that were due to investors from STL.

32. Furtak, Axton and STL engaged in, or held themselves out as engaging in, the business of trading in securities without registration contrary to subsection 25(1) of the Act. Furtak, Axton and STL also distributed the Strictrade Offering without a prospectus, contrary to subsection 53(1) of the Act.

33. Further, in contracts between investors and STL that were executed by Furtak between June and December 2012, STL and Furtak represented that STL was purchasing Trading Instructions from investors for the purpose of trading for its own account and that it would commence trading on the date of the contracts. This representation was misleading. Furtak was aware that no brokerage account was opened for STL until November 1, 2013, nor did STL commence any trading until that date.

34. By representing that STL was purchasing Trading Instructions from investors for the purpose of trading and that STL would commence trading on the date of the contracts, Furtak and STL made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship, which statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act.

**E. Breaches of Ontario Securities Law and Conduct Contrary to the Public Interest**

35. Staff alleges that:

(a) Allen, SMI, Furtak, Axton and STL engaged in, or held themselves out as engaging in, the business of trading in securities without registration contrary to subsection 25(1) of the Act;

(b) all of the Respondents distributed securities when a preliminary prospectus and a prospectus had not been filed and a receipt had not been issued by the Director, contrary to subsection 53(1) of the Act;

(c) Furtak and STL made statements that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship, which statements were untrue or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made, contrary to subsection 44(2) of the Act;

(d) Olsthoorn and TAL:

i. failed to discharge their KYP obligation in respect of the Strictrade Offering and therefore breached their suitability obligations under sections 3.4 and 13.3 of NI 31-103; and

ii. failed to take reasonable steps to collect sufficient information to determine whether the Strictrade Offering was suitable for investors, breaching their KYC and suitability obligations under sections 13.2 and 13.3 of NI 31-103;

(e) Olsthoorn, as CCO and UDP of TAL:

i. failed to fulfil his obligations as UDP to supervise the activities of TAL in order to ensure compliance with securities legislation by TAL and individuals acting on its behalf, and to promote compliance with securities legislation, contrary to section 5.1 of NI 31-103; and

ii. failed to fulfil his obligations as CCO of TAL to monitor and assess compliance by TAL and individuals acting on its behalf with securities legislation, contrary to section 5.2 of NI 31-103;

(f) Furtak, Olsthoorn and Allen, as directors and officers of Axton and STL (Furtak), TAL (Olsthoorn), and SMI (Allen), (the “Corporate Respondents”), authorized, permitted or acquiesced in the Corporate Respondents’ non-compliance with Ontario securities law, and accordingly are deemed to have failed to comply with Ontario securities law, pursuant to section 129.2 of the Act.

36. By reason of the foregoing, the Respondents violated the requirements of Ontario securities law and/or engaged in conduct contrary to the public interest, such that it is in the public interest to make orders under section 127 of the Act.

37. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

**DATED** at Toronto, March 30, 2015.

### 1.2.3 Eric Inspektor – ss. 127 and 127.1

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

**AND**

**IN THE MATTER OF**
**ERIC INSPEKTOR**

**AND**

**IN THE MATTER OF**
**A SETTLEMENT AGREEMENT BETWEEN**
**STAFF OF THE ONTARIO SECURITIES COMMISSION**
**AND ERIC INSPEKTOR**

**NOTICE OF HEARING**
**(Sections 127 and 127.1 of the Securities Act)**

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O., c. S.5, as amended (the "Act"), at the offices of the Commission at 20 Queen Street West, 17th Floor, in the City of Toronto, commencing on the 8th day of April, 2015 at 10:00 a.m. or as soon thereafter as the hearing can be held;

**AND TAKE NOTICE** that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the Settlement Agreement between Staff of the Commission ("Staff") and Eric Inspektor pursuant to sections 127 and 127.1 of the Act;

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff dated March 28, 2014, and such additional allegations 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 any further notice of the proceedings;

**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;

**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 31st day of March, 2015.

"Josée Turcotte"

### 1.2.4 Blue Gold Holdings Ltd. et al. – ss. 127 and 127.1

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

**AND**

**IN THE MATTER OF**
**BLUE GOLD HOLDINGS LTD., DEREK BLACKBURN, RAJ KURICHH**
**AND NIGEL GREENING**

**AMENDED NOTICE OF HEARING**
**(Sections 127 and 127.1 of the Securities Act)**

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O., c. S.5, as amended (the "Act"), at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on April 10, 2015 at 10:00 a.m. or as soon thereafter as the hearing can be held;

**AND TAKE NOTICE** that the purpose of the hearing is for the Commission to consider whether, in the Commission's opinion, it is in the public interest for the Commission to make the following orders:

(a) that trading in any securities or derivatives by Blue Gold Holdings Ltd., Derek Blackburn ("Blackburn"), Raj Kurichh ("Kurichh") and Nigel Greening ("Greening") (collectively, the "Respondents") cease permanently or for such period as is specified by the Commission, pursuant to paragraph 2 of subsection 127(1) of the Act;

(b) that the acquisition of any securities by the Respondents be prohibited permanently or for such period as is specified by the Commission, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

(c) that any exemptions contained in Ontario securities law not apply to the Respondents permanently or for such period as is specified by the Commission, pursuant to paragraph 3 of subsection 127(1) of the Act;

(d) that the Respondents be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;

(e) that Blackburn, Kurichh and Greening (collectively, the "Individual Respondents") resign any positions that they hold as directors or officers of an issuer, registrant or investment fund managers pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;

(f) that the Individual Respondents be prohibited from becoming or acting as directors or officers of any issuer, registrant or investment fund manager, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;

(g) that the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;

(h) that the Respondents each pay an administrative penalty of not more than $1 million for each failure by the Respondents to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;

(i) that each Respondent disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;

(j) that the Respondents pay the costs of the Commission's investigation and the costs of or related to any hearing before the Commission, pursuant to section 127.1 of the Act; and

(k) such other order as the Commission considers appropriate.

**BY REASON OF** the allegations set out in the Statement of Allegations of Staff of the Commission, dated March 11, 2015, and such further allegations 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 any further notice of the proceedings.

**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 1st day of April, 2015.

"Josée Turcotte"
Secretary to the Commission

### 1.2.5 Gordon Mak – ss. 127(1), 127(10)

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

**AND**

**IN THE MATTER OF**
**GORDON MAK**

**NOTICE OF HEARING**
**(Subsections 127(1) and 127(10))**

**TAKE NOTICE THAT** the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on April 28, 2015 at 10:30 a.m.;

**TO CONSIDER** whether, pursuant to paragraph 5 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against Gordon Mak ("Mak") that:

   a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Mak cease until December 2, 2020, with the exception that Mak is permitted to trade in one personal: brokerage account, LIRA account, and TFSA account, provided that such trading is through a registrant who has been given a copy of the Settlement Agreement and Undertaking between Mak and the Alberta Securities Commission dated December 2, 2014 (the "Settlement Agreement"), and a copy of the Order of the Commission in this proceeding, if granted;

   b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Mak cease until December 2, 2020, with the exception that Mak is permitted to trade in one personal: brokerage account, LIRA account, and TFSA account, provided that such trading is through a registrant who has been given a copy of the Settlement Agreement, and a copy of the Order of the Commission in this proceeding, if granted;

   c. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities laws do not apply to Mak until December 2, 2020; and

   d. pursuant to paragraph 1 of subsection 127(1), any registration granted to Mak under Ontario securities law be prohibited until December 2, 2020;

2. To make such other order or orders as the Commission considers appropriate.

**BY REASON** of the allegations set out in the Statement of Allegations of Staff of the Commission dated April 1, 2015 and by reason of the Settlement Agreement, and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that at the hearing on April 28, 2015 at 10:30 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168 and section 5.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

**AND TAKE FURTHER NOTICE** that any party to the proceeding may be represented by counsel if that party attends or submits evidence 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 the party and such party is not entitled to any 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 1st day of April, 2015.

"Josée Turcotte"
Secretary to the Commission

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

**AND**

**IN THE MATTER OF**
**GORDON MAK**

**STATEMENT OF ALLEGATIONS OF**
**STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission ("Staff") allege:

## I. OVERVIEW

1. On December 2, 2014, Gordon Mak ("Mak") entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission (the "ASC") (the "Settlement Agreement").

2. Pursuant to the Settlement Agreement, Mak agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.

3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the Settlement Agreement, pursuant to paragraph 5 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

4. The conduct for which Mak was sanctioned took place from 2006 to 2010 (the "Material Time").

5. At the time of the Settlement Agreement, Mak was a resident of Calgary, Alberta. In the Settlement Agreement, Mak admitted to unregistered trading and advising, and engaging in an illegal distribution of securities of Goldenrod Resources Inc. ("Goldenrod") and Clean Power Technologies Inc. ("Clean Power").

6. Mak further admitted to concealing his activities with respect to Goldenrod and Clean Power from ASC investigators during the course of the ASC's investigation.

## II. THE ASC PROCEEDINGS

### Agreed Facts

7. In the Settlement Agreement, Mak agreed with the following facts:

*Circumstances*

a. Mak is a resident of Calgary, Alberta.

b. Goldenrod was incorporated in Alberta on February 15, 2001, and at all material times carried on business in Calgary, Alberta.

c. Clean Power was incorporated in Nevada and registered extra-provincially in Alberta on January 8, 2007. At all material times it carried on business in Calgary, Alberta.

d. None of Mak, Goldenrod, or Clean Power have ever been registered with the ASC as a salesperson or an advisor, and neither a preliminary prospectus nor final prospectus were ever filed with and receipted by the ASC for the distribution of any Goldenrod or Clean Power securities.

Goldenrod

e. From 2006 to 2010, Goldenrod raised funds from investors in Alberta through documents called net profit agreements ("NPA's"). The NPA's were purportedly in respect of specific gas assets or a gas processing facility, and were to pay returns, typically at 1%, from the profits of the particular well or facility.

f. At least 50 investors purchased NPA's, with total funds raised by Goldenrod amounting to approximately $5.5 million. Mak assisted with fundraising activities on behalf of Goldenrod, including meeting with prospective investors, providing advice, soliciting investments, and handling investment dollars.

g. The NPA's were securities, and the sale of the securities by Mak to investors were trades, as those terms are defined in the Alberta *Securities Act*, R.S.A. 2000, c. S-4, as amended (the "ASA"). As first trades in securities that were not previously issued, the sales were also a distribution under the ASA.

Clean Power

h. From 2007 to 2008, Clean Power raised funds from investors in Alberta. At least 87 investors purchased securities in Clean Power, with total funds raised amounting to at least $2,200,000. Mak assisted with fundraising activities on behalf of Clean Power, including meeting with prospective investors, providing advice, participating in sales meetings, soliciting investments, and handling investment dollars.

i. The sale of securities of Clean Power constituted trades, as that term is defined in the ASA. As first trades in securities that were not previously issued, the sales were also a distribution under the ASA.

Concealing Activities

j. Mak was interviewed by ASC Staff investigators with respect to his role and activities in the trading of Goldenrod and Clean Power securities. He concealed certain of his activities during that interview, specifically that he:

i) received funds from Goldenrod, and its investors, for his activities related to the sale of NPA's;

ii) received funds from Clean Power, and its investors, for his activities related to the sale of its shares; and

iii) provided advice to investors to purchase the Goldenrod and Clean Power securities.

k. Mak requested and received in excess of $30,000 as fees or payments from investors in connection with the sale of securities of Goldenrod or Clean Power.

*Breaches*

1. Mak breached:

i) section 75(1)(a) of the ASA by trading in securities of Goldenrod and Clean Power without registration;

ii) section 75(1)(b) of the ASA by acting as an advisor with respect to the Goldenrod and Clean Power investments without registration;

iii) section 110 of the ASA by engaging in a distribution of securities of Goldenrod and Clean Power without filing with the ASC and receiving a receipt for a preliminary prospectus and prospectus; and

iv) section 93.4(1) of the ASA by concealing or withholding information reasonably required for an investigation under the ASA.

m. Mak's unregistered sales to Albertans of, and advice in relation to, securities in Goldenrod and Clean Power, and his concealment and withholding of information reasonably required for an investigation under the ASA, constituted conduct contrary to the public interest.

**The Settlement Agreement and Undertaking**

8. Pursuant to the Settlement Agreement, Mak agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta:

a. to pay to the ASC the amount of $80,000 in settlement of the allegations;

b. for a period of 6 years from the date of the Settlement Agreement:

(i) to cease trading in or purchasing securities and derivatives, with the exception that Mak is permitted to trade in one personal: brokerage account, LIRA account, and TFSA account, provided that such trading is through a registrant who has been given a copy of the Settlement Agreement;

(ii) to refrain from using any of the exemptions contained in Alberta securities laws;

(iii) to refrain from advising in securities or derivatives; and

c. to pay to the ASC the amount of $15,000 towards investigation costs.

**III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION**

9. In the Settlement Agreement, Mak agreed to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.

10. Pursuant to paragraph 5 of subsection 127(10) of the Act, an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements on the person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.

11. Staff allege that it is in the public interest to make an order against Mak.

12. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

13. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission Rules of Procedure (2014), 37 OSCB 4168.

**DATED** at Toronto, this 1st day of April, 2015.

### 1.2.6 Andre Lewis – ss. 127(1) and 127(10)

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

**AND**

**IN THE MATTER OF**
**ANDRE LEWIS**

**NOTICE OF HEARING**
**(Subsections 127(1) and 127(10))**

**TAKE NOTICE THAT** the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on April 28, 2015 at 11:00 a.m.;

**TO CONSIDER** whether, pursuant to paragraph 1 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against Andre Lewis ("Lewis") that:

   a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Lewis cease permanently;

   b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Lewis be prohibited permanently;

   c. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to Lewis permanently;

   d. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Lewis resign any positions that he holds as director or officer of any issuer, registrant or investment fund manager;

   e. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Lewis be prohibited permanently from becoming or acting as an officer or director of any issuer, registrant or investment fund manager; and

   f. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Lewis be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

2. to make such other order or orders as the Commission considers appropriate.

**BY REASON** of the allegations set out in the Statement of Allegations of Staff of the Commission dated April 1, 2015, and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that at the hearing on April 28, 2015 at 11:00 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4168 and section 5.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

**AND TAKE FURTHER NOTICE** that any party to the proceeding may be represented by counsel if that party attends or submits evidence 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 the party and such party is not entitled to any 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 1st day of April, 2015.

"Josée Turcotte"
Secretary to the Commission

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

**AND**

**IN THE MATTER OF**
**ANDRE LEWIS**

**STATEMENT OF ALLEGATIONS OF**
**STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission ("Staff") allege:

## I. OVERVIEW

1. On June 18, 2014, following a trial by jury, Andre Lewis ("Lewis") was found guilty in the Superior Court of Justice of one count of defrauding the public of an amount exceeding $5,000, contrary to section 380(1)(a) of the *Criminal Code*, R.S.C., 1985, c. C-46 ("*Criminal Code*"). On July 11, 2014, Lewis was sentenced by the Court to 7 years in prison.

2. The offence for which Lewis was convicted arose from transactions, business or a course of conduct related to securities.

3. Staff are seeking an inter-jurisdictional enforcement order reciprocating Lewis's conviction, pursuant to paragraph 1 of subsection 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

4. The conduct for which Lewis was sanctioned took place between January 1, 2004 and October the 27, 2011 (the "Material Time").

## II. THE RESPONDENT

5. Lewis is a resident of Ontario.

6. During the Material Time, Lewis operated Lexxco Corp. ("Lexxco"), an Etobicoke real estate and financial services firm. Lewis incorporated Lexxco in 2002. Lexxco was licenced as a mortgage administrator with the Financial Services Commission of Ontario ("FSCO") from January 30, 2009 to September 8, 2011. FSCO revoked Lexxco's licence on November 26, 2014.

7. During the Material Time, Lewis defrauded 33 victims of $7,527,630 in a large-scale, sophisticated mortgage investment scam in the nature of a Ponzi scheme.

8. Lewis, through his various companies under Lexxco, solicited money for investments in private mortgages, offering rates of return of 10 per cent. Lewis placed ads in newspapers, radio ads, and promotional material explaining the benefits of private mortgage investments. Lewis advertised the investments as safe and secure, and in exchange for their investments, he provided investors with promissory notes promising the return of their principal at the end of the term.

9. Lewis invested a small portion of the funds raised from investors in mortgages, however, most of the properties were sold under power of sale at a loss to investors. Most of the funds were deposited into bank accounts under Lewis's control and used for his own benefit, and also used to pay "interest" to other investors.

## III. THE SUPERIOR COURT OF JUSTICE PROCEEDINGS

### Lewis's Conviction

10. By Information sworn June 29, 2012, and amended June 24, 2013, Lewis was charged with one count of defrauding the public of an amount exceeding $5,000, contrary to section 380(1)(a) of the *Criminal Code* (the "Information").

11. Lewis pleaded not guilty to the charge.

12. On June 18, 2014, following a 39-day trial held between April and June 2014, a jury found Lewis guilty of one count of defrauding the public of an amount exceeding $5,000.

**Lewis's Sentence**

13. A sentencing hearing was subsequently held on July 3, 2014 before Justice Katherine B. Corrick of the Superior Court of Justice. Justice Corrick issued oral reasons for sentence on July 11, 2014, and sentenced Lewis to a term of imprisonment of 7 years.

## V. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

14. Pursuant to paragraph 1 of subsection 127(10) of the Act, Lewis's conviction for offences arising from transactions, business or a course of conduct related to securities or derivatives may form the basis for an order in the public interest made under subsection 127(1) of the Act.

15. Staff allege that it is in the public interest to make an order against Lewis.

16. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

17. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission *Rules of Procedure*, (2014) 37 O.S.C.B. 4168.

**DATED** at Toronto, this 1st day of April, 2015.

## 1.4 Notices from the Office of the Secretary

### 1.4.1 Future Solar Developments Inc. et al.

**FOR IMMEDIATE RELEASE**
**March 31, 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 setting the matter down to be heard on April 15, 2015 at 11:30 a.m. as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated March 26, 2015 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 26, 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 Satish Talawdekar and Anand Hariharan

**FOR IMMEDIATE RELEASE**
**March 31, 2015**

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

**AND**

**IN THE MATTER OF**
**SATISH TALAWDEKAR AND ANAND HARIHARAN**

**AND**

**IN THE MATTER OF**
**A SETTLEMENT AGREEMENT BETWEEN**
**STAFF OF THE ONTARIO SECURITIES COMMISSION**
**AND ANAND HARIHARAN**

**TORONTO –** Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission and Anand Hariharan.

A copy of the Order dated March 31, 2015 and Settlement Agreement dated March 11, 2015 are available at www.osc.gov.on.ca.

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ACTING SECRETARY

For media inquiries:

media_inquiries@osc.gov.on.ca

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1-877-785-1555 (Toll Free)

### 1.4.3 Edward Furtak et al.

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

**AND**

**IN THE MATTER OF
EDWARD FURTAK, AXTON 2010 FINANCE CORP.,
STRICT TRADING LIMITED, RONALD OLSTHOORN,
TRAFALGAR ASSOCIATES LIMITED, LORNE ALLEN
and STRICTRADE MARKETING INC.**

**TORONTO –** The Office of the Secretary issued a Notice of Hearing on March 30, 2015 setting the matter down to be heard on April 27, 2015 at 9:30 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated March 30, 2015 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 30, 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)

### 1.4.4 Eric Inspektor

**FOR IMMEDIATE RELEASE
April 2, 2015**

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

**AND**

**IN THE MATTER OF
ERIC INSPEKTOR**

**AND**

**IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
ERIC INSPEKTOR AND
STAFF OF THE ONTARIO SECURITIES COMMISSION**

**TORONTO –** The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Eric Inspektor in the above named matter.

The hearing will be held on April 8, 2015 at 10:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated March 31, 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)

### 1.4.5 Blue Gold Holdings Ltd. et al.

**FOR IMMEDIATE RELEASE**
**April 2, 2015**

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

**AND**

**IN THE MATTER OF**
**BLUE GOLD HOLDINGS LTD., DEREK BLACKBURN,**
**RAJ KURICHH AND NIGEL GREENING**

**TORONTO –** The Office of the Secretary issued an Amended Notice of Hearing setting the matter down to be heard on April 10, 2015 at 10:00 a.m., or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Amended Notice of Hearing dated April 1, 2015 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 11, 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)

### 1.4.6 Christopher Reaney

**FOR IMMEDIATE RELEASE**
**April 6, 2015**

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

**AND**

**IN THE MATTER OF**
**CHRISTOPHER REANEY**

**TORONTO** – The Commission issued an Order in the above named matter which provides that the stay order of January 14, 2015 as varied by the order of February 4, 2015 is continued until the Commission releases its decision on the hearing and review or until further order of the Commission.

A copy of the Order dated March 31, 2015 is 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)

### 1.4.7 Gordon Mak

**FOR IMMEDIATE RELEASE**
**April 6, 2015**

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

**AND**

**IN THE MATTER OF**
**GORDON MAK**

**TORONTO –** The Office of the Secretary issued a Notice of Hearing pursuant to Subsections 127(1) and 127(10) of the Securities Act setting the matter down to be heard on April 28, 2015 at 10:30 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated April 1, 2015 and Statement of Allegations of Staff of the Ontario Securities Commission dated April 1, 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)

### 1.4.8 Andre Lewis

**FOR IMMEDIATE RELEASE**
**April 6, 2015**

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

**AND**

**IN THE MATTER OF**
**ANDRE LEWIS**

**TORONTO –** The Office of the Secretary issued a Notice of Hearing pursuant to Subsections 127(1) and 127(10) of the *Securities Act* setting the matter down to be heard on April 28, 2015 at 11:00 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated April 1, 2015 and Statement of Allegations of Staff of the Ontario Securities Commission dated April 1, 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)

### 1.4.9 Quadrexx Hedge Capital Management Ltd. et al.

**FOR IMMEDIATE RELEASE**
**April 6, 2015**

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

**AND**

**IN THE MATTER OF**
**QUADREXX HEDGE CAPITAL MANAGEMENT LTD.,**
**QUADREXX SECURED ASSETS INC., MIKLOS NAGY**
**and TONY SANFELICE**

**TORONTO –** The Commission issued an Order in the above named matter which provides that the April 20, 2015 hearing date is vacated; and the hearing on the merits in this matter shall commence on April 22, 2015 and shall continue on April 23, 24, 27, 28, 29, 30 and May 1, 4, 6, 7, 8, 11, 12, 13, 14 and 15, 2015 commencing at 10:00 a.m. on each day.

A copy of the Order dated April 2, 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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# Chapter 2

# Decisions, Orders and Rulings

## 2.1 Decisions

### 2.1.1 Vinci S.A.

**Headnote**

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from prospectus and dealer registration requirements in respect of certain trades in units made in connection with an employee share offering by a French issuer – Relief from prospectus and dealer registration requirements upon the redemption of units for shares of the issuer – The offering involves the use of collective employee shareholding vehicles, each a fonds communs de placement d'entreprise (FCPE) – The Filer cannot rely on the employee prospectus exemption in section 2.24 of National Instrument 45-106 Prospectus and Registration Exemptions and the Manager cannot rely on the plan administrator exemption in section 8.16 of National Instrument 31-103 Registration Requirements and Exemptions as the shares are not being offered to Canadian employees directly by the issuer but through the FCPEs – Canadian employees will receive disclosure documents – The FCPEs are subject to the supervision of the French Autorité des marchés financiers – Relief granted, subject to conditions.

**Applicable Legislative Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53 and 74(1).
National Instrument 31-103 Registration Requirements and Exemptions.
National Instrument 45-102 Resale of Securities.
National Instrument 45-106 Prospectus and Registration Exemptions.

**TRANSLATION**

**March 25, 2015**

**IN THE MATTER OF**
**THE SECURITIES LEGISLATION OF**
**QUÉBEC AND ONTARIO**
**(THE "FILING JURISDICTIONS")**

**AND**

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

**AND**

**IN THE MATTER OF**
**VINCI S.A.**
**(THE "FILER")**

**DECISION**

**Background**

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

1. an exemption from the prospectus requirements of the Legislation (the "**Prospectus Relief**") so that such requirements do not apply to

   (a) trades in

(i) units (the "**Principal Classic Units**") of Castor International (the "**Principal Classic Fund**"), a *fonds commun de placement d'entreprise* or "FCPE", a form of collective shareholding vehicle commonly used in France for the conservation and custodianship of shares held by employee-investors; and

(ii) units (the "**Temporary Classic Units**" and, together with the Principal Classic Units, the "**Units**") of a temporary FCPE named Castor International Relais 2015 (the "**Temporary Classic Fund**") which will merge with the Principal Classic Fund following the completion of the Employee Share Offering (as defined below), such transaction being referred to as the "**Merger**", as further described below (the term "**Classic Fund**" used herein means, prior to the Merger, the Temporary Classic Fund and, following the Merger, the Principal Classic Fund);

made pursuant to the Employee Share Offering to or with Qualifying Employees (as defined below) resident in the Filing Jurisdictions and in British Columbia, Alberta and Saskatchewan (collectively, the "**Canadian Employees**") who elect to participate in the Employee Share Offering (collectively, the "**Canadian Participants**"); and

(b) trades in ordinary shares of the Filer (the "**Shares**") by the Classic Fund to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants;

2. an exemption from the dealer registration requirements of the Legislation (the "**Registration Relief**") so that such requirements do not apply to the VINCI Group (as defined below), the Classic Fund and the Management Company (as defined below) in respect of:

(a) trades in Units made pursuant to the Employee Share Offering to or with Canadian Employees; and

(b) trades in Shares by the Classic Fund to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants;

(the Prospectus Relief and the Registration Relief, collectively, the "**Offering Relief**").

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

(a) the Autorité des marchés financiers 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 and Saskatchewan (the "**Other Offering Jurisdictions**" and, together with the Filing Jurisdictions, the "**Jurisdictions**"), and

(c) the 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 *Regulation 14-101 respecting Definitions*, *Regulation 45-102 respecting resale of securities*, *Regulation 45-106 respecting Prospectus and Registration Exemptions* 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:

1. The Filer is a corporation formed under the laws of France. It is not and has no current intention of becoming a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions. The head office of the Filer is located in France and the Shares are listed on Euronext Paris.

2. The Filer has established a global employee share offering (the "**Employee Share Offering**") for Qualifying Employees (as defined below) and its participating affiliates, including affiliates that employ Canadian Employees (collectively, the "**Canadian Affiliates**" and, together with the Filer and other affiliates of the Filer, the "**VINCI Group**"), including B.A. Blacktop Ltd, Carmacks Enterprises Ltd, Construction DJL Inc., Agra Foundations Limited, Bermingham Construction Ltd, Freyssinet Canada Ltee, Geopac Inc., Reinforced Earth Company Ltd, Janin Atlas Inc., Asphalte Trudeau Ltee, Pavage Rolland Fortier Inc., Location Rolland Fortier Inc., Groupe Lechasseur, Eurovia Québec Grands projets, Eurovia Québec CSP, Eurovia Québec Construction, Imperial Paving Limited, Freycan Major Projects Ltd. Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no current intention of

becoming, a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions. The largest number of employees of the VINCI Group in Canada reside in Québec.

3. As of the date hereof and after giving effect to the Employee Share Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Classic Fund on behalf of Canadian Participants) more than 10% of the Shares issued and outstanding, and do not and will not represent in number more than 10 % of the total number of holders of Shares as shown on the books of the Filer.

4. The Employee Share Offering involves an offering of Shares to be subscribed through the Temporary Classic Fund, which Temporary Classic Fund will be merged with the Principal Classic Fund following completion of the Employee Share Offering (the "**Classic Plan**").

5. Only persons who are employees of a member of the VINCI Group during the subscription period for the Employee Share Offering and who meet other minimum employment criteria (the "**Qualifying Employees**") will be allowed to participate in the Employee Share Offering.

6. The Temporary Classic Fund and the Principal Classic Fund were established for the purpose of implementing employee share offerings of the Filer. There is no current intention for any of the Temporary Classic Fund or the Principal Classic Fund to become a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions.

7. The Temporary Classic Fund and the Principal Classic Fund are French FCPEs. The Temporary Classic Fund and the Principal Classic Fund are registered with, and approved by, the Autorité des marchés financiers in France (the "**French AMF**").

8. Under the Employee Share Offering:

   (a) Canadian Participants will subscribe for Temporary Classic Units and the Temporary Classic Fund will subscribe for Shares, on behalf of the Canadian Participants and using their contribution, at a subscription price that is equal to the arithmetical average of the opening Share price (expressed in Euros) on Euronext Paris on the 20 trading days preceding the start of the subscription period (the "**Subscription Price**").

   (b) Initially, the Shares will be held in the Temporary Classic Fund and the Canadian Participants will receive Temporary Classic Units representing the subscription of Shares.

   (c) After completion of the Employee Share Offering, the Temporary Classic Fund will be merged with the Principal Classic Fund (subject to the French AMF's approval). Temporary Classic Units held by Canadian Participants will be replaced with Principal Classic Units on a *pro rata* basis and the Shares subscribed for under the Classic Plan will be held in the Principal Classic Fund (such transaction being referred to as the "**Merger**").

   (d) The Units will be subject to a hold period of approximately three years (the "**Lock-Up Period**"), subject to certain exceptions prescribed by the rules of the International Group Share Ownership Plan of VINCI Group and adopted under the Employee Share Offering in Canada (such as a release on death, disability or termination of employment).

   (e) Any dividends paid on the Shares held in the Classic Fund will be contributed to the Classic Fund and used to purchase additional Shares. To reflect this reinvestment, the regulations of the Classic Fund provide that new Units (or fractions thereof) will be issued to the Canadian Participants.

   (f) At the end of the Lock-Up Period, a Canadian Participant may (i) request the redemption of his or her Units in the Classic Fund in consideration for the underlying Shares or a cash payment corresponding to the then market value of the Shares, or (ii) continue to hold his or her Units in the Classic Fund and request the redemption of those Units at a later date in consideration for the underlying Shares or a cash payment corresponding to the then market value of the Shares.

   (g) In the event of an early unwind resulting from the Canadian Participant exercising one of certain exceptions to the Lock-Up Period and meeting the applicable criteria, a Canadian Participant may request the redemption of Units in the Classic Fund in consideration for a cash payment corresponding to the then market value of the underlying Shares.

   (h) In addition, the Employee Share Offering provides that the Filer will grant to Canadian Participants a conditional right to receive additional Shares at the end of the Lock-Up Period, free of charge ("Bonus

Shares"). The number of Bonus Shares which a Canadian Participant is eligible to receive will be determined according to the following matching schedule:

| *Canadian Participant's Subscription* | *Matching Ratio* |
|---|---|
| 1-10 Shares | 2 Bonus Shares for each Share subscribed |
| Next 30 Shares (i.e., the 11th to 40th Share subscribed for) | 1 Bonus Share for each Share subscribed |
| Next 60 Shares (i.e., the 41st to 100th Share subscribed for) | 1 Bonus Share for each 2 Shares subscribed |
| Any further Shares starting from the 101st Share subscribed for | No additional Bonus Shares |

(i) Under the matching schedule, a Canadian Participant who subscribed for 100 or more Shares would receive a maximum of 80 Bonus Shares. The right to receive Bonus Shares is generally subject to the condition that the Canadian Participant is employed by a member of the VINCI Group at the end of the Lock-Up Period and holds Units until that time. If these conditions are satisfied, Bonus Shares will be delivered directly to the Canadian Participant or to the Classic Fund on behalf of the Canadian Participant (in which case, additional Units reflecting this will be issued to the Canadian Participant), or sold if requested by the Canadian Participant. If the vesting conditions are not met, the Canadian Participant will lose his or her entitlement to Bonus Shares. However, in certain good leaver events, the loss of entitlement to Bonus Shares is compensated by a cash payment.

9. Under French law, an FCPE is a limited liability entity. The portfolio of the Classic Fund will consist almost entirely of Shares and may also include cash in respect of dividends paid on the Shares which will be reinvested in Shares as discussed above and cash or cash equivalents pending investments in the Shares and for the purposes of Unit redemptions.

10. The manager of the Temporary Classic Fund and of the Principal Classic Fund, AMUNDI (the "Management **Company**"), is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF to manage investments and complies with the rules of the French AMF. To the best of the Filer's knowledge, the Management Company is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions.

11. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Classic Fund are limited to subscribing for Shares and selling such Shares as necessary in order to fund redemption requests and investing available cash in cash equivalents.

12. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents of the Classic Fund. The Management Company is obliged to act exclusively in the best interests of the Canadian Participants and is liable to them, jointly and severally with the Depositary, for any violation of the rules and regulations governing FCPEs, any violation of the rules of the FCPE, or for any self-dealing or negligence. The Management Company's activities will not affect the underlying value of the Shares.

13. None of the entities forming part of VINCI Group, the Classic Fund or the Management Company or any of their respective directors, officers, employees, agents or representatives will provide investment advice to the Canadian Employees with respect to investments in the Shares or the Units or to the Canadian Participants with respect to the holding or redemption of their Units.

14. Shares issued pursuant to the Employee Share Offering will be deposited in the Classic Fund through CACEIS Bank (the "**Depositary**"), a large French commercial bank subject to French banking legislation.

15. Under French law, the Depositary must be selected by the Management Company from a limited number of companies identified on a list maintained by the French Minister of the Economy and Finance and its appointment must be approved by the French AMF. The Depositary carries out orders to purchase, trade and sell assets in the portfolio and

takes all necessary action to allow each of the Temporary Classic Fund and the Principal Classic Fund to exercise the rights relating to the assets held in their respective portfolios.

16. Participation in the Employee Share Offering is voluntary, and the Canadian Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

17. The total amount that may be invested by a Canadian Employee in the Employee Share Offering cannot exceed 25% of his or her estimated gross annual compensation for 2015. The value of Bonus Shares is not included in this calculation.

18. The Shares are not currently listed for trading on any stock exchange in Canada and the Filer has no intention to have the Shares so listed. As there is no market for the Shares in Canada, and as none is expected to develop, any first trades of Shares by Canadian Participants will be effected through the facilities of, and in accordance with, the rules and regulations of Euronext Paris. The Units will not be listed for trading on any stock exchange.

19. Canadian Employees may request and Canadian Participants will receive an information package in the French or English language, according to their preference, which will include a summary of the terms of the Employee Share Offering and a description of Canadian income tax consequences of subscribing to and holding the Units and requesting the redemption of Units at the end of the Lock-Up Period. Canadian Employees will be advised that they may request copies of the Filer's Document de Référence filed with the French AMF in respect of the Shares and the regulations of the Temporary Classic Fund and the Principal Classic Fund through their human resources department, and can also access continuous disclosure materials relating to the Filer through the Filer's public internet site. Canadian Participants will receive an initial statement of their holdings under the Classic Plan together with an updated statement at least once per year.

20. There are approximately 2,020 Qualifying Employees resident in Canada, with the largest number residing in the Province of Québec. Less than 2% of Qualifying Employees reside in Canada.

21. None of the entities forming part of the VINCI Group or the Classic Fund are in default under the Legislation or the securities legislation of the Other Offering Jurisdictions. To the best of the Filer's knowledge, the Management Company is not in default of the Legislation or the securities legislation of the Other Offering Jurisdictions.

**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 the decision.

The decision of the Decision Makers under the Legislation is that the Offering Relief is granted provided that the prospectus requirements of the Legislation will apply to the first trade in any Units or Shares acquired by Canadian Participants pursuant to this Decision, unless the following conditions are met:

1. the issuer of the security

   (a) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

   (b) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;

2. at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

   (a) did not own, directly or indirectly, more than 10 % of the outstanding securities of the class or series, and

   (b) did not represent in number more than 10 % of the total number of owners, directly or indirectly, of securities of the class or series; and

3. the first trade is made

   (i) through an exchange, or a market, outside of Canada, or

   (ii) to a person or company outside of Canada.

"Lucie J. Roy"
Senior Director, Corporate Finance

### 2.1.2 Probe Mines Limited

**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).

March 31st, 2015

Probe Mines Limited
c/o Jamie Litchen
Cassels Brock & Blackwell LLP
40 King Street West
Scotia Plaza, Suite 2100
Toronto, Ontario
M5H 3C2

Dear Sir:

**RE: Probe Mines Limited (the "Applicant") – Application to Cease to be a Reporting Issuer under the securities legislation of Ontario, Alberta and Quebec (the "Jurisdictions")**

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 not a reporting issuer.

"Shannon O'Hearn"
Manager, Corporate Finance
Ontario Securities Commission

### 2.1.3 Brookfield Residential Properties Inc.

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – issuer has outstanding debt – issuer deemed to be no longer a reporting issuer under securities legislation – issuer has more than 15 securityholders in one jurisdiction, more than 51 securityholders worldwide, but less than 51 securityholders in Canada.

**Applicable Legislative Provisions**

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

**Citation:** Re Brookfield Residential Properties Inc., 2015 ABASC 624

**March 31, 2015**

**IN THE MATTER OF**
**THE SECURITIES LEGISLATION OF**
**BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC,**
**NEW BRUNSWICK, PRINCE EDWARD ISLAND, NOVA SCOTIA,**
**AND NEWFOUNDLAND AND LABRADOR**
**(THE JURISDICTIONS)**

**AND**

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

**AND**

**IN THE MATTER OF**
**BROOKFIELD RESIDENTIAL PROPERTIES INC.**
**(THE FILER)**

**DECISION**

**Background**

The securities regulatory authority or regulator of each of the Jurisdictions (the **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 Alberta Securities Commission is the principal regulator for this application; and

(b) this 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 herein.

**Representations**

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

1. The Filer was formed under, and is governed by, the *Business Corporations Act* (Ontario) (the **OBCA**).

2. The Filer's head office is located at 4906 Richard Road S.W., Calgary, Alberta, T3E 6L1.

3. The Filer's registered office is located at Suite 100, 7303 Warden Avenue, Markham, Ontario, Canada L3R 5Y6.

4. 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.

5. At a special meeting of shareholders of the Filer held on March 10, 2015, requisite shareholder approval was received in connection with a "going-private" transaction pursuant to a statutory plan of arrangement under Section 182 of the OBCA (the **Arrangement**) whereby Brookfield Asset Management Inc. (**Brookfield Asset Management**) would directly or indirectly acquire the remaining approximately 30% of the Filer's common shares (**Common Shares**) that it did not already own. The holders of Notes (as defined below) were not required to vote. At the final order hearing held on March 12, 2015, the Filer received a final order of the Ontario Superior Court of Justice (Commercial List) approving the Arrangement. The Arrangement was completed on March 13, 2015. The full details of the Arrangement and the intention of the Filer to make an application to cease to be a reporting issuer were contained in a management information circular of the Filer dated January 12, 2015 and filed on SEDAR.

6. The Filer issued a news release on March 3, 2015 announcing that it has applied to each of the Decision Makers for a decision that it is not a reporting issuer in the applicable Jurisdiction and, if those orders are granted , the Filer will no longer be a reporting issuer in any jurisdiction of Canada.

7. The authorized capital of the Filer consists of an unlimited number of Common Shares and an unlimited number of convertible preferred shares (the **Preferred Shares**). As at the date hereof there are 113,900,674 issued and outstanding Common Shares and no issued and outstanding Preferred Shares.

8. All of the Common Shares are beneficially held by a single shareholder, Brookfield Asset Management, a company whose head office is located in Ontario. Brookfield Asset Management Inc. owns 100% of the Common Shares directly and indirectly through three subsidiaries.

9. The Filer has two classes of debt securities outstanding:

   (a) US$600 million principal amount of 6.5% unsecured senior notes due 2020 (the **2020 Notes**). The 2020 Notes were issued pursuant to an indenture (the **2020 Notes Indenture**) dated as of December 14, 2012 between the Filer, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee (the **Trustee**); and

   (b) US$500 million principal amount of 6.125% unsecured senior notes due 2022 (the **2022 Notes**, and with the 2020 Notes, the **Notes**). The 2022 Notes were issued pursuant to an indenture (the **2022 Notes Indenture**, and with the 2020 Notes Indenture, the **Indentures**) dated as of June 25, 2013 between the Filer, Brookfield Residential US Corporation, as co-issuer, the subsidiary guarantors named therein and the Trustee.

The Notes are not convertible or exchangeable into any other voting or equity securities. The Notes were initially issued on a private placement basis, primarily in the United States to "qualified institutional buyers" under U.S. federal securities law with a relatively small portion (less than 10%) sold in Canada to "accredited investors" under applicable Canadian securities legislation.

10. All of the outstanding incentive awards issued under the Filer's incentive plans that entitle holders thereof to receive Common Shares upon vesting, conversion or exchange thereof were accelerated. Other than the 17 optionholders, whose options were cancelled in exchange for certain cash payments, all other holders of such incentive awards received Common Shares that were sold in connection with the Arrangement. The Filer has no incentive awards outstanding that are convertible or exchangeable into Common Shares. The only incentive awards outstanding are deferred share units held by directors and senior officers of the Filer, which are only redeemable for a cash payment.

11. The Filer has no securities issued and outstanding other than as set out in paragraphs 7, 9 and 10 above.

12. Prior to the completion of the Arrangement, the Common Shares were listed and posted for trading on the Toronto Stock Exchange (the **TSX**) and the New York Stock Exchange (the **NYSE**). The Common Shares have been delisted from the TSX and the NYSE.

13. The Notes have never been listed for trading on any stock exchange or other marketplace (as that term is defined in National Instrument 21-101 *Marketplace Operation*).

14. The Indentures do not contain any provision requiring that the Filer remain subject to the reporting requirements of Canadian securities legislation, the reporting requirements of Section 13 or 15(d) of the 1934 Act, or the reporting requirements of any other jurisdiction. The Indentures, including all applicable amendments and supplements, have been filed on SEDAR. The Indentures do not contain any provision requiring ongoing reporting to holders of Notes or to the trustee once the Filer is no longer subject to reporting requirements under applicable securities law.

15. The Filer is no longer subject to any reporting requirements under the 1934 Act; however, under U.S. federal securities law the Filer is required to furnish holders of the Notes, or prospective holders of the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the 1933 Act, which is comprised of a brief statement of the nature of the business of the Filer and the products and services it offers and the Filer's most recent balance sheet and profit and loss and retained earnings statements, and similar financial statements for such part of the two preceding fiscal years. The Filer undertakes to provide the same disclosure to each holder of a Note in Canada.

16. The Notes are issued in book-entry form and are represented by global certificates registered in a nominee name of The Depository Trust Company (**DTC**), with beneficial interests therein recorded in records maintained by DTC and its participants as financial intermediaries that hold securities on behalf of their clients. In accordance with industry practice and custom, the Filer has obtained from Broadridge Financial Solutions Inc. (**Broadridge**) a geographic survey of beneficial holders of Notes as of January 20, 2015 (the **Geographic Report**), which provides information as to the number of noteholders and Notes held in each jurisdiction of Canada, the United States and elsewhere. Broadridge advised the Filer that its reported information is based on securityholder addresses of record identified in the data files provided to it by the financial intermediaries holding Notes. Accordingly, insofar as such intermediaries do not accurately or completely respond to the survey, or address information is not representative of residency, the information is imperfect.

17. The Geographic Report covers approximately 85% of the outstanding US$600 million principal amount of 2020 Notes and reports a total of 305 noteholders residing in the following jurisdictions:

    (a) 13 in Ontario holding US$31,941,000 principal amount of 2020 Notes;

    (b) 1 in Alberta holding US$15,000 principal amount of 2020 Notes;

    (c) 3 in Quebec holding US$100,000 principal amount of 2020 Notes;

    (d) 248 in the United States holding US$430,677,500 principal amount of 2020 Notes; and

    (e) 40 in unknown jurisdictions holding US$49,401,000 principal amount of 2020 Notes through US financial intermediaries.

18. The Canadian holders of the 2020 Notes represent approximately 5% of the total principal amount of the 2020 Notes outstanding or approximately 6% of the principal amount of the 2020 Notes reported. Extrapolating these numbers across the full US$600 million principal amount of 2020 Notes outstanding would imply a total of 20 Canadian holders of 2020 Notes.

19. The Geographic Report covers approximately 96% of the outstanding US$500 million principal amount of 2022 Notes and reports a total of 355 noteholders residing in the following jurisdictions:

    (a) 17 in Ontario holding US$23,040,000 principal amount of 2022 Notes;

    (b) 282 in the United States holding US$403,056,000 principal amount of 2022 Notes; and

    (c) 56 in unknown jurisdictions holding US$54,736,000 principal amount of 2022 Notes through US financial intermediaries.

20. The Canadian holders of the 2022 Notes represent approximately 5% of the total principal amount of the 2022 Notes outstanding and approximately 5% of the principal amount of the 2022 Notes reported. Extrapolating these numbers across the full US$600 million principal amount of 2022 Notes outstanding would imply a total of 18 Canadian holders of 2022 Notes.

21. The Filer is applying for a decision from each of the Jurisdictions that it cease to be a reporting issuer in that Jurisdiction. If each of the Decision Makers grants the requested relief, the Filer will no longer be a reporting issuer in any jurisdiction of Canada.

22. The Filer has no intention to seek a financing by way of an offering of securities.

23. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because its outstanding securities, including debt securities, are beneficially owned, directly or indirectly, by more than 15 securityholders in a jurisdiction in Canada and by more than 51 securityholders in

total worldwide. The Filer could not surrender its status as a reporting issuer in British Columbia under British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because the Filer has more than 50 securityholders.

24. No securities of the Filer, 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.

**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.

"Tom Graham"
Director, Corporate Finance

### 2.1.4 DTCC Data Repository (U.S.) LLC – s. 42 of the OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting

**Headnote**

DTCC Data Repository (U.S.) LLC (DDR) was granted relief until March 31, 2015 from subsection 39(1) of OSC Rule 91-507 which requires a designated TR to provide to the public on a periodic basis aggregate data on open positions, volume, number, and where applicable price, relating to the transactions reported to it. This relief was extended to June 2, 2015 on a partial basis.

**Applicable Legislative Provision**

OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting, ss. 39(1), 42.

**VARIATION OF DIRECTOR'S EXEMPTION**

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

**AND**

**IN THE MATTER OF**
**DTCC DATA REPOSITORY (U.S.) LLC**

**DECISION**
**(Section 42 of OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting)**

**WHEREAS** the Ontario Securities Commission (Commission) issued an order (Designation Order) dated September 19, 2014 pursuant to section 21.2.2 of the Act designating DTCC Data Repository (U.S.) LLC (DDR) as a trade repository in Ontario;

**AND WHEREAS** pursuant to its designation as a trade repository under section 21.2.2 of the Act DDR is subject to OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (OSC Rule 91-507) and the terms and conditions of its designation order;

**AND WHEREAS** an application was made by DDR to the Director in connection with its application for designation seeking exemption from the requirements under each of subsections 4(1), 5(1), 17(5), 20(2), 20(4), 20(5) and 39(1) of OSC Rule 91-507;

**AND WHEREAS**, the Director was satisfied that it would not be prejudicial to the public interest to exempt DDR from the requirements under each of subsections 4(1), 5(1), 17(5), 20(2), 20(4), 20(5) and 39(1) of OSC Rule 91-507 and, pursuant to section 42 of OSC Rule 91-507, issued a decision dated September 19, 2014 exempting DDR from these requirements (Exemption Decision), attached as a schedule to the Designation Order;

**AND WHEREAS** the exemption granted in respect of subsection 39(1) of OSC Rule 91-507 with respect to creating and making available to the public aggregate data on volume, number (of transactions) and, where applicable, price, relating to the transactions reported to it is temporary and will terminate on March 31, 2015 unless varied by a decision of the Director;

**AND WHEREAS** DDR has made an application pursuant to section 42 of OSC Rule 91-507 requesting that the Director vary the Exemption Decision in order to extend DDR's temporary exemption from the requirements under subsection 39(1) of the Act in order to accommodate the additional time required by DDR to develop the appropriate capabilities to deliver public reports which are responsive to complexities with respect to how data is currently reported to DDR by market participants;

**AND WHEREAS** the Director has considered DDR's application and other factors;

**AND WHEREAS** the Director has determined that it is not prejudicial to the public interest to issue a decision to vary the Exemption Decision, in part, to extend DDR's temporary exemption from the requirements under subsection 39(1) of OSC Rule 91-507 in respect of making available to the public aggregate data on number of transactions;

**IT IS THE DECISION** of the Director that, pursuant to section 42 of Rule 91-507, the Exemption Decision be varied by replacing the reference to "March 31, 2015" with "June 2, 2015" in respect of making available to the public aggregate data on number of transactions.

**DATED** March 31, 2015.

"Susan Greenglass"
Director, Market Regulation Branch

### 2.1.5 Israel Chemicals Ltd.

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 43-101 Standards of Disclosure for Mineral Projects, s. 9.1 – National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1 – non-reporting issuer seeking relief from the requirement to file a technical report and provide disclosure relating to issuer's material mineral projects – issuer announced arrangement agreement with Canadian reporting issuer pursuant to which securities of the non-reporting issuer will only be offered to one US securityholder – relief granted subject to conditions.

**Applicable Legislative Provisions**

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 4.1(1), 4.2(c) and 9.1
National Instrument 51-102 Continuous Disclosure Obligations, s 13.1; Form 51-102F5, s. 14.2.

**April 1, 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**
**ISRAEL CHEMICALS LTD.**
**(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**) exempting the Filer, pursuant to section 9.1 of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**), from the Filer's obligation to: (i) file a technical report pursuant to subsection 4.2(1)(c) of NI 43-101 and comply with disclosure obligations relating to its material mineral projects under section 14.2 of Form 51-102F5 Information Circular (**Form 51-102F5**) and file a certificate of qualified persons under NI 43-101 in connection therewith (the Section 4.2 Exemptive Relief Requested); and (ii) to file a technical report pursuant to section 4.1 of NI 43-101 and file a certificate of qualified persons under NI 43-101 in connection therewith (the **Section 4.1 Exemptive Relief Requested**, and together with the Section 4.2 Exemptive Relief Requested, the **Total Exemptive Relief Requested**).

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 subsection 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, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, the Yukon Territory, the Northwest Territories and Nunavut.

**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 a limited liability company under the laws of Israel. Its registered and head office is in Tel-Aviv, Israel, and it operates through subsidiaries domiciled primarily in Israel, Netherlands, United Kingdom, Spain, China, Brazil, the United States and Germany.

2. The ordinary shares of the Filer (**Ordinary Shares**) are listed on the Tel Aviv Stock Exchange and the New York Stock Exchange (**NYSE**). The Filer is a "foreign private issuer" under U.S. securities laws and is in compliance with the securities laws of Israel and the United States.

3. The Filer is not a reporting issuer in any of the provinces or territories of Canada and is not in default of the securities legislation in any of such jurisdictions.

4. The Filer is a specialty minerals company that extracts raw materials and processes and formulates products primarily to customers in three end-markets: agriculture, food and engineered materials. The Filer's principal assets include (i) potash and bromine mines or concessions in the Dead Sea and related production facilities, (ii) potash concessions or permits in the United Kingdom and Spain and related facilities, (iii) phosphate permits in Israel and related facilities, (iv) bromine compounds processing facilities in Israel, the Netherlands and China, and (v) a global logistics and distribution network with operations in over 30 countries.

5. The Filer is subject to the regulatory oversight of the securities regulators of the U.S. The Filer's disclosure of scientific and technical information related to the Filer's mineral projects is in compliance with the laws of the U.S. and Israel, including SEC Industry Guide 7 (as defined in NI 43-101).

6. In 2014, approximately 40% of net sales of the Filer related to minerals that were extracted from the Dead Sea. The Dead Sea contains a supply of raw materials that is, for all practical purposes, unlimited. The Filer has not prepared an assessment of reserves or resources with respect to its Dead Sea concessions. The Filer, in consultation with its U.S. counsel and DMT Consulting Limited, an independent third party, determined that the Dead Sea mineral concession did not constitute a "reserve" under SEC Industry Guide 7, as the concession to distill minerals from the water is not a mineral deposit, and the definition of reserve under SEC Industry Guide 7 only applies to mineral deposits. Similarly, NI 43-101 does not apply to the extraction of minerals from water above the ground.

7. With respect to all concessions and permits, other than the Dead Sea, the Filer bases its mineral reserve estimates on engineering, economic and geological data assembled and analyzed by its engineers and geologists. Reserves are categorized in accordance with SEC Industry Guide 7. The Filer is not required to, and does not, publish resource estimates as SEC Industry Guide 7 does not apply to resources. In addition, the Filer does not have third parties prepare reports that would conform to NI 43-101.

8. Allana Potash Corp. (**Allana**) is governed by the *Business Corporations Act* (Ontario), and its registered and head office is in Toronto, Ontario.

9. The authorized capital of Allana consists of an unlimited number of common shares (**Allana Shares**), of which 325,225,006 Allana Shares were issued and outstanding as at March 26, 2015. Options (**Options**) entitling the holders thereof to acquire an aggregate of 17,902,500 Allana Shares were issued and outstanding on March 26, 2015.

10. The Allana Shares are currently listed on the Toronto Stock Exchange.

11. Allana is a reporting issuer in all the provinces of Canada except Québec (the **Allana Jurisdictions**) and is not in default of the securities legislation in any of the Allana Jurisdictions.

12. Allana is a mineral exploration corporation with a focus on the acquisition and development of potash assets internationally. Its principal asset is its Danakhil potash property in Ethiopia.

13. On March 26, 2015, the Filer and Allana announced that they had entered into an arrangement agreement (the Arrangement Agreement) pursuant to which the Filer will, through a wholly-owned subsidiary and subject to certain conditions, acquire all of the issued and outstanding Allana Shares not already owned by a subsidiary of the Filer in consideration for $0.50 per Allana Share (the **Arrangement**).

14. Each shareholder of Allana (an Allana Shareholder), other than Liberty Metals and Mining Holdings, LLC, a member of Liberty Mutual Group that is a Delaware member-managed, limited liability company with its head office in the U.S. and which holds approximately 11.87% of the issued and outstanding Allana Shares (**LMM**), will receive the consideration in cash and LMM will receive the consideration in Ordinary Shares (the **Share Consideration**). The Share Consideration will be $0.50 per Allana Share held by LMM calculated using the price equal to the average of the volume weighted average trading price of the Ordinary Shares on the NYSE for each of the five trading days in the period immediately prior to (and excluding) the business day prior to the effective date of the Arrangement (the **Effective Date**) (which average price will be converted into Canadian dollars based on the Bank of Canada noon rate as of such business day immediately prior to the Effective Date).

15. Holders of Options (**Allana Optionholders**) will receive cash equal to the difference between $0.50 and the exercise price of each Option held. Where the exercise price is equal to or greater than $0.50, such Options will be cancelled without the payment of any consideration.

16. The terms of the Arrangement will be submitted for approval at a meeting of Allana Shareholders and Allana Optionholders: (i) requiring the approval of 66 2/3% of the votes cast in person or by proxy of Allana Shareholders and Allana Optionholders, voting as a single class; and (ii) in accordance with the requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (**MI 61-101**), pursuant to which, among other things, the votes of any "interested party" as defined under MI 61-101, including for greater certainty the Filer, the Chief Executive Officer of Allana and LMM, will not be counted in determining whether shareholder approval of the Arrangement is obtained.

17. Pursuant to the Legislation, in connection with the Arrangement, the Filer: (i) would be required to file a technical report under subsection 4.2(1)(c) of NI 43-101, and comply with certain disclosure obligations relating to its material mineral projects

in the information circular pertaining to the Arrangement (the **Allana Information Circular**) pursuant to section 14.2 of Form 51-102F5 and file a certificate of qualified persons under NI 43-101 related thereto; and (ii) in connection with the Filer becoming a reporting issuer in the Allana Jurisdictions upon the closing of the Arrangement, would be required to file a technical report for each of its material mineral projects under section 4.1 of NI 43-101 and file a certificate of qualified persons under NI 43-101 related thereto.

18. If the Share Consideration was not being offered to LMM: (i) the obligation of the Filer to file a technical report and comply with certain disclosure obligations relating to its material mineral projects in connection with the Allana Information Circular would not be required; and (ii) the Filer would not become a reporting issuer under the Legislation and would therefore not be required to file a technical report for each of its material mineral projects.

19. The Filer intends to submit an application to obtain discretionary exemptive relief, effective following the closing of the Arrangement, from the securities regulatory authority or regulator of each of the Allana Jurisdictions to deem the Filer to have ceased to be a reporting issuer in the Allana Jurisdictions (the **Reporting Issuer Exemptive Relief**).

20. The disclosure relating to the Filer to be included in the Allana Information Circular will be prepared substantially in compliance with disclosure requirements in the United States.

21. The Filer believes that the Allana Information Circular will provide sufficient information about the Filer and the terms of the Arrangement to enable a reasonable Allana Shareholder to make an informed voting decision on whether to approve the Arrangement.

22. LMM has confirmed to the Filer that it does not object to the Total Exemptive Relief Requested.

**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:

1. the Section 4.2 Exemptive Relief Requested is granted; and

2. the Section 4.1 Exemptive Relief Requested is granted provided that the Arrangement is completed and the Filer obtains the Reporting Issuer Exemptive Relief within 45 days of the Effective Date.

"Kathryn Daniels"
Deputy Director
Corporate Finance Branch
Ontario Securities Commission

### 2.1.6 Qwest Energy Financial Corp. – s. 1(10)(a)(ii)

**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).

April 7, 2015

Qwest Energy Financial Corp.
310-650 West Georgia Street
Vancouver, BC V6B 4N7

Dear Sirs/Mesdames:

**Re: Qwest Energy Financial Corp. (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Manitoba, New Brunswick, Nova Scotia and Saskatchewan (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 not a reporting issuer.

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

### 2.1.7 NeuroBioPharm Inc. – s. 1(10)(a)(ii)

**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).

April 1st, 2015

NeuroBioPharm Inc.
545 Promenade du Centropolis
Suite 100
Laval (Québec) H7T 0B3

Dear Sirs/Mesdames:

**Re: NeuroBioPharm Inc. (the Applicant) – application for a decision under the securities legislation of Alberta, Manitoba, Saskatchewan, Ontario, Québec, Nova Scotia, New Brunswick, Newfoundland and Labrador, Prince Edward Island, Yukon, Northwest Territories and Nunavut (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 *Regulation 21-101 respecting 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's status as a reporting issuer is revoked.

"Martin Latulippe"
Director, Continuous Disclosure
Autorité des marchés financiers

## 2.2 Orders

### 2.2.1 Satish Talawdekar and Anand Hariharan – ss. 127(1) and 127.1

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

**AND**

**IN THE MATTER OF**
**SATISH TALAWDEKAR AND ANAND HARIHARAN**

**IN THE MATTER OF**
**A SETTLEMENT AGREEMENT BETWEEN**
**STAFF OF THE ONTARIO SECURITIES COMMISSION**
**AND ANAND HARIHARAN**

**ORDER**
**(Subsections 127(1) and 127.1)**

**WHEREAS** on March 11, 2015 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), and Staff of the Commission ("Staff") filed a statement of allegations (the "Statement of Allegations") in respect of Anand Hariharan ("Hariharan");

**AND WHEREAS** Hariharan has entered into a settlement agreement with Staff dated March 11, 2015 (the "Settlement Agreement") in which Hariharan agreed to a proposed settlement in relation to the matters set out in the Notice of Hearing and the Statement of Allegations;

**AND WHEREAS** in the Notice of Hearing the Commission announced that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement between Staff and Hariharan;

**AND UPON** the Commission having reviewed the Notice of Hearing, the Statement of Allegations, and the Settlement Agreement, and having heard submissions from counsel for Hariharan and for Staff;

**AND WHEREAS** Hariharan has entered into an undertaking as part of the Settlement Agreement whereby he shall make a voluntary payment to the Commission in the amount of $35,000. The voluntary payment described in this paragraph will be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

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

**IT IS HEREBY ORDERED THAT:**

1. the Settlement Agreement is approved;

2. trading in any securities by Hariharan, including as the term "security" is defined in subsection 76(6) of the Act, whether direct or indirect, shall cease for a period of 10 years from the date of the order approving the Settlement Agreement;

3. the acquisition of any securities by Hariharan, including as the term "security" is defined in subsection 76(6) of the Act, whether direct or indirect, is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement;

4. as an exception to the provisions of paragraph two herein, Hariharan is permitted to sell securities in his personal or joint registered retirement savings plan account for a period of thirty days from the date of the order approving this Settlement Agreement;

5. after the payment set out in paragraph nine herein and the voluntary payment set out in the recital, above, are made by Hariharan in full, as an exception to the provisions of paragraphs two and three herein:

   (i) trading shall be permitted only in:

(A) mutual fund, exchange-traded fund or index fund securities, bonds, guaranteed investment certificates, for the account of any registered retirement savings plans, tax free savings accounts and self-directed retirement savings plans in which Hariharan and/or his spouse have sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts; and

(B) shares of Jazz Aviation Hariharan is entitled to purchase or is provided as a result of Hariharan's employment with Jazz Aviation, and all such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts;

(ii) the acquisition of any securities shall be permitted only in:

(A) mutual fund, exchange-traded fund or index fund securities, bonds, guaranteed investment certificates for the account of any registered retirement savings plans, tax free savings accounts and self-directed retirement savings plans in which Hariharan and/or his spouse have sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts; and

(B) shares of Jazz Aviation Hariharan is entitled to purchase or is provided as a result of Hariharan's employment with Jazz Aviation, and all such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts.

6. any exemptions contained in Ontario securities law do not apply to Hariharan for a period of 10 years from the date of the order approving the Settlement Agreement;

7. Hariharan is reprimanded;

8. Hariharan is prohibited for a period of 10 years from the date of the order approving the Settlement Agreement from becoming or acting as a registrant, an investment fund manager, a promoter, or as a director or officer of any of those entities;

9. Hariharan shall pay investigation costs to the Commission in the amount of $5,000; and

10. Hariharan's voluntary payment of $35,000 is designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act.

**DATED** at Toronto, this 31st day of March, 2015.

"Alan J. Lenczner"

**2.2.2 Christopher Reaney – s. 8(4)**

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

**AND**

**IN THE MATTER OF**
**CHRISTOPHER REANEY**

**ORDER**
**(Subsection 8(4))**

**WHEREAS** on January 13, 2015, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsection 8(4) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") with respect to Christopher Reaney (the "Applicant");

**AND WHEREAS** on January 14, 2015, the Commission held a hearing to consider a request made by the Applicant to stay a decision of a Director dated January 5, 2015 (the "Decision") pending the disposition of the Applicant's hearing and review of the Decision;

**AND WHEREAS** the Commission reviewed the Applicant's request for a stay of the Decision;

**AND WHEREAS** the Commission considered submissions from counsel for the Applicant on the Application Record and submissions from counsel for the Applicant and counsel for Staff of the Commission ("Staff") on relevant case law;

**AND WHEREAS** Staff consented to a stay pending the hearing and review or other order of the Commission on certain terms and conditions;

**AND WHEREAS** upon considering the materials and submissions of the Applicant and of Staff, the Commission was of the opinion that it was in the public interest to grant a stay order with terms and conditions, pursuant to subsection 8(4) of the Act;

**AND WHEREAS** on January 14, 2015, the Commission ordered that:

1. The suspension of the Applicant's registration imposed by the Decision is stayed immediately and this order will continue in force until further order of the Commission and in any event not later than March 31, 2015.

2. During the period in which the stay is in effect, the Applicant's registration under the Act is subject to the following terms and conditions:

   (a) The registration of the Applicant shall be subject to strict supervision by his sponsoring firm.

   (b) The Applicant's sponsoring firm must submit written monthly strict supervision reports (in the form specified in Appendix "A") to Staff of the Commission, Attention: Deputy Director, Registrant Conduct Team, Compliance and Registrant Regulation Branch, and also to Staff of the Mutual Fund Dealers Association of Canada (the "MFDA"), Attention: Manager, Compliance. These reports must be submitted within 15 calendar days after the end of each month.

   (c) The Applicant must immediately report to the Commission's Deputy Director, Registrant Conduct Team, Compliance and Registrant Regulation Branch if he is under investigation by the MFDA or is reprimanded in any way by the MFDA.

   (d) If the Applicant processes a transaction for a client using a document which is signed or initialled by a client and which is not the original version of the document, the Applicant must deliver the original document to his sponsoring firm within one week of the transaction to permit the firm to verify the authenticity of the copied document, including whether the copied document was created using a pre-signed form. If the sponsoring firm finds any irregularity, it will notify Staff of the Commission in writing when it submits its monthly report, referred to above.

   (e) The Applicant may not use a limited trading authorization for any of his clients;

**AND WHEREAS** on January 28, 2015, the Applicant requested by letter that paragraph 6 of the strict supervision report appended to the January 14, 2015 order as Appendix "A" be revised to reflect the practice of the Applicant's sponsoring firm;

**AND WHEREAS** Staff indicated that they were content with the Applicant's requested change to Appendix "A";

**AND WHEREAS** on February 4, 2015 the Commission granted the Applicant's request and ordered that the written monthly strict supervision reports to be submitted by the Applicant's sponsoring firm to Staff of the Commission and the MFDA shall be in the form specified in the revised Appendix "A" to the February 4, 2015 order;

**AND WHEREAS** the hearing and review of the Decision was heard on March 31, 2015;

**AND WHEREAS** the Applicant requested and Staff consented to a continuation of the stay of the Decision

pending the release of the Commission's decision on the hearing and review or further order of the Commission;

**IT IS HEREBY ORDERED THAT** the stay order of January 14, 2015 as varied by the order of February 4, 2015 is continued until the Commission releases its decision on the hearing and review or until further order of the Commission.

**DATED** at Toronto this 31st day of March, 2015.

"Timothy Moseley"

"Mary G. Condon"

"William J. Furlong"

**Appendix "A"**
**Strict Supervision Report**

I hereby certify that supervision has been conducted for the month ending _____, 201_ of the trading activities of Christopher Reaney (the "Registrant") by the undersigned. I further certify the following:

1. All orders, both buy and sell, and sales contracts have been reviewed by a supervising officer of IPC Investment Corporation prior to the trade occurring.

2. All client accounts have been reviewed for leveraging, suitability of investments, over-concentration of investments, excess trading or switching, and any amendments to know your client information.

3. A review of trading activity on a daily basis has been conducted of the Registrant's client accounts.

4. No transactions have been made in any client account until the full and correct documentation is in place.

5. The Registrant has not been granted any power of attorney over any client accounts.

6. All payments for the purchase of the investments were made payable directly to the dealer or a mutual fund company. There were no cash payments accepted.

7. No client complaints have been received during the preceding month. If there have been complaints, an outline of the nature of the complaint and follow-up action initiated by the company is attached.

8. There has been no handling by the Registrant of clients' funds or securities or issuance of cheques to clients without management approval.

9. Any transfer of funds or securities between clients' accounts has been authorized in writing and reviewed by the supervising officer.

10. Spot audits relative to the Registrant's client accounts have been conducted during the preceding month to ensure compliance with these procedures and no violations of these procedures were discovered.

### 2.2.3 Metro Inc. – 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 5,250,000 of its common shares from three 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 shareholders did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and have not, for a minimum of 30 days prior to the date of the applications 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 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 between the date of the order and the date on which such proposed purchase is to be completed.

**Applicable Legislative Provisions**

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

**IN THE MATTER OF THE SECURITIES ACT, R.S.O. 1990, c. S.5, AS AMENDED (the "Act")**

**AND**

**IN THE MATTER OF METRO INC.**

**ORDER (Clause 104(2)(c))**

**UPON** the application (the Application) of Metro inc. (the **Issuer**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to clause 104(2)(c) of 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 1,140,000 (the **Subject Shares**) of the Issuer's common shares (the Common Shares) in one or more trades 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, 12, 24 and 25, as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (Québec).

2. The head office and registered office of the Issuer is at 11011 Maurice-Duplessis Boulevard, Montréal, Quebec, H1C 1V6.

3. The Issuer is a reporting issuer in each of the provinces of Canada and the Common Shares of the Issuer are listed for trading on the Toronto Stock Exchange (the **TSX**) under the symbol "MRU". 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 capital stock of the Issuer consists of (i) an unlimited number of Common Shares, of which 252,142,075 Common Shares were issued and outstanding as of March 13, 2015; and (ii) an unlimited number of Preferred Shares, none of which are currently issued and outstanding.

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 1,140,000 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. 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.

9. No Common Shares were purchased by, or on behalf of, the Selling Shareholder on or after February 17, 2015, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares to the Issuer.

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. Pursuant to a "Notice of Intention to Make a Normal Course Issuer Bid" effective September 8, 2014 (the Notice), the Issuer is permitted to make normal course issuer bid (the **Normal Course Issuer Bid**) purchases for up to 5,700,000 Common Shares, representing approximately 9.9% of the "public float" of Common Shares as of the date specified in the Notice. Following the Issuer's 3-for-1 stock split effective as of February 12, 2015, the maximum allowable number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid was increased to 17,100,000 Common Shares. In accordance with the Notice, the Normal Course Issuer Bid is conducted through the facilities of the TSX or 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, private agreements under an issuer bid exemption order issued by a securities regulatory authority (each, an **Off-Exchange Block Purchase**) at a purchase price which is at a discount to the prevailing market price for the Common Shares.

12. 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 one or more purchases each occurring on or before September 9, 2015 (each such purchase, a **Proposed Purchase**) for a purchase price (each, 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, in each case, will be at a discount to the prevailing market price of the Common Shares on the TSX and below the bid-ask price for the Common Shares on the TSX at the time of each Proposed Purchase.

13. 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.

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

15. Because the Purchase Price, in each case, 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 the applicable Proposed Purchase, the Proposed Purchases cannot 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.

16. 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 the applicable 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.

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

18. The Notice contemplates that purchases under the Normal Course Issuer Bid may be made by such other means as may be permitted by the TSX or a securities regulatory authority, including private agreements made under an issuer bid exemption order issued by a securities regulatory authority.

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

20. The Issuer is of the view that it will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase the Common Shares under the Normal Course Issuer Bid through the facilities of the TSX and the Issuer is of the view that this is an appropriate use of the Issuer's funds on hand.

21. 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 prevailing market price. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.

22. To the best of the Issuer's knowledge, as of March 13, 2015, the "public float" for the Common Shares represented more than 78% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

23. 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.

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

25. 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 Global Equity Derivatives and Investor Solutions 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 any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

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

27. Similar orders have been applied for by the Issuer with the Commission in connection with the proposed acquisition by the Issuer of up to 2,100,000 Common Shares from Canadian Imperial Bank of Commerce (the **CIBC Issuer Shares**) and up to 2,010,000 Common Shares from BMO Nesbitt Burns Inc. (the **BMO Issuer Shares** and, together with the **CIBC Issuer Shares**, the **Parallel Order Shares**).

28. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to 5,700,000 Common Shares as of the date of this order, taking into account, for greater certainty, the Subject Shares and the Parallel Order Shares.

29. The Issuer will not purchase Common Shares pursuant to the Proposed Purchases during designated blackout periods designated and administered in accordance with the Issuer's corporate policies.

30. Assuming completion of the purchase of the Subject Shares and the Parallel Order Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 5,250,000 Common Shares pursuant to Off-Exchange Block Purchases, representing approximately 30.1% of the 17,000,000 Common Shares authorized to be purchased under the Normal Course Issuer Bid.

**AND UPON** the Commission being satisfied that 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 each Proposed Purchase, 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 that it completes any Proposed Purchase and will not make any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes each 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 and in accordance with the Notice and the TSX NCIB Rules, as applicable subject to condition i) below;

e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report

the purchase of such 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 Global Equity Derivatives and Investor Solutions 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 any "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 such Proposed Purchase;

h) the Issuer will report information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such Proposed 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 the Normal Course Issuer Bid, such one third being equal to, as of the date of this order, 5,700,000 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, had purchased on its behalf or otherwise accumulated 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 between the date of this order and the date on which such Proposed Purchase is to be completed.

**DATED** at Toronto this 31st day of March 2015.

"Judith Robertson"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

### 2.2.4 Metro Inc. – 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 5,250,000 of its common shares from three 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 shareholders did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and have not, for a minimum of 30 days prior to the date of the applications 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 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 between the date of the order and the date on which such proposed purchase is to be completed.

**Applicable Legislative Provisions**

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

**IN THE MATTER OF**
**THE SECURITIES ACT,**
**R.S.O. 1990, c. S.5, AS AMENDED**
**(the "Act")**

**AND**

**IN THE MATTER OF**
**METRO INC.**

**ORDER**
**(Clause 104(2)(c))**

**UPON** the application (the Application) of Metro inc. (the **Issuer**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to clause 104(2)(c) of 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 2,100,000 (the Subject Shares) of the Issuer's common shares (the **Common Shares**) in one or more trades from Canadian Imperial Bank of Commerce (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, 12, 24 and 25, as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act (*Québec).

2. The head office and registered office of the Issuer is at 11011 Maurice-Duplessis Boulevard, Montréal, Quebec, H1C 1V6.

3. The Issuer is a reporting issuer in each of the provinces of Canada and the Common Shares of the Issuer are listed for trading on the Toronto Stock Exchange (the **TSX**) under the symbol "MRU". 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 capital stock of the Issuer consists of (i) an unlimited number of Common Shares, of which 252,142,075 Common Shares were issued and outstanding as of March 13, 2015; and (ii) an unlimited number of Preferred Shares, none of which are currently issued and outstanding.

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 2,100,000 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. 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.

9. No Common Shares were purchased by, or on behalf of, the Selling Shareholder on or after February 17, 2015, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares to the Issuer.

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. Pursuant to a "Notice of Intention to Make a Normal Course Issuer Bid" effective September 8, 2014 (the **Notice**), the Issuer is permitted to make normal course issuer bid (the **Normal Course Issuer Bid**) purchases for up to 5,700,000 Common Shares, representing approximately 9.9% of the "public float" of Common Shares as of the date specified in the Notice. Following the Issuer's 3-for-1 stock split effective as of February 12, 2015, the maximum allowable number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid was increased to 17,100,000 Common Shares. In accordance with the Notice, the Normal Course Issuer Bid is conducted through the facilities of the TSX or 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, private agreements under an issuer bid exemption order issued by a securities regulatory authority (each, an **Off-Exchange Block Purchase**) at a purchase price which is at a discount to the prevailing market price for the Common Shares.

12. 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 one or more purchases each occurring on or before September 9, 2015 (each such purchase, a **Proposed Purchase**) for a purchase price (each, 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, in each case, will be at a discount to the prevailing market price of the Common Shares on the TSX and below the bid-ask price for the Common Shares on the TSX at the time of each Proposed Purchase.

13. 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.

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

15. Because the Purchase Price, in each case, 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 the applicable Proposed Purchase, the Proposed Purchases cannot 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.

16. 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 the applicable 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.

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

18. The Notice contemplates that purchases under the Normal Course Issuer Bid may be made by such other means as may be permitted by the TSX or a securities regulatory authority, including private agreements made under an issuer bid exemption order issued by a securities regulatory authority.

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

20. The Issuer is of the view that it will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase the Common Shares under the Normal Course Issuer Bid through the facilities of the TSX and the Issuer is of the view that this is an appropriate use of the Issuer's funds on hand.

21. 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 prevailing market price. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.

22. To the best of the Issuer's knowledge, as of March 13, 2015, the "public float" for the Common Shares represented more than 78% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

23. 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.

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

25. 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 Canadian Equity Derivative Trading 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 any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

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

27. Similar orders have been applied for by the Issuer with the Commission in connection with the proposed acquisition by the Issuer of up to 1,140,000 Common Shares from The Bank of Nova Scotia (the **Scotia Issuer Shares**) and up to 2,010,000 Common Shares from BMO Nesbitt Burns Inc. (the **BMO Issuer Shares** and, together with the **Scotia Issuer Shares**, the **Parallel Order Shares**).

28. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to 5,700,000 Common Shares as of the date of this order, taking into account, for greater certainty, the Subject Shares and the Parallel Order Shares.

29. The Issuer will not purchase Common Shares pursuant to the Proposed Purchases during designated blackout periods designated and administered in accordance with the Issuer's corporate policies.

30. Assuming completion of the purchase of the Subject Shares and the Parallel Order Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 5,250,000 Common Shares pursuant to Off-Exchange Block Purchases, representing approximately 30.1% of the 17,100,000 Common Shares authorized to be purchased under the Normal Course Issuer Bid.

**AND UPON** the Commission being satisfied that 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 each Proposed Purchase, 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 that it completes any Proposed Purchase and will not make any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes each 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 and in accordance with the Notice and the TSX

NCIB Rules, as applicable, subject to condition i) below;

e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of such 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 Canadian Equity Derivative Trading 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 any "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 such Proposed Purchase;

h) the Issuer will report information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such Proposed 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 the Normal Course Issuer Bid, such one third being equal to, as of the date of this order, 5,700,000 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, had purchased on its behalf or otherwise accumulated 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 between the date of this order and the date on which such Proposed Purchase is to be completed.

**DATED** at Toronto this 31st day of March 2015.

"Judith Robertson"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

### 2.2.5 Metro Inc. – 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 5,250,000 of its common shares from three 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 shareholders did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and have not, for a minimum of 30 days prior to the date of the applications 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 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 between the date of the order and the date on which such proposed purchase is to be completed.

**Applicable Legislative Provisions**

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

**IN THE MATTER OF**
**THE SECURITIES ACT,**
**R.S.O. 1990, c. S.5, AS AMENDED**
**(the "Act")**

**AND**

**IN THE MATTER OF**
**METRO INC.**

**ORDER**
**(Clause 104(2)(c))**

**UPON** the application (the Application) of Metro inc. (the **Issuer**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to clause 104(2)(c) of 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 2,010,000 (the Subject Shares) of the Issuer's common shares (the **Common Shares**) in one or more trades from BMO Nesbitt Burns Inc. (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, 12, 24 and 25, as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (Québec).

2. The head office and registered office of the Issuer is at 11011 Maurice-Duplessis Boulevard, Montréal, Quebec, H1C 1V6.

3. The Issuer is a reporting issuer in each of the provinces of Canada and the Common Shares of the Issuer are listed for trading on the Toronto Stock Exchange (the TSX) under the symbol "MRU". 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 capital stock of the Issuer consists of (i) an unlimited number of Common Shares, of which 252,142,075 Common Shares were issued and outstanding as of March 13, 2015; and (ii) an unlimited number of Preferred Shares, none of which are currently issued and outstanding.

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 2,010,000 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. 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.

9. No Common Shares were purchased by, or on behalf of, the Selling Shareholder on or after February 17, 2015, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Common Shares to the Issuer.

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. Pursuant to a "Notice of Intention to Make a Normal Course Issuer Bid" effective September 8, 2014 (the **Notice**), the Issuer is permitted to make normal course issuer bid (the **Normal Course Issuer Bid**) purchases for up to 5,700,000 Common Shares, representing approximately 9.9% of the "public float" of Common Shares as of the date specified in the Notice. Following the Issuer's 3-for-1 stock split effective as of February 12, 2015, the maximum allowable number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid was increased to 17,100,000 Common Shares. In accordance with the Notice, the Normal Course Issuer Bid is conducted through the facilities of the TSX or 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, private agreements under an issuer bid exemption order issued by a securities regulatory authority (each, an **Off-Exchange Block Purchase**) at a purchase price which is at a discount to the prevailing market price for the Common Shares.

12. 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 one or more purchases each occurring on or before September 9, 2015 (each such purchase, a **Proposed Purchase**) for a purchase price (each, 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, in each case, will be at a discount to the prevailing market price of the Common Shares on the TSX and below the bid-ask price for the Common Shares on the TSX at the time of each Proposed Purchase.

13. 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.

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

15. Because the Purchase Price, in each case, 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 the applicable Proposed Purchase, the Proposed Purchases cannot 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.

16. 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 the applicable 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.

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

18. The Notice contemplates that purchases under the Normal Course Issuer Bid may be made by such other means as may be permitted by the TSX or a securities regulatory authority, including private agreements made under an issuer bid exemption order issued by a securities regulatory authority.

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

20. The Issuer is of the view that it will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase the Common Shares under the Normal Course Issuer Bid through the facilities of the TSX and the Issuer is of the view that this is an appropriate use of the Issuer's funds on hand.

21. 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 prevailing market price. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.

22. To the best of the Issuer's knowledge, as of March 13, 2015, the "public float" for the Common Shares represented more than 78% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

23. 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.

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

25. 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 any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

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

27. Similar orders have been applied for by the Issuer with the Commission in connection with the proposed acquisition by the Issuer of up to 2,100,000 Common Shares from Canadian Imperial Bank of Commerce (the **CIBC Issuer Shares**) and up to 1,140,000 Common Shares from The Bank of Nova Scotia (the **Scotia Issuer Shares** and, together with the **CIBC Issuer Shares**, the **Parallel Order Shares**).

28. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to 5,700,000 Common Shares as of the date of this order, taking into account, for greater certainty, the Subject Shares and the Parallel Order Shares.

29. The Issuer will not purchase Common Shares pursuant to the Proposed Purchases during designated blackout periods designated and administered in accordance with the Issuer's corporate policies.

30. Assuming completion of the purchase of the Subject Shares and the Parallel Order Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 5,250,000 Common Shares pursuant to Off-Exchange Block Purchases, representing approximately 30.1% of the 17,100,000 Common Shares authorized to be purchased under the Normal Course Issuer Bid.

**AND UPON** the Commission being satisfied that 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 each Proposed Purchase, 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 that it completes any Proposed Purchase and will not make any further purchases under the Normal Course Issuer Bid for the remainder of the calendar day on which it completes each 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 and in accordance with the Notice and the TSX NCIB Rules, as applicable, subject to condition i) below;

e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report

the purchase of such 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 any "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 such Proposed Purchase;

h) the Issuer will report information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such Proposed 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 the Normal Course Issuer Bid, such one third being equal to, as of the date of this order, 5,700,000 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, had purchased on its behalf or otherwise accumulated 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 between the date of this order and the date on which such Proposed Purchase is to be completed.

**DATED** at Toronto this 31st day of March 2015.

"Judith Robertson"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

### 2.2.6 Quadrexx Hedge Capital Management Ltd. et al. – Rule 6.7 of the Commission's Rules of Procedure

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

**AND**

**IN THE MATTER OF**
**QUADREXX HEDGE CAPITAL MANAGEMENT LTD.,**
**QUADREXX SECURED ASSETS INC., MIKLOS NAGY**
**and TONY SANFELICE**

**ORDER**
**(Pre-hearing conference – Rule 6.7 of the Commission's Rules of Procedure)**

**WHEREAS** on January 31, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") accompanied by a Statement of Allegations dated January 30, 2014 with respect to Quadrexx Hedge Capital Management Ltd. ("QHCM"), Quadrexx Secured Assets Inc. ("QSA"), Miklos Nagy ("Nagy") and Tony Sanfelice ("Sanfelice") (collectively, the "Respondents");

**AND WHEREAS** on February 20, 2014, the Commission ordered the hearing be adjourned to April 17, 2014 at 9:30 a.m. for the purpose of scheduling a date for a confidential pre-hearing conference as may be appropriate;

**AND WHEREAS** on April 17, 2014, Staff, counsel for QHCM, QSA and Nagy and counsel for Sanfelice attended before the Commission;

**AND WHEREAS** on April 17, 2014, the Commission ordered that the hearing be adjourned to a confidential pre-hearing conference to be held on September 5, 2014 at 10:00 a.m;

**AND WHEREAS** on August 20, 2014, Nagy's counsel advised the Commission that Nagy was no longer available to attend the pre-hearing conference scheduled for September 5, 2014 as he would be out of the country until September 19, 2014 because of the ailing health of a family member living abroad and that Nagy's counsel was not available thereafter until the week of October 13, 2014;

**AND WHEREAS** on August 20, 2014, on the consent of the Respondents and Staff, the Commission ordered that the confidential pre-hearing conference scheduled for September 5, 2014 be adjourned to October 15, 2014 at 9:00 a.m;

**AND WHEREAS** on October 15, 2014, the parties attended a confidential pre-hearing conference in this matter;

**AND WHEREAS** on October 15, 2014, the Commission ordered that the hearing on the merits in this matter shall commence on April 20, 2015 at 10:00 a.m. and shall continue on April 22, 23, 24, 27, 28, 29, 30 and May 1, 4, 6, 7, 8, 11, 12, 13, 14 and 15, 2015 commencing at 10:00 a.m. on each day;

**AND WHEREAS** on October 15, 2014, the Commission ordered this matter be adjourned to a further confidential pre-hearing conference to be held on February 26, 2015 at 10:00 a.m.;

**AND WHEREAS** on December 16, 2014, the Commission ordered that Sean Zaboroski, counsel for QHCM, QSA and Nagy, be granted leave to withdraw as representative for the respondents, QHCM, QSA and Nagy;

**AND WHEREAS** on February 17, 2015, Nagy requested that the confidential pre-hearing conference scheduled for February 26, 2015 be rescheduled for personal reasons;

**AND WHEREAS** on February 24, 2015, the Commission ordered that the confidential pre-hearing conference scheduled for February 26, 2015 be rescheduled to March 24, 2015 at 4:00 p.m.;

**AND WHEREAS** on March 18, 2015, counsel for Nagy retained through the Litigation Assistance Program advised that he was not able to attend the confidential pre-hearing conference scheduled for March 24, 2015 at 4:00 p.m.;

**AND WHEREAS** on March 24, 2015, the Commission ordered that the confidential pre-hearing conference scheduled for March 24, 2015 be rescheduled to April 2, 2015 at 10:00 a.m.;

**AND WHEREAS** on April 2, 2015, the parties attended a confidential pre-hearing conference in this matter and were advised by the Commission that the hearing on the merits will now commence on April 22, 2015 at 10:00 a.m. rather than on April 20, 2015 at 10:00 a.m.;

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

**IT IS ORDERED** that the April 20, 2015 hearing date is vacated; and

**IT IS FURTHER ORDERED** that the hearing on the merits in this matter shall commence on April 22, 2015 and shall continue on April 23, 24, 27, 28, 29, 30 and May 1, 4, 6, 7, 8, 11, 12, 13, 14 and 15, 2015 commencing at 10:00 a.m. on each day;

**DATED** at Toronto this 2nd day of April, 2015

"Christopher Portner"

# Chapter 3

# Reasons: Decisions, Orders and Rulings

## 3.1 OSC Decisions, Orders and Rulings

### 3.1.1 Satish Talawdekar and Anand Hariharan

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

**AND**

**IN THE MATTER OF**
**SATISH TALAWDEKAR AND ANAND HARIHARAN**

**SETTLEMENT AGREEMENT BETWEEN**
**STAFF OF THE ONTARIO SECURITIES COMMISSION**
**AND ANAND HARIHARAN**

**PART I – INTRODUCTION**

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Anand Hariharan ("Hariharan" or the "Respondent").

**PART II – JOINT SETTLEMENT RECOMMENDATION**

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding commenced by Notice of Hearing dated March 11, 2015 (the "Proceeding") against the Respondent according to the terms and conditions set out in Part V of this Settlement Agreement. The Respondent agrees to the making of an order in the form attached as Schedule "A", based on the facts set out below.

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority in Canada, the Respondent agrees with the facts as set out in Part III and the conclusions in Part IV of this Settlement Agreement (the "Settlement Agreement").

**PART III –AGREED FACTS**

**A. OVERVIEW**

4. The Proceeding relates to Staff's allegations concerning trading by Hariharan in the call option contracts of an issuer called Loral Space & Communications Inc. ("Loral"). Hariharan bought the options based on a tip from his close childhood friend Satish Talawdekar ("Talawdekar") of material, non-public information concerning the purchase of Loral's major subsidiary by MacDonald, Dettwiler & Associates Inc. ("MDA").

**II. THE RESPONDENT**

5. Hariharan is a resident of Mississauga, Ontario and was at the time of the trading described herein employed as an aircraft maintenance engineer.

**III. HARIHARAN'S CONDUCT**

**A. The Purchase of Loral Call Options**

6. On or about June 25, 2012, Hariharan received a tip from his close childhood friend Talawdekar. Talawdekar was a resident of Mississauga, Ontario and an employee of MDA.

7. Leading up to its public announcement on June 26, 2012, at 9:25 PM, MDA had successfully negotiated the acquisition of a major subsidiary of Loral in what amounted to a transformative acquisition for MDA ("the Announcement" and "the Acquisition"). Below is a table representing the market impact of the Announcement on the price of Loral and MDA shares:

| Security Description | Marketplace Closing Share Price June 26, 2012 | Marketplace Closing Share Price June 27, 2012 | Dollar Increase in Share Price | Percentage Increase |
|---|---|---|---|---|
| MDA shares | $44.65 | $57.13 | $12.48 | 28% |
| Loral shares | US $59.36 | US $67.21 | $7.85 | 13.2% |

8. MDA issued a material change report concerning the Acquisition on June 29, 2012.

9. The fact of MDA's bid to acquire the Loral subsidiary was a material fact to both Loral and to MDA. At the relevant time, MDA was an Ontario reporting issuer but Loral was not a reporting issuer in Ontario.

10. Talawdekar became aware of the Acquisition in the course of his employment in the IT department at MDA's Brampton offices, before there was general disclosure by MDA, which only occurred with the Announcement. He conveyed the substance of the material, non-public information respecting the Acquisition to his friend Hariharan.

11. As a result of receiving this tip and with knowledge of the Acquisition, starting on the day before the Announcement and continuing on the day of the Announcement (but before the Announcement), Hariharan entered orders to purchase 220 short-dated, out-of-the-money call option contracts of Loral. This provided Hariharan with the right to purchase 22,000 Loral shares if the price went up to the strike price set out in the contract.

**B. Profit Made by Hariharan**

12. The day following the Announcement, Hariharan sold all of the 220 Loral option contracts, realizing a combined profit of US$68,683.40 in his self-directed and joint account, a 623% return in one day.

## PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

13. While Hariharan's conduct involving the purchase of Loral call option contracts as outlined above did not technically contravene s. 76(1) of the Act (because Loral was not an Ontario reporting issuer), his conduct impugned the integrity and fairness of the capital markets because of the misuse of material, confidential information obtained from Talawdekar.

14. Consequently Hariharan's conduct was contrary to the public interest.

## PART V – TERMS OF SETTLEMENT

15. Hariharan agrees to the terms of settlement listed below.

16. The Commission will make an order, pursuant to sections 127 and 127.1 of the Act, that:

    (a) the settlement agreement is approved;

    (b) trading in any securities by Hariharan including as the term "security" is defined in subsection 76(6) of the Act, whether direct or indirect, shall cease for a period of 10 years from the date of the order approving the settlement agreement.

    (c) the acquisition of any securities by Hariharan, including as the term "security" is defined in subsection 76(6) of the Act, whether direct or indirect, is prohibited for a period of 10 years from the date of the order approving the settlement agreement;

    (d) As an exception to the provisions of paragraph 16(b), Hariharan is permitted to sell securities in his personal or joint registered retirement savings plan account for a period of thirty days from the date of the order approving this settlement agreement;

(e) After the payments set out in paragraphs 16(i) and 17, below are made by Hariharan in full, as an exception to the provisions of paragraphs 16(b) and (c):

(i) trading shall be permitted only in:

(A) mutual fund, exchange-traded fund or index fund securities, bonds, guaranteed investment certificates, for the account of any registered retirement savings plans, tax free savings accounts and self-directed retirement savings plans in which Hariharan and/or his spouse have sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts; and

(B) shares of Jazz Aviation Hariharan is entitled to purchase or is provided as a result of Hariharan's employment with Jazz Aviation, and all such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts;

(ii) the acquisition of any securities shall be permitted only in:

(A) mutual fund, exchange-traded fund or index fund securities, bonds, guaranteed investment certificates for the account of any registered retirement savings plans, tax free savings accounts and self-directed retirement savings plans in which Hariharan and/or his spouse have sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts; and

(B) shares of Jazz Aviation Hariharan is entitled to purchase or is provided as a result of Hariharan's employment with Jazz Aviation, and all such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts;

(f) any exemptions contained in Ontario securities law do not apply to Hariharan for a period of 10 years from the date of the order approving the settlement agreement;

(g) Hariharan is reprimanded;

(h) Hariharan is prohibited for a period of 10 years from the date of the order approving the settlement agreement from becoming or acting as a registrant, an investment fund manager, a promoter, or as a director or officer of any of those entities;

(i) Hariharan shall pay investigation costs to the Commission in the amount of $5,000; and

Hariharan's voluntary payment of $35,000 pursuant to paragraph 17 of the settlement agreement, below, is designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act.

17. Hariharan undertakes to make a voluntary payment to the Commission prior to the order approving the settlement agreement of $35,000, being a significant portion of the profits obtained by him through the Loral call option contracts trading.

18. Hariharan undertakes to fully cooperate with Staff of the OSC in any ensuing investigation and proceeding arising from this matter.

19. Hariharan undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in the Settlement Agreement. These prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

20. Hariharan agrees to attend in person at the hearing before the Commission to consider the proposed settlement.

**PART VI – STAFF COMMITMENT**

21. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 22 below.

22. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

**PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT**

23. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and the Respondent, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.

24. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

25. If the Commission approves this Settlement Agreement, the Respondent agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

26. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

27. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this 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 SETTLEMENT AGREEMENT**

28. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

    (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

    (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

29. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

**PART IX – EXECUTION OF SETTLEMENT AGREEMENT**

30. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

31. A scanned copy of any signature will be treated as an original signature.

**DATED AT TORONTO** this 31st day of March 2015

"Anand Hariharan"

"Sangeeta Hariharan"
Witness: Sangeeta Hariharan
(signature and printed name)

"Tom Atkinson"
Director, Enforcement Branch

# 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 |
|---|---|---|---|---|
| Cline Mining Corporation | 02-Apr-15 | 13-Apr-15 | | |
| SunOil Ltd. | 23-Mar-15 | 02-Apr-15 | 02-Apr-15 | |

### 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 |
|---|---|---|---|---|---|
| Alturas Minerals Corp. | 02-Apr-15 | 13-Apr-15 | | | |
| Carpathian Gold Inc. | 06-Apr-15 | 17-Apr-15 | | | |

### 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 |
|---|---|---|---|---|---|
| Alturas Minerals Corp | 02-Apr-15 | 13-Apr-15 | | | |
| Carpathian Gold Inc. | 06-Apr-15 | 17-Apr-15 | | | |
| Northcore Resources Inc. | 09-Mar-15 | 20-Mar-2015 | 20-Mar-15 | | |

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# Chapter 5

# Rules and Policies

**5.1.1 CSA Notice of Amendments to NI 51-102 Continuous Disclosure Obligations, NI 41-101 General Prospectus Requirements and NI 52-110 Audit Committees**

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

## CSA Notice of Amendments to National Instrument 51-102 *Continuous Disclosure Obligations,* National Instrument 41-101 *General Prospectus Requirements* and National Instrument 52-110 *Audit Committees*

**April 9, 2015**

**Introduction**

We, the Canadian Securities Administrators (the **CSA** or **we**), are implementing amendments to:

- National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**),
- National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**), and
- National Instrument 52-110 *Audit Committees* (**NI 52-110**) (the **Amendments**).

We are also implementing changes to:

- Companion Policy 51-102CP to NI 51-102 (**51-102CP**), and
- Companion Policy 41-101CP to NI 41-101 (**41-101CP**).

The Amendments and policy changes have been made by each member of the CSA. Provided all necessary ministerial approvals are obtained, the Amendments and policy changes will come into force on **June 30, 2015.**

**Substance and Purpose**

The Amendments streamline and tailor disclosure by venture issuers. They are intended to make the disclosure requirements for venture issuers more suitable and manageable for issuers at their stage of development. The Amendments address continuous disclosure and governance obligations as well as disclosure for prospectus offerings.

The Amendments are designed to focus disclosure of venture issuers on information that reflects the needs and expectations of venture issuer investors and eliminate disclosure obligations that may be less valuable to those investors. The Amendments are also intended to streamline the disclosure requirements for venture issuers to allow management of those issuers to focus on the growth of their business. In addition, the Amendments include enhancements to the governance requirements for venture issuers.

The Amendments also, for all issuers:

- revise the annual information form disclosure for mining issuers to conform that disclosure to the amendments made to National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**) in 2011
- clarify the executive compensation disclosure filing deadlines.

**Background**

The CSA previously requested comment on proposals reflected in the Amendments and policy changes. On May 22, 2014, we published a Notice and Request for Comment relating to the Amendments and policy changes (the **May 2014 Publication**).

Prior to the May 2014 Publication, we had proposed a separate continuous disclosure and corporate governance regime for venture issuers. In July 2011 and September 2012, we published for comment proposed National Instrument 51-103 *Ongoing Governance and Disclosure Requirements for Venture Issuers* and related rule amendments (the **Previous Proposals**).

While more comprehensive than the Amendments, the Previous Proposals contained many of the same key elements, including streamlined quarterly financial reporting, executive compensation disclosure and business acquisition reporting. Support for the Previous Proposals was initially strong; however, support for the September 2012 publication fell significantly and the CSA withdrew its proposal in July 2013. Feedback from the venture issuer community indicated that the benefits from streamlining and tailoring were outweighed by the burden of transition to a new regime, particularly at a time when many venture issuers were facing significant challenges.

The Amendments retain important elements from the Previous Proposals. Rather than implementing them as part of a stand-alone, tailored regime for venture issuers, we are implementing them on a targeted basis by amending existing rules.

**Summary of Written Comments Received by the CSA**

The comment period for the May 2014 Publication ended on August 20, 2014. We received submissions from 13 commenters. We considered the comments received and thank all of the commenters for their input. The names of commenters are contained in Annex B of this notice and a summary of their comments, together with our responses, is contained in Annex C of this notice.

**Summary of Changes to the May 2014 Publication**

After considering the comments received on the May 2014 Publication, we have made some revisions to the May 2014 Publication. Those revisions are reflected in the Amendments and policy changes we are publishing concurrently with this notice. As these changes are not material, we are not republishing the Amendments and policy changes for a further comment period.

Annex A contains a summary of notable changes between the Amendments and policy changes and the May 2014 Publication.

**Local Matters**

Annex F includes any additional information that is relevant in the local jurisdiction only.

**Contents of Annexes**

The following annexes form part of this CSA Notice:

| | |
|---|---|
| Annex A | Summary of Changes |
| Annex B | List of Commenters |
| Annex C | Summary of Comments and Responses |
| Annex D1 | Amendments to NI 51-102 |
| Annex D2 | Amendments to NI 41-101 |
| Annex D3 | Amendments to NI 52-110 |
| Annex E1 | Changes to 51-102CP |
| Annex E2 | Changes to 41-101CP |
| Annex F | Local Matters |

**Questions**

Please refer your questions to any of the following:

*British Columbia Securities Commission*
Michael L. Moretto
Manager, Corporate Finance
604-899-6767
1-800-373-6393
mmoretto@bcsc.bc.ca

Larissa M. Streu
Senior Legal Counsel, Corporate Finance
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1-800-373-6393
lstreu@bcsc.bc.ca

Jody-Ann Edman
Senior Securities Analyst, Corporate Finance
604-899-6698
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*Alberta Securities Commission*
Lanion Beck
Legal Counsel, Corporate Finance
403-355-3884
1-877-355-0585
lanion.beck@asc.ca

*Financial and Consumer Affairs Authority of Saskatchewan*
Tony Herdzik
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*Manitoba Securities Commission*
Patrick Weeks
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*Ontario Securities Commission*
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*Financial and Consumer Services Commission (New Brunswick)*
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*Nova Scotia Securities Commission*
Jack Jiang
Securities Analyst
902-424-7059
jack.jiang@novascotia.ca

## ANNEX A

## SUMMARY OF CHANGES

**Option to use Quarterly Highlights**

In the May 2014 Publication, we proposed to permit venture issuers without significant revenue in the most recently completed financial year to provide the more tailored and focused "quarterly highlights" form of MD&A in interim periods. We requested comment on whether all venture issuers should be permitted to provide quarterly highlights disclosure.

We have decided that all venture issuers should have the option of providing quarterly highlights disclosure. The main purpose of the Amendments is to tailor and streamline venture issuer regulation. After considering the comments received, we found that drawing a line to separate venture issuers for the purpose of quarterly highlights would not serve the purpose of streamlining venture issuer regulation. We think a simpler regime in which venture issuers are not sub-divided is preferable.

In this regard, venture issuers may be in a better position to understand the needs of their investors. We believe the option to use quarterly highlights will likely satisfy the needs of investors in smaller venture issuers. However, investors in larger venture issuers, including those with significant revenue, may want full interim MD&A to assist them in making informed investment decisions. Issuers will likely take the needs of their investors into consideration when determining whether to provide quarterly highlights or full interim MD&A.

**Deadline for filing executive compensation disclosure**

In the May 2014 Publication, we proposed to clarify the filing deadlines for executive compensation disclosure by both venture and non-venture issuers. As we noted in the May 2014 Publication, executive compensation disclosure is usually contained in an issuer's information circular and the filing deadline is driven by the issuer's corporate law or organizing documents, and the timing of its annual general meeting. Issuers may also include the disclosure in their Annual Information Form.

In the May 2014 Publication, we proposed to revise Section 9.3.1 of NI 51-102 to set the deadline for filing executive compensation disclosure by non-venture issuers at 140 days after the issuer's financial year-end. For venture issuers, we proposed a corresponding deadline of either 140 days or 180 days after the issuer's financial year-end.

After considering comments received, we have decided to proceed with a filing deadline of 180 days after the financial year-end for venture issuers. We think this is a reasonable deadline considering the information needed to put together the executive compensation disclosure will be available to venture issuers at the time of filing their annual financial statements.

**Significance level for BAR disclosure in prospectus or information circular**

In the May 2014 Publication, we proposed to increase the threshold at which a BAR is required for venture issuers from 40% to 100% (therefore reducing the instances where BARs are required). We also proposed to eliminate the requirement that BARs filed by venture issuers contain pro forma financial statements. At that time, we identified a potential policy concern that might have justified a difference between the BAR requirements and the prospectus and information circular requirements in respect of certain proposed acquisitions.

We requested comment on whether the threshold for significance should be 40% where proceeds of a prospectus offering would be used to finance a proposed acquisition. We also requested comment on whether the threshold for significance in an information circular should be 40% in situations where the matter being submitted to a vote of security holders relates to a proposed acquisition.

Ultimately, we decided that the significance thresholds should be harmonized. In the Amendments, the significance threshold is 100% for both prospectuses used to finance proposed acquisitions and information circulars related to proposed acquisitions (that is, it is 100% in all cases). While we acknowledge the benefits of including BAR-level disclosure in a prospectus or information circular in certain circumstances, we think that harmonization with continuous disclosure requirements is also important. Given the limited number of historical instances where BAR-level disclosure in a prospectus or information circular was required for a venture issuer making an acquisition at 40% to 100% significance, we think that the benefits of harmonization with continuous disclosure requirements outweigh the benefits of a requirement to include BAR-level disclosure about a proposed acquisition in these situations.

**Exceptions from audit committee composition requirements**

In the May 2014 Publication, we proposed to require venture issuers to have an audit committee consisting of at least three members, the majority of whom could not be executive officers, employees or control persons of the issuer. We did not provide

for exceptions from these requirements. We requested comment on whether we should provide exceptions from the proposed audit committee composition requirements similar to those in sections 3.2 to 3.9 of NI 52-110.

After considering comments received, we have now included exceptions for events outside the control of the member (subsection 6.1.1(4) of NI 52-110) and for death, disability or resignation of a member (subsection 6.1.1(5) of NI 52-110).

**Threshold for perquisite disclosure**

Form 51-102F6V requires disclosure of the value of perquisites provided to an NEO or director. In the May 2014 Publication, we proposed that an issuer would have to disclose the total value of perquisites even if that was only a small amount. Upon consideration of comments received, we have now included a staggered threshold for perquisite disclosure: $15,000 if the NEO or director's salary is $150,000 or less, 10% of salary if the NEO or director's salary is greater than $150,000 but less than $500,000 or $50,000 if the NEO or director's salary is $500,000 or greater. See subsection 2.1(4) of Form 51-102F6V.

**Transition dates**

Other than those Amendments set out below, the Amendments are in effect as of **June 30, 2015**.

The option to provide quarterly highlights disclosure will apply in respect of financial years beginning on or after **July 1, 2015**.

The executive compensation filing deadlines for venture and non-venture issuers will apply in respect of financial years beginning on or after **July 1, 2015**.

The audit composition requirements will apply in respect of financial years beginning on or after **January 1, 2016**.

## ANNEX B

## LIST OF COMMENTERS

| Tab | Commenter | Date |
|---|---|---|
| 1. | Stephen P. Quin (Midas Gold Corporation) | May 28, 2014 |
| 2. | David Taylor (Arian Silver Corporation) | June 27, 2014 |
| 3. | The Canadian Advocacy Council for Canadian CFA Institute Societies (Cecilia Wong) | August 7, 2014 |
| 4. | Gordon Keep (Fiore Management & Advisory Corp.) | August 5, 2014 |
| 5. | Gowling Lafleur Henderson LLP (David Taniguchi) (submitted on behalf of a client) | August 8, 2014 |
| 6. | TSX Venture Exchange Inc. (Zafar Khan) | August 11, 2014 |
| 7. | Pension Investment Association of Canada (Michael Keenan) | August 18, 2014 |
| 8. | Canadian Coalition for Good Governance (Daniel E. Chornous) | August 19, 2014 |
| 9. | Siskinds LLP (A. Dimitri Lascaris, Anthony O'Brien and James Yap) | August 19, 2014 |
| 10. | Chartered Professional Accountant of Canada (Joan E. Dunne and Gordon Beal) | August 15, 2014 |
| 11. | Tamarack Valley (Ron Hozjan) | August 20, 2014 |
| 12. | Canadian Foundation for Advancement of Investor Rights | August 20, 2104 |
| 13. | MNP LLP (Jody MacKenzie) | August 20, 2014 |

**ANNEX C**

**SUMMARY OF COMMENTS AND RESPONSES**

**CSA Notice and Request for Comment**
**Proposed Amendments to**
**National Instrument 51-102 *Continuous Disclosure Obligations,***
**National Instrument 41-101 *General Prospectus Requirements* and**
**National Instrument 52-110 *Audit Committees***

| No. | Subject | Summarized Comment | Response |
|---|---|---|---|
| **General Comments** | | | |
| 1 | ***General agreement with the proposals*** | Four commenters are generally supportive of the proposals.<br><br>One commenter wanted to thank the CSA for its efforts to help junior companies provide more relevant and simplified disclosure.<br><br>One commenter indicated that they are supportive of the CSA's efforts to tailor and, as applicable, streamline requirements for venture issuers in the areas of continuous disclosure, corporate governance and prospectus offerings. The CSA's historic and continuing distinction of venture issuers from non-venture issuers is an important factor in supporting Canada's public venture capital market and facilitating the ability of early stage enterprises to access the Canadian public markets in a cost effective manner while also ensuring that such issuers provide adequate disclosure to the public and comply with specified corporate governance practices. These proposals appear to be a positive step in terms of further recognizing and distinguishing the disclosure and corporate governance considerations applicable to venture issuers as compared to non-venture issuers.<br><br>One commenter is supportive of the proposed amendments as they are meant to help venture issuers focus on the disclosures that reflect investor needs and eliminate disclosures that may be less valuable to investors while also streamlining the disclosure requirements and enhancing governance requirements in a cost efficient manner. Venture issuers are significant value and job creators in the Canadian economy. It is important that these organizations operate in a reporting and regulatory environment that is both attractive and protective of investors' interests. Accordingly, the commenter welcomes the proposed amendments.<br><br>One commenter supports these steps being taken by the CSA that help venture issuers manage their reporting requirements on a cost effective basis while maintaining appropriate disclosure.<br><br>One commenter is very pleased that the Commissions are collectively looking at ways of reducing the high fixed costs issuers are faced with every time they attempt to reduce their cost of capital by going public or by attempting to raise equity through the public | We acknowledge the comments. |

| No. | Subject | Summarized Comment | Response |
|---|---|---|---|
| | | markets. The commenter is supportive of the Commissions' efforts of balancing appropriate disclosure to incoming shareholders with the cost reduction of preparing such disclosure and would be supportive of such cost reduction measures going forward. They believe the success of the public markets in Canada will be dependent on controlling costs of being public as there seems to be an endless supply of private equity capital and foreign capital available to Canadian based resource companies. | |
| 2 | ***General disagreement with the proposals*** | Five commenters generally disagree with the proposals.<br><br>One commenter indicated that while they support the change from the original proposal, which would have placed all the venture issuer continuous disclosure obligations in an entirely separate regulatory instrument, the commenter remains concerned about placing too high a distinction on the nature of the issuer with respect to continuous disclosure requirements. While the commenter appreciates the time and costs involved in maintaining robust disclosure and the resulting impact on the ability of small issuers to access the public markets, the commenter does not believe that those considerations should outweigh the benefits to investor protection that arise through fulsome disclosure. As a result, the commenter believes that venture issuers should be required to provide the same level of disclosure as other issuers.<br><br>One of the standards contained in the CFA Institute's Code of Ethics and Standards of Professional Conduct requires members to exercise diligence in analyzing investments, and to have a reasonable and adequate basis, supported by appropriate research, for any investment recommendation. A disclosure regime for venture issuers which results in less public information being available than what is available for more senior public issuers could, in some cases, result in insufficient information for the necessary due diligence analysis.<br><br>One commenter stated that in order for investors to make fully informed investment decisions, issuers must disclose information in a consistent fashion. If, after a market review and consultation, it is determined that certain information is not useful to investors, it may be preferable to change the disclosure requirements for all issuers such that the disclosure is more meaningful for all parties. Investors may not appreciate the subtleties in financial performance or condition of different companies whether or not in the same industry and assess results and risks properly if the same level of detail is not required to be provided by all issuers.<br><br>Although one commenter was generally supportive of regulatory changes that streamline disclosure requirements and reduce expenses for venture | We thank the commenters for their input. In our view, the amendments are appropriately tailored to venture issuers and the venture issuer context within the Canadian marketplace.<br><br>We think the amendments strike an appropriate balance between an investor's need for disclosure and the venture issuer's need for a streamlined and efficient disclosure system.<br><br>We do not believe we are eliminating information that is valuable to investors. We are tailoring the disclosure so that it is more appropriate for venture issuers and their investors.<br><br>With respect to the comment that it is preferable to change the disclosure requirements for all issuers, we note that the current regime already differentiates between venture issuers and non-venture issuers. One of the reasons we began this project is because we heard from market participants about the need for a streamlined and tailored disclosure regime for venture issuer disclosure. We also note that making changes to the disclosure requirements for non-venture issuers is outside the scope of this project. |

| No. | Subject | Summarized Comment | Response |
|---|---|---|---|
| | | issuers, provided that investors remain adequately protected, the commenter remains concerned that some of the provisions outlined in the proposed amendments will unduly compromise disclosure and governance standards. It is unclear that the regime proposed will result in a less complex, streamlined system that is more manageable for venture issuers.<br><br>One commenter noted that listing on an exchange in Canada is a privilege and not a right: there must be appropriate protections for investors in those companies that have the imprimatur bestowed by a listing. The commenter believes that the proposed amendments overall will result in less protection for investors and have the potential to adversely affect the reputation of the Canadian capital markets among international investors. In the commenter's view, smaller companies are not in less need of robust governance practices and the risk to investors of the lack thereof does not diminish with the smaller size of the company. The existing regime already recognizes some of the unique aspects of venture issuers through less stringent governance disclosure requirements for them. The proposed amendments also eliminate information that is valuable to investors. The adoption of the proposed amendments also may have the unintended consequence of incentivizing issuers to list on the TSX-V rather than the TSX solely for the purpose of limiting their disclosure and governance obligations.<br><br>One commenter believes that the potential negative consequences of reducing the governance and executive compensation disclosure requirements outweigh the possible benefits to venture issuers of further streamlining and simplifying their compliance. Given that the majority of the publicly listed companies in Canada are TSX V-issuers, with these proposals the CSA risks creating the perception among international investors that Canada's governance standards as a whole are lax. It also may create an incentive for issuers to list (or continue to be listed) on the TSX-V even if they are eligible to be listed on the TSX, simply to avoid the TSX's more stringent governance and disclosure regime.<br><br>One commenter believes it is important that there be a robust disclosure and governance regime for venture issuers because:<br><br>• there is a heightened risk of fraud among venture issuers;<br><br>• there are economic limitations on the ability of investors to obtain a remedy against venture issuers, which means that there is a need for more robust public regulation; and<br><br>• fraud among venture issuers is likely to have a greater impact on retail investors, who are proportionately more likely to invest in venture issuers. | With respect to the comment that these amendments may incentivize an issuer to list on the TSX-V, we believe issuers make a business decision to list on the exchange that is best suited to their business and their level of development rather than the applicable disclosure regime.<br><br>We do not believe these changes will adversely affect the reputation of the markets in Canada. Although these amendments may result in less disclosure in certain circumstances, we believe the disclosure will be better for investors because it will be more focused and tailored to the venture issuer context.<br><br>We do not agree that the amendments are diminishing the governance regime. In fact, we are increasing the governance standards for venture issuers by adding an audit committee independence requirement.<br><br>In our view, there is no basis to suggest a correlation between streamlined and tailored disclosure and fraud. |

| No. | Subject | Summarized Comment | Response |
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| | | Other than the proposed requirement for venture issuer's audit committees to have a majority of independent members (which the commenter supports), the commenter does not support the proposed amendments and urges the CSA to abandon them. Venture issuers already have the benefit of significant exemptions from disclosure and governance obligations under Canadian securities rules, and any further relaxation of the rules for venture issuers would need to be based on a compelling justification. While the current proposed amendments are not as extensive as the amendments proposed in National Instrument 51-103, the commenter sees no compelling justification for the current proposed amendments.<br><br>One commenter is supportive of the objective of tailoring and streamlining disclosure and governance requirements for venture issuers and increasing guidance to simplify compliance and reduce costs to venture issuers. They also support efforts to improve disclosure to reflect the needs and expectations of venture issuer investors. However, the commenter is of the view reducing the disclosure and governance standards applicable to venture issuers is not an appropriate method to achieve the stated goals.<br><br>One commenter suggested that a reduction of the existing level of disclosure would result in informational gaps for investors and would increase the risks of investing in an already risky venture market. This is not a responsible course of action for regulators who have a mandate to protect investors nor would it improve confidence in the venture capital market. Regulators and the exchange have worked hard to improve the reputation of the venture exchange since the days of the Vancouver stock exchange.<br><br>The commenter suggests that there are other alternatives available which would reduce compliance costs while at the same time clarifying obligations and thereby increase compliance with the existing rules. These alternatives should be explored in lieu of the Proposed Amendments. | |
| 3 | ***Lack of retail investor consultation*** | One commenter does not understand how the Proposed Amendments, which are purportedly aimed at improving investor usefulness and reflective of the needs of venture issuer investors, can be introduced in the absence of retail investor consultation. The Proposed Amendments refer to a venture issuer investor survey conducted in 2011. However, that survey was limited to consultation with nine investors consisting of three portfolio managers, two investment advisors, and one each of an institutional advisor, underwriter/dealer, research analyst and investment banker. Whilst these individuals can be considered investors, the commenter believes that a survey conducted with a representative sample of investors is necessary in order to obtain information about their | We thank the commenter for their input.<br><br>During the course of this project, CSA members conducted consultations in numerous jurisdictions and conducted a cost-benefit analysis. We have also published for public comment on four occasions. We therefore believe that there has been an opportunity for retail investors to comment on |

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| | | needs and expectations. Significant changes to disclosure requirements should not be introduced prior to such retail investor consultation. | these proposals. |
| 4 | ***Venture issuer manual*** | One commenter stated that, if a principal goal of the initiative is to clarify current obligations for venture issuers, it would arguably be more efficient and less resource-intensive to assemble a manual covering all venture issuer regulatory requirements rather than incur the cost (both in terms of time and resources on the part of both regulators and stakeholders) of the rule-making process. The Proposed Amendments do not create a single instrument where all of the rules applicable to venture issuers can be found. Given that venture issuers will still have to comply with other national instruments and securities laws in the applicable provincial acts, the commenter does not believe that the goal of clarifying obligations and thereby reducing compliance costs will be achieved through the CSA's current proposals. Providing a comprehensive manual which would explain all current requirements would be preferable. | We thank the commenter for their input. However, the key goal of the amendments is to tailor continuous disclosure and prospectus requirements in the venture issuer context. A venture issuer manual alone would not meet this goal. |
| 5 | ***Improve compliance*** | One commenter believes resources should be focused on measures to improve compliance with existing continuous disclosure requirements of reporting issuers. CSA Staff Notice 51-341 *Continuous Disclosure Review Program Activities for the fiscal year ended March 31, 2014* found that 76% of those subject to a full review or an issue-oriented review were deficient and required improvements to their disclosure (or resulted in the issuer being referred to enforcement, ceased traded or placed on the default list). Education and guidance (among other measures) to improve required disclosure would clearly be of benefit to investors and issuers. This should be the immediate priority. | We thank the commenter for their input. Since the introduction of NI 51-102, the CSA has had a continuous disclosure review program in place. CSA jurisdictions use various tools to select reporting issuers who are most likely to have deficiencies in their disclosure record. As a result, the 76% of companies reviewed who required improvements in their disclosure is unlikely to be representative of the entire population. We also note that, in general, the resources allocated to policy projects have no impact on the resources allocated to our continuous disclosure review programs.<br><br>Education and guidance are also conducted by CSA staff under the continuous disclosure (CD) review program discussed in CSA Staff Notice 51-312. |
| 6 | ***Benchmarking to other jurisdictions*** | One commenter is of the view that benchmarking the type and level of disclosure provided in other jurisdictions would be worthwhile. They disagree with the position taken by the CSA that benchmarking to other jurisdictions such as Australia, the United Kingdom, Hong Kong or the United States is not | We thank the commenter for their input. We did not think a full benchmarking exercise was appropriate because of the unique nature of the Canadian |

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| | | appropriate. The commenter urges the CSA to explain its statement that *"The venture market in Canada is unique and is not directly comparable to most other markets."* They believe that benchmarking to other jurisdictions is an appropriate part of the policy-making process and should be undertaken for this initiative. Any significant differences warranting a different approach can be noted in the exercise. | venture market.<br><br>We think the Canadian venture market is unique because there are a large number of issuers who, as compared to issuers in other jurisdictions, are more likely to:<br><br>• have retail investors with small positions<br><br>• be controlled by founders and management<br><br>• have limited analyst coverage<br><br>• have limited financial resources<br><br>• have no immediate prospects of generating significant revenue<br><br>In general, our policy making is informed by looking at the requirements in other jurisdictions to the extent appropriate having regard to the uniqueness of the Canadian market. |
| **Question 1a: Quarterly highlights – Do you agree that we have chosen the correct way to differentiate between venture issuers?** | | | |
| 7 | ***Yes*** | Two commenters agree that we have chosen the correct way to differentiate between venture issuers.<br><br>One commenter suggested that the significant revenue test is a reasonable one.<br><br>One commenter was pleased that the proposed amendments continue to have quarterly reporting obligations for venture issuers and does not disagree with the proposal that venture issuers without significant revenue be able to file streamlined "quarterly highlights" in each of the first three quarters. The commenter believes that the quarterly highlights should be certified by management. | We thank the commenters for their input. However, we have decided that all venture issuers should have the option of providing quarterly highlights disclosure. The main purpose of these amendments is to tailor and streamline venture issuer regulation. After considering the comments received, we found that drawing a line to separate venture issuers for the purpose of quarterly highlights would not serve the purpose of streamlining venture issuer regulation. We think a simpler regime in which venture issuers are not sub-divided is |

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| | | | preferable.<br><br>In this regard, venture issuers may be in a better position to understand the needs of their investors. We believe that the option to use quarterly highlights will likely satisfy the needs of investors in smaller venture issuers. However, investors in larger venture issuers, including those with significant revenue, may want need full interim MD&A to make informed investment decisions. Issuers will likely take the needs of their investors into consideration when determining whether to provide quarterly highlights or full interim MD&A.<br><br>For venture issuers that choose the option to provide quarterly highlights, the quarterly highlights disclosure is their interim MD&A. This means, for instance, that the certification requirements in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* that apply to interim MD&A will apply to the quarterly highlights disclosure. |
| 8 | ***No*** | Two commenters did not agree that we have chosen the correct way to differentiate between venture issuers.<br><br>One commenter noted that the distinction as to who has access to the exemption should be made on the basis of significant revenue from ongoing operations; occasional or one off revenue should be excluded from consideration. Those with significant ongoing revenue should be required to provide more fulsome disclosure as per the current requirements. A clear definition of which constitutes "significant revenue" needs to be provided – is it relative to market capitalization, is it an absolute dollar amount?<br><br>One commenter does not agree with the use of significant revenue as the only metric to differentiate between venture issuers. A venture issuer could have significant capital expenditures or research and development costs but have no revenue – each of these venture issuers should be complying with the | We thank the commenters for their input. However, we have decided that all venture issuers should have the option to provide quarterly highlights disclosure. |

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| | | existing interim MD&A disclosure requirements. | |
| 9 | ***Need for guidance/definition for significant revenue test*** | Five commenters believe that there needs to be additional guidance or a definition for the significant revenue test.<br><br>Although one commenter wanted all venture issuers to be able to use quarterly highlights, it recommends that if the CSA determines that it is necessary to differentiate between venture issuers for MD&A purposes based on a significant revenue threshold, NI 51-102 (or its Companion Policy) should include specific guidance as to what should be considered "significant revenue" for these purposes.<br><br>One commenter thought that guidance should be provided with respect to the term "significant revenue" such that only the smallest issuers would be exempt from full MD&A requirements (and the determination of significant revenue would be less subjective).<br><br>One commenter noted that there is no definition or guidance in the rules with respect to the meaning of "significant revenue". The commenter notes that the term already appears in National Instrument 51-102, but it currently serves to expand the disclosure obligations of venture issuers, not to limit those obligations as under the current proposals. It is not appropriate to leave this entirely to the discretion of issuers.<br><br>One commenter believes that more guidance should be provided on what constitutes significant revenue. Metrics used to differentiate venture issuers should include significant capital expenditures and research & development costs to determine which issuers would be permitted to do the quarterly highlights instead of the MD&A.<br><br>One commenter indicated that, in theory, they agree with differentiating between venture issuers; however, while revenues may be a key differentiator, they believe that other key measures should also be considered, such as market capitalization, total assets, or total expenditures. For example, for resource issuers, a more appropriate measure might be exploration expenditures or capitalized expenditures.<br><br>Also, the commenter believes that the key measure or measures selected should be clearly defined – for example, what constitutes "significant revenue".<br><br>The commenter further believes that the test should not be performed only once per year, as events such as commencement of revenue generation activities, a significant acquisition, or cessation of revenue generating activities should be taken into account to ensure that investors are being provided with relevant and useful information during the year. Accordingly, the test should be performed on a quarterly basis. | We thank the commenters for their input. However, we have decided that all venture issuers should have the option to provide quarterly highlights disclosure. |

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| **Question 1b: Quarterly highlights – Should all venture issuers be permitted to provide quarterly highlights disclosure?** | | | |
| 10 | ***Yes*** | One commenter thinks all venture issuers should be permitted to provide quarterly highlights disclosure.<br><br>The commenter was supportive of the quarterly highlights proposal but thought that the use of quarterly highlights should not be limited to only those venture issuers without significant revenue. All venture issuers (with or without significant revenues) should be permitted to provide quarterly highlights disclosure in lieu of the full MD&A disclosure currently required by Form 51-102F1.<br><br>Allowing venture issuers with significant revenues to provide quarterly highlights disclosure in lieu of the full MD&A disclosure should not present any material disclosure concerns for the market given that the quarterly highlights are required to discuss all matters that have materially affected a company's operations and liquidity in the quarter (or are reasonably likely to have a material effect going forward). Correspondingly, irrespective of whether or not the venture issuer is revenue generating, the quarterly highlights would require a summary discussion of the information pertinent to the issuer's operations and liquidity. | We acknowledge the comments. |
| 11 | ***No*** | Four commenters do not think that all venture issuers should be permitted to provide quarterly highlights disclosure.<br><br>One commenter noted that in the very early stages of a venture issuer's existence post-IPO, it is particularly important for investors to become comfortable with the issuer's continuous disclosure record. Investors should be given an opportunity to determine whether or not the issuer is expending cash in the manner it disclosed in its IPO prospectus, and thus in the streamlined document the CSA should require robust disclosure with respect to capital expenditures in each quarter. While arguably issuers would have to discuss material changes in expenditures, the Companion Policy should clarify this expectation.<br><br>One commenter does not think that venture issuers with significant revenue should be permitted to provide quarterly highlights disclosure.<br><br>Given there are some larger public companies on the venture exchange, one commenter does not think that all venture issuers should be permitted to provide the quarterly highlights disclosure. The commenter believes that only the venture issuers that meet the criteria outlined should be allowed to do the interim highlights disclosure.<br><br>One commenter indicated that the information requirements of MD&A provide a useful format for presenting information to investors and shareholders, disclosures that are familiar to these parties. While | We thank the commenters for their input. However, we have decided that all venture issuers should have the option of providing quarterly highlights disclosure. |

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| | | quarterly highlights may be useful for smaller pre-revenue venture companies, many venture issuers have revenues and the current MD&A disclosures provide useful information for shareholders and investors. | |
| **Question 2: Executive compensation – What is the most appropriate deadline applicable to venture issuers for filing executive compensation disclosure: 140 days, 180 days or some later date? Please explain.** | | | |
| 12 | ***140 days*** | One commenter thinks that 140 days is an adequate deadline for filing and since the audited financial statements are due within 120 days of year end, venture issuers should have all the information necessary in order to file within 140 days. This also provides timely information to shareholders and potential investors. | We thank the commenter for their input. However, we have decided to proceed with a filing deadline of 180 days. We think this is a reasonable deadline considering venture issuers will know this information at the time of filing their annual financial statements. |
| 13 | ***180 days*** | Two commenters think that 180 days is the most appropriate deadline for venture issuers to file executive compensation disclosure.<br><br>One commenter considered a deadline to file annual executive compensation disclosure of 180 days from the financial year end to be reasonable. This should provide issuers with sufficient time to complete the required disclosure while also ensuring that the disclosure is provided to the public within a reasonable period of time following the issuer's financial year end.<br><br>The commenter noted that it is not uncommon for venture issuers to hold their annual general meetings later in their financial year and, as such, it is routine for such issuers to complete their required executive compensation disclosure subsequent to 180 days from their financial year end. Correspondingly, the imposition of a specified deadline for filing executive compensation disclosure would necessitate a change to the disclosure practices of such issuer. The CSA should take this into consideration when assessing the impact and appropriateness of a specified deadline for filing executive compensation disclosure.<br><br>One commenter recommends 180 days as the most appropriate deadline to align the financial reporting deadlines with the executive compensation disclosures. If an earlier deadline of 140 days was used, venture issuers may have to file the same information twice, which is not a value-added activity and increases the chances of error. | We acknowledge the comments. |
| 14 | ***No deadline*** | Four commenters do not agree that there should be a deadline for filing executive compensation disclosure – it should only be required in the information circular.<br><br>One commenter noted that the introduction of a timing requirement on the management information circular would put an implicit control over the timing of the commenter's annual general meeting as the | We thank the commenters for their input. However, we have decided to proceed with a filing deadline of 180 days. We think this is a reasonable deadline considering venture issuers will know this information at |

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| | | information circular and notice of meeting are distributed together. This would introduce inconsistency with the BVI Business Companies Act the commenter's company is incorporated under (and, incidentally, the UK Companies Act), and also the company's articles of association. The commenter notes that the timings typically put them within the proposed 140 day limit in any case but that this additional timing requirement is unnecessarily burdensome.<br><br>It would be normal amongst FTSE and AIM companies in the UK to incorporate the majority of the relevant disclosures within their annual report, which is an approach the commenter is keen to see adopted provided repetition is not required when publishing the notice of general meeting.<br><br>One commenter noted that all issuers should only be required to make one filing per year and it should relate to the requirements for an information circular. Having potentially two reporting events is unnecessary and onerous. No matter what, shareholders would be provided the requisite information annually anyway. The commenter sees no benefit in adding a second reporting trigger and it would just add confusion.<br><br>One commenter thought that the executive compensation disclosure for ventures issuers should only be required to be included in the information circular for the company's AGM, and there is no need to be within 180 days of year end. As related party disclosure is included in quarterly reports and predominantly consists of stock option grants, once a year disclosure is sufficient.<br><br>To avoid duplication of disclosure obligations, one commenter would support a proposal to only require executive compensation disclosure in the information circular notwithstanding when an annual general meeting needs to be held. | the time of filing their annual financial statements. |
| **Question 3: BARs – Do you think a prospectus should always include BAR-level disclosure about a proposed acquisition if it is significant in the 40% to 100% range, and any proceeds of the prospectus offering will be used to finance the proposed acquisition?** | | | |
| 15 | ***Yes*** | Six commenters think a prospectus should always include BAR-level disclosure about a propose acquisition in this situation.<br><br>One commenter supports inclusion of a business acquisition report if the transaction is material and prospectus funds are being utilized to complete the transaction – new investors should have access to prospectus-level information on the business being acquired in order to make an informed investment decision.<br><br>One commenter is of the view that inexperienced investors may purchase venture issuer securities to speculate in larger investment returns, and such | We thank the commenters for their input. While we acknowledge the benefits of including BAR-level disclosure in a prospectus in certain circumstances, we think that harmonization between the prospectus and continuous disclosure requirements is also important. Given the limited number of historical instances where BAR-level disclosure in a prospectus was required for a venture |

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| | | investors are vulnerable to losses as a result of reduced disclosure requirements. For example, the commenter believes that the business acquisition report requirements should not be amended in the manner proposed. Investors should receive financial statements with respect to a proposed acquisition, both in a prospectus and in continuous disclosure materials where proceeds are being used to finance a proposed acquisition that is significant in the 40% to 100% range in order to make a knowledgeable investment decision.<br><br>One commenter believes that in the event of a significant business acquisition in the 40% to 100% range financial statements are always useful because they provide certain asset specific information within the notes sections that would otherwise be unavailable post-merger/amalgamation. Given the value of the financial statements, the commenter considers the proposed increase of the threshold from 40% to 100% of market capitalization of the issuer too high, as it would result in disclosure only within a limited set of circumstances. The commenter believes that a prospectus should always include business acquisition reporting - level disclosure requirements about significant business acquisition in the 40% to 100% range.<br><br>One commenter is of the view that BAR-level disclosure should always be included. Because the commenter does not believe that the BAR threshold should be raised from 40% to 100%, however, the commenter believes the problem is better avoided by retaining the current 40% threshold.<br><br>One commenter felt that BAR level disclosure should always be provided in the 40% to 100% level, as this provides shareholders and potential investors with a means to assess the financial impact of a proposed or completed acquisition. Increasing the threshold from 40% to 100% is too large an increment as many venture issuers could double in size, while providing shareholders and investors with no information to assess the impact of the acquisition. While the commenter agrees that the proposed changes would streamline and reduce costs and time for venture issuers, they feel that investors would be at a disadvantage absent this financial information, while insiders would have a clearer picture of the potential impact of acquisitions, which would not provide a level playing field. This is particularly important to new investors if the proceeds are to be used to finance an acquisition (i.e. using the new investor's funds). BAR level disclosure provides an easy-to-interpret numerical snap-shot of the impact of an acquisition, which investors can evaluate before making an investment decision. | issuer making an acquisition at 40% to 100% significance, we think that the benefits of harmonization between the prospectus and continuous disclosure requirements outweigh the benefits of a requirement to include BAR-level disclosure about a proposed acquisition in this situation. |
| 16 | ***No*** | One commenter suggested that if the essence of the transaction is disclosed, through satisfying the requirement for **full, true and plain disclosure**, then | We acknowledge the comments. |

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| | | BAR disclosure would not always be required. | |
| **Question 4: BARs – Do you think that an information circular should always include BAR-level disclosure about a proposed acquisition if it is significant in the 40% to 100% range, and the matter to be voted on is the proposed acquisition?** | | | |
| 17 | ***Yes*** | Five commenters think that an information circular should always include BAR-level disclosure about a proposed acquisition in this type of situation.<br><br>One commenter indicated that shareholders should have access to BAR level disclosure to evaluate the financial impact of an acquisition on their company, prior to voting. | We thank the commenters for their input. While we acknowledge the benefits of including BAR-level disclosure in an information circular in certain circumstances, we think that harmonization between the information circular and continuous disclosure requirements is also important. Given the limited number of historical instances where BAR-level disclosure in an information circular was required for a venture issuer making an acquisition at 40% to 100% significance, we think that the benefits of harmonization between the information circular and continuous disclosure requirements outweigh the benefits of a requirement to include BAR-level disclosure about a proposed acquisition in this situation. |
| 18 | ***No*** | One commenter suggested that if the essence of the transaction is disclosed, through satisfying the requirement for **full, true and plain disclosure**, then BAR disclosure would not always be required. | We acknowledge the comment. |
| **Question 5: BARs – Do you think we should require BAR-level disclosure in a prospectus where financing has been provided (by a vendor or third party) in respect of a recently completed acquisition significant in the 40% to 100% range, and any proceeds of the offering are allocated to the repayment of the financing?** | | | |
| 19 | ***Yes*** | Three commenters think we should require BAR-level disclosure in a prospectus where financing has been provided in this type of situation.<br><br>One commenter suggested that the vendor or third party should be knowledgeable enough to perform their own due diligence prior to financing an acquisition. The new investors who will be participating in the prospectus financing will not have had the benefit of the due diligence process and so should be provided BAR level disclosure in order to be able to assess the financial impact of the acquisition. | We thank the commenters for their input. While we acknowledge the benefits of including BAR-level disclosure in a prospectus in certain circumstances, we think that harmonization between the prospectus and continuous disclosure requirements is also important. Given the limited number of historical instances where BAR-level disclosure in a prospectus was required for a venture issuer making an acquisition at 40% to 100% |

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| | | | significance, we think that the benefits of harmonization between the prospectus and continuous disclosure requirements outweigh the benefits of a requirement to include BAR-level disclosure about a proposed acquisition in this situation. |
| 20 | ***No*** | Two commenters do not think BAR-level disclosure should be required in this type of situation.<br><br>One commenter does not think this disclosure is required in the situation of vendor financing since there are no new investors needing to make an investment decision.<br><br>One commenter suggested that if the essence of the transaction is disclosed, through satisfying the requirement for **full, true and plain disclosure**, then BAR disclosure would not always be required. | We acknowledge the comments. |
| **Question 6: BARs – If we were to require BAR-level disclosure in the situations outlined in questions 3, 4 and 5, the significance threshold for prospectus and information circular disclosure will not be harmonized with the threshold for continuous disclosure. Is this a problem?** | | | |
| 21 | ***Yes*** | Two commenters think this may be a problem.<br><br>One commenter believes that the significance thresholds should be the same. The continuous disclosure rules are complex and having different significance thresholds will further complicate matters. This additional complexity is incongruent with the CSA's objective of making the filing process easier and less costly for venture issuers.<br><br>One commenter is of the view that there will be a logical inconsistency in the two disclosure regimes - the appropriate response is to not change the threshold in the continuous disclosure regime from 40% to 100%. | We acknowledge the comments. |
| 22 | ***No*** | Two commenters do not think disharmonization is a problem.<br><br>One commenter is supportive of the CSA's proposal to increase the significance threshold for BARs from 40% to 100% for venture issuers (thereby reducing the instances where BARs are required). The commenter, however, does not object to the significance threshold for prospectus and information circular disclosure remaining at 40% in the circumstances described in questions 3, 4 and 5 above and therefore not being harmonized with the threshold for continuous disclosure.<br><br>On a related note and of specific relevance to the commenter are the financial statement requirements applicable to a private issuer (a "Privco" that indirectly lists on the TSX Venture Exchange by way of a | We thank the commenters for their input. We continue to believe the significance thresholds should be harmonized between continuous disclosure and prospectus and information circular situations. We believe disharmonized thresholds could cause confusion in the market and could result in issuers restructuring their affairs in order to avoid providing BAR-level disclosure.<br><br>Currently, under securities legislation, the requirement |

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| | | reverse takeover, change of business or qualifying transaction (as such terms are defined in the TSX Venture Exchange's Corporate Financial Manual) with an existing exchange-listed issuer (a "Pubco"). The commenter considers it necessary for the applicable disclosure document filed in connection with such listing transactions (whether a prospectus, information circular or filing statement) to contain the financial statements of the Privco that would be required in an initial public offering prospectus for the Privco (if it were to file one). Given that it is possible for such indirect listing transactions to fall below the 100% significance threshold or not otherwise constitute a restructuring transaction (as defined in NI 51-102) for the Pubco (and therefore not trigger financial statement requirements for the Privco), the commenter is concerned that if the CSA increases the significance threshold for prospectus disclosure from 40% to 100% there may be a material discrepancy between the financial statements requirements applicable to Privco in a direct listing scenario as compared to an indirect listing scenario. Specifically, the Privco could potentially be in compliance with the prospectus-level disclosure requirement in both circumstances despite not having to provide financial statements in the latter. Within the context of Privco's indirectly listing on the TSX Venture Exchange, this discrepancy would be mitigated by the Exchange's prescribed financial statement requirements for reverse takeovers, change of business and qualifying transactions, however, in the absence of these exchange requirements, an increase in the significance threshold for prospectus disclosure from 40% to 100% may result in situations where a Privco can indirectly become a reporting issuer without having to provide any financial statements. | to provide prospectus-level disclosure for a private company in a situation such as an indirect listing is generally tied to the requirement to prepare and file a Form 51-102F5 *Information Circular*. The provisions of that form generally require prospectus-level disclosure of each entity whose securities are being changed, exchanged, issued or distributed. In our view, raising the BAR threshold will not affect the requirement to provide prospectus-level disclosure in an information circular in the indirect listing scenarios outlined by the commenter.<br><br>The CSA is unable to comment on the comparable requirements under the TSX Venture Exchange's Corporate Finance Manual. Moreover, the Amendments do not change the requirements under the TSX Venture Exchange's Corporate Finance Manual. |
| **Question 7: BARs – If we do not require BAR-level disclosure in the situations outlined above in questions 3, 4, and 5, do you think an investor will be able to make an informed investment or voting decision?** | | | |
| 23 | ***Yes*** | One commenter suggested that if the essence of the transaction is disclosed through satisfying the requirements for **full, true and plain disclosure**, then an investor should have sufficient information on which to make an informed investment or voting decision. | We acknowledge the comments. |
| 24 | ***No*** | Two commenters think an investor will not be able to make an informed investment or voting decision.<br><br>One commenter does not believe that investors will be able to make a sufficiently informed investment or voting decision if BAR-level disclosure is not required in the prospectus and information circular situations referred to above.<br><br>One commenter responded "no". Absent BAR level disclosure in the 40% to 100% significance range, the commenter believes that investors will not have sufficient information to be able to make an informed investment decision. BAR level disclosure provides information about the impact of an acquisition or proposed acquisition that stakeholders find very useful | We thank the commenters for their input. We continue to be of the view that 100% is an appropriate threshold for requiring financial statements in respect of the acquired business. In our view, for venture issuers, the costs of preparing those financial statements are more appropriately balanced with the benefits of having that financial disclosure when the reporting threshold is at the 100% level, regardless of |

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| | | when making investment decisions. Specifically, pro forma financial statements included in a BAR provide a numerical portrayal of an acquisition or proposed acquisition that is unlikely to be fully captured in a narrative discussion as required by the prospectus rules requiring full, true, and plain disclosure. | whether it is continuous disclosure, prospectus disclosure or information circular disclosure. |
| **Question 8: Audit committees – Do you think we should provide exceptions from our proposed audit committee composition requirements for venture issuers similar to the exceptions in section 3.2 to 3.9 of NI 52-110? If so, which exceptions do you think are appropriate?** | | | |
| 25 | ***Yes*** | Three commenters think we should provide exceptions from our proposed audit committee composition requirements.<br><br>One commenter indicated that the possible exceptions as per NI 52-110 section 3.2-3.9 make sense.<br><br>Although one commenter did not think it was necessary to provide all of the same exceptions, they noted that it would appear reasonable for the exceptions set forth in sections 3.4 (events outside control of member) and 3.5 (death, disability or resignation of a member) to apply to venture issuers (whether in their current form or in a modified form specific to venture issuers).<br><br>One commenter believes that all these exceptions should be allowed for venture issuers. | We thank the commenters for their input. We have now included exceptions for events outside the control of the member (subsection 6.1.1(4) of NI 52-110) and for death, disability or resignation of a member (subsection 6.1.1(5) of NI 52-110). |
| 26 | ***No*** | Two commenters do not think we should provide exceptions from the audit composition requirements.<br><br>One commenter would recommend that no exceptions be provided. The commenter agrees that requiring a majority of the audit committee members be independent will enhance the governance of venture issuers and serve to improve scrutiny of quarterly reporting (as, unlike in the US, there is no requirement for auditor involvement during the quarters). They acknowledge that this requirement may potentially increase costs for many venture issuers, especially junior resource issuers, as their current audit committee members are often also management. | We thank the commenters for their input. We believe that limited exceptions from the audit committee composition requirements for events outside the control of the member and for death, disability or resignation of a member are appropriate. |
| **Other comments related to proposed amendments to NI 51-102** | | | |
| ***NI 51-102*** | | | |
| 27 | ***Removal of BAR requirement*** | One commenter indicated that BARs are a waste of time and effort as the information is predominantly included in the other disclosure documents and adds little to no value, but significant costs. Why do you need a set of financial statements when by CSA's definition they would not be included in a full true and plain disclosure document? | We acknowledge the comment. |
| 28 | ***Disagreement with BAR threshold of 100%*** | Two commenters disagree with increasing the BAR threshold to 100%.<br><br>One commenter believes that increasing the threshold is inappropriate and that acquisitions in the 40% to 100% range are by nature significant. Information | We thank the commenters for their input. However, we continue to be of the view that 100% is an appropriate threshold for requiring financial statements in |

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| | | about such acquisitions should be publicly disclosed to shareholders with the amount of detail, including the financial information, required in a Form 51-102F4 BAR.<br><br>One commenter disagrees that 100% or more of the market capitalization of the venture issuer is the correct threshold indicative of a transformational transaction for venture issuers. If any amendment to BARs is made, the significance level should be lowered rather than raised.<br><br>The commenter agrees with the CSA's comment that *"The proposed 100% threshold test would mean that venture issuer investors would face reduced disclosures on transformational business acquisition transactions, which would then reduce their awareness of a venture issuer's business acquisition activities."* Accordingly, the commenter does not support reducing disclosures to investors on business acquisition activities. They believe that the current BAR requirements should be retained and BARs should be provided when the acquisition is significant.<br><br>The commenter urges the CSA to undertake a consultation with retail investors before making any such change to the requirement for BARs. The CSA 2014 Consultation Document states that results from a 2011 CSA Venture issuer investor survey *"...suggest that investors may not view this reduction in business acquisition disclosure as significant in their decision to invest in a venture issuer. When asked to rank the importance of certain forms of disclosure, in making an investment decision, BARs were considered an important but not essential source of information."*<br><br>The commenter's understanding is that the 2011 investor survey referred to was limited to consultation with nine investors consisting of three portfolio managers, two investment advisors, and one each of an institutional advisor, underwriter/dealer, research analyst and investment banker. Whilst these individuals can be considered to be investors, the commenter believes that a survey conducted with a representative sample of investors is necessary in order to obtain information about their needs and expectations. The commenter believes that consultation with a broader sample of retail investors is necessary before any conclusions can be made about the likely impact on retail investor's decision-making. Significant changes to disclosure requirements should not be introduced prior to such retail investor consultation.<br><br>In the commenter's view, benefits from the reduction in reporting time and cost do not outweigh the cost of reducing protections to investors and reducing confidence in the Canadian venture market. The commenter agrees with the CSA when it states that *"Changes to the existing reporting and disclosure requirements could be taken by venture issuer* | respect of the acquired business. We have seen, during the course of applications for exemptive relief from the BAR requirements, examples of acquisitions where financial statements were not available or would have required significant improvement for disclosure purposes. In our view, for venture issuers, the costs of preparing those financial statements are more appropriately balanced with the benefits of having that financial disclosure when the reporting threshold is at the 100% level. |

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| | | *investors as an indicator of reduced market quality amongst venture issuers. It is possible that this perception could reduce confidence in the venture market..."* The commenter does not agree, as the CSA suggests, that this would only result in a temporary effect until investors become more comfortable with the proposed reporting regime. In the commenter's view, such changes could have a long-term effect on investor confidence in the venture issuer market.<br><br>Questions in the Proposed Amendments document relating to BARs call into question the appropriateness of the significance level that the CSA has set for requiring BARs and suggests that benchmarking to other jurisdictions could be of real assistance to policy-makers in determining when a business acquisition is "significant" or "material" and therefore needs to be disclosed. | |
| 29 | ***Proposal to eliminate pro forma financial statements*** | One commenter disagrees with the proposal to eliminate the requirement that BARs filed by venture issuers must include pro forma financial statements. | We thank the commenter for their input. However, we are of the view that the information provided in pro forma statements is largely available elsewhere in a venture issuer's disclosure. |
| ***Form 51-102F1*** | | | |
| 30 | ***Support for quarterly highlights*** | Two commenters agree with allowing venture issuers to provide quarterly highlights.<br><br>One commenter indicated that it makes sense to allow junior issuers to provide quarterly highlights as this provides the key information shareholders are looking for and would be easier for them to read with less boilerplate.<br><br>One commenter welcomes the CSA decision to maintain interim financial reports for venture issuers. The commenter is comfortable with the proposal to require venture issuers without significant revenue in the most recently completed financial year to provide "quarterly highlights" form of MD&A in interim periods. The commenter believes that the "quarterly highlights" form of MD&A should be subject to the same certification obligations as interim MD&A required from non-venture issuers. | We acknowledge the comments. |
| 31 | ***Disagreement with quarterly highlights*** | Two commenters disagree with allowing venture issuers to provide quarterly highlights.<br><br>One commenter was particularly concerned by the proposal to replace interim MD&As with "quarterly highlights" for venture issuers without "significant revenue". Interim MD&A provides highly valuable disclosure and should be retained in its current form. If an issuer elects to become a reporting issuer in Canada, investors have expectations as to the body of disclosure that will be made available to them on a continuous basis and, in the commenter's view, interim MD&As form part of the body of disclosure that | We thank the commenters for their input. However, we continue to believe that quarterly highlights disclosure is appropriate for venture issuers.<br><br>One of the reasons we continue to believe quarterly highlights are appropriate is because they will allow venture issuers to focus their discussion on a |

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| | | investors expect to receive.<br><br>One commenter supports the proposal to require interim financial reports for venture issuers for each of the 3, 6 and 9 month interim periods. The commenter recommends that MD&A be required for the interim financial reports. Reducing the level of disclosure by replacing MD&A with quarterly highlights will result in a gap in continuous disclosure information, making it more difficult for investors to determine whether to invest in or sell shares of a particular venture issuer and allowing too much time to lapse between regulators' receipt of such information for purposes of review and investigation of possible issues.<br><br>The proposal requires that those with "significant revenue" will be required to provide MD&A. However, those who determine they do not have "significant" revenue, will not be required to provide MD&A and will only provide quarterly highlights. As a result, such venture issuers will provide less information and investors may not obtain information about related party transactions, stock options and warrants, operating expenses or account payable information that would be relevant to their decision to sell or purchase securities. Such reduced disclosure would not be in the interests of investors or venture issuers since it will lead to reduced confidence and an increase in the cost of capital (at a minimum, in this subset of venture issuers). The commenter is of the view that these negative consequences far outweigh the purported benefits to investors *"...because less time would be required to read through the quarterly highlights to locate salient information about a venture issuer's operations"* or through a reduction in the time and cost burden to venture issuers of producing interim MD&A.<br><br>The commenter believes that the existing requirements in section 5.3 of NI 51-102 and Item 1.15 of Form 51-102F1 which require a venture issuer that has not had significant revenue from operations in either of its last two financial years to disclose in its MD&A, on a comparative basis, a breakdown of material components of:<br><br>(a) exploration and evaluation (E&E) assets<br><br>(b) expensed research and development costs;<br><br>(c) intangible assets arising from development;<br><br>(d) general and administration costs, and<br><br>(e) any material costs.<br><br>allow an investor to understand where and how the money was spent and is important information for investors to receive. | narrative description of the key developments of the business as opposed to simply completing form requirements that may be better suited to issuers at a further stage of development. We believe that quarterly highlights will give venture issuers the flexibility they need to focus their disclosure. |

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| 32 | ***Potential costs of quarterly disclosure*** | One commenter indicated that, as the annual MD&A requirements are not being changed under the proposal, they would expect many venture issuers would simply roll forward the annual MD&A disclosures, rather than investing time to revise and revamp the MD&A to provide only quarterly highlights. As a result, the commenter anticipates that ongoing cost savings as a result of this proposed change will be minimal; in fact, on initial implementation, the commenter would expect costs to increase as venture issuers would likely face professional fees from their legal counsel and/or financial consultants in the review of the first quarterly highlights report. | We anticipate that venture issuers that choose to use quarterly highlights will experience one-time start-up costs. However, we believe the time and cost will decrease as the issuer becomes familiar with quarterly highlights and will be less on an ongoing basis as the disclosure will not be as onerous to produce. |
| ***Proposed Form 51-102F6V*** | | | |
| 33 | ***General support for Proposed Form 51-102F6V*** | One commenter indicated that they were supportive of the CSA's proposal to implement a new tailored form of executive compensation disclosure for venture issuers. | We acknowledge the comments. |
| 34 | ***General disagreement with Proposed Form 51-102F6V*** | Two commenters generally disagree with Proposed Form 51-102F6V.<br><br>One commenter maintains that all public companies should be providing the same level of executive compensation disclosure. The commenter does not believe that the disclosure required under the current regime is a significant burden for issuers. Nor does the commenter believe that what is proposed in the Request for Comment will in fact reduce the burden on venture issuers in any meaningful way, but at the same time it will keep important information from shareholders. The information revealed by comprehensive executive compensation disclosure goes beyond merely the amounts disclosed: it enables shareholders to gather information about whether a board is properly carrying out its stewardship role of overseeing management and ensuring that executive pay is aligned with company performance. Executive compensation may be the most tangible manifestation that shareholders have of how effectively this role is being carried out.<br><br>One commenter believes the proposed changes to compensation disclosure will be a step backwards in the progress that has been made since new executive compensation disclosure rules were adopted in 2008 and 2011 in order to make compensation decisions and their rationale clearer for the owners of public companies. In the end, owners of venture issuers, which comprise the majority of Canadian public companies, will have significantly less meaningful executive compensation information than non-venture owners and the commenter believes this is not a positive step for the capital markets and cannot be justified on a cost/benefit analysis. While the proposal to replace interim MD&As with quarterly financials for venture issuers without significant revenue will no doubt reduce the time and cost burden on venture issuers while continuing to provide necessary | We thank the commenters for their input; however, the current regime is tailored to venture issuers and their circumstances and was developed by balancing an investor's need for information and the need to sustain a vibrant capital market.<br><br>We continue to believe that it is important to have a distinction between venture and non-venture issuers. We believe tailored executive compensation disclosure is appropriate for venture issuers and of the most assistance to their security holders.<br><br>We do not agree that Form 51-102F6V will result in less meaningful disclosure; instead, we believe that the disclosure will be more appropriate for issuers at this stage of development.<br><br>We also do not believe that Form 51-102F6V will result in less overall disclosure for venture issuers. For example, the reduction of the number of executive officers that have to provide disclosure will not result in significantly less disclosure as most venture issuers |

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| | | information to investors, the same will not be true of the proposed executive compensation disclosure. The commenter questions the statement that investors will benefit because the disclosure would be more "concise, salient and easier to understand". While the disclosure may be more concise it will not be more salient or easier to understand and in fact will prove the opposite: investors will not have all the information they need to make a meaningful assessment of executive compensation decisions.<br><br>One commenter's view is that venture issuers should not provide less disclosure with respect to executive compensation as compared with senior unlisted issuers or other issuers.<br><br>One commenter fails to see how reducing the level of disclosure provided to investors improves the usefulness of such information, as is stated in the Proposed Amendments. They recommend that the format and/or manner in which information is disclosed be reconsidered and tested on retail investors (for both venture issuers and non-venture issuer investors) before taking the more drastic step of lessening the amount of disclosure in order to improve its usefulness. | only have three named executive officers. In addition, only requiring two, instead of three, years of executive compensation disclosure will not have a significant impact as the third year of disclosure will already be publicly available. We are also requiring that venture issuers provide more disclosure of options as compared to non-venture issuers.<br><br>With respect to suggestions to test or consult with retail investors, we note that the comment process is open to all interested parties, including retail investors. The comment process is the most comprehensive way for retail investors and others to put forward their views. |
| 35 | ***Disagreement with proposal for reduction of NEOs from five to three*** | Five commenters disagree with the proposal to reduce the number of executive officers from whom disclosure is required from five to three.<br><br>With respect to the proposed changes to the executive compensation disclosure, one commenter did not understand the rationale for reducing the number of individuals for whom disclosure is required, nor the number of years of disclosure from three to two. In the commenter's experience, venture issuers tend to have less complicated corporate structure than more established, senior issuers, and thus should be able to identify the requisite five named executive officers for full disclosure.<br><br>One commenter indicated that executive compensation disclosure is important to investors and the commenter believes that it should be consistent no matter the size of the issuer. Therefore, the commenter opposes requiring executive compensation disclosure for only the top three, rather than top five, named executive officers of a venture issuer.<br><br>One commenter does not support reducing the number of "named executive officers" for which compensation disclosure is required from five to three. If an executive meets the prescribed threshold (total compensation of more than $150,000) there is no reason to assume information about his or her compensation would not be material to shareholders assessing a venture issuer's compensation program. The additional burden on venture issuers would be minimal. | We thank the commenters for their input.<br><br>We continue to believe that reducing the number of named executive officers for whom disclosure is required will reduce the disclosure burden on venture issuers, while providing an appropriate level of disclosure for investors. We note that because of their size, many venture issuers only have three named executive officers. We also note that requiring disclosure for three named executive officers for venture issuers is not inconsistent with international practice. For instance, we understand that this is comparable to the disclosure requirement for emerging growth companies under the US JOBS Act. |

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| | | One commenter does not believe the number of individuals for whom disclosure is required should be reduced from a maximum of five to a maximum of three.<br><br>One commenter supported the current requirement to disclose a maximum of 5 individuals. For many venture issuers, there are only a few executives, and the majority of these issuers' expenses tend to be management and executive salaries. As many venture issuers are cash constrained, or pre-revenue, the commenter believes that, instead of limiting disclosure to a maximum of three individuals (the CEO, the CFO, and the next highest paid executive), investors' and stakeholders' needs might be better served by requiring that a minimum of three individuals' (including the CEO and CFO) compensation be disclosed. | |
| 36 | ***Disagreement with proposal for two years of disclosure instead of three*** | Four commenters disagree with the proposal for two years of executive compensation disclosure instead of three.<br><br>One commenter believes that two years of executive compensation data is insufficient for investors to assess the linkage between pay and performance, particularly since the performance measurement period for major components of executive pay often spans beyond this time frame.<br><br>One commenter stated that, typically, executive compensation programs incorporate elements that are designed to reward performance over a time frame of greater than two years, especially when securities based awards are part of the program. A two year picture does not provide enough information about the alignment of compensation and company performance to enable shareholders to meaningfully assess the link.<br><br>One commenter believes there is merit to retaining disclosure of executive compensation for 3 years. Investors rely on management to ensure appropriate stewardship of the issuer, and a third year of disclosure may show trends and provide better insight into evaluating changes in executive compensation against the issuer's performance. | We thank the commenters for their input, but are of the view that two years of historical executive and director compensation disclosure is sufficient in the venture issuer context. If an investor is interested in additional disclosure, the third year of disclosure would be available in past executive compensation disclosure filed on SEDAR. |
| 37 | ***Combining NEO and director compensation in one table*** | Two commenters do not agree with combining executive officer and director compensation in one table.<br><br>One commenter believes that combining NEO and director compensation information into one table reduces the clarity and utility of that disclosure, while doing nothing to lessen the burden on venture issuers. It is implausible to suggest that separating the same information into two tables is more onerous than placing the same information in one table. It also has the effect of implying that the roles of management and directors, and the way they should be | We thank the commenters for their input. However, we think that simplifying the disclosure by combining the NEO and director compensation in one table will be a benefit to venture issuers and their investors. Specifically, we believe this will give investors a clearer snapshot of executive compensation and will be less confusing. |

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| | | compensated for those roles, are similar, which is incorrect. The commenter believes it is especially important to be clear on the differences between these roles in the case of venture issuers since they are more likely to have related parties in executive and director roles. The proposed amendments also appear to contemplate aggregating the compensation for two different roles (e.g. CEO and director) into one figure within the table. The commenter suggests that it should be very clear whether the CEO, for example, is receiving options in his or her capacity as CEO or as a director. To do otherwise would seem to defeat the purpose of the disclosure. | We have included a new requirement that if a NEO is also a director, the issuer must include a footnote to the table to identify how much compensation the NEO received for each role. |
| 38 | ***Support for removal of grant date fair value*** | One commenter supports the proposal to eliminate the requirement to disclose the grant date fair value of stock options and other share-based awards to executives as this information is available in the financial statements. The financial statement disclosure of detailed information about stock options and other equity-based awards issued, held and exercised, will provide sufficient information for investors to assess how, and to what extent, the issuer's executives are being compensated. For many venture issuers, the grant date fair value of awards tends to distort the true compensation paid to executives and board members, as many of these options and other share-based awards expire unexercised. | We acknowledge the comments. |
| 39 | ***Disagreement with removal of grant date fair value*** | Three commenters disagree with the proposal to remove disclosure of grant date fair value.<br><br>One commenter suggests reinstating the requirement to disclose the grant date fair value of stock options, as the commenter believes that these details provide useful information for investors of venture issuers. The grant date fair value reflects the board's intentions with respect to compensation, and provides investors with a deeper understanding of the link between pay and performance.<br><br>While one commenter supports the proposal to allow stock options or other securities-based compensation to be disclosed at fair market value at the time options are exercised, they do not support the elimination of the current requirement to disclose the grant date fair value of stock options. What the board intends to pay an executive at the time the award is made is valuable information for shareholders and, in conjunction with the disclosure of fair market value at the time of exercise, allows shareholders to compare how the actual return to an executive compares with the board's intentions. Further, since options may comprise a large portion, if not all, of variable pay at venture issuers, a requirement that grant date fair values be disclosed will ensure that directors of these issuers consider the measure of wealth transfer from shareholders to executives when granting options and be in a position to justify to shareholders that the value is warranted. In any case, options should not be | We thank the commenters for their input. In the venture issuer context, options are granted with a view to future growth of the company rather than a specific value attributed at the grant date. It is our understanding that the recipient accepts this form of compensation because they believe that the value of the company will increase with time and effort, not based on the grant date value of the options. Investors may also be interested in the pay actually received by NEOs since it provides information as to the overall alignment between executive compensation and the shareholders' experience.<br><br>We also note that issuers who use Canadian GAAP applicable to publicly accountable enterprises are required to disclose in the |

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| | | granted without an understanding of the value of those options. The commenter questions the monetary savings that the CSA states would be realized by venture issuers with the elimination of the need to have a valuation undertaken for options awarded since this must be done annually for accounting purposes in any event.<br><br>One commenter does not agree that the requirement for venture issuers to calculate and disclose the grant date fair value of stock options and other share-based awards in the compensation table should be eliminated.<br><br>The current requirement of grant date fair value provides important information to investors as it discloses the amount the board intends to pay an executive at the time the award is made. Having this information along with disclosure of the amount realized by the executive at the time it is earned (or "exercised") would allow investors to compare the two amounts. It also allows directors to consider the amount of money transferred to its executives at the time such options are granted, thereby assisting directors in justifying such transfers of wealth to shareholders. The Canadian Council of Good Governance has taken the same position.<br><br>The commenter questions why venture issuers would not want to know the fair value of the stock options they provide to an executive at the time it is granted. This should be viewed as necessary information in order to justify to shareholders that the compensation granted to that individual is appropriate. Accordingly, eliminating this required disclosure may result in directors not having information that they need in order to fulfil their duties in a robust manner. Such a change should not be implemented solely to allow for the possibility of monetary savings from the elimination of the need to have a valuation undertaken for options awarded in order to comply with regulatory requirements. | notes to the financial statements the fair value of the options as at the measurement date in accordance with IFRS 2. |
| 40 | ***Compensation securities*** | One commenter understands that one of the goals of the CSA in adopting the use of a Summary Compensation Table in 2008 was to provide shareholders with one aggregate number that would tell them what directors intended to pay each named executive officer in a particular year. By removing information about compensation securities from the Summary Compensation Table, and placing it in a separate Compensation Securities Table which does not require valuations, this goal is frustrated. The information is just as relevant to investors in venture issuers as it is for investors in other public companies. | We thank the commenter for their input. However, we believe having a separate table of compensation securities, which includes more detailed disclosure of those securities than the Form 51-102F6 is more reflective of a venture issuer's compensation. We also believe this will be more user-friendly for venture issuers to prepare and for their investors to understand. |
| 41 | ***Section 2.1(1)*** | One commenter thought the disclosure of perquisites as a separate line item seems frivolous and detailed | We have included a staggered threshold for |

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| | | disclosure should only have to be made if it exceeds a certain threshold such as $5,000. | perquisite disclosure: $15,000 if the NEO or director's salary is $150,000 or less, 10% of salary if the NEO or director's salary is greater than $150,000 but less than $500,000 or $50,000 if the NEO or director's salary is $500,000 or greater.) See subsection 2.1(4) of Form 51-102F6V. |
| 42 | ***Section 2.3(3)(a)*** | One commenter notes that under section 2.3(3)(a) of proposed Form 51-102F6V, the Compensation Securities Table must be accompanied by a note that discloses "the total amount of compensation securities, and underlying securities, held by each named executive officer or director" but that it is not clear whether "amount" refers to number or value of securities held. The commenter believes both should be disclosed. | We thank the commenter for their input. We have revised paragraph 2.3(3)(a) to clarify that a venture issuer must disclose the number of securities held. We do not believe it is appropriate to require the value of the securities held. We believe that in the venture issuer context, compensation securities are granted with a view to future growth of the company rather than a specific value attributed at the grant date. |
| 43 | ***Section 2.3(4)*** | One commenter thought the table should remove date of exercise and price on the date and just allow an aggregate number for the year including gross value realized. If an investor wants to research dates, etc. they can go to the SEDI filings. | We thank the commenter for their input. However, we think including all of this information in the table will be more useful for investors without resulting in any extra burden for the issuer (i.e., the issuer would have needed all of this information in order to provide aggregate totals). |
| 44 | ***Proposal to reduce duplication of information*** | One commenter supports efforts to reduce duplication of information and believes that a brief summary of governance requirements and other attachments to the information circular could be provided (rather than the full documents) with links to the full documents on the listed issuer's website. Implementing such a change could reduce the size of many information circulars by 50 per cent or more. | We thank the commenter for their input. However, this is outside the scope of the project. |
| **Other comments related to proposed amendments to NI 41-101** | | | |
| 45 | ***Support for reducing the number of years of audited financial statements in an IPO prospectus*** | One commenter supports the proposal to reduce, from three to two, the number of years of audited historical financial statements and related disclosures in the "Description of the business and history". For many venture issuers, the third year is not as relevant in an initial public offering (IPO). Investors are more likely to rely on strong management than on the historical performance of the issuer, when making investment | We acknowledge the comment. |

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| | | decisions in many IPO situations. The commenter notes that two years of historical financial information is also consistent with requirements for IPO filings with the Securities and Exchange Commission. | |
| **Other comments related to proposed amendments to NI 52-110** | | | |
| 46 | ***Support for proposal that audit committees must have a majority of directors who are not executive officers, employees or control persons*** | Five commenters support the audit committee independence proposal.<br><br>One commenter noted that the TSX Venture Exchange already has a similar requirement, and thus requiring all venture issuers to have a majority of independent audit committee members would help place all similarly situated issuers on a level playing field. Independence is key to the proper functioning of the audit committee and its oversight functions relating to the external auditor. | We acknowledge the comments. |
| 47 | ***Support for additional requirements on composition of audit committee*** | Three commenters thought we should propose additional requirements for audit committees.<br><br>One commenter encourages the CSA to require stronger governance standards for venture issuers on the composition of their audit committees. The commenter believes that the governance standards for audit committees should be consistent no matter the size of the issuer. Therefore, the commenter would encourage the CSA to consider amendments that would require venture issuers to have an audit committee consisting of at least three members, all of whom are independent.<br><br>One commenter supports the CSA's move to introduce a mandatory independence standard to the composition of audit committees of venture issuers. The commenter suggests, however, that the CSA should go further and introduce a more stringent independence requirement, as well as an expectation of financial literacy, for members of venture issuer audit committees.<br><br>The commenter summarized the proposed amendments as requiring that, for venture issuers:<br><br>• audit committees be composed of at least three members, and<br><br>• a majority of the members of the audit committee must not be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.<br><br>The first requirement is the same as for non-venture issuers. The second, however, falls short of the non-venture requirements in two ways: (i) only a majority of the members must reflect the specified standard of independence whereas for non-venture issuers all of the audit committee members must be independent and (ii) the standard of independence required is not as stringent. The commenter believes that both of | We thank the commenters for the input. We continue to believe that venture issuers should be exempted from additional audit committee composition requirements to reflect the practical realities those issuers face, which includes difficulties in finding and compensating independent directors. |

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| | | these shortcomings should be remedied.<br><br>The commenter's view is that the audit committees of all public companies should be wholly independent, given the unique importance of the audit committee role in protecting the investors' interests. The proposed independence requirements for venture issuers would permit legal and other advisors, consultants and family members of executive officers or employees to sit on the audit committee and the commenter does not believe this is any more appropriate for smaller public companies than it is for larger more established ones. At the very least, the commenter suggests that if their views are not accepted and thus the less stringent standard of independence is retained, then all of the members of the audit committee must meet that standard and not just a majority. Further, the chair of the audit committee should be independent.<br><br>One commenter supports enhanced requirements for impartiality by venture audit committees. The commenter that the CSA consider requiring that the majority of audit committee members also be "independent" as that is defined by NI 52-110 or another suitable definition. Such reforms would increase governance standards for venture issuers. | |
| 48 | ***Financial literacy*** | Three commenters support a financial literacy requirement for audit committees.<br><br>One commenter recommends that NI 52-110 require that at least one member of a venture issuer's audit committee be financially literate (having the same meaning as set forth in section 1.6 of NI 52-110). This would be a prudent means of helping ensure that a venture issuer's audit committee has the necessary knowledge and expertise to read and understand a set of financial statements.<br><br>One commenter suggested that, given that the applicable definition of 'financially literate' is not demanding, this minimum level of expertise and understanding should be required of the audit committee members of venture issuers. | We thank the commenters for the input. We continue to believe that venture issuers should be exempted from additional audit committee composition requirements to reflect the practical realities those issuers face, which includes difficulties in finding and compensating financially literate directors. We note that venture issuers are still required to include disclosure of financial literacy of their audit committee members. |
| 49 | ***Size of audit committee*** | One commenter suggested the number of audit committee members does not have to be set at three; it could be two, both of whom are independent. Small boards can function well and as long as there are at least two independent and a majority of independent directors, that should be sufficient. | We thank the commenter for their input. We do not believe that requiring an audit committee of three members is burdensome. We note that some exchanges already include a requirement that each audit committee have three members. |
| 50 | ***Exception from application of audit committee requirements for certain entities*** | One commenter states that section 1.2(e) of NI 52-110 provides an exception from the application of NI 52-110 for an issuer that is a "subsidiary entity" if the entity "does not have equity securities (other than non- | We thank the commenter for their input. This appears to be a fact pattern unique to this particular issuer, |

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| | | convertible, non-participating preferred securities) trading on a marketplace", provided that the parent of the entity is subject to NI 52-110, as set forth in section 1.2(3)(ii). In order for the exception to apply, an entity must be a "subsidiary entity" which requires the entity to be "controlled" by a person or company, which is the parent referred to in section 1.2(e)(ii). "Control" is defined to mean "the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise". The commenter assumes that this exception is meant to reflect the fact that, as a controlled entity, the financial results of the subsidiary entity would typically ne consolidated into the parent company's results, and the audit committee of the parent would provide oversight of the subsidiary with an appropriate level of independence and financial literacy.<br><br>The current exception does not apply to some companies that are jointly owned by more than one entity. Although all of the parent entities may be subject to and in compliance with NI 52-110, none of the parent entities on its own "controls" the company with the meaning of the applicable definition (i.e. individually is in a position to direct or cause the direction of the management and policies of the company).<br><br>Ultimately, each parent entity of the company uses equity accounting with respect to the company in reporting its own financial position and results and as such, the audit committee of each parent entity provides oversight of the company as part of the parent company's processes. Given further that none of the company's equity securities trade on a marketplace, the commenter does not see a policy reason why the company should not receive the same exception to the application of NI 52-110 as an entity that is controlled and consolidated by only a single entity.<br><br>The commenter submits that:<br><br>(a) NI 52-110, section 1.2(e) should be expanded to exempt an entity that does not have equity securities trading on a marketplace, where a majority of its voting securities are held by more than one entity that consolidates or uses equity accounting with respect to the amounts of the issuer entity on their own financial statements and that are subject to and in compliance with NI 52-110; or<br><br>(b) In the alternative, they would suggest that the CSA consider providing an exception to the proposed venture issuer audit committee composition requirements of Part 6 of NI 52-110, for a venture issuer where a majority of its voting securities | which is outside the scope of the amendments. The issuer may want to consider applying for exemptive relief. |

| No. | Subject | Summarized Comment | Response |
|---|---|---|---|
| | | are held by entities that consolidate or use equity accounting with respect to the accounts of the issuer entity on their own financial statements and are in compliance with NI 52-110.<br><br>Alternatively, the commenter requests guidance on the circumstances when the CSA would be willing to grant an exemption order to a venture issuer from the proposed Part 6 of NI 52-110. | |
| **Comments related to NI 58-101** | | | |
| 51 | ***Exception from application of corporate governance requirements to certain entities*** | One commenter submitted that where a majority of a venture issuer's voting securities are held by one or more entities that are subject to NI 58-101 and its financial results are consolidated or incorporated by equity accounting into such parent entities, there is sufficient oversight of the subsidiary entity's governance practices provided by the parents.<br><br>Accordingly, the commenter submits that a more principles-based disclosure would be appropriate, outlining the general manner in which the venture issuer approaches corporate governance, rather than requiring specific disclosure on all of the items currently set forth in Form 58-101F2. While many of such items may well be covered by a venture issuer under more general principles-based disclosure, the commenter suggests that more flexibility in the disclosure requirements than is currently provided under Form 58-101F2 would be appropriate. | We thank the commenter for their input, but this is outside the scope of this project. The issuer may want to consider applying for exemptive relief. |
| **Comments not related to a particular instrument** | | | |
| 52 | ***Duties to act honestly and in good faith and to exercise care, skill and diligence*** | One commenter recommends that TSX and TSXV listing requirements and a national instrument require that all listed issuers, including venture issuers, be incorporated in a jurisdiction with corporate legislation that meets minimum corporate governance standards, including directors' duties to act honestly and in good faith and to exercise care, skill and diligence. Issuers should be required to be incorporated in a jurisdiction with an acceptable standard of corporate governance (i.e. in a major developed jurisdiction).<br><br>The commenter's understanding is that the TSXV does not require that listed issuers be incorporated in Canada or pursuant to the corporate laws of a Canadian province or territory, and simply requires that the applicant complete a reconciliation of its constating documents and the corporate law or equivalent legal regime of its home jurisdiction with that of the Canada Business Corporations Act where the applicant is not incorporated or created under the laws of Canada or any Canadian province. It also imposes on directors and officers the requirements to act honestly and in good faith with a view to the best interests of the issuer and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. | We thank the commenter for their input, but this is outside the scope of this project. |

| No. | Subject | Summarized Comment | Response |
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| | | However, the latter requirements are contractual relationships between the TSXV and the issuer and would be difficult for a shareholder to enforce against an issuer incorporated in the British Virgin Islands or in China (for example). | |
| 53 | ***Address listings conflict of interest*** | One commenter recommends that the CSA address the conflict of interest between the listing regulatory responsibilities and listing commercial operations of TSX and TSXV and bring them in line with international standards. | We thank the commenter for their input, but this is outside the scope of this project. |

**ANNEX D1**

**AMENDMENTS TO**
**NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS***

***1. National Instrument 51-102 Continuous Disclosure Obligations is amended by this Instrument.***

***2. Paragraph 5.3(2)(b) is amended by adding "***for an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1***" after "***interim MD&A***".***

***3. Subsection 5.4(1) is amended by replacing "***MD&A***" with "***annual MD&A and, if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, its interim MD&A,***".***

***4. Paragraph 5.7(2)(b) is amended by adding "***for an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1***" after "***interim MD&A***".***

***5. Paragraphs 8.3(1)(b) and (3)(b) are amended by replacing "***40 percent***" with "***100 percent***".***

***6. Subsection 8.4(5) is amended by adding "***issuer other than a venture***" after "***a reporting***".***

***7. Section 9.3.1 is amended***

***(a) in subsection (1) by replacing "***sends***" with "***is required to send***",***

***(b) in paragraph (1)(b) by deleting "***, applying reasonable effort,***",***

***(c) in subsection (2) by replacing "***, in accordance with, and subject to any exemptions set out in, Form 51-102F6 *Statement of Executive Compensation*, which came into force on December 31, 2008***" with "***and in accordance with Form 51-102F6 *Statement of Executive Compensation****",***

***(d) by adding the following subsections:***

(2.1) Despite subsection (2), a venture issuer may provide the disclosure required by subsection (1) for the periods set out in and in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*.

(2.2) The disclosure required under subsection (1) must be filed

(a) not later than 140 days after the end of the issuer's most recently completed financial year, in the case of an issuer other than a venture issuer, or

(b) not later than 180 days after the end of the issuer's most recently completed financial year, in the case of a venture issuer.***,***

***(e) in subsection (3) by replacing "***, which came into force on December 31, 2008***" with "***or, for a venture issuer relying on subsection (2.1), in Form 51-102F6V *Statement of Executive Compensation – Venture Issuers****",***

***(f) by repealing subsection (4), and***

***(g) by adding the following subsection:***

(5) Subsection (2.2) applies to an issuer in respect of a financial year beginning on or after July 1, 2015.***.***

***8. Section 11.6 is amended***

***(a) in subsection (1) by replacing "***does not send to its securityholders***" with "***is not required to send to its securityholders an information circular and does not send***", and***

***(b) in paragraph (1)(b) by deleting "***, applying reasonable effort,***",***

***(c) in subsection (2) by striking out "***, which came into force on December 31, 2008***",***

***(d) by adding the following subsection:***

(2.1) Despite subsection (2), a reporting issuer that is a venture issuer may provide the disclosure required under subsection (1) for the periods set out in and in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers.,*

***(e) in subsection (4) by deleting*** ", which came into force on December 31, 2008***" and replacing it with "***or, for a venture issuer relying on subsection (2.1), in Form 51-102F6V *Statement of Executive Compensation – Venture Issuers****", and***

***(f) by repealing subsection (6).***

***9. Paragraph (g) of Part 1 of Form 51-102F1 is replaced by the following:***

**(g) Venture Issuers**

If your company is a venture issuer, you have the option of meeting the requirement to provide interim MD&A under section 2.2 by instead providing quarterly highlights disclosure. Refer to Companion Policy 51-102CP for guidance on quarterly highlights.

If your company is a venture issuer without significant revenue from operations, in your MD&A including any quarterly highlights, focus your discussion and analysis of financial performance on expenditures and progress towards achieving your business objectives and milestones..

***10. Item 2 of Part 2 of Form 51-102F1 is amended by adding the following section:***

**2.2.1 Quarterly Highlights**

If your company is a venture issuer, you have the option of meeting the requirement to provide interim MD&A under section 2.2 by instead providing a short discussion of all material information about your company's operations, liquidity and capital resources. Include in your discussion:

- an analysis of your company's financial condition, financial performance and cash flows and any significant factors that have caused period to period variations in those measures;
- known trends, risks or demands;
- major operating milestones;
- commitments, expected or unexpected events, or uncertainties that have materially affected your company's operations, liquidity and capital resources in the interim period or are reasonably likely to have a material effect going forward;
- any significant changes from disclosure previously made about how the company was going to use proceeds from any financing and an explanation of variances;
- any significant transactions between related parties that occurred in the interim period.

*INSTRUCTIONS*

*(i) If the first MD&A you file in this Form (your first MD&A) is an interim MD&A, you cannot use quarterly highlights. Rather, you must provide all the disclosure called for in Item 1 in your first MD&A. Base the disclosure, except the disclosure for section 1.3, on your interim financial report. Since you do not have to update the disclosure required in section 1.3 in your interim MD&A, your first MD&A will provide disclosure under section 1.3 based on your annual financial statements.*

*(ii) Provide a short, focused discussion that gives a balanced and accurate picture of the company's business activities during the interim period. The purpose of the quarterly highlights reporting is to provide a brief narrative update about the business activities, financial condition, financial performance and cash flow of the company. While summaries are to be clear and concise, they are subject to the normal prohibitions against false and misleading statements.*

*(iii) Quarterly highlights prepared in accordance with section 2.2.1 are not required for your company's fourth quarter as relevant fourth quarter content will be contained in your company's annual MD&A prepared in accordance with Item 1 (see section 1.10).*

*(iv) You must title your quarterly highlights "Interim MD&A – Quarterly Highlights".*

*(v) If there was a change to the company's accounting policies during the interim period, include a description of the material effects resulting from the change.*

**2.2.2 Quarterly Highlights – Transition**

Section 2.2.1 applies to an issuer in respect of a financial year beginning on or after July 1, 2015..

***11. Item 5.4 of Form 51-102F2 is replaced with the following:***

**5.4 Companies with Mineral Projects**

If your company had a mineral project, provide the following information, by summary if applicable, for each project material to your company:

(1) **Current Technical Report** – The title, author(s), and date of the most recent technical report on the property filed in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

(2) **Project Description, Location, and Access**

(a) The location of the project and means of access.

(b) The nature and extent of your company's title to or interest in the project, including surface rights, obligations that must be met to retain the project, and the expiration date of claims, licences and other property tenure rights.

(c) The terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the project is subject.

(d) To the extent known, any significant factors or risks that might affect access or title, or the right or ability to perform work on, the property, including permitting and environmental liabilities to which the project is subject.

(3) **History**

(a) To the extent known, the prior exploration and development of the property, including the type, amount, and results of any exploration work undertaken by previous owners, any significant historical estimates, and any previous production on the property.

(4) **Geological Setting, Mineralization, and Deposit Types**

(a) The regional, local, and property geology.

(b) The significant mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, and the length, width, depth and continuity of the mineralization together with a description of the type, character and distribution of the mineralization.

(c) The mineral deposit type or geological model or concepts being applied.

(5) **Exploration –** The nature and extent of all relevant exploration work other than drilling, conducted by or on behalf of your company, including a summary and interpretation of the relevant results.

(6) **Drilling –** The type and extent of drilling and a summary and interpretation of all relevant results.

(7) **Sampling, Analysis, and Data Verification –** The sampling and assaying including, without limitation,

(a) sample preparation methods and quality control measures employed before dispatch of samples to an analytical or testing laboratory,

(b) the security measures taken to ensure the validity and integrity of samples taken,

(c) assaying and analytical procedures used and the relationship, if any, of the laboratory to your company, and

(d) quality control measures and data verification procedures, and their results.

(8) **Mineral Processing and Metallurgical Testing –** If mineral processing or metallurgical testing analyses have been carried out, describe the nature and extent of the testing and analytical procedures, and provide a summary of the relevant results and, to the extent known, provide a description of any processing factors or deleterious elements that could have a significant effect on potential economic extraction.

(9) **Mineral Resource and Mineral Reserve Estimates –** The mineral resources and mineral reserves, if any, including, without limitation,

(a) the effective date of the estimates,

(b) the quantity and grade or quality of each category of mineral resources and mineral reserves,

(c) the key assumptions, parameters, and methods used to estimate the mineral resources and mineral reserves, and

(d) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political, and other relevant issues.

(10) **Mining Operations –** For advanced properties, the current or proposed mining methods, including a summary of the relevant information used to establish the amenability or potential amenability of the mineral resources or mineral reserves to the proposed mining methods.

(11) **Processing and Recovery Operations** – For advanced properties, a summary of current or proposed processing methods and reasonably available information on test or operating results relating to the recoverability of the valuable component or commodity.

(12) **Infrastructure, Permitting, and Compliance Activities –** For advanced properties,

(a) the infrastructure and logistic requirements for the project, and

(b) the reasonably available information on environmental, permitting, and social or community factors related to the project.

(13) **Capital and Operating Costs** – For advanced properties,

(a) a summary of capital and operating cost estimates, with the major components set out in tabular form, and

(b) an economic analysis with forecasts of annual cash flow, net present value, internal rate of return, and payback period, unless exempted under Instruction (2) to Item 22 of Form 43-101F1.

(14) **Exploration, Development, and Production –** A description of your company's current and contemplated exploration, development or production activities.

*INSTRUCTIONS*

*(i) Disclosure regarding mineral exploration, development or production activities on material projects must comply with National Instrument 43-101 Standards of Disclosure for Mineral Projects, including the limitations set out in it. You must use the appropriate terminology to describe mineral reserves and mineral resources. You must base your disclosure on information prepared by, under the supervision of, or approved by, a qualified person.*

*(ii) You are permitted to satisfy the disclosure requirements in section 5.4 by reproducing the summary from the technical report on the material property and incorporating the detailed disclosure in the technical report into the AIF by reference.*

***12. Paragraph (c) of Part 1 of Form 51-102F5 is amended by adding "***or Form 51-102F6V *Statement of Executive Compensation – Venture Issuers"* ***after "***Form 51-102F6 *Statement of Executive Compensation"****.***

***13. Item 8 of Part 2 of Form 51-102F5 is amended by adding "***or, in the case of a venture issuer, a completed Form 51-102F6 *Statement of Executive Compensation* or a completed Form 51-102F6V *Statement of Executive Compensation – Venture Issuers"* ***after "***Form 51-102F6 *Statement of Executive Compensation"****.***

***14. Subsection 1.3(10) of Form 51-102F6 is amended by deleting "***, applying reasonable effort,***".***

***15. Commentary 1 of section 2.1 of Form 51-102F6 is amended by deleting "***, applying reasonable effort,***".***

***16. Commentary 2 of subsection 3.1(10) of Form 51-102F6 is amended by deleting "***still***".***

***17. Subsection 8.1(1) of Form 51-102F6 is amended by replacing "***required by***" with "***they are required to disclose in the United States under***".***

***18. The following form is added:***

**Form 51-102F6V**
***Statement of Executive Compensation – Venture Issuers***

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**Form 51-102F6V**
***Statement of Executive Compensation – Venture Issuers***

## ITEM 1 – GENERAL PROVISIONS

### 1.1 Objective

All direct and indirect compensation provided to certain executive officers and directors for, or in connection with, services they have provided to the company or a subsidiary of the company must be disclosed in this form.

The objective of this disclosure is to communicate the compensation the company paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year, and the decision-making process relating to compensation. This disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the company and will help investors understand how decisions about executive compensation are made.

A company's executive compensation disclosure under this form must satisfy this objective and subsections 9.3.1(1) or 11.6(1) of the Instrument.

While the objective of this disclosure is the same as the objective in section 1.1 of Form 51-102F6, this form is to be used by venture issuers only. Reporting issuers that are not venture issuers must complete Form 51-102F6.

### 1.2 Definitions

If a term is used in this form but is not defined in this section, refer to subsection 1.1(1) of the Instrument or to National Instrument 14-101 *Definitions*.

In this form,

**"company"** includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

**"compensation securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

**"external management company"** includes a subsidiary, affiliate or associate of the external management company;

"**named executive officer**" or "**NEO**" means each of the following individuals:

(a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;

(b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;

(c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than $150,000, as determined in accordance with subsection 1.3(5), for that financial year;

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;

**"plan"** includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

"**underlying securities**" means any securities issuable on conversion, exchange or exercise of compensation securities.

**1.3 Preparing the form**

**(1) All compensation to be included**

(a) When completing this form, the company must disclose all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the company, or a subsidiary of the company, to each named executive officer and director, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the named executive officer or director for services provided and for services to be provided, directly or indirectly, to the company or a subsidiary of the company.

(b) If an item of compensation is not specifically mentioned or described in this form, disclose it in the column "Value of all other compensation" of the table in section 2.1.

*Commentary*

*1. Unless otherwise specified, information required to be disclosed under this form may be prepared in accordance with the accounting principles the company uses to prepare its financial statements, as permitted by National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards.*

*2. The definition of "director" under securities legislation includes an individual who acts in a capacity similar to that of a director.*

**(2) Departures from format**

(a) Although the required disclosure must be made in accordance with this form, the disclosure may

(i) omit a table, column of a table, or other prescribed information, if it does not apply, and

(ii) add a table, column, or other information if

(A) necessary to satisfy the objective in section 1.1, and

(B) to a reasonable person, the table, column, or other information does not detract from the prescribed information in the table in section 2.1.

(b) Despite paragraph (a), a company must not add a column to the table in section 2.1.

**(3) Information for full financial year**

(a) If a named executive officer acted in that capacity for the company during part of a financial year for which disclosure is required in the table in section 2.1, provide details of all of the compensation that the named executive officer received from the company for that financial year. This includes compensation the named executive officer earned in any other position with the company during the financial year.

(b) Do not annualize compensation in a table for any part of a year when a named executive officer was not in the service of the company. Annualized compensation may be disclosed in a footnote.

**(4) Director and named executive officer compensation**

(a) Disclose any compensation awarded to, earned by, paid to, or payable to each director and named executive officer, in any capacity with respect to the company. Compensation to directors and named executive officers must include all compensation from the company and its subsidiaries.

(b) Disclose any compensation awarded to, earned by, paid to, or payable to, a named executive officer, or director, in any capacity with respect to the company, by another person or company.

**(5) Determining if an individual is a named executive officer**

For the purpose of calculating total compensation awarded to, earned by, paid to, or payable to an executive officer under paragraph (c) of the definition of named executive officer,

(a) use the total compensation that would be reported for that executive officer in the table in section 2.1, as if the executive officer were a named executive officer for the company's most recently completed financial year, and

(b) exclude any compensation disclosed in the column "Value of all other compensation" of the table in section 2.1.

*Commentary*

*The $150,000 threshold in paragraph (c) of the definition of named executive officer only applies when determining who is a named executive officer in a company's most recently completed financial year. If an individual is a named executive officer in the most recently completed financial year, disclosure of compensation in the prior years must be provided even if total compensation in a prior year is less than $150,000.*

**(6) Compensation to associates**

Disclose any awards, earnings, payments, or payables to an associate of a named executive officer, or of a director, as a result of compensation awarded to, earned by, paid to, or payable to the named executive officer or the director, in any capacity with respect to the company.

**(7) Currencies**

(a) Companies must report amounts required by this form in Canadian dollars or in the same currency that the company uses for its financial statements. A company must use the same currency in all of the tables of this form.

(b) If compensation awarded to, earned by, paid to, or payable to a named executive officer or director was in a currency other than the currency reported in the prescribed tables of this form, state the currency in which compensation was awarded, earned, paid, or payable, disclose the currency exchange rate and describe the methodology used to translate the compensation into Canadian dollars or the currency that the company uses in its financial statements.

**(8) New reporting issuers**

(a) A company is not required to provide information for a completed financial year if the company was not a reporting issuer at any time during the most recently completed financial year, unless the company became a reporting issuer as a result of a restructuring transaction.

(b) If the company was not a reporting issuer at any time during the most recently completed financial year and the company is completing this form because it is preparing a prospectus, discuss all significant elements of the compensation to be awarded to, earned by, paid to, or payable to named executive officers and directors of the company once it becomes a reporting issuer, to the extent this compensation has been determined.

**(9) Plain language**

Information required to be disclosed under this form must be clear, concise, and presented in such a way that it provides a person, applying reasonable effort, an understanding of

(a) how decisions about named executive officer and director compensation are made, and

(b) how specific named executive officer and director compensation relates to the overall stewardship and governance of the company.

*Commentary*

*Refer to the plain language principles listed in section 1.5 of Companion Policy 51-102CP Continuous Disclosure Obligations for further guidance.*

**ITEM 2 – DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

**2.1 Director and named executive officer compensation, excluding compensation securities**

(1) Using the following table, disclose all compensation referred to in subsection 1.3(1) of this form for each of the two most recently completed financial years, other than compensation disclosed under section 2.3.

*Commentary*

*For venture issuers, compensation includes payments, grants, awards, gifts and benefits including, but not limited to,*

- *salaries,*
- *consulting fees,*
- *management fees,*
- *retainer fees,*
- *bonuses,*
- *committee and meeting fees,*
- *special assignment fees,*
- *pensions and employer paid RRSP contributions,*
- *perquisites such as*
    - *car, car lease, car allowance or car loan,*
    - *personal insurance,*
    - *parking,*
    - *accommodation, including use of vacation accommodation,*
    - *financial assistance,*
    - *club memberships,*
    - *use of corporate motor vehicle or aircraft,*
    - *reimbursement for tax on perquisites or other benefits, and*
    - *investment-related advice and expenses.*

| Table of compensation excluding compensation securities | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name and position** | **Year** | **Salary, consulting fee, retainer or commission ($)** | **Bonus ($)** | **Committee or meeting fees ($)** | **Value of perquisites ($)** | **Value of all other compensation ($)** | **Total compensation ($)** |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

(2) In the table required under subsection (1), disclose compensation of each named executive officer first, followed by compensation of any director who is not a named executive officer.

(3) If the individual is a named executive officer and a director, state both positions in the column entitled "Name and position". In a footnote to the table, identify how much compensation the NEO received for each position.

(4) In the column entitled "Value of perquisites", include perquisites provided to an NEO or director that are not generally available to all employees and that, in aggregate, are greater than

(a) $15,000, if the NEO or director's total salary for the financial year is $150,000 or less,

(b) 10% of the NEO or director's salary for the financial year, if the NEO or director's total salary for the financial year is greater than $150,000 but less than $500,000, or

(c) $50,000, if the NEO or director's total salary for the financial year is $500,000 or greater.

Value these items on the basis of the aggregate incremental cost to the company and its subsidiaries. Describe in a footnote the methodology used for computing the aggregate incremental cost to the company.

Provide a note to the table to disclose the nature of each perquisite provided that equals or exceeds 25% of the total value of perquisites provided to that named executive officer or director, and how the value of the perquisite was calculated, if it is not provided in cash.

*Commentary*

*For the purposes of the column entitled "Value of perquisites", an item is generally a perquisite if it is not integrally and directly related to the performance of the director or named executive officer's duties. If something is necessary for a person to do his or her job, it is integrally and directly related to the job and is not a perquisite, even if it also provides some amount of personal benefit.*

(5) If non-cash compensation, other than compensation required to be disclosed in section 2.3, was provided or is payable, disclose the fair market value of the compensation at the time it was earned or, if it is not possible to calculate the fair market value, disclose that fact in a note to the table and the reasons why.

(6) In the column entitled "Value of all other compensation", include all of the following:

(a) any incremental payments, payables and benefits to a named executive officer or director that were triggered by, or resulted from, a scenario listed in subsection 2.5(2) that occurred before the end of the applicable financial year,

(b) all compensation relating to defined benefit or defined contribution plans including service costs and other compensatory items such as plan changes and earnings that are different from the estimated earnings for defined benefit plans and above market earnings for defined contribution plans.

*Commentary*

*The disclosure of defined benefit or defined contribution plans relates to all plans that provide for the payment of pension plan benefits. Use the same amounts indicated in column (e) of the defined benefit plan table required by section 2.7 for the applicable financial year and the amounts included in column (c) of the defined contribution plan table required by section 2.7 for the applicable financial year.*

(7) Despite subsection (1), it is not necessary to disclose Canada Pension Plan, similar government plans and group life, health, hospitalization, medical reimbursement and relocation plans that do not discriminate in scope, terms or operation that are generally available to all salaried employees.

(8) If a director or named executive officer has served in that capacity for only part of a year, indicate the number of months he or she has served; do not annualize the compensation.

(9) Provide notes to the table to disclose each of the following for the most recently completed financial year only:

(a) compensation paid or payable by any person or company other than the company in respect of services provided to the company or its subsidiaries, including the identity of that other person or company;

(b) compensation paid or payable indirectly to the director or named executive officer and, in such case, the amount of compensation, to whom it is paid or payable and the relationship between the director or named executive officer and such other person or company;

(c) for the column entitled "Value of all other compensation", the nature of each form of other compensation paid or payable that equals or exceeds 25% of the total value of other compensation paid or payable to that director or named executive officer, and how the value of such other compensation was calculated, if it is not paid or payable in cash.

**2.2 External management companies**

(1) If one or more individuals acting as named executive officers of the company are not employees of the company, disclose the names of those individuals.

(2) If an external management company employs or retains one or more individuals acting as named executive officers or directors of the company and the company has entered into an understanding, arrangement or agreement with the external management company to provide executive management services to the company, directly or indirectly, disclose any compensation that

(a) the company paid directly to an individual employed, or retained by the external management company, who is acting as a named executive officer or director of the company;

(b) the external management company paid to the individual that is attributable to the services they provided to the company, directly or indirectly.

(3) If an external management company provides the company's executive management services and also provides executive management services to another company, disclose the entire compensation the external management company paid to the individual acting as a named executive officer or director, or acting in a similar capacity, in connection with services the external management company provided to the company, or the parent or a subsidiary of the company. If the management company allocates the compensation paid to a named executive officer or director, disclose the basis or methodology used to allocate this compensation.

*Commentary*

*A named executive officer may be employed by an external management company and provide services to the company under an understanding, arrangement or agreement. In this case, references in this form to the chief executive officer or chief financial officer are references to the individuals who performed similar functions to that of the chief executive officer or chief financial officer. They are typically the same individuals who signed and filed annual and interim certificates to comply with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.*

**2.3 Stock options and other compensation securities**

(1) Using the following table, disclose all compensation securities granted or issued to each director and named executive officer by the company or one of its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries.

| Compensation Securities | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name and position** | **Type of compensation security** | **Number of compensation securities, number of underlying securities, and percentage of class** | **Date of issue or grant** | **Issue, conversion or exercise price ($)** | **Closing price of security or underlying security on date of grant ($)** | **Closing price of security or underlying security at year end ($)** | **Expiry date** |
| | | | | | | | |
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| | | | | | | | |

(2) Position the tables prescribed in subsections (1) and (4) directly after the table prescribed in section 2.1.

(3) Provide notes to the table to disclose each of the following:

(a) the total amount of compensation securities, and underlying securities, held by each named executive officer or director on the last day of the most recently completed financial year end;

(b) any compensation security that has been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the most recently completed financial year, including the original and modified terms, the effective date, the reason for the modification, and the name of the holder;

(c) any vesting provisions of the compensation securities;

(d) any restrictions or conditions for converting, exercising or exchanging the compensation securities.

(4) Using the following table, disclose each exercise by a director or named executive officer of compensation securities during the most recently completed financial year.

| Exercise of Compensation Securities by Directors and NEOs | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name and position** | **Type of compensation security** | **Number of underlying securities exercised** | **Exercise price per security ($)** | **Date of exercise** | **Closing price per security on date of exercise ($)** | **Difference between exercise price and closing price on date of exercise ($)** | **Total value on exercise date ($)** |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

(5) For the tables prescribed in subsections (1) and (4), if the individual is a named executive officer and a director, state both positions in the columns entitled "Name and position".

*Commentary*

*For the purposes of the column entitled "Total value on exercise date" multiply the number in the column entitled "Number of underlying securities exercised" by the number in the column entitled "Difference between exercise price and closing price on date of exercise".*

**2.4 Stock option plans and other incentive plans**

(1) Describe the material terms of each stock option plan, stock option agreement made outside of a stock option plan, plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units and any other incentive plan or portion of a plan under which awards are granted.

*Commentary*

*Examples of material terms are vesting provisions, maximum term of options granted, whether or not a stock option plan is a rolling plan, the maximum number or percentage of options that can be granted, method of settlement.*

(2) Indicate for each such plan or agreement whether it has previously been approved by shareholders and, if applicable, when it is next required to be approved.

(3) Disclosure is not required of plans, such as shareholder rights plans, that involve issuance of securities to all securityholders.

**2.5 Employment, consulting and management agreements**

(1) Disclose the material terms of each agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the company or any of its subsidiaries that were

(a) performed by a director or named executive officer, or

(b) performed by any other party but are services typically provided by a director or a named executive officer.

(2) For each agreement or arrangement referred to in subsection (1), disclose each of the following:

(a) the provisions, if any, with respect to change of control, severance, termination or constructive dismissal;

(b) the estimated incremental payments that are triggered by, or result from, change of control, severance, termination or constructive dismissal;

(c) any relationship between the other party to the agreement and a director or named executive officer of the company or any of its subsidiaries.

**2.6 Oversight and description of director and named executive officer compensation**

(1) Disclose who determines director compensation and how and when it is determined.

(2) Disclose who determines named executive officer compensation and how and when it is determined.

(3) For each named executive officer, disclose each of the following:

(a) a description of all significant elements of compensation awarded to, earned by, paid or payable to the named executive officer for the most recently completed financial year, including at a minimum each element of compensation that accounts for 10% or more of the named executive officer's total compensation;

(b) whether total compensation or any significant element of total compensation is tied to one or more performance criteria or goals, including for example, milestones, agreements or transactions and, if so,

(i) describe the performance criteria and goals, and

(ii) indicate the weight or approximate weight assigned to each performance criterion or goal;

(c) any significant events that have occurred during the most recently completed financial year that have significantly affected compensation including whether any performance criterion or goal was waived or changed and, if so, why;

(d) how the company determines the amount to be paid for each significant element of compensation referred to in paragraph (a), including whether the process is based on objective, identifiable measures or a subjective decision;

(e) whether a peer group is used to determine compensation and, if so, describe the peer group and why it is considered appropriate;

(f) any significant changes to the company's compensation policies that were made during or after the most recently completed financial year that could or will have an effect on director or named executive officer compensation.

(4) Despite subsection (3), if a reasonable person would consider that disclosure of a previously undisclosed specific performance criterion or goal would seriously prejudice the company's interests, the company is not required to disclose the criterion or goal provided that the company does each of the following:

(a) discloses the percentage of the named executive officer's total compensation that relates to the undisclosed criterion or goal;

(b) discloses the anticipated difficulty in achieving the performance criterion or goal;

(c) states that it is relying on this exemption from the disclosure requirement;

(d) explains why disclosing the performance criterion or goal would seriously prejudice its interests.

(5) For the purposes of subsection (4), a company's interests are considered not to be seriously prejudiced solely by disclosing a performance goal or criterion if that criterion or goal is based on broad corporate-level financial performance metrics such as earnings per share, revenue growth, or earnings before interest, taxes, depreciation and amortization (EBITDA).

**2.7 Pension disclosure**

If the company provides a pension to a director or named executive officer, provide for each such individual the additional disclosure required by Item 5 of Form 51-102F6.

**2.8 Companies reporting in the United States**

(1) Except as provided in subsection (2), SEC issuers may satisfy the requirements of this form by providing the information that they disclose in the United States pursuant to item 402 "Executive compensation" of Regulation S-K under the 1934 Act.

(2) Subsection (1) does not apply to a company that, as a foreign private issuer, satisfies Item 402 of Regulation S-K by providing the information required by Items 6.B "Compensation" and 6.E.2 "Share Ownership" of Form 20-F under the 1934 Act..

19. This Instrument comes into force on June 30, 2015.

**ANNEX D2**

**AMENDMENTS TO**
**NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS***

***1. National Instrument 41-101 General Prospectus Requirements is amended by this Instrument.***

***2. Section 1.1 is amended by adding the following definition:***

"Form 51-102F6V" means Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* of NI 51-102;**.**

***3. Subsection 1.9(4) of Form 41-101F1 is amended by adding "***(***" after "***the United States of America***" and by adding "***)***" after "***PLUS Markets Group plc.***".***

***4. Subsections 5.1(2) and (3) of Form 41-101F1 are amended by adding "***, if the issuer is a venture issuer or an IPO venture issuer, the two most recently completed financial years, or***" after "***within the three most recently completed financial years or***".***

***5. The heading of section 5.2 of Form 41-101F1 is amended by replacing "***Three-year history" ***with*** "History"***.***

***6. Subsection 5.2(1) of Form 41-101F1 is amended by adding "***or, if the issuer is a venture issuer or an IPO venture issuer, the last two completed financial years,***" after "***over the last three completed financial years***".***

***7. Section 8.2 of Form 41-101F1 is amended by adding the following guidance after subsection (3):***

*GUIDANCE*

*Under section 2.2.1 of Form 51-102F1, for financial years beginning on or after July 1, 2015, venture issuers, or IPO venture issuers, have the option of meeting the requirement to provide interim MD&A under section 2.2 of Form 51-102F1 by providing quarterly highlights disclosure.***.**

***8. Paragraph 8.6(3)(b) of Form 41-101F1 is amended by adding "***if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1," ***before "***the most recent year-to-date***".***

***9. Paragraph 8.8(2)(b) of Form 41-101F1 is amended by adding "***if the issuer is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1,***" before "***the most recent year-to-date***".***

***10. Section 17.1 of Form 41-101F1 is amended by adding "***or, if the issuer is a venture issuer or an IPO venture issuer, in accordance with Form 51-102F6 or Form 51-102F6V***" after "***in accordance with Form 51-102F6***".***

***11. Section 20.11 of Form 41-101F1 is amended by adding "***)" ***after "***the United States of America***" and adding "***(***)" after "***PLUS Markets Group plc.***".***

***12. Subsection 32.4(1) of Form 41-101F1 is amended by replacing paragraph (a) with the following:***

(a) the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the third most recently completed financial year, if the issuer is

(i) an IPO venture issuer, or

(ii) a reporting issuer in at least one jurisdiction immediately before filing the prospectus,**.**

13. This Instrument comes into force on June 30, 2015.

**ANNEX D3**

**AMENDMENTS TO**
**NATIONAL INSTRUMENT 52-110 *AUDIT COMMITTEES***

***1. National Instrument 52-110 Audit Committees is amended by this Instrument.***

***2. Part 6 is amended by adding the following section:***

**6.1.1. Composition of Audit Committee**

(1) An audit committee of a venture issuer must be composed of a minimum of three members.

(2) Every member of an audit committee of a venture issuer must be a director of the issuer.

(3) Subject to subsections (4), (5) and (6), a majority of the members of an audit committee of a venture issuer must not be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.

(4) If a circumstance arises that affects the business or operations of the venture issuer, and a reasonable person would conclude that the circumstance can be best addressed by a member of the audit committee becoming an executive officer or employee of the venture issuer, subsection (3) does not apply to the audit committee in respect of the member until the later of:

(a) the next annual meeting of the venture issuer;

(b) the date that is six months after the date on which the circumstance arose.

(5) If an audit committee member becomes a control person of the venture issuer or of an affiliate of the venture issuer for reasons outside the member's reasonable control, subsection (3) does not apply to the audit committee in respect of that member until the later of:

(a) the next annual meeting of the venture issuer;

(b) the date that is six months after the event which caused the member to become a control person.

(6) If a vacancy on the audit committee arises as a result of the death, incapacity or resignation of an audit committee member and the board of directors is required to fill the vacancy, subsection (3) does not apply to the audit committee, in respect of the member appointed to fill the vacancy, until the later of:

(a) the next annual meeting of the venture issuer;

(b) the date that is six months from the day the vacancy was created.

(7) This section applies to a venture issuer in respect of a financial year beginning on or after January 1, 2016**.**.

***3. Section 5 of Form 52-110F2 is replaced with the following:***

5. If, at any time since the commencement of the issuer's most recently completed financial year, the issuer has relied on

(a) the exemption in section 2.4 (*De Minimis Non-audit Services*),

(b) the exemption in subsection 6.1.1(4) (*Circumstances Affecting the Business or Operations of the Venture Issuer*),

(c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*),

(d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or

(e) an exemption from this Instrument, in whole or in part, granted under Part 8 (*Exemption*),

state that fact**.**.

4. This Instrument comes into force on June 30, 2015.

**ANNEX E1**

**CHANGES TO**
**COMPANION POLICY TO NATIONAL INSTRUMENT 51-102 *CONTINUOUS DISCLOSURE OBLIGATIONS***

***1. The changes to the Companion Policy to National Instrument 51-102 Continuous Disclosure Obligations are set out in this schedule.***

***2. The Table of Contents is changed by adding the following: "***5.6 Venture Issuer Quarterly Highlights***".***

***3. Section 5.4 is changed by***

***(a) adding "***, if the issuer is an issuer that is not providing disclosure in accordance with section 2.2.1 of Form 51-102F1, their***" after "***in their annual or***",***

***(b) deleting "***the equity investee would meet the thresholds for the significance tests in Part 8" ***and replacing it with "***,***", and***

***(c) deleting "."" after "***as at the issuer's financial year-end***" and replacing it with "***, either of the following apply:

(a) for a reporting issuer that is not a venture issuer, the equity investee would meet the thresholds for the significance tests in Part 8;

(b) for a venture issuer, the equity investee would meet the thresholds for the significance tests in Part 8 if "100 percent" is read as "40 percent"***.***

***4. Part 5 is changed by adding the following section:***

**5.6 Venture Issuers – Quarterly Highlights**

(1) A venture issuer that provides quarterly highlights is not required to update its annual MD&A in the quarterly highlights. However, to meet the requirements of section 2.2.1 of Form 51-102F1, the venture issuer should disclose in its quarterly highlights any change, if material, from plans disclosed in the annual MD&A. For example, if a mining issuer discloses a drill program in its annual MD&A and decides to make a change to that drill program in a subsequent interim period, that change, if material, should be disclosed in the quarterly highlights for that period.

(2) Although all venture issuers have the option of providing quarterly highlights, there are some instances where a venture issuer may want to consider providing full interim MD&A instead of quarterly highlights. We believe the option to use quarterly highlights will likely satisfy the needs of investors in smaller venture issuers. However, investors in larger venture issuers, including those with significant revenue, may want full interim MD&A to assist them in making informed investment decisions. Issuers will likely take the needs of their investors into consideration when determining whether to provide quarterly highlights or full interim MD&A.

(3) For greater certainty, a reference to interim MD&A is a reference to the quarterly highlights a venture issuer has the option of providing in accordance with section 2.2.1 of Form 51-102F1. As such, any requirements in National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* that apply to interim MD&A will apply to the quarterly highlights***.***

5. These changes become effective on June 30, 2015.

**ANNEX E2**

**CHANGES TO**
**COMPANION POLICY TO NATIONAL INSTRUMENT 41-101 *GENERAL PROSPECTUS REQUIREMENTS***

***1. The changes to the Companion Policy to National Instrument 41-101 General Prospectus Requirements are set out in this schedule.***

***2. Subsection 4.4(3) is changed by***

***(a) replacing "***the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-101F1" ***with "**,***",***

***(b) replacing the "**.***" with "**,***", and***

***(c) adding the following after "***financial year-end,***":***

either of the following apply:

(a) for an issuer that is not a venture issuer or an IPO venture issuer, the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-101F1;

(b) for a venture issuer or an IPO venture issuer, the equity investee would meet the thresholds for the significance tests in Item 35 of Form 41-101F1 if "100 percent" is read as "40 percent"..

3. These changes become effective on June 30, 2015.

## ANNEX F

## ADDITIONAL INFORMATION REQUIRED IN ONTARIO

On March 24, 2015, the Ontario Securities Commission:

- made the amendments to NI 51-102, NI 41-101 and NI 52-110 (the **Rule Amendments**) pursuant to section 143 of the *Securities Act* (Ontario) (the **Act**), and
- adopted the changes to 51-102CP and 41-101CP (the **Policy Changes**) pursuant to section 143.8 of the Act.

The Rule Amendments and other required materials were delivered to the Minister of Finance on April 8, 2015. The Minister may approve or reject the Rule Amendments or return them for further consideration. If the Minister approves the Rule Amendments or does not take any further action by June 7, 2015, the Rule Amendments and the Policy Changes will come into force on June 30, 2015.

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## 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).

## 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.

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## Chapter 11

# IPOs, New Issues and Secondary Financings

**Issuer Name:**
Canadian Banc Corp.
Principal Regulator - Ontario
**Type and Date:**
Preliminary Short Form Prospectus dated April 1, 2015
NP 11-202 Receipt dated April 1, 2015
**Offering Price and Description:**
Maximum: $ * - * Preferred Shares and * Class A Shares
Prices: $ * per Preferred Share and $* per Class A Share
**Underwriter(s) or Distributor(s):**
NATIONAL BANK FINANCIAL INC.
CIBCWORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
MACKIE RESEARCH CAPITAL CORPORATION
MANULIFE SECURITIES INCORPORATED
**Promoter(s):**
-
**Project** #2331704

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**Issuer Name:**
Canadian Banc Corp.
Principal Regulator - Ontario
**Type and Date:**
Amended and Restated Preliminary Short Form Prospectus dated April 2, 2015
NP 11-202 Receipt dated April 2, 2015
**Offering Price and Description:**
$30,690,000.00 - 1,320,000 Preferred Shares and 1,320,000 Class A Shares
Prices: $10.00 per Preferred Share and $13.25 per Class A Share
**Underwriter(s) or Distributor(s):**
NATIONAL BANK FINANCIAL INC.
CIBCWORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
MACKIE RESEARCH CAPITAL CORPORATION
MANULIFE SECURITIES INCORPORATED
**Promoter(s):**
-
**Project** #2331704

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**Issuer Name:**
Excel India Growth & Income Company Ltd.
**Type and Date:**
Preliminary Long Form Non-Offering Prospectus dated March 31, 2015
Receipted on April 2, 2015
**Offering Price and Description:**
-
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
EXCEL FUNDS MANAGEMENT INC.
**Project** #2331749

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**Issuer Name:**
Excel India Growth & Income Fund
Principal Regulator - Ontario
**Type and Date:**
Preliminary Long Form Prospectus dated March 31, 2015
NP 11-202 Receipt dated April 1, 2015
**Offering Price and Description:**
Maximum Offering: $ * - * Units
Minimum Offering: $20,000,000 - 1,666,667 Units
Price: $12.00 per Unit
Minimum purchase: 100 Units
**Underwriter(s) or Distributor(s):**
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Raymond James Ltd.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Desjardins Securities Inc.
Dundee Securities Ltd.
Industrial Alliance Securities Inc.
Mackie Research Capital Corporation
Manulife Securities Inc.
PI Financial Corp.
Sherbrooke Street Capital (SSC) Inc.
**Promoter(s):**
EXCEL FUNDS MANAGEMENT INC
**Project** #2329374

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**Issuer Name:**
Firm Capital Mortgage Investment Corporation
Principal Regulator - Ontario
**Type and Date:**
Preliminary Short Form Prospectus dated April 1, 2015
NP 11-202 Receipt dated April 1, 2015
**Offering Price and Description:**
$25,000,000.00 - 5.30% Convertible Unsecured Subordinated Debentures due May 31, 2022
PRICE: $1,000 per Debenture
**Underwriter(s) or Distributor(s):**
TD Securities Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
CIBC World Markets Inc.
Dundee Securities Ltd.
RBC Dominion Securities Inc.
Desjardins Securities Inc.
**Promoter(s):**
-
**Project** #2325286

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**Issuer Name:**
Gibson Energy Inc.
Principal Regulator - Alberta
**Type and Date:**
Preliminary Base Shelf Prospectus dated March 30, 2015
NP 11-202 Receipt dated March 31, 2015
**Offering Price and Description:**
$1,500,000,000.00
Common Shares
Preferred Shares
Debt Securities
Subscription Receipts
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #2327905

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**Issuer Name:**
LDIC North American Small Business Fund (Corporate Class)
Principal Regulator - Ontario
**Type and Date:**
Preliminary Simplified Prospectus dated April 1, 2015
NP 11-202 Receipt dated April 2, 2015
**Offering Price and Description:**
Series A and F shares
**Underwriter(s) or Distributor(s):**
LDIC Inc.
**Promoter(s):**
LDIC INC.
**Project** #2332221

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**Issuer Name:**
Mackenzie Global Tactical Investment Grade Bond Fund
Mackenzie USD Convertible Securities Fund
Mackenzie USD Global Strategic Income Fund
Mackenzie USD Global Tactical Bond Fund
Mackenzie USD Ultra Short Duration Income Fund
Principal Regulator - Ontario
**Type and Date:**
Preliminary Simplified Prospectuses dated March 30, 2015
NP 11-202 Receipt dated March 31, 2015
**Offering Price and Description:**
Series A, AR, D, F, F6, F8, O, S6, T6, T8, SC, PW, PWF, PWT8, PWF8, PWX and PWX8 Securities
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
MACKENZIE FINANCIAL CORPORATION
**Project** #2329916

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**Issuer Name:**
Medwell Capital Corp.
Principal Regulator - Alberta
**Type and Date:**
Preliminary Long Form Prospectus dated April 2, 2015
NP 11-202 Receipt dated April 2, 2015
**Offering Price and Description:**
$* - *Subordinate Voting Shares
Price * per Subordinate Voting Share
**Underwriter(s) or Distributor(s):**
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
**Promoter(s):**
-
**Project** #2332592

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**Issuer Name:**
Peyto Exploration & Development Corp.
Principal Regulator - Alberta
**Type and Date:**
Preliminary Short Form Prospectus dated March 31, 2015
NP 11-202 Receipt dated March 31, 2015
**Offering Price and Description:**
$150,015,000 - 4,380,000 Common Shares
Price: $34.25 per Common Share
**Underwriter(s) or Distributor(s):**
BMO Nesbitt Burns Inc.
FirstEnergy Capital Corp.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Peters & Co. Limited
Scotia Capital Inc.
TD Securities Inc .
Raymond James Ltd.
Canaccord Genuity Corp.
Dundee Securities Ltd.
**Promoter(s):**
-
**Project** #2324510

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**Issuer Name:**
Premium Brands Holdings Corporation
Principal Regulator - British Columbia
**Type and Date:**
Preliminary Short Form Prospectus dated March 31, 2015
NP 11-202 Receipt dated March 31, 2015
**Offering Price and Description:**
$60,000,000 - 5.00% Convertible Unsecured Subordinated Debentures
Price: $1,000.00 Per Debenture
**Underwriter(s) or Distributor(s):**
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Cormark Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
PI Financial Corp.
**Promoter(s):**
-
**Project** #2324623

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**Issuer Name:**
Real Asset Income and Growth Fund
Principal Regulator - Quebec
**Type and Date:**
Preliminary Long Form Prospectus dated March 31, 2015
NP 11-202 Receipt dated March 31, 2015
**Offering Price and Description:**
Maximum Offering: $ * - * Class A Units and/or Class U Units
Minimum Offering: $20,000,000 - 2,000,000 Class A Units
Price: $10.00 per Class A Unit and US$10.00 per Class U Unit
Minimum Purchase: 100 Units
**Underwriter(s) or Distributor(s):**
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
GMP Securities L.P.
Raymond James Ltd.
Desjardins Securities Inc.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Mackie Research Capital Corporation
Manulife Securities Incorporated
**Promoter(s):**
FIERA CAPITAL CORPORATION
**Project** #2329151

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**Issuer Name:**
BlueBay $U.S. Global Convertible Bond Fund (Canada)
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectus dated March 31, 2015
NP 11-202 Receipt dated April 2, 2015
**Offering Price and Description:**
Series A, Advisor Series, Advisor T5 Series, Series T5, Series H, Series D, Series F, Series FT5, Series I and Series O units
**Underwriter(s) or Distributor(s):**
RBC Global Asset Management Inc.
Royal Mutual Funds Inc.
Royal Mutual Funds Inc./RBC Direct Investing Inc.
**Promoter(s):**
RBC Global Asset Management Inc.
**Project** #2312660

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**Issuer Name:**
Cara Operations Limited
Principal Regulator - Ontario
**Type and Date:**
Final Long Form Prospectus dated March 31, 2015
NP 11-202 Receipt dated April 1, 2015
**Offering Price and Description:**
$200,100,000.00 - 8,700,000 Subordinate Voting Shares
Price: $23.00 per Subordinate Voting Share
**Underwriter(s) or Distributor(s):**
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
National Bank Financial Inc.
Canaccord Genuity Corp
GMP Securities L.P.
Raymond James Ltd.
Cormark Securities Inc.
Laurentian Bank Securities Inc.
**Promoter(s):**
-
**Project** #2308034

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**Issuer Name:**
CMP 2015 Resource Limited Partnership
Principal Regulator - Ontario
**Type and Date:**
Final Long Form Prospectus dated March 30, 2015
NP 11-202 Receipt dated March 31, 2015
**Offering Price and Description:**
$30,000,000 (Maximum)
30,000 Limited Partnership Units
Price per Unit: $1,000
Minimum Subscription: $5,000 (Five Units
**Underwriter(s) or Distributor(s):**
Scotia Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Dundee Securities Ltd.
TD Securities Inc.
Burgeonvest Bick Securities Limited
Canaccord Genuity Corp.
Desjardins Securities Inc.
Raymond James Ltd.
**Promoter(s):**
-
**Project** #2312723

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**Issuer Name:**
Dynamic Alternative Investments Private Pool Class
Principal Regulator - Ontario
**Type and Date:**
Amendment No. 1 dated February 9, 2015 to the Simplified Prospectus (amendment no. 1) and Amendment No. 2 dated February 9, 2015 to the Annual Information Form (amendment no. 2, together with amendment no. 1, "amendment no. 2") dated May 28, 2014
NP 11-202 Receipt dated April 1, 2015
**Offering Price and Description:**
Series F, FH, FT and O Shares
**Underwriter(s) or Distributor(s):**
1832 Asset Management L.P.
**Promoter(s):**
1832 Asset Management L.P.
**Project** #2192635

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**Issuer Name:**
Element Financial Corporation
Principal Regulator - Ontario
**Type and Date:**
Final Base Shelf Prospectus dated March 31, 2015
NP 11-202 Receipt dated March 31, 2015
**Offering Price and Description:**
$3,750,000,000.00 - Debt Securities, Preferred Shares, Common Shares,Subscription Receipts, Warrants, Units
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #2323920

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**Issuer Name:**
Series A, Series B and Series F shares (unless otherwise indicated)
Fidelity Canadian Disciplined Equity® Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Canadian Growth Company Class
Fidelity Canadian Large Cap Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Canadian Opportunities Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Dividend Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Greater Canada Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Special Situations Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity True North® Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Dividend Plus Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity American Disciplined Equity® Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity American Disciplined Equity® Currency Neutral Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity American Opportunities Class
Fidelity U.S. Focused Stock Class (Series T5, Series T8, Series S5 and Series S8 shares also available)
Fidelity Small Cap America Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity U.S. All Cap Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity American Equity Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity American Equity Currency Neutral Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Small Cap America Currency Neutral Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity U.S. All Cap Currency Neutral Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity U.S. Focused Stock Currency Neutral Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Event Driven Opportunities Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity AsiaStar® Class
Fidelity China Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Emerging Markets Class
Fidelity Europe Class
Fidelity Far East Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Global Class (Series T5, Series T8, Series S5 and Series S8 shares also available)
Fidelity Global Disciplined Equity® Class (Series T5, Series T8, Series S5 and Series S8 shares also available)
Fidelity Global Disciplined Equity® Currency Neutral Class (Series T5, Series T8, Series S5 and Series S8 shares also available)
Fidelity Global Dividend Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Global Large Cap Class (Series T5, Series T8, Series S5 and Series S8 shares also available)
Fidelity Global Large Cap Currency Neutral Class (Series T5, Series T8, Series S5 and Series S8 shares also available)
Fidelity Global Small Cap Class
Fidelity International Disciplined Equity® Class (Series T5, Series T8, Series S5 and Series S8 shares also available)
Fidelity International Disciplined Equity® Currency Neutral Class (Series T5, Series T8, Series S5 and Series S8 shares also available)
Fidelity Japan Class
Fidelity NorthStar® Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity NorthStar® Currency Neutral Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Global Concentrated Equity Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity International Growth Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Global Consumer Industries Class
Fidelity Global Financial Services Class
Fidelity Global Health Care Class
Fidelity Global Natural Resources Class
Fidelity Global Real Estate Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Global Technology Class
Fidelity Global Telecommunications Class
Fidelity Canadian Asset Allocation Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Canadian Balanced Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Monthly Income Class (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)

Fidelity Income Class Portfolio (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Global Income Class Portfolio (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Balanced Class Portfolio (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Global Balanced Class Portfolio (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Growth Class Portfolio (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Global Growth Class Portfolio (Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares also available)
Fidelity Canadian Short Term Income Class
Fidelity Corporate Bond Class (formerly Fidelity Corporate Bond Capital Yield Class) (Series T5, S5 and F5 shares also available)
Classes of shares of Fidelity Capital Structure Corp.
Principal Regulator - Ontario
**Type and Date:**
Final Simplified Prospectuses dated March 27, 2015
NP 11-202 Receipt dated April 2, 2015
**Offering Price and Description:**
-
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #2308295

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**Issuer Name:**
FortisBC Energy Inc.
Principal Regulator - British Columbia
**Type and Date:**
Final Base Shelf Prospectus dated April 1, 2015
NP 11-202 Receipt dated April 1, 2015
**Offering Price and Description:**
$1,000,000,000 Medium Term Note Debentures (unsecured)
**Underwriter(s) or Distributor(s):**
BMO Nesbitt Burns Inc.
Casgrain & Company Limited
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc
**Promoter(s):**
-
**Project** #2325087

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**Issuer Name:**
Glacier Credit Card Trust
Principal Regulator - Ontario
**Type and Date:**
Final Base Shelf Prospectus dated March 31, 2015
NP 11-202 Receipt dated March 31, 2015
**Offering Price and Description:**
Up to $1,500,000,000.00 Credit Card Asset-Backed Notes
**Underwriter(s) or Distributor(s):**
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
**Promoter(s):**
Canadian Tire Bank
**Project** #2318948

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**Issuer Name:**
iShares Diversified Monthly Income ETF (formerly, iShares Diversified Monthly Income Fund)
iShares Short Term Strategic Fixed Income ETF
Principal Regulator - Ontario
**Type and Date:**
Final Long Form Prospectus dated March 30, 2015
NP 11-202 Receipt dated April 1, 2015
**Offering Price and Description:**
Mutual Fund Units @ Net Asset Value
**Underwriter(s) or Distributor(s):**
Blackrock Asset Management Canada Limited
**Promoter(s):**
-
**Project** #2309445

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**Issuer Name:**
PowerShares 1-3 Year Laddered Floating Rate Note Index ETF
PowerShares 1-5 Year Laddered Investment Grade Corporate Bond Index ETF
PowerShares LadderRite U.S. 0-5 Year Corporate Bond Index ETF
PowerShares Ultra Liquid Long Term Government Bond Index ETF
PowerShares Senior Loan (CAD Hedged) Index ETF
PowerShares Fundamental High Yield Corporate Bond (CAD Hedged) Index ETF
PowerShares Canadian Preferred Share Index ETF
PowerShares Canadian Dividend Index ETF
PowerShares S&P/TSX Composite Low Volatility Index ETF
PowerShares S&P 500 Low Volatility (CAD Hedged) Index ETF
PowerShares S&P International Developed Low Volatility Index ETF
PowerShares S&P Emerging Markets Low Volatility Index ETF
PowerShares FTSE RAFI Canadian Fundamental Index ETF
PowerShares FTSE RAFI Canadian Small-Mid Fundamental Index ETF
PowerShares FTSE RAFI U.S. Fundamental Index ETF
PowerShares FTSE RAFI U.S. Fundamental (CAD Hedged) Index ETF
PowerShares FTSE RAFI Global+ Fundamental Index ETF
PowerShares QQQ (CAD Hedged) Index ETF
Principal Regulator - Ontario
**Type and Date:**
Final Long Form Prospectus dated March 27, 2015
NP 11-202 Receipt dated March 31, 2015
**Offering Price and Description:**
units
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
INVESCO CANADA LTD.
**Project #**2307789

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# Chapter 12

# Registrations

### 12.1.1 Registrants

| Type | Company | Category of Registration | Effective Date |
|---|---|---|---|
| Change in Registration Category | Claret Asset Management Corporation | From: Investment Fund Manager and Portfolio Manager<br><br>To: Investment Fund Manager, Portfolio Manager and Commodity Trading Manager | April 1, 2015 |
| Firm Name Change | From:<br><br>Magna Partners Ltd.<br><br>To:<br><br>Velocity Trade Capital Ltd. | Investment Dealer | March 19, 2015 |
| New Registration | GMO Canada LLC | Exempt Market Dealer | April 2, 2015 |
| Voluntary Surrender | Investment Financial Group Inc. | Mutual Fund Dealer | April 2, 2015 |
| Voluntary Surrender | Deutsche Asset Management Canada Limited | Commodity Trading Manager, Commodity Trader Counsel, Portfolio Manager, Exempt Market Dealer | April 2, 2015 |

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# Chapter 25

# Other Information

## 25.1 Approvals

### 25.1.1 Dorchester Wealth Management Company

**Headnote:**

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager for approval to act as trustee of pooled funds and future pooled funds to be established and managed by the applicant and offered pursuant to a prospectus exemption(s).

**Statutes Cited:**

Loan and Trust Corporations Act, R.S.O. 1990, c. L. 25, as am., s. 213(3)(b).

March 31, 2015

Dentons Canada LLP
1 Place Ville Marie, Suite 3900
Montreal, QC, Canada H3B 4M7
Attention: Scott Rozansky

Dear Sirs/Mesdames:

**Re: Dorchester Wealth Management Company (the "Applicant")**

**Application pursuant to clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario) for Approval to act as trustee**

**Application #2015/0101**

Further to your application dated February 23, 2015 (the "**Application**") filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of Dorchester Opportunity Fund and any other future mutual fund trusts that the Applicant may establish and manage from time to time, the securities of which will be offered pursuant to prospectus exemptions, will be held in the custody of a trust company incorporated, and licensed or registered, under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II, or III of the *Bank Act* (Canada), or a qualified affiliate of such bank or trust company, the Ontario Securities Commission (the "**Commission**") makes the following order:

Pursuant to the authority conferred on the Commission in paragraph 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Dorchester Opportunity Fund and any other future mutual fund trusts, which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to prospectus exemptions.

Yours truly,

"Judith Robertson"

"Deborah Leckman"

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