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The Ontario Securities Commission
Cadillac Fairview Tower
22nd Floor, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

Contact Centre – Inquiries, Complaints:

Fax: 416-593-8122
TTY: 1-866-827-1295

Office of the Secretary:

Fax: 416-593-2318

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One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
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1.1 Notices

1.1.1 CSA Staff Notice 51-344 – Continuous Disclosure Review Program Activities for the fiscal year ended March 31, 2015

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 51-344 *Continuous Disclosure Review Program Activities for the fiscal year ended March 31, 2015*

July 16, 2015

Introduction

This notice contains the results of the reviews conducted by the Canadian Securities Administrators (**CSA**) within the scope of their Continuous Disclosure Review Program (**CD Review Program**). The goal of the program is to improve the completeness, quality and timeliness of continuous disclosure provided by reporting issuers[1] (**issuers**) in Canada. This program was established to assess the compliance of continuous disclosure (**CD**) documents and to help issuers understand and comply with their obligations under the CD rules so that investors receive high quality disclosure.

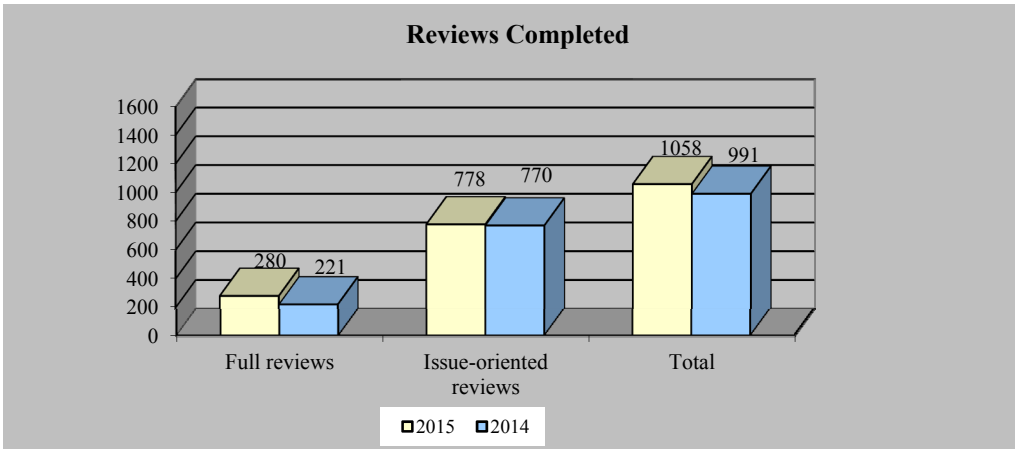
In this notice, we summarize the results of the CD Review Program for the fiscal year ended March 31, 2015 (**fiscal 2015**). To raise awareness about the importance of filing compliant CD documents, Appendix A includes information about areas where common deficiencies were noted, with examples in certain instances, to help issuers address these deficiencies as well as best practices.

For further details on the CD Review Program, see CSA Staff Notice 51-312 (revised) *Harmonized Continuous Disclosure Review Program*.

Results for Fiscal 2015

CD Activity Levels

During fiscal 2015, a total of 1,058 CD reviews (280 full reviews and 778 issue oriented reviews (**IOR**)) were conducted. This represents a 7% increase from the 991 CD reviews (221 full reviews and 770 IORs) completed during fiscal 2014.



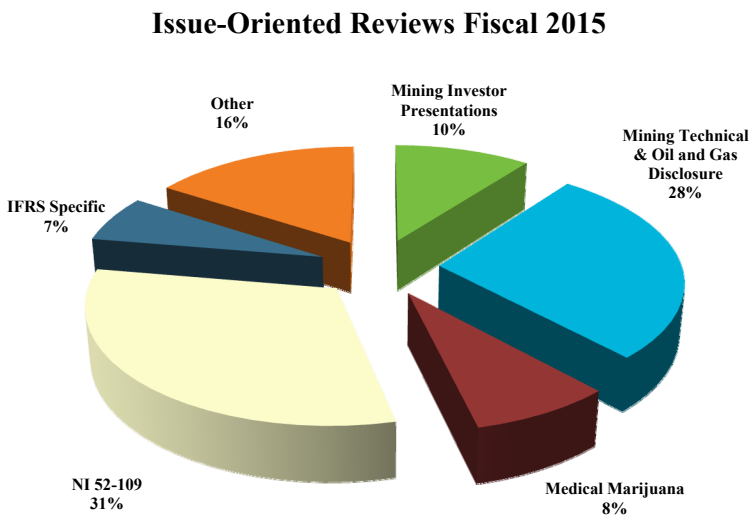
[1] In this notice "issuers" means those reporting issuers contemplated in National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**).

Issuers annually selected for a full CD review are identified using a risk based approach. Issuers selected for an IOR are identified based on the targeted objective or subject matter of the review.

We apply both qualitative and quantitative criteria in determining the level of review and type of review required. Some CSA jurisdictions also devote additional resources to communicating results and findings to market participants by issuing local staff notices and reports, where applicable, and holding education and outreach seminars to help issuers better understand their CD obligations.

Issue-Oriented Reviews

An IOR focuses on a specific accounting, legal or regulatory issue. IORs may focus on emerging issues, implementation of recent rules or on matters where we believe there may be a heightened risk of investor harm. In fiscal 2015, a total of 74% of all CD reviews completed were IORs (fiscal 2014 – 78%). The following are some of the IORs conducted by one or more jurisdictions:



The "Other" category includes reviews of:

- **MD&A specific topics**
- **Material Change Reports**
- **Real Estate Investment Trust Distributions**
- **Complaints/Referrals**
- **Other Regulatory Requirements**

The "Other" category of IORs noted above is not an exhaustive list. We may undertake an IOR for various other subject matters during the year. Refer to Appendix A – *Financial Statements, MD&A and Other Regulatory Deficiencies* (**Appendix A**) for some common deficiencies identified as a result of our IORs.

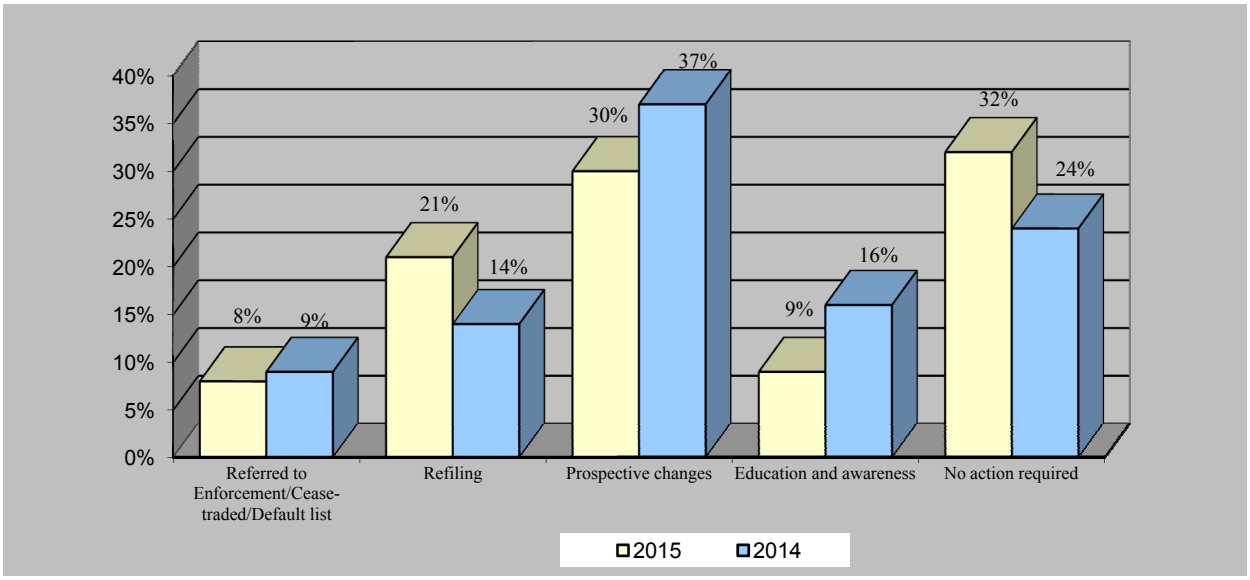
Full Reviews

A full review is broad in scope and covers many types of disclosure. A full review covers the selected issuer's most recent annual and interim financial reports and MD&A filed before the start of the review. For all other CD disclosure documents, the review covers a period of approximately 12 to 15 months. In certain cases, the scope of the review may be extended in order to cover prior periods. The issuer's CD documents are monitored until the review is completed. A full review also includes an issuer's technical disclosure (e.g. technical reports for oil and gas and mining issuers), annual information form (**AIF**), annual report, information circulars, news releases, material change reports, business acquisition reports, corporate websites, certifying officers' certifications and material contracts. In fiscal 2015, a total of 26% of the CD reviews were full reviews (fiscal 2014 – 22%).

CD Outcomes for Fiscal 2015

In fiscal 2015, 59% of our review outcomes required issuers to take action to improve and/or amend their disclosure or resulted in the issuer being referred to enforcement, ceased traded or placed on the default list. In fiscal 2014, 60% of the reviews resulted in a similar outcome.

Review Outcomes



We classify the outcomes of the full reviews and IORs into five categories as described in Appendix B. Some CD reviews may generate more than one category of outcome. For example, an issuer may have been required to refile certain documents and also make certain changes on a prospective basis.

Where possible, we have attempted to identify trends we observed when reviewing comparative results. However, given our risk based approach noted above, the outcomes on a year to year basis may vary and cannot be interpreted as an emerging trend. Issues and issuers reviewed each year might be different. The result in fiscal 2015 is that we continued to see substantive outcomes being obtained as a result of our reviews as noted in the refilings and referred to enforcement/default list/cease traded categories.

The refilings of issuers' CD record included some of the following areas:

- **Financial Statements**: compliance with recognition, measurement and disclosure requirements in IFRS, which included, but was not limited to, impairment, revenue, accounting policies, significant judgements and auditors' reports;

- **Management's Discussion and Analysis (MD&A)**: compliance with Form 51-102F1 of NI 51-102 (**Form 51-102F1**), which included, but was not limited to, non-GAAP measures, discussion of operations, liquidity, related party transactions, disclosure controls and procedures (**DC&P**) and internal controls over financial reporting (**ICFR**);

- **Other Regulatory Requirements**: compliance with other regulatory matters, which included, but was not limited to, mining technical reports and investor presentations for content deficiencies, business acquisition reports, certificates, and filing of previously unfiled documents, such as material contracts, or clarifying news releases to address concerns around unbalanced disclosure.

Refilings are significant events that should be clearly and broadly disclosed to the market in a timely manner. Please refer to "News Release upon Refiling of CD Documents" in Appendix A to this Notice for further discussion.

Common Deficiencies Identified

Our full reviews and IORs focus on identifying material deficiencies and potential areas for disclosure enhancements. We have provided guidance and examples of common deficiencies in Appendix A.

This is not an exhaustive list of disclosure deficiencies noted in our reviews. Issuers must ensure that their CD record complies with all relevant securities legislation. The volume of disclosure filed does not necessarily equate to full compliance. The examples in Appendix A do not include all requirements that could apply to a particular issuer's situation and are provided for illustrative purposes only.

Results by Jurisdiction

All CSA jurisdictions participate in the CD Review Program and some local jurisdictions may publish staff notices and reports summarizing the results of the CD reviews conducted in their jurisdictions. Refer to the individual regulator's website for copies of these notices and reports:

- www.bcsc.bc.ca
- www.albertasecurities.com
- www.osc.gov.on.ca
- www.lautorite.qc.ca

APPENDIX A

FINANCIAL STATEMENT, MD&A AND OTHER REGULATORY DEFICIENCIES

Our CD reviews identified several financial statement, MD&A and other regulatory deficiencies that resulted in issuers enhancing their disclosure and/or refiling their CD documents. To help issuers better understand and comply with their CD obligations, we present the key observations from our reviews in both a hot buttons chart as well as detailed discussions. The hot buttons section includes observations along with considerations for issuers including the relevant authoritative guidance. The discussion that follows each chart includes examples of deficient disclosure contrasted against more robust entity-specific disclosure or a more in-depth explanation of the matters we observed.

Please note that the following observations do not constitute an exhaustive list.

FINANCIAL STATEMENT DEFICIENCIES

HOT BUTTONS

	OBSERVATIONS	CONSIDERATIONS
	FINANCIAL STATEMENTS	
Operating Segments	❖ We continue to see issuers that fail to disclose certain information about geographic areas, in particular revenues from external customers. ❖ We also see issuers that fail to disclose information about major customers, in particular when revenues from transactions with a single external customer amount to 10% or more of the issuer's revenues.	❖ Issuers must disclose information about operating segments so that investors are able to evaluate the nature and financial effects of the business activities in which they engage and the economic environments in which they operate. ❖ Disclosure about major customers may assist users in determining if there is economic dependence. ***Reference: Paragraph 33 and 34 of IFRS 8 Operating Segments***
Business Combinations	❖ Upon acquisition of a business, issuers are reporting a significant portion of the purchase price in goodwill without separately identifying and assigning a value to other intangible assets, such as customer lists, intellectual property, etc.	❖ The allocation to the appropriate identifiable assets is important as it may impact an issuer's accounting for intangibles in its financial statements. For example, definite life intangibles require amortization into the statement of profit or loss and will therefore impact income in subsequent periods. ❖ The measurement period shall not exceed one year from the acquisition date. ***Reference: Paragraph 10 to 13 and 45 and Appendix B of IFRS 3 Business Combinations***
Fair Value Measurement	❖ We continue to see issuers that fail to disclose a description of the valuation technique and inputs used for fair value measurements categorized within Level 3 of the fair value hierarchy.	❖ For Level 3 fair value measurements, issuers must describe the valuation technique used in the fair value measurement. ❖ Issuers must also describe and provide *quantitative* information about *all* significant unobservable inputs used. ❖ These disclosures will assist users to understand the measurement uncertainty inherent in fair value measurements. ***Reference: Paragraph 93(d) to (h) of IFRS 13 Fair Value Measurement***

DISCLOSURE EXAMPLE

1. Impairment of Assets

In the prior year, we noted that some issuers did not disclose how they determined the amount of impairment loss in accordance with paragraph 130 of IAS 36 *Impairment of Assets* (**IAS 36**). Given the current economic conditions, we continue to note this issue.

In accordance with paragraph 130 of IAS 36, if an impairment loss has been recognized or reversed for an individual asset, or a cash-generating unit (**CGU**), an issuer must disclose whether the recoverable amount of the asset or CGU is its fair value less costs of disposal or its value in use. If the recoverable amount is fair value less costs of disposal, an issuer must disclose the level of the fair value hierarchy within which the fair value measurement of the asset or CGU is categorized. In the case of Level 2 and Level 3 of the fair value hierarchy, an issuer must also describe the valuation technique and key assumptions used. If the recoverable amount is value in use, an issuer must disclose the discount rate(s) used in the current estimate and previous estimate (if any) of value in use.

Some issuers who measured the recoverable amount of an asset or a CGU as value in use did not base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset or CGU, as required by paragraph 33(a) of IAS 36. Some issuers inappropriately based cash flow projections on forecasts for periods longer than five years where management could not demonstrate its experience to forecast over such periods, as discussed in paragraph 35 of IAS 36.

Additionally, some issuers did not disclose the significant judgements and the uncertainties involved in estimating the recoverable amount of the asset or the CGU, where such judgements and sources of estimation uncertainty met the criteria for disclosure under IAS 1 *Presentation of Financial Statements* (**IAS 1**).

Issuers should assess at the end of each reporting period whether there is any indication that an asset or CGU may be impaired in accordance with paragraphs 8 – 17 of IAS 36, or paragraph 18-20 of IFRS 6 as applicable to exploration for and evaluation of mineral resources. If any such indication exists, the entity must estimate the recoverable amount of the asset in accordance with paragraphs 18 – 57 of IAS 36. At the end of each reporting period, issuers must assess the need to reverse an impairment loss recognized for an asset or a CGU in prior periods as required by paragraphs 109 – 123 of IAS 36. We caution issuers that an improper impairment test and impairment charge may result in misstatements in profit or loss in the current and future periods.

Example of Deficient Disclosure – Impairment of Assets (exploration stage mining company)

Due to poor market conditions, the Company considered the likelihood of obtaining suitable financing in the foreseeable future in order to conduct further exploration on Property Y was unlikely. Therefore, it determined that Property Y is impaired and recognized an impairment loss of $5 million to write down the carrying value of Property Y from $7.5 million to $2.5 million in the year ended December 31, 2014.

In the above example, the issuer did not disclose how it measured the recoverable amount of Property Y and the associated judgements and estimation uncertainty including:

- Whether the recoverable amount of $2.5 million is value in use or fair value less costs of disposal;
- If the recoverable amount is value in use, the discount rate(s) used in the current and previous estimate (if any) of value in use (IAS 36, paragraph 130(g));
- If the recoverable amount is fair value less costs of disposal, the applicable level of the fair value hierarchy, and in the case of Level 2 and Level 3 of the hierarchy, the valuation technique and key assumptions used (IAS 36, paragraph 130(f)); and
- Judgements made and the uncertainties involved in estimating the recoverable amount of the property (IAS 1, paragraph 125).

Entity-Specific Disclosure Example – Impairment of Assets (exploration stage mining company)

Due to the lack of suitable financing, the Company has determined that it does not have adequate resources to conduct further exploration on Property Y for the foreseeable future. Therefore, the Company suspended the exploration program at Property Y in the year ended December 31, 2014, wrote down the carrying value of Property Y from $7.5 million to $2.5 million, and recognized an impairment loss of $5 million. The recoverable amount of $2.5 million is based on Property Y's fair value less

costs of disposal. In estimating the fair value less costs of disposal, the Company used a market approach. The Company used sale prices of adjacent properties obtained from the local Ministry of Mines, and adjusted this to consider market capitalization declines of comparable companies with comparable properties over the past year. The Company also discussed with its external technical consultants the drilling activities and exploration program conducted on Property Y and the uncertainty regarding future prospects in the mining industry. As this valuation technique requires the use of unobservable inputs including the Company's data about the property and management's interpretation of that data, it is classified within Level 3 of the fair value hierarchy. A value in use calculation is not applicable as the Company does not have any expected cash flows from using the property at this stage of operations.

In estimating fair value less costs of disposal, management's judgement was involved in identifying comparable properties with characteristics similar to Property Y (e.g. nature and amount of resources, size and accessibility). The comparable properties are in the same mineral district, with exploration directed for the same commodity using the same mineral deposit model. The comparable properties are also at a similar stage of development in terms of the existence, quantity and quality of mineral resources and availability of critical infrastructure.

The above example is specific to the facts of this issuer. The nature and extent of the information provided by issuers may vary depending on facts and circumstances; however, the information provided must help users of financial statements understand the judgements that management made about the future and other sources of estimation uncertainty. This may include more qualitative and quantitative information about the assumptions used.

MD&A DEFICIENCIES

HOT BUTTONS

	OBSERVATIONS	CONSIDERATIONS
	MD&A	
Liquidity and Capital Resources	❖ We continue to see issuers that fail to provide sufficient analysis of their liquidity and capital resources. ❖ Issuers often reproduce information in the MD&A that is readily available from the financial statements. For example, repeating the balances of cash flows from operating, investing and financing activities.	❖ This section of the MD&A should focus on an issuer's ability to generate sufficient liquidity in the short term and long term in order to fund planned growth, development activities or expenditures necessary to maintain capacity. ❖ In addition, the MD&A should provide an analysis of an issuer's capital resources, including the amount, nature and purpose of commitments and the expected source of funds to meet these commitments. ❖ While these disclosures are required for all issuers, they are especially important when issuers have negative cash flows from operations, a negative working capital position or a deteriorating financial condition. ❖ This disclosure enables users to assess how the issuer will meet its obligations and its short and long term objectives. ***Reference: Item 1.6 and 1.7 of Form 51-102F1***
Results of Operations	❖ We continue to see issuers that provide boilerplate disclosure when discussing their results of operations. Issuers simply repeat information that is readily available in the financial statements. ❖ Issuers provide the year over year change in the balance without explaining, in sufficient detail, the key drivers and reasons contributing to the change.	❖ This section of the MD&A should provide a narrative explanation of how the issuer performed during the period, along with trends, commitments, risk and uncertainties that will impact the company. ❖ Trend analysis should include a discussion of the significant factors that caused the change in the financial statement balance. For example, revenues, expenses, gross profit, etc.

	OBSERVATIONS	CONSIDERATIONS
		❖ In certain instances, for example general and administrative expenses, it may be helpful to quantify each material component of the balance to better explain the movement in the total balance. ❖ This disclosure provides users the ability to assess the business of the issuer and to identify and understand trends. ***Reference: Item 1.4 of Form 51-102F1***
Forward Looking Information (FLI) / Non-GAAP Measures (NGM)	❖ We continue to see issuers that use FLI and NGM in the MD&A, news releases, websites, marketing materials and other documents without clearly identifying them as such or including the appropriate disclosures.	❖ The disclosure requirements for FLI and the disclosure guidance provided for NGM apply regardless of whether FLI and NGM are used in the MD&A or on a website, news release or other public document. ❖ If the above-noted disclosure of FLI and/or NGM are made in another document, such as the MD&A, the information should be cross referenced or re-produced. ❖ Users may be misled if these disclosures are not provided. ***Reference:*** ***FLI – Part 4A and 4B of NI 51-102*** ***NGM – CSA Staff Notice 52-306***
Real Estate Investment Trust (REIT) Distributions	❖ We note that some REITs declare distributions which exceed the cash they generate from operating their own underlying properties (cash flow from operations) but do not provide the relevant disclosure in their MD&A and AIF.	❖ The disclosure should signal to investors that excess distributions occurred, how they were financed, and that they represented a return of capital, amongst other things. ❖ Investors may be misled if such excess distributions, in addition to risks about their sustainability, are not appropriately disclosed. ***Reference:*** ***Section 6.5.2 of National Policy 41-201 Income Trusts and Other Indirect Offerings***

DISCLOSURE EXAMPLES

1. Related Party Transactions

While many of the MD&A requirements for related party transactions in Form 51-102F1 are similar to the requirements under IAS 24 *Related Party Disclosures*, Form 51-102F1 specifically requires an issuer to identify the related person or entity, as well as to discuss the business purpose of the transaction.

MD&A disclosure of related party transactions is intended to provide both qualitative and quantitative information that is necessary for an understanding of the business purpose and economic substance of a transaction. To meet this requirement, the disclosure should be specific and detailed, rather than simply repeat disclosure from the financial statements.

The disclosure below is an example of boilerplate disclosure for a related party transaction:

Example of Deficient Disclosure – Related Party Transactions

For the years ended December 31, 2014 and 2013 the Company paid a related party $43 million and $40 million, respectively, for management and administrative fees. As of December 31, 2014 and 2013 outstanding balance amounted to $4 million and $5 million, respectively.

In the above example, the issuer does not disclose the identity of the related party and the business purpose of the transaction. A better example of disclosure for related party transactions would be as follows:

Example of Entity-Specific Disclosure – Related Party Transactions

The Company does not directly employ any of the individuals responsible for managing and operating the business. XYZ Corp., a major stockholder, provides management and administrative workforce to the Company under the terms of the Agreement. The costs of all compensation, benefits and employer expenses are invoiced by XYZ Corp. based on actual costs incurred and are settled on a monthly basis. The Company presents these charges as general and administrative costs and costs incurred under administrative services agreements. For the years ended December 31, 2014 and 2013, the Company incurred $43 million and $40 million, respectively, under this Agreement. As of December 31, 2014 and 2013, outstanding balance payable to XYZ Corp. amounted to $4 million and $5 million, respectively.

2. NI 52-109 Certification of Disclosure in Non-Venture Issuers' Annual and Interim Filings

NI 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**) requires both non-venture and venture issuers to file certificates of annual and interim filings signed by an issuer's Chief Executive Officer and Chief Financial Officer (**Certifying Officers**). In addition, non-venture issuers must establish and maintain DC&P and ICFR.

Forms 52-109F1 *Certificate of Annual Filings-Full Certificate* (**Annual Certificate**) and 52-109F2 *Certification of Interim Filings-Full Certificate* (**Interim Certificate)**, which NI 52-109 requires non-venture issuers to file, state that the Certifying Officers have designed, or caused to be designed, DC&P and ICFR. Furthermore, Annual Certificates indicate that the Certifying Officers have evaluated or caused to be evaluated, under their supervision, the effectiveness of DC&P and ICFR, and that the issuer has disclosed in its annual MD&A the Certifying Officers' conclusions about the effectiveness of DC&P and ICFR. When the Certifying Officers determine there is a material weakness relating to the design or operations of ICFR, or when there has been a limitation on the scope of design, issuers must include paragraphs 5.2, 5.3 and/or 6(b)(ii) in an Annual Certificate or paragraph 5.2 or 5.3 in an Interim Certificate, and include disclosure in the MD&A describing the material weakness or summary financial information relating to the entities subject to the scope limitation.

Our reviews identified three common areas of deficiencies: (i) inconsistency between a certificate and MD&A disclosure; (ii) material weakness disclosure; and (iii) limitations on scope of design relating to an acquired business.

(i) Inconsistency between a certificate and MD&A disclosure

We observed inconsistency between conclusions in a certificate about the effectiveness of ICFR and the related disclosure in an issuer's MD&A. This inconsistency caused uncertainty as to whether the Certifying Officers were concluding ICFR were effective. The two most common deficiencies were:

- Certifying Officers specified the existence of a material weakness in paragraph 5.2 and/or 6(b)(ii) of their Annual Certificate. However, the MD&A did not include any discussion of a material weakness.
- paragraph 6(b)(i) of an issuer's Annual Certificate stated that the Certifying Officers' conclusion about effectiveness of the issuer's ICFR was disclosed in the MD&A. However, the MD&A conclusions were incomplete or qualified.

(ii) Material Weakness

When Certifying Officers identify a material weakness in the design or operations of ICFR at the period-end date, the Certifying Officers cannot conclude ICFR is effective. If a non-venture issuer determines that it has a material weakness, section 3.2 of NI 52-109 requires the issuer to disclose in its annual or interim MD&A a description of the weakness, the impact of the material weakness on the issuer's financial reporting and its ICFR, and the issuer's current plans, if any, or any actions already undertaken, for remediating the material weakness. A material weakness may relate to the design or operation of an issuer's ICFR. The MD&A disclosure should clearly describe the nature of the material weakness.

We observed issuers that identified a material weakness, provided a vague description of the material weakness and gave little insight about the impact on the issuer's financial reporting. We also noted a few issuers identified the same material weakness for a number of consecutive years, and during that same time period had experienced significant growth in their operations. While NI 52-109 does not require an issuer to remediate an identified weakness, section 9.7 of Companion Policy 52-109CP (**52-109CP**) notes that MD&A disclosure will be useful to investors if it discusses whether the issuer has committed, or will commit, to a plan to remediate an identified material weakness, and whether there are any mitigating procedures that reduce the risks that have not been addressed as a result of the identified material weakness. A meaningful discussion of an un-remediated material weakness should be updated in each MD&A to ensure the impact of the material weakness continues to be properly

reflected as the company grows or experiences other changes in operations.

Example of Deficient Disclosure – NI 52-109 Certification

The Company's Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**) have designed an internal control framework to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used to design the Company's Internal Control over Financial Reporting (**ICFR**) is Risk Management and Governance – Guidance on Control, published by the Canadian Institute of Chartered Accountants. The CEO and CFO have concluded that the design and operation of the Company's disclosure controls and procedures were not effective as of December 31, 2014 due to the deficiencies noted in the following paragraph.

The Company identified internal control deficiencies that are common for a company of this size including lack of segregation of duties due to a limited number of employees dealing with accounting and financial matters. However, management believes that at this time, the potential benefits of adding employees to clearly segregate duties do not justify the costs associated with such an increase. The risk of material misstatement is mitigated by the direct involvement of senior management in the day-to-day operations of the Company and review of the financial statements and disclosures by senior management, the members of Audit Committee and the Board of Directors. These mitigating procedures are not considered sufficient to reduce the likelihood that a material misstatement would not be prevented or detected.

There were no material changes in ICFR during 2014.

The above example includes the following deficiencies:

i. *Inconsistency between the certificate and MD&A disclosur*e. The issuer filed its annual certificate and included the paragraphs 5.2 and 6(b)(ii); however, the issuer only concluded that the DC&P was ineffective in its MD&A disclosure.

ii. *Material weakness*. The MD&A disclosure did not sufficiently describe the material weakness, the impact of the material weakness on the issuer's financial reporting and its ICFR, or the issuer's plans, if any, to remediate as follows:

- the second paragraph refers to more than one internal control deficiency but only describes one deficiency (a lack of segregation of duties);
- the disclosure does not clearly identify the deficiency as a material weakness;
- the meaning of the term "financial matters" used in the description of the deficiency relating to segregation of duties is unclear and insufficient; and
- the issuer has a market capitalization of over $300 million, assets greater than one billion and net income greater than $60 million; however, the disclosure states that lack of segregation of duties is common for an issuer of this size. Staff have not observed this to be the case and have requested issuers provide clarification.

(iii) Limitations on Scope in Design

Section 3.3 of NI 52-109 permits limitations on the scope of design of DC&P and ICFR to exclude controls, policies, and procedures of a business the issuer acquired not more than 365 day before issuer's financial year end, for an allowed period of time as set out in 3.3(4) of NI 52-109. When issuers limit the scope of their design, subsection 3.3(2)(b) requires that they disclose the scope limitation and provide meaningful summary financial information about each underlying entity in the MD&A. Certain issuers had a scope limitation relating to two or more unrelated entities but presented combined financial summary information instead of disclosing information for each entity separately. Section 14.2 of 52-109CP allows for the presentation of combined financial information only in instances where the businesses are related.

OTHER REGULATORY DISCLOSURE DEFICIENCIES

HOT BUTTONS

	OBSERVATIONS	CONSIDERATIONS
	REGULATORY	
Material Contracts	❖ We continue to see issuers that fail to file material contracts.	❖ Subsection 12.2(2) of NI 51-102 provides a list of contracts required to be filed even if entered into in the ordinary course of business. These may include a financing or credit agreement with terms that have a direct correlation with anticipated cash distributions or a contract on which the issuer's business is substantially dependent. ❖ Material contracts must be filed no later than the time the issuer files a material change report if the making of the document constitutes a material change for the issuer, or when the AIF is filed within 120 days after the end of the issuer's most recently completed financial year. ***Reference: Sections 12.2 and 12.3 of NI 51-102***
Material Change Reports (MCRs)	❖ We continue to see situations where it appears that a material change has occurred and issuers do not file a MCR as soon as practicable, or within 10 days of the date of which the change occurs. For example, in situations where the issuer has eliminated or significantly reduced its dividend payments or the issuer has experienced a significant increase or decrease in near-term earnings prospects.	❖ Announcements of material changes should be factual and balanced. Unfavourable news must be disclosed just as promptly and completely as favourable news. ❖ National Policy 51-201, *Disclosure Standards* (**NP 51-201**) lays out examples of potentially material information, including changes in a company's dividend payments or policies. ❖ Part 7 of NI 51-102 requires an issuer to file a MCR within 10 days of the occurrence of a material change. ***Reference: Section 4.3 of NP 51-201 and Part 7 of NI 51-102***
Selective Disclosure	❖ Selective disclosure occurs when a company discloses material non-public information to one or more individuals or companies and not broadly to the investing public.	❖ Issuers holding private meetings with analysts, industry conferences etc., must ensure that selective disclosure is not provided in these meetings. ❖ If unintentional selective disclosure has occurred, issuers must make a full public announcement including contacting the relevant stock exchange and asking that trading be halted. ❖ Keeping detailed meeting notes and/or transcripts may be useful to determine if unintentional selective disclosure has occurred. ***Reference: Section 5.1 of NP 51-201***

DISCUSSION OF OTHER REGULATORY DEFICIENCIES

1. Mineral Projects

Mining issuers' disclosure must comply with National Instrument 43-101 *Standard of Disclosure for Mineral Projects* (**NI 43-101**) including written disclosure contained on an issuer's website such as investor presentations, fact sheets, media articles, and links to third party content. A review of mining issuers' investor presentations identified several areas where issuers need to improve their disclosure in order to better comply with NI 43-101 including:

- Naming the qualified person: naming the individual who approved technical information and noting their relationship to the issuer;
- Preliminary economic assessments: providing required cautionary statements so investors can understand the limitations of study's results;
- Mineral resources and mineral reserves: including a clear statement on whether mineral resources include or exclude mineral reserves;
- Exploration targets: expressing potential quantity and grade as a range and including the required statements outlining the target limitations;
- Historical estimates: including source, date, reliability, and key assumptions along with the required cautionary statements rather than simply stating "*not NI 43-101 compliant*"; and
- Avoiding overly promotional terms and potentially misleading information especially exploration stage and mineral resource stage issuers: securities legislation prohibits misleading disclosure and misrepresentation. Terms which may be used inappropriately in certain circumstances include: *"world-class", "spectacular and exceptional results", "production ready"*.

Refer to CSA Staff Notice 43-309 *Review of Website Investor Presentations by Mining Issuers* for further information.

Given the significance of the mining sector in Canadian capital markets, compliance with NI 43-101 and Form 43-101F1 for issuers with mineral projects is critical. We will continue to review mining issuers' website disclosure as part of our overall CD Review Program.

2. Filing of News Releases

Unbalanced and Promotional Disclosure

We continue to see news releases filed by issuers that contain unbalanced and promotional disclosure. In fiscal 2015, staff from certain CSA jurisdictions reviewed the disclosure provided by issuers that publicly announced their intention to enter into Canada's medical marijuana industry. As a result of our review, we published CSA Staff Notice 51-342 *Staff Review of Issuers Entering Into Medical Marijuana Business Opportunities* (**SN 51-342**).

The guidance in SN 51-342 is applicable to all industries, particularly companies thinking about material changes to their primary business or where an event has or will have an impact on future prospects.

In general, staff found that issuers' news releases were unbalanced and promotional in nature. While the benefits associated with involvement in the medical marijuana industry were often discussed, these discussions were not consistently accompanied by disclosures about the necessary approvals required to enter the industry, risks, uncertainties, cost implications and time required before the issuer can begin licensed operations. Additionally, a discussion of barriers and obligations to enter the industry was often not provided. Issuers that did not provide sufficient disclosure in their news releases were required to file a clarifying disclosure document as a result of our review. All issuers should provide investors comprehensive, factual and balanced disclosure and avoid promotional commentary.

Issuers should refer to the guidance on best disclosure practices in National Policy 51-201 as well as the disclosure requirements in Part 1(a) of Form 51-102F1.

News Release upon Refiling of CD Documents

We note that certain issuers failed to issue and file a news release on a timely basis after deciding to refile a CD document or restate financial information for comparative periods in financial statements. In certain instances, issuers indicated that the delay to issue a news release was due to the fact that there were no scheduled Audit Committee and/or Board meetings where the

news release would be approved. As a result, issuers waited to issue a news release until the next scheduled meeting and in many cases until the actual refiling of the CD documents. In our view, it is not appropriate for issuers to delay the filing of a new release for these reasons.

Section 11.5 of NI 51-102 indicates that if the issuer decides it will re-file a document under NI 51-102 and the information in the refiled document or restated financial information will differ materially from the information originally filed, the issuer must *immediately* issue and file a news release authorized by an executive officer disclosing the nature and substance of the change or proposed changes. This may involve engaging Audit Committee and/or Board members prior to their next scheduled meeting. This will ensure timely issuance of a news release.

Certain CSA jurisdictions have published a staff notice that provides guidance on their expectations related to refiling of documents by issuers and the associated news releases. We note that certain jurisdictions also maintain a list on their website that includes issuers that amend and refile continuous disclosure documents pursuant to staff's review.

We will continue to monitor issuers' compliance with these requirements.

APPENDIX B

CATEGORIES OF OUTCOMES

Referred to Enforcement/Cease-Traded/Default List

If the issuer has substantive CD deficiencies, we may add the issuer to our default list, issue a cease trade order and/or refer the issuer to enforcement.

Refiling

The issuer must amend and refile certain CD documents or must file a previously unfiled document.

Prospective Changes

The issuer is informed that certain changes or enhancements are required in its next filing as a result of deficiencies identified.

Education and Awareness

The issuer receives a proactive letter alerting it to certain disclosure enhancements that should be considered in its next filing or when staff of local jurisdictions publish staff notices and reports on a variety of continuous disclosure subject matters reflecting best practices and expectations.

No Action Required

The issuer does not need to make any changes or additional filings. The issuer could have been selected in order to monitor overall quality disclosure of a specific topic, observe trends and conduct research.

Questions – Please refer your questions to any of the following:

Sonny Randhawa Manager, Corporate Finance Ontario Securities Commission 416-204-4959 srandhawa@osc.gov.on.ca Christine Krikorian Senior Accountant, Corporate Finance Ontario Securities Commission 416-593-2313 ckrikorian@osc.gov.on.ca Oujala Motala Accountant, Corporate Finance Ontario Securities Commission 416-263-3770 omotala@osc.gov.on.ca	Allan Lim Manager British Columbia Securities Commission 604-899-6780 Toll-free 800-373-6393 alim@bcsc.bc.ca Sabina Chow Senior Securities Analyst British Columbia Securities Commission 604-899-6797 Toll-free 800-373-6393 schow@bcsc.bc.ca
Cheryl McGillivray Manager, Corporate Finance Alberta Securities Commission 403-297-3307 cheryl.mcgillivray@asc.ca Froshell Saure Securities Analyst, Corporate Finance Alberta Securities Commission 403-355-3885 froshell.saure@asc.ca	Tony Herdzik Deputy Director, Corporate Finance Financial and Consumer Affairs Authority of Saskatchewan 306-787-5849 tony.herdzik@gov.sk.ca
Patrick Weeks Analyst, Corporate Finance Manitoba Securities Commission 204-945-3326 patrick.weeks@gov.mb.ca	Nadine Gamelin Analyst, Continuous Disclosure Autorité des marchés financiers 514-395-0337, ext. 4417 Toll-free: 1-877-525-0337, ext. 4417 nadine.gamelin@lautorite.qc.ca
To-Linh Huynh Senior Analyst Financial and Consumer Services Commission (New Brunswick) 506-643-7856 To-Linh.Huynh@fcnb.ca John Paixao Compliance Officer Financial and Consumer Services Commission (New Brunswick) 506-658-3116 John.Paixao@fcnb.ca	Kevin Redden Director, Corporate Finance Nova Scotia Securities Commission 902-424-5343 Kevin.redden@novascotia.ca Junjie (Jack) Jiang Securities Analyst, Corporate Finance Nova Scotia Securities Commission 902-424-7059 Jack.jiang@novascotia.ca

1.1.2 CSA Staff Notice 11-329 – Withdrawal of Notices and Revocation of Omnibus/Blanket Orders

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 11-329
Withdrawal of Notices and Revocation of Omnibus/Blanket Orders

July 16, 2015

This Notice formally withdraws a number of CSA notices and announces the revocation and withdrawal of parallel orders and a policy. The withdrawn materials may remain available for historical research purposes on some CSA members' websites.

CSA Staff Notices

CSA staff have determined that the following CSA Staff Notices are no longer required and accordingly they are or have been withdrawn.

CSA Staff Notice 31-313	*NI 31-103 Registration Requirements and Exemptions and Related Instruments Frequently Asked Questions as of December 18, 2009*
CSA Staff Notice 31-314	*NI 31-103 Registration Requirements and Exemptions and Related Instruments Frequently Asked Questions as of February 5, 2010*
CSA Staff Notice 31-315	*Omnibus/blanket orders exempting registrants from certain provisions of National Instrument 31-103 Registration Requirements and Exemptions*
CSA Staff Notice 31-326	*Outside Business Activities*
CSA Staff Notice 31-327	*Broker-Dealer Registration in the Exempt Market Dealer Category*
CSA Staff Notice 31-328	*Revocation of Omnibus/Blanket Orders Exempting Registrants from Certain Provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations*
CSA Staff Notice 31-329	*Omnibus/Blanket Orders Exempting Registrants from Certain Provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations and Related Staff Positions*
CSA Staff Notice 31-330	*Omnibus/Blanket Orders Extending Certain Transition Provisions Relating to the Investment Fund Manager Registration Requirement and the Obligation to Provide Dispute Resolution Services*
CSA Staff Notice 31-331	*Follow-Up to Broker Dealer Registration in the Exempt Market Dealer Category*
CSA Staff Notice 31-333	*Follow-Up to Broker Dealer Registration in the Exempt Market Dealer Category*
CSA Staff Notice 31-335	*Extension of Interim Relief for Members of the Investment Industry Regulatory Organization of Canada from the Requirement in section 14.2(1) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations in Respect of the Provision of Relationship Disclosure Information to Existing Clients*

This Notice also announces the relevant securities regulators have revoked a number of parallel orders and withdrawn a multilateral policy that are no longer required.

Omnibus/blanket order and policy	Status
Exemption from the requirement to register for international advisers	**This order is revoked.**[1] The order provided relief from restrictions on the registration exemption for international advisers in section 8.26 of NI 31-103 tied to the definition of "Canadian permitted client". Section 8.26 was amended effective January 11, 2015 to remove these restrictions.
Exemption from the requirement to register for international dealers	**This order is revoked.**[2] The order provided relief from restrictions on the registration exemption for international dealers in section 8.18 of NI 31-103 tied to the definition of "Canadian permitted client". Section 8.18 was amended effective January 11, 2015 to remove these restrictions.
Continuation of transition provisions for persons and companies adding a jurisdiction	**This order is revoked.**[3] The order provided relief from certain provisions in NI 31-103 to a person or company registered in a jurisdiction of Canada on and since the date NI 31-103 came into force that applied for registration in another jurisdiction after the date NI 31-103 came into force. The order is no longer required because certain transition and grandfathering provisions in NI 31-103 are spent and others have been amended.
Exemption from time limits on examination requirements for dealing representatives of scholarship plan dealers	**This order is revoked.** [4] The order provided relief from time limits on examination requirements in NI 31-103 for representatives of scholarship plan dealers registered in a jurisdiction of Canada on and since the date NI 31-103 came into force. Section 3.3 of NI 31-103 was amended effective January 11, 2015 to provide equivalent relief.
Transitional Relief from the Requirement to Register as an Investment Fund Manager	**This order is revoked.**[5] The order provided relief from the investment fund manager registration requirement in the local jurisdiction to a person or company registered in another jurisdiction of Canada as an investment fund manager until December 31, 2012 or while a registration application in the local jurisdiction was being processed if applied for by December 31, 2012. This order also provided relief from the investment fund manager

1 Local orders: BC: BCI 31-523; AB: BO 31-521; SK: GO 31-917; MB: BO 31-517; ON: no local order was issued and this was instead addressed in the OSC Staff position set out in CSA Staff Notice 31-329; QC: Décision n° 2011-PDG-0153; NB: Blanket Order 31-521; NS: Blanket Order No. 31-522

2 Local orders: BC: BCI 32-524; AB: BO 31-520; SK: GO 31-916; MB: BO 31-516; ON: no local order was issued and this was instead addressed in the OSC Staff position set out in CSA Staff Notice 31-329; QC: Décision n° 2011-PDG-0152; NB: Blanket Order 31-520; NS: Blanket Order No. 31-521

3 Local orders: BC: BCI 32-509; AB: BO 31-506; SK: GO 31-904; MB: BO 31-512; ON: *In the Matter of Jonathan Boulduc (the "Lead Filer") and Certain Other Persons or Companies Registered under the Act*, (2010) 33 OSCB 1773; QC: Décision n° 2010-PDG-0039; NB: Blanket Order 31-504; NS: Blanket Order No. 31-507

4 Local orders: BC: BCI 32-512; AB: BO 31-509; SK: GO 31-907; MB: BO 31-509; ON: *In the Matter of Laurence Ginsberg (the "Lead Filer") and Dealing Representatives of Exempt Market Dealers and Scholarship Plan Dealers*, (2010) 33 OSCB 1776; QC: Décision n° 2010-PDG-0042; NB: Blanket Order 31-507; NS: Blanket Order No. 31-510

5 Local orders: BC: BCI 31-508; AB: BO 31-524; SK: GO 31-920; MB: Commission Order No. 6550, dated July 5, 2012; ON: The two aspects of relief were addressed in the following two separate decisions, the first of which has not been revoked as it remains relevant to certain outstanding registration applications: *In the Matter of Fédération des Caisses Desjardins du Québec (the Lead Filer) and Persons or Companies Acting as an Investment Fund Manager in Ontario and Registered as an Investment Manager in the Jurisdiction of Canada in which their Head Office is Located at the Date of this Decision*, (2012) 35 OSCB 6293, and *In the Matter of Capital International, Inc. (the Lead Filer) and Persons or Companies Acting as an Investment Fund Manager in Ontario Without a Head Office in a Jurisdiction of Canada at the Date of this Decision*, (2012) 35 OSCB 6295; QC: Décision n° 2012-PDG-0133; NB: Blanket Order 31-524 (previously revoked); NS: Blanket Order No. 31-525

	registration requirement in the local jurisdiction to a person or company whose head office was not in a jurisdiction of Canada until December 31, 2012 or while a registration application in the local jurisdiction was being processed. The order is no longer required because the relief has expired.
Multilateral Policy 34-202 *Registrants Acting as Corporate Directors*	**This multilateral policy is withdrawn.** The policy sets out guidance for representatives of registrants who act as a director or adviser of a reporting issuer. The policy is no longer required because its content has been incorporated in Companion Policy 31-103CP.

Questions

Please refer your questions to any of the following people:

Kari Horn
Alberta Securities Commission
Tel: 403-297-4698
kari.horn@asc.ca

Simon Thompson
Ontario Securities Commission
Tel: 416-593-8261
sthompson@osc.gov.on.ca

Gordon Smith
British Columbia Securities Commission
Tel: 604-899-6656
GSmith@bcsc.bc.ca

Wendy Morgan
Financial and Consumer Services Commission
(New Brunswick)
Tel: 506-643-7202
wendy.morgan@fcnb.ca

Chris Besko
The Manitoba Securities Commission
Tel: 204-945-2561
Chris.Besko@gov.mb.ca

Gary MacDougall
Department of Justice
Government of the Northwest Territories
Tel: 867-873-7490
gary_macdougall@gov.nt.ca

Sylvia Pateras
Autorité des marchés financiers
Tel: 514-395-0337, extension 2536
sylvia.pateras@lautorite.qc.ca

Lindy Bremner
British Columbia Securities Commission
Tel: 604-899-6678
LBremner@bcsc.bc.ca

Mikale White
Financial and Consumer Affairs Authority of Saskatchewan
Tel: 306-798-3381
mikale.white@gov.sk.ca

H. Jane Anderson
Director, Policy & Market Regulation and
Secretary to the Commission
Nova Scotia Securities Commission
Tel: 902-424-0179
Jane.Anderson@novascotia.ca

Rhonda Horte
Office of the Yukon Superintendent of Securities
Tel: 867-667-5466
rhonda.horte@gov.yk.ca

1.1.3 Notice of Correction – International Strategic Investments et al.

NOTICE OF CORRECTION

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

AND

IN THE MATTER OF
INTERNATIONAL STRATEGIC INVESTMENTS,
INTERNATIONAL STRATEGIC INVESTMENTS INC.,
SOMIN HOLDINGS INC., NAZIM GILLANI AND RYAN J. DRISCOLL

(2015), 38 O.S.C.B. 5242. In paragraph 18, please delete the final sentence and insert:

> In the circumstances of this case, it is appropriate that Driscoll be banned from trading until a period of two years has passed from the date on which he pays the Commission the disgorgement of $66,000, as well as the administrative penalty and costs, assessed later in these reasons.

Further, subparagraphs 22(j), (k), and (l) should be corrected to read:

j) Pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Driscoll shall cease until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in subparagraphs 22(m), (n), and (o);

k) Pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Driscoll is prohibited until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in subparagraphs 22(m), (n), and (o);

l) Pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Driscoll until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in subparagraphs 22(m), (n), and (o);

AND

(2015), 38 O.S.C.B. 5289. Paragraphs 10, 11, and 12 of the order should be corrected to read:

10. Pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Driscoll shall cease until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in paragraphs (13), (14), and (15);

11. Pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Driscoll is prohibited until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in subparagraphs (13), (14), and (15);

12. Pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Driscoll until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in subparagraphs (13), (14), and (15);

1.1.4 OSC Staff Notice 51-725 – Corporate Finance Branch – 2014-2015 Annual Report

OSC Staff Notice 51-725 – *Corporate Finance Branch – 2014-2015 Annual Report* is reproduced on the following separately numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

OSC Staff Notice 51-725

Corporate Finance Branch

2014-2015 Annual Report

July 14, 2015

OSC ONTARIO SECURITIES COMMISSION

Table of Contents

Part A: Introduction

Introduction

What is our Branch mandate?

The Corporate Finance Branch (the Branch or we) of the Ontario Securities Commission (OSC) has a broad regulatory mandate which we execute in pursuing the two purposes of the *Securities Act* (Ontario) (the Act):

Investor protection	•to provide protection to investors from unfair, improper or fraudulent practices
Efficient capital markets	•to foster fair and efficient capital markets and confidence in capital markets

A key part of our mandate is issuer regulation. Regulation in this area is broad and takes many forms, including the following:

Issuer regulation	•review of public distributions of securities (prospectuses) •review of exempt market activities and related policy development •continuous disclosure reviews of reporting issuers •review and consideration of applications for relief from regulatory requirements •issuer-related policy initiatives

Other areas covered by our mandate include:

Insider reporting	•insider reporting reviews
Designated rating oganizations (DROs)	•reviews of credit rating agencies designated as DROs
Listed issuer regulation	•oversight of the listed issuer function for OSC recognized exchanges •policy initiatives for listed issuer requirements

In executing our functions, we consult and partner with other OSC branches in many areas, including the exempt market and listed issuer regulation.

What are the objectives of the report?

This report provides an overview of the Branch's operational and policy work during the fiscal year ended March 31, 2015 (fiscal 2015). The report is intended for individuals and entities we regulate, their advisors, as well as investors.

The report aims to:

- encourage compliance with regulatory obligations
- improve disclosure in regulatory filings
- provide insights on trends
- provide guidance on novel issues
- inform on key policy initiatives

Part B: Compliance

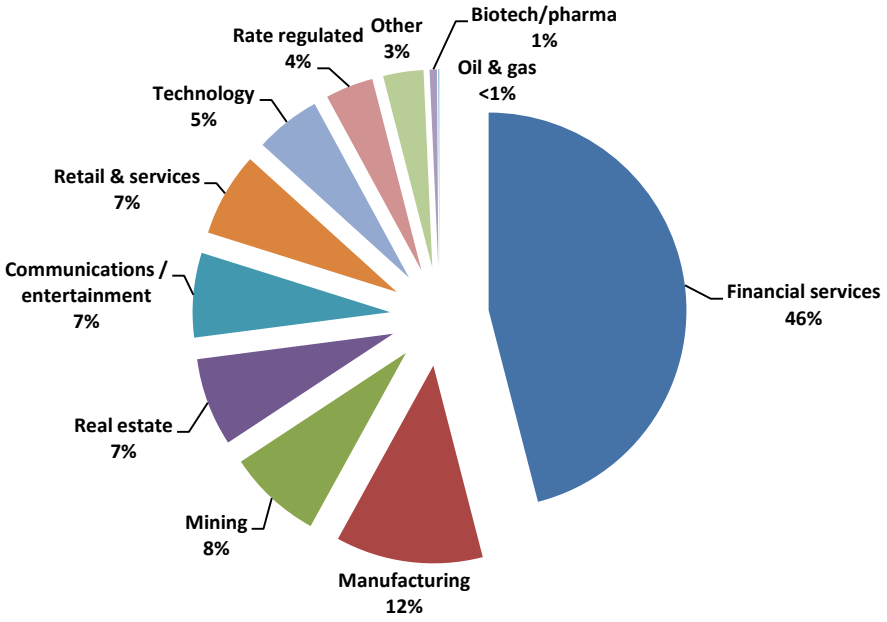
Compliance

Continuous Disclosure Review Program

Under Canadian securities laws, reporting issuers must provide timely continuous disclosure (CD) about their business and affairs. Where a reporting issuer has a head office in Ontario, or has a significant connection to Ontario, we have primary responsibility as principal regulator for reviewing that issuer's CD. Disclosure documents include periodic filings such as interim and annual financial statements and management's discussion and analysis (MD&A) as well as certifications of annual and interim filings, management information circulars and annual information forms (AIF).

The market capitalization of Ontario reporting issuers is approximately $1,100 billion (as at March 31, 2015). The three largest industries by percentage market capitalization are financial services, manufacturing and mining.

Market capitalization of Ontario reporting issuers, broken down by industry as at March 31, 2015



Overview of the program

Our review program is risk-based and outcome focused. It includes planned reviews based on risk criteria, discussed below, as well as monitoring through news releases, media articles, complaints and other sources. We conduct the program through powers in section 20.1 of the Act and the program is part of a harmonized CD program conducted by the Canadian Securities Administrators (CSA). See CSA Staff Notice (Revised) 51-312 *Harmonized Continuous Disclosure Review Program*.

The program has two main objectives:

Compliance	•to assess whether reporting issuers are complying with their disclosure obligations
Issuer education and outreach	•to help reporting issuers better understand their disclosure obligations

Our CD review program is critical to investor protection as it monitors issuer compliance of CD documents which are available to investors in making investment decisions. This function also supports new capital raises, as many issuers raise funds through short form prospectuses which must incorporate CD documents.

Issuer education and outreach from the program happens at both a micro level (through direct communication with an issuer) as well as at a macro level, through broad communications, such as staff notices. We also use the observations and findings in our review program to inform the Branch's outreach program for small and medium enterprises (SMEs) called The OSC SME Institute. Through the institute, we offer SMEs a series of free educational seminars to help them and their advisors understand the securities regulatory requirements for being or becoming a public company in Ontario and participating in the exempt market. For further details see Information for Small and Medium Enterprises on the OSC's website.

In general, we conduct either a "full" review or an "issue-oriented" review of an issuer's CD.

Full review	•broad in scope and generally covering an issuer's most recent annual and interim financial statements and MD&A, AIF, annual reports, information circulars, news releases, material change reports and the issuer's website
Issue-oriented review	•an in-depth review focusing on a specific accounting, legal or regulatory issue that we believe warrants regulatory scrutiny

We use risk-based criteria to identify issuers with a higher risk of disclosure non-compliance and the level of review required. The criteria are designed to identify issuers whose disclosure is likely to be materially improved or brought into compliance with securities laws or accounting standards as a result of our intervention. Our risk-based procedures incorporate both qualitative and quantitative criteria which we review regularly to stay relevant with market changes. We also monitor novel and high growth areas of financing activity when developing our review program.

Issue-oriented reviews are conducted to focus on a specific issue of an individual issuer or to focus broadly on an emerging area of risk across issuers (in some cases, industry specific). Conducting issue-oriented reviews broadly allows us to:

- monitor compliance with requirements and provide a basis for communicating interpretations, staff disclosure expectations and areas of concern
- quickly address specific areas where there is heightened risk of investor harm
- provide deficient and industry specific disclosure examples to assist preparers in complying with requirements
- assess compliance with new accounting standards

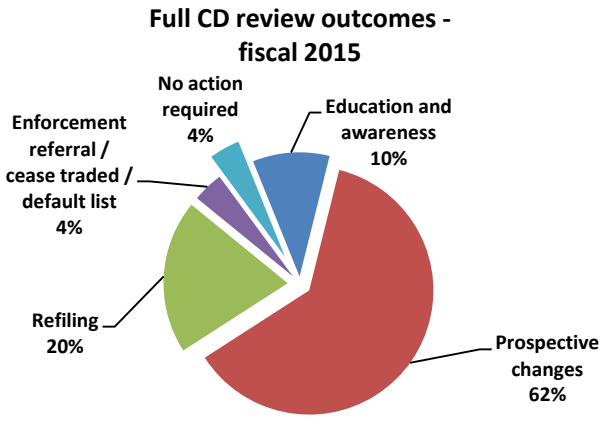
Outcomes for fiscal 2015

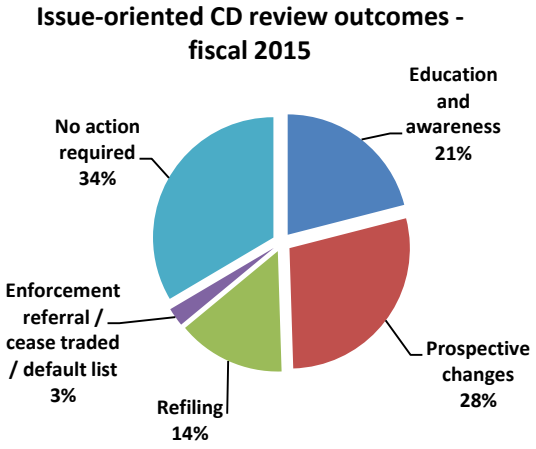
We measure outcomes of a CD review by tracking the following for each issuer:

- prospective disclosure enhancements
- refilings
- education and awareness
- other, such as enforcement referrals

We had at least one outcome in 96% of our full CD reviews and 66% of our issue-oriented reviews.

The difference between the number of outcomes for full and issue-oriented reviews noted below is not unusual. Issue-oriented reviews typically result in lower refilings as we focus the review on a narrow issue for compliance and education awareness.





We encourage issuers to continue to review and improve their disclosure, including in those areas below which we frequently comment on as part of our reviews.

❖ ***MD&A –*** MD&A improves an issuer's overall financial disclosure by providing an analytical and balanced discussion of its results of operations and financial condition. We remind issuers that disclosure must be useful and understandable. The MD&A is a narrative explanation, through the eyes of management, about the issuer's performance during the financial period to supplement and complement the financial statements. Issuers should avoid boilerplate disclosure where the MD&A merely repeats information from the financial statements.

We encourage issuers to review MD&A requirements (Form 51-102F1 *Management's Discussion and Analysis*) as well as the areas noted below.

- *Results of operations* – Include a detailed, analytical and quantified discussion of the various factors that affect revenues and expenses, beyond the percentage change or amount.

- *Liquidity and capital resources* – Do not provide general statements such as "have adequate working capital to fund operations" or "have adequate cash resources to finance future foreseeable capacity expansions". Rather, provide sufficient analytical details, explaining how liquidity obligations have been settled or will be settled.

- *Risks and uncertainties* – Be specific about the risks and uncertainties the issuer is facing, including the significance and impact those risks have on the issuer's financial position, operations and cash flows.

- *Cross-references to other documents* – Do not simply cross-reference in the MD&A to other documents (e.g. AIF, financial statements). In most instances, doing so does not satisfy the MD&A requirements.

❖ ***Website disclosure*** **–** In addition to the required CD filings, issuers often provide stakeholders with information about their business and operations in news releases, investor presentations and on their website. We remind issuers to carefully review any such additional disclosure to ensure the information disclosed does not contradict information contained in required CD filings.

❖ ***Mining disclosure*** **–** Issuers with mineral projects in production should be aware that their AIFs should disclose mineral resource and reserve estimates as at their last financial year end, reflecting depletion, additions from exploration and development, and technical or economic revisions. Issuers with coal projects are reminded that coal quality information is required by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* whenever resources or reserves are disclosed. The material results of proximate analysis (moisture, sulfur, and either fixed carbon or gross calorific value) provide a reasonable picture of coal quality in mining disclosure.

Additional details on outcomes from fiscal CD reviews across the CSA are published in an annual CSA notice in the summer.

Issue-oriented review staff notices published in fiscal 2015

During fiscal 2015, 83% of our reviews were issue-oriented. We published staff notices summarizing the findings from our four issue-oriented reviews covering broad issues.

Consistency of investor presentations on mining issuer websites with technical report disclosure	•Mining issuers should avoid using overly promotional terms and can improve disclosure in several areas including historical estimates, preliminary economic assessments and exploration targets.
Transparency of source of distributions for REITs	•REITs need to improve disclosure where distributions exceed cash flow from operations as well as when presenting metrics such as adjusted funds from operations.

Disclosure of issuers entering the medical marijuana industry	•Issuers entering this industry need to ensure their disclosure is balanced and includes details on their plans in the industry, resource commitments and regulatory approvals.
Disclosure for related party transactions	•Issuers need to improve related party transaction disclosure in their MD&A and ensure that related party transaction codes of conduct are accessible to investors.

See the following links for the full staff notices:

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

OSC Staff Notice 51-724 *Report on Staff's Review of REIT Distributions Disclosure*

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

OSC Staff Notice 51-723 *Report on Staff's Review of Related Party Transaction Disclosure and Guidance on Best Practices*

We will continue to monitor the issues identified in the issue-oriented reviews noted above as well as issues identified in full reviews. This includes reviewing disclosure to ensure issuers have provided prospective disclosure enhancements as requested by staff. Where an issuer fails to make a prospective disclosure enhancement staff will consider whether an alternative outcome such as a refiling is now necessary.

Participation fees

We remind issuers that OSC Rule 13-502 *Fees* (the Fee Rule) came into force on April 6, 2015, implementing a new method for calculating annual participation fees.

Under the Fee Rule, participation fees will be based on the market capitalization of a reporting issuer in its previous financial year and not the market capitalization in its reference fiscal year. To streamline the market capitalization calculation, an issuer will no longer be required to include in its calculation any equity securities that are not listed or quoted on a marketplace. However, an issuer must continue to include in its calculation all capital market debt distributed under a prospectus or prospectus exemption, including those that are not listed or quoted on a marketplace.

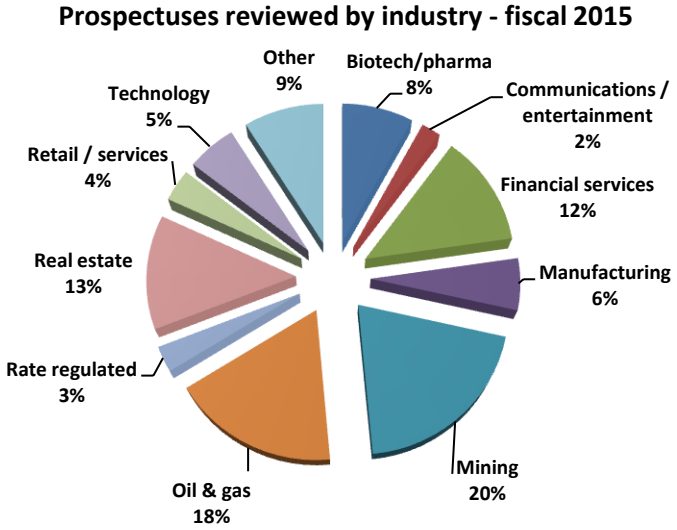
The Fee Rule also implemented a new definition of Class 3B reporting issuer. If an issuer is not a designated foreign issuer or an SEC foreign issuer as those terms are defined in National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, it generally will not meet the definition of Class 3B reporting issuer under the Fee Rule. If you were a Class 3B reporting issuer under the rule in force prior to April 6, 2015, you should review your status to confirm whether it meets the new definition.

Offerings – Public

Another key component of our compliance work is reviewing offering documents. Securities legislation enumerates specific circumstances under which a receipt for a prospectus shall not be issued. One example is where the aggregate proceeds being raised by the issuer through the prospectus (together with other resources) are insufficient to accomplish the purpose of the offering as stated in the prospectus.

Statistics

In fiscal 2015, we reviewed over 400 prospectuses and rights offering circulars. These reviews covered a wide range of industries with mining and oil & gas being the most active sectors followed by real estate and financial services.



Trends and guidance

In fiscal 2015, the number of prospectuses we reviewed where Ontario was the principal regulator was consistent with the prior fiscal year. While the resources, real estate and financial services industries have consistently been active over the years, we have started to see offerings in industries new to the Canadian capital markets such as medical marijuana and gaming. These less mature industries often require enhanced disclosure due to regulation, differences in legal status across jurisdictions and other novel considerations that should be disclosed to investors.

In fiscal 2015, we received the first initial public offering (IPO) prospectus filed by a special purpose acquisition corporation (SPAC) pursuant to *Part X Special Purpose Acquisition Corporations* of the Toronto Stock Exchange (TSX) Company Manual (SPAC Rules). The SPAC Rules, which were adopted in 2008, provide the framework for the IPO and listing of an issuer that has no operating business. SPACs bear some similarity to capital pool companies (CPCs) in that both involve the creation of publicly-traded shell companies which later acquire an operating business using the initial proceeds raised. However, SPACs are much larger than CPCs and have enhanced investor protections. This first SPAC obtained relief from certain of the requirements of the SPAC Rules from the TSX, including

relief that required the concurrence of the OSC. We have received four SPAC IPO prospectuses to date, all of which have received the same relief.

Key takeaways from our work reviewing offering documents in fiscal 2015 are set out below. Many of the matters highlighted below would benefit from pre-file discussions with staff. This process is outlined in National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions*. We also remind issuers that an application fee is required for any relief sought in connection with an offering where the relief will be evidenced by the prospectus receipt.

- ***Disclosure improvements –*** Disclosure outcomes, where we required material disclosure changes to a prospectus, remained our most consistent outcome.

  We encourage issuers to review prospectus requirements, noting the following areas where we frequently find deficiencies.

  - *Description of business and regulatory environment* – This needs to be clear and comprehensive as issues may arise in circumstances where an issuer:
    - appears to have no business or the offering is a blind pool,
    - has a complex corporate structure,
    - has a significant change in business/operations,
    - is in the medical marijuana industry and lacks disclosure about its specific regulatory environment, or
    - has recently completed a significant acquisition or capital restructuring where a regulatory review has not been done.

  - *Risk factors relating to the business and/or offering* – Be specific. Avoid boiler plate language and tailor the disclosure to the issuer's situation (i.e. assess political/regulatory risk and enhanced controls over finance if operations are in a foreign country).

  - *MD&A disclosure in a long form prospectus* – Include relevant information and provide sufficient detail.

  - *Use of proceeds* – Provide sufficient detail and be comprehensive. Phrases such as "for general corporate purposes" may not be sufficient disclosure.

- ***Financial statement disclosure for certain significant acquisitions –*** Where an issuer is raising proceeds to fund an acquisition that would be regarded as the issuer's primary business or a material portion of its primary business, or is larger than the issuer's existing business, the issuer should consider whether the financial statement disclosure that is normally required for a significant acquisition (as that term is used in securities legislation) is sufficient for the prospectus to contain full, true and plain disclosure. Venture issuers should also consider this notwithstanding the recent amendments to the significant acquisition thresholds for business acquisition reports from 40% to 100%.

  Specifically, issuers should consider whether inclusion of more than two years of financial statements is necessary, and whether more than one of those years should be audited. We encourage issuers and their advisors to consult with staff on a pre-file basis on this issue.

- ***Primary business in an IPO –*** An issuer doing an IPO must include in its prospectus a three-year financial history (two years for an IPO venture issuer) of the business an investor is investing in, even if this financial history spans multiple legal entities over the three-year period. This includes the financial history for those businesses acquired or that will likely be acquired if those businesses are in the same primary business of the issuer. This provides investors with information on the issuer's entire business, which is the subject of their investment.

As a result, with one exception, there is no significance test for acquisitions that fall within the definition of an issuer under item 32.1 of Form 41-101F1 *Information Required in a Prospectus*. The only exception to the significance threshold is if the business is over 100% when compared to the primary business of the issuer, in which case, it is important for investors to have the financial history of this business even though it is not the same as that of the primary business of the issuer. In instances where there are multiple acquisitions in the same primary business of the issuer, we encourage issuers and their advisors to consult with staff on a pre-file basis as smaller acquisitions are also likely to form part of the primary business of the issuer.

- ***Promoters –*** Where a promoter exists at the time of an issuer's IPO, we remind issuers to consider whether promoter status continues for subsequent offerings. This assessment should consider whether the promoter's relationship with the issuer has changed since the IPO in terms of the promoter's continued involvement in the governance and management of the issuer, including the promoter's ownership and de facto control of the issuer, among other factors.

  With respect to the interpretation of subsection 58(6) of the Act and specifically the reference to the fact that the Director may require any person or company to sign a certificate, as promoter, in a prospectus where such person or company "was a promoter of the issuer within the two preceding years", staff is of the view that this reference does not necessarily lead to the conclusion that such status must automatically terminate after two years. How and when a promoter ceases to be a promoter is determined on a case by case basis. The analysis should consider how the facts and circumstances upon which the issuer determined that a promoter is a promoter of the issuer have changed.

- ***Sufficiency of proceeds and financial condition of an issuer –*** We remind issuers that a critical part of every prospectus review is considering an issuer's financial condition and intended use of proceeds. A prospectus must contain clear disclosure on how the issuer intends to use the proceeds raised in the offering as well as disclosure of the issuer's financial condition, including any liquidity concerns. However, disclosure on its own may not be sufficient to satisfy receipt refusal concerns in certain circumstances.

  Issuers, including those filing a base shelf or non-offering prospectus, should review CSA Staff Notice 41-307 *Corporate Finance Prospectus Guidance - Concerns regarding an issuer's financial condition and the sufficiency of proceeds from a prospectus offering*.

- ***Material contracts –*** We remind issuers to review all contracts entered into in connection with an offering, including financing arrangements, to determine whether the contract is a "material contract" and must be filed with the OSC.

  We also remind issuers that if a material contract is not executed at the time the final prospectus is filed, the issuer must file an undertaking with the OSC to file the contract no later than seven days after the document becomes effective.

- ***Assess terms of securities to be qualified by a shelf prospectus –*** In creating financing options, issuers may unintentionally seek to qualify securities (such as "special shares"), the issuance of which could result in an issuer's common shares effectively becoming "restricted securities" depending on the terms of the special shares. As a result, when special shares exist, are offered, or are contemplated to be offered, staff will consider the terms of the special shares to determine whether "restricted security" issues arise.

- ***MJDS and WKSIs –*** We understand that under U.S. securities law, certain registration statements of well-known seasoned issuers (WKSIs) become effective immediately upon filing. This may have an adverse market impact on northbound offerings under the multijurisdictional disclosure system (northbound MJDS) as set out in National Instrument 71-101 *The Multijurisdictional Disclosure System*.

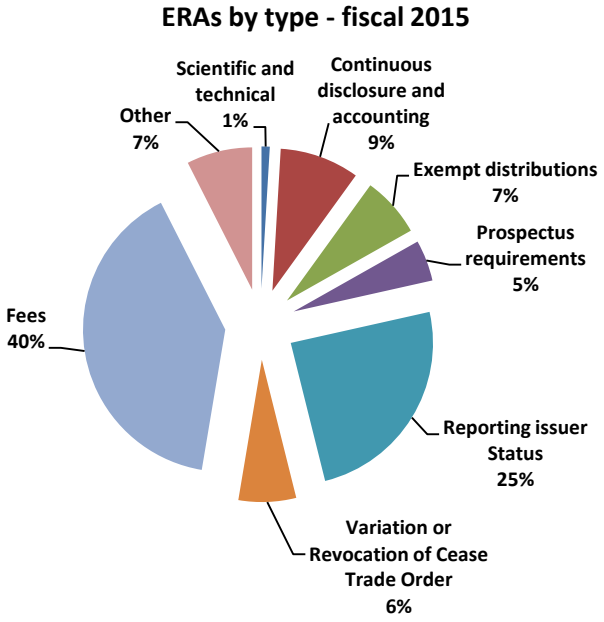
We encourage issuers and their advisors to consult with staff prior to filing a northbound MJDS prospectus to discuss any timing concerns.

Exemptive Relief Applications

Staff review and make recommendations to appropriate decision makers on applications for exemptive relief. The review standard for granting relief varies, but it generally requires a decision maker to determine that granting the requested relief would not be prejudicial to the public interest.

Statistics

In fiscal 2015, we reviewed over 300 applications for exemptive relief, with 40% of the applications relating to one-time limited fee relief for issuers pursuant to OSC Staff Notice 13-704 *Applications for Participation Fee Relief for Certain Small Registered Firms and Reporting Issuers*. These applications resulted in the OSC granting one-time fee reductions of approximately $300,000 to issuers.



Trends and guidance

Outside of the one-time participation fee relief, common applications filed in fiscal 2015 included relief in connection with reporting issuer status, continuous disclosure and exempt distributions as well as applications for partial or full revocations of cease trade orders.

We continue to monitor the types of applications we receive and the exemptive relief granted to determine whether we should consider changes to our rules or policies.

Key takeaways from our exemptive relief work in fiscal 2015 are set out below.

- ***Revocation of a cease trade order that has been breached –*** If an issuer has breached the terms of a cease trade order, it can still seek a revocation. However, it must disclose the circumstances surrounding the breach in the draft decision document and staff will consider the breach (or breaches) in making a recommendation in connection with the issuer's application. In some cases, staff will not recommend granting a revocation order in the face of a breach of the cease trade order. Staff may also consider whether breaches of a cease trade order warrant enforcement action.

  We remind issuers and their advisors that "trade" is defined broadly in the Act and includes acts in furtherance of a trade.

- ***Revocation of a long standing cease trade order –*** Where an issuer with a long standing cease trade order seeks a revocation, the review process may take longer than usual. In these cases, staff view the dormant issuer as "re-entering" the market. In some cases, the issuer has significant gaps in its CD record and staff must review the issuer's updated CD record to consider whether it is sufficient to support trading.

  Staff may also require an issuer to provide a written undertaking that it will not execute a reverse takeover of a business outside of Canada unless it files a non-offering prospectus with the OSC.

- ***Applications that an issuer is not a reporting issuer –*** We receive a significant number of these applications each fiscal year and our process for reviewing them is set out in CSA Notice 12-307 and OSC Notice 12-703, both titled *Applications for a Decision that an Issuer is not a Reporting Issuer*.

  We remind foreign issuers who seek a decision that they are no longer a reporting issuer to review the "modified approach" to consider details that help support such an application. This includes executing an undertaking in respect of ongoing disclosure to Canadian securityholders.

- ***Business acquisition report (BAR) relief –*** Relief from the BAR requirements continues to represent a significant number of applications reviewed by the Branch. We remind issuers that the cost or time involved in preparing and auditing the financial statements required to be included in the BAR are not reasons favourably looked upon when considering whether relief is appropriate. These applications should be filed early and not near the filing deadline of the BAR so an issuer can avoid going into default.

- ***Applications for prospectus relief –*** Many of the novel applications we review relate to exempt market relief such as not filing a prospectus to distribute securities. Issuers and their advisors should carefully consider whether the OSC has granted the requested relief in facts and circumstances similar to those of the applicant. Where relief is novel, staff's review time will take longer and this process often involves consulting with the CSA. Issuers and their advisors may wish to consider whether a pre-file is appropriate for such applications. See National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions*.

Insider Reporting

We review compliance with insider reporting requirements through a risk-based compliance program and we actively and regularly assist filers and their agents by providing guidance on filing matters.

The objective of our insider reporting oversight work is two-fold:

- compliance
- education and outreach

Insider reporting contributes to market efficiency by providing investors with information concerning the trading activities of insiders of a reporting issuer, and, by inference, the insiders' views of their issuer's future prospects. Non-compliance compromises this efficiency. Where we identify non-compliance, we reach out to filers and request remedial filings. Filers should make remedial filings as soon as they become aware of an error to accurately inform investors of their activities and to avoid any further late filing fees.

We educate filers through our compliance reviews and we also reach out to new reporting issuers directly to inform them of insider reporting obligations. We encourage issuers to monitor insider trading to meet best practice standards in National Policy 51-201 *Disclosure Standards*.

Guidance and filing tips

We remind issuers and their insiders that the definition of "reporting insider" can be found in National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (NI 55-104).

Issuers and insiders should also refer to the definition of "significant shareholder" and the interpretation of "control" in NI 55-104 as well as the interpretation of "beneficial ownership" in the Act when determining who is required to file on the System for Electronic Disclosure by Insiders (SEDI). We had several files this past fiscal year where 10% or more holdings in a reporting issuer were not properly disclosed on SEDI. Understanding these definitions and interpretations will help filers identify and comply with their obligations.

We encourage issuers and insiders to review the details below, which provide filing tips to assist filers in avoiding some of the common errors we observed during the most recent fiscal year.

Tips for issuers:

- Does your issuer profile supplement show all securities ***and*** ***related financial instruments*** held by your reporting insiders?
- Have you recently checked your issuer profile supplement to ensure your insider affairs contact is up to date?
- The exemption in Part 5 of NI 55-104 does not apply to the acquisition of options or similar securities or related financial instruments (e.g. deferred share units, restricted share awards or stock appreciation rights) granted to a director or an officer. Rather, you must comply with Part 6 of NI 55-104 and file an issuer grant report if you want insiders to have the benefit of the delayed reporting exemption available for these transactions.

- In filing an issuer grant report, have you disclosed all of the details required by NI 55-104? If you have not, your reporting insiders cannot rely on the exemption in Part 6 of NI 55-104 and may be subject to late filing fees.

- Have you created deferred share units, restricted share awards and other similar securities under the security category of "issuer derivative" on SEDI? Creating these under the category of "equity" is incorrect.

Tips for insiders:

- Have you recently checked your insider profile to ensure the contact information is correct?

- You must file an amended insider profile within 10 days of any change in your name, your relationship to an issuer or if you have ceased to be a reporting insider of an issuer.

- You must file reports on transactions in securities over which you have ***control or direction or beneficial ownership*** of.

- Carefully consider whether you can rely on any of the exemptions in Part 9 of NI 55-104. For example, the "corporate group" reporting exemption in section 9.5 of NI 55-104 is not available where securities representing 10% or more of voting rights in a reporting issuer are held for an individual through a corporation which the individual controls. In such cases, both the individual and the corporation must file insider reports.

Designated Rating Organizations

In April 2012, the CSA implemented a regulatory oversight regime for credit rating agencies (CRAs) through National Instrument 25-101 *Designated Rating Organizations* (NI 25-101). The regime recognizes and responds to the role of CRAs in our credit markets, and the role of CRA-issued ratings which are referred to in securities legislation. Under the regime, the OSC has the authority to designate a CRA as a DRO, to impose terms and conditions on a DRO, and to revoke a designation order, or change its terms and conditions, where the OSC considers it in the public interest to do so.

There are currently four CRAs that have been designated as DROs in Canada under NI 25-101: DBRS Limited, Fitch Ratings, Inc., Moody's Canada Inc., and Standard & Poor's Rating Services (Canada). In Canada, the OSC is the principal regulator of these DROs.

We conduct reviews of DROs using a risk-based approach. Our reviews focus on credit rating activities of the CRAs in Canada or in respect of Canadian issuers.

When we identify a concern, or area of material non-compliance, we may take various actions depending on the nature of the observation and the perceived or potential harm to the marketplace. This may include, but is not limited to, recommending changes to the DRO's policies, procedures or information and documents on the DRO's website, or requiring training or specified oversight of DRO staff in areas where we have seen non-compliance with the DRO's policies or procedures.

Part C:
Responsive Regulation

Responsive Regulation

Overview

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

- exempt market
- venture issuer regulation
- women on boards and in executive officer positions

Exempt Market

Exempt market as integral part of Ontario's capital markets

The exempt market continues to be an important part of Ontario's capital markets. Based on filings made with the OSC, in 2013, non-investment fund issuers raised approximately $45 billion through prospectus-exempt distributions in Ontario.

- Non-investment fund issuers raised capital through approximately 27,000 purchases made by Ontario residents in 2013.

- Total filing activity also increased in 2013 compared to the previous year but remained below 5,000 filings per year.

- The accredited investor prospectus exemption is the most widely used prospectus exemption in Ontario by amount of capital raised (90%), number of filings (81%) and purchases (79%). The minimum amount investment prospectus exemption is the second most used prospectus exemption by amount of capital raised (6%).

Regulatory reform initiative

The OSC has been engaged in a review of several aspects of the exempt market regulatory regime for a number of years. This review began as a CSA review of the accredited investor and minimum amount investment prospectus exemptions with the publication of a consultation paper in November 2011.

In June 2012, the OSC announced that it was expanding the scope of its exempt market review to consider whether the OSC should introduce any new prospectus exemptions that would facilitate capital raising for businesses while protecting the interests of investors. In particular, the OSC indicated that it would consider whether there was potential to foster greater access to capital for start-ups and SMEs.

New capital raising tools

The OSC recently introduced two new tools for businesses to raise capital.

- ***Family, friends and business associates prospectus exemption*** – Start-ups and early stage businesses could benefit from greater access to capital from their network of family, friends and business associates. This exemption allows businesses to raise capital from

principals of the business or people who have certain relationships with principals of the business. It came into force in Ontario on May 5, 2015.

- ***Existing security holder prospectus exemption –*** Businesses continue to face capital raising challenges after they have become reporting issuers and are listed on an exchange. This exemption allows publicly listed issuers on specified Canadian exchanges to cost-effectively raise capital from their existing investors in reliance on the issuer's continuous disclosure record. It came into force in Ontario on February 11, 2015.

These tools are available in substantially similar form in other CSA jurisdictions. For additional information, see the OSC notices at Notice of Amendments to NI 45-106 *Prospectus and Registration Exemptions* Relating to the Family, Friends and Business Associates Exemption and Notice of Amendments to OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions*.

Changes to existing capital raising tools

In collaboration with the CSA, the OSC has made changes to existing capital raising tools, which came into force on May 5, 2015.

- ***Accredited investor prospectus exemption –*** Among other things, amendments were made to the accredited investor prospectus exemption to require those persons relying on the exemption to obtain a signed risk acknowledgment form from individual accredited investors (who are not permitted clients). The amendments also provide additional guidance on steps sellers could take to verify the status of purchasers who acquire securities under certain prospectus exemptions, including the accredited investor exemption. The amendments are intended to address investor protection concerns as well as concerns regarding compliance. The amendments do not include changes to the net income, net financial asset or net asset thresholds that must be satisfied for an individual to qualify as an accredited investor.

- ***Minimum amount investment prospectus exemption –*** Amendments to the minimum amount investment prospectus exemption restrict the exemption to distributions to non-individual investors in order to address investor protection concerns.

For additional information, see the CSA notice at CSA Notice of Amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* Relating to the Accredited Investor and Minimum Amount Investment Prospectus Exemptions.

Ongoing work – new tools to raise capital from broad investor base

There are two other initiatives intended to facilitate capital raising by businesses from a broad investor base.

- ***Offering memorandum prospectus exemption (OM exemption) –*** In March 2014, the OSC published for comment an OM exemption, which would allow businesses to raise capital based on a comprehensive disclosure document being made available to investors. The exemption would be available for a wide range of businesses at different stages of development and would provide businesses with access to a broad investor base.

- ***Crowdfunding regime –*** At the same time, the OSC published for comment a crowdfunding regime that would enable early stage businesses to raise capital from a large number of investors through a registered online funding portal. The proposed regime included both a

crowdfunding prospectus exemption and regulatory requirements applicable to an online crowdfunding portal.

We worked closely with other CSA jurisdictions in formulating the OM exemption and the crowdfunding regime. The securities regulatory authorities in Alberta, New Brunswick, Québec and Saskatchewan published for comment proposed amendments to the existing OM exemption currently available in those jurisdictions that were similar to the OM exemption that the OSC published for comment. The securities regulatory authorities in Manitoba, New Brunswick, Nova Scotia, Québec and Saskatchewan published for comment the crowdfunding regime.

The comment period ended in June 2014 and the participating CSA jurisdictions collectively received approximately 916 comment letters regarding the OM exemption and approximately 45 comment letters regarding the crowdfunding regime.

We have reviewed the comment letters and discussed the feedback from stakeholders with the other participating CSA jurisdictions in order to move forward in a collaborative, harmonized manner, where possible. In addition, we have consulted with our advisory committees, including the Exempt Market Advisory Committee and the Small and Medium Enterprises Committee, to develop responses to the feedback that appropriately balance efficient capital formation and investor protection.

Two key themes emerged in the comment letters.

- ***Need for greater harmonization –*** Several stakeholders highlighted the benefits of harmonized regulation of the exempt market. In response to those comments, we have worked closely with the other participating CSA jurisdictions to achieve greater harmonization, where possible.

- ***Concerns regarding restrictions on capital raising –*** Several stakeholders expressed concerns that certain aspects of the proposals, such as the proposed investment limits, may have been too restrictive to significantly facilitate capital formation. As a result, we plan to make changes to respond to those concerns.

We last provided an update on these initiatives in the backgrounder published on February 19, 2015. Since that time, we have received several inquiries from our stakeholders regarding both our timing for moving forward with these initiatives and our planned direction for the OM exemption and crowdfunding regime.

To address these questions, we would like to share with stakeholders our plan for moving forward.

- ***Timing –*** The OSC intends to publish the OM exemption and crowdfunding regime in final form and deliver the rules to the Minister of Finance for decision in fall 2015.

- ***Planned direction –*** After taking into account the feedback from stakeholders, our intention is that the final form of these capital raising tools in Ontario will include the following key elements.

OM exemption

- comprehensive disclosure document at point of sale
- no limit on the amount of capital an issuer can raise
- investment limits for investors, other than those who would qualify as accredited investors or investors who would qualify to invest under the family, friends and business associates exemption, substantially along the following:
  - in the case of a purchaser that is not an eligible investor, $10,000 in a 12-month period
  - in the case of a purchaser that is an eligible investor, $30,000 in a 12-month period
  - in the case of a purchaser that is an eligible investor and that receives advice from a portfolio manager, investment dealer or exempt market dealer that an investment above $30,000 is suitable, up to $100,000 in a 12-month period
- risk acknowledgement form signed by investors
- ongoing disclosure made available to investors, including audited annual financial statements, annual notice regarding the use of the money raised and notice of a limited list of significant events

Crowdfunding regime

- streamlined offering document at point of sale
- limit of $1.5 million on amount an issuer group can raise in a 12-month period
- all investments through a funding portal that is registered with securities regulators
- low investment limits for investors who do not qualify as accredited investors ($2,500 in a single investment and $10,000 under the exemption in a calendar year) with higher investment limits for accredited investors and no investment limits for permitted clients
- risk acknowledgement form signed by investors
- ongoing disclosure made available to investors, including annual financial statements, annual notice regarding the use of the money raised and notice of a limited list of significant events

Ongoing work – other exempt market initiatives

The OSC is also currently engaged in two other related exempt market initiatives.

- ***Rights offering prospectus exemption –*** In November 2014, the CSA published for comment amendments to the prospectus-exempt rights offering regime intended to streamline the process for conducting a rights offering and reduce the time and cost that have been noted as barriers to its use. We are currently working with the CSA to develop final amendments to the existing rights offering prospectus exemption. Our goal is to publish the final amendments and deliver them to the Minister of Finance for decision in fall 2015.

- ***Reports of exempt distribution –*** We are working with the CSA to develop a harmonized form of report of exempt distribution. This initiative is intended to reduce the compliance burden for issuers and underwriters in reporting exempt distributions by having a harmonized report of exempt distribution, as well as provide securities regulators with the necessary information to facilitate more effective regulatory oversight of the exempt market and improve analysis for policy development purposes. Our goal is to publish the proposed report for comment in summer 2015.

Enhanced compliance program

In anticipation of the adoption of new prospectus exemptions discussed above, we are developing a new type of compliance program to oversee non-reporting issuers that use these exemptions. We are doing so in parallel with our Compliance and Registrant Regulation Branch, which is also reviewing current compliance measures with respect to registrants involved in the exempt market to consider how existing compliance oversight may need to be adapted once the new exemptions are in force.

Our program will consider compliance with the scope of available exemptions and review selected offering documents to assess that appropriate disclosure has been made. The program will have the following objectives:

- inform stakeholders of our monitoring activities
- compile data to understand the market as it develops
- develop risk-based criteria to identify high risk issuers and registrants for review
- take appropriate compliance, enforcement and cross-branch referral action

Reports of exempt distribution as key component of compliance program

Issuers or underwriters that sell securities under certain prospectus exemptions are required to file a report of exempt distribution on Form 45-106F1 *Report of Exempt Distribution* with securities regulators. These reports are our primary source of information about activity in the exempt market. They include information about the issuer, the underwriter (if any), the distribution, commissions and finders' fees and the investors.

This information provides us with a more comprehensive understanding of activity in the exempt market, helps us to effectively oversee that market, and informs any future changes we may recommend to the exempt market regulatory regime. As a result, it is important that complete and accurate reports are filed with the OSC in a timely manner.

We remind issuers and underwriters of the following resources available to them when preparing and filing these reports.

- ***E-form –*** In June 2012, the OSC launched an electronic version of the report (the e-form) which can be filed through the OSC's website. Our goal in providing the e-form is to both make it easier for filers to prepare and file the report and also to facilitate the OSC's ability to review the information contained in the report. As of February 19, 2014, issuers and underwriters that are required to prepare and file a report must file the report using the e-form, instead of in paper format. Please see OSC Staff Notice 45-708 *Introduction of Electronic Report of Exempt Distribution on Form 45-106F1* and Form 45-106F1 (Non-Investment Fund Issuers), Form 45-106F1 (Investment Fund Issuers), Form 45-501F1 (Non-Investment Fund Issuers) and Form 45-501F1 (Investment Fund Issuers) for further information.

- ***Filing tips –*** OSC Staff Notice 45-709 (Revised) *Tips for Filing Reports of Exempt Distribution* sets out tips to assist issuers, underwriters and their advisors in filing reports in Ontario.

- ***Filing and late fees –*** Based on our current fee schedule, a $500 fee must be filed with each report by the filing deadline and if a report is filed after the deadline, a late fee of $100 per business day applies, up to a maximum of $5,000 per fiscal year of an issuer for all of the issuer's reports. See OSC Staff Notice 45-713 *Reports of Exempt Distribution - Compliance with Filing Requirements* for further information.

Venture Issuer Regulation

The OSC has been involved with other CSA jurisdictions for many years on rule amendments designed to streamline and tailor venture issuer disclosure while improving requirements for corporate governance. On June 30, 2015, amendments to National Instrument 51-102 *Continuous Disclosure Obligations*, National Instrument 41-101 *General Prospectus Requirements* and National Instrument 52-110 *Audit Committees* came into force creating this streamlined and tailored disclosure. See 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* for further information.

The amendments streamline and tailor disclosure by venture issuers, including streamlined quarterly financial reporting, executive compensation disclosure and business acquisition reporting. They are intended to make the disclosure requirements for venture issuers more suitable and manageable for issuers at their stage of development. Specifically, the amendments:

- allow all venture issuers to meet interim MD&A requirements by preparing a "quarterly highlights" document,

- allow venture issuers to use a new tailored form of executive compensation disclosure, Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*,

- increase the significance threshold of an acquisition from 40% to 100% in determining whether an acquisition is significant for purposes of filing a BAR,

- reduce the number of years of company history and audited financial statements required in a venture issuer IPO prospectus from three to two years, and

- enhance corporate governance by requiring venture issuers to have an audit committee of at least three members, the majority of whom cannot be executive officers, employees or control persons of the venture issuer or of an affiliate of the venture issuer.

The amendments are designed to focus disclosure of venture issuers on information that reflects the needs and expectations of venture issuer investors without compromising investor protection.

Women on Boards and in Executive Officer Positions

The OSC published proposed disclosure requirements relating to women on boards and in executive officer positions on January 16, 2014. In addition, a multilateral CSA notice was published for comment on July 3, 2014, which proposed the same disclosure requirements.

On December 31, 2014, rule amendments to National Instrument 58-101 *Disclosure of Corporate Governance Practices* and Form 58-101F1 *Corporate Governance Disclosure* came into effect in Manitoba, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Québec, Saskatchewan and Yukon (participating jurisdictions).

The amendments are intended to increase transparency for investors and other stakeholders regarding the representation of women on boards of directors and in senior management. This transparency is intended to assist investors in making investment and voting decisions and applies to all non-venture issuers reporting in the participating jurisdictions.

The amendments require non-venture issuers to provide annual disclosure regarding the following items in their proxy circular or AIF:

- director term limits and other mechanisms of renewal of the board,
- policies regarding the representation of women on the board,
- the board's or nominating committee's consideration of the representation of women in the director identification and selection process,
- the issuer's consideration of the representation of women in executive officer positions when making executive officer appointments,
- targets regarding the representation of women on the board and in executive officer positions, and
- the number and proportion of women on the board and in executive officer positions.

We are currently conducting a comprehensive issue-oriented review of compliance with these new rule amendments and will publish the results.

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

osc.gov.on.ca

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

Huston Loke
Director
Corporate Finance
hloke@osc.gov.on.ca
(416) 593-8254

Marie-France Bourret
Senior Accountant
Corporate Finance
mbourret@osc.gov.on.ca
(416) 593-8083

Jo-Anne Matear
Manager
Corporate Finance
jmatear@osc.gov.on.ca
(416) 593-2323

Shannon O'Hearn
Manager
Corporate Finance
sohearn@osc.gov.on.ca
(416) 595-8944

1.2 Notices of Hearing

1.2.1 Good Mining Exploration Inc. – s. 127

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

AND

IN THE MATTER OF GOOD MINING EXPLORATION INC.

NOTICE OF HEARING (Section 127)

WHEREAS:

1. The Ontario Securities Commission (the "Commission") issued an order pursuant to paragraph 2 of subsection 127(1) of the *Securities Act*, R.S.O., c. S.5, as amended (the "Act") on June 22, 2015 ordering that effective immediately

   (a) All trading in the securities of the Good Mining Exploration Inc. (the "Mining Issuer"), whether direct or indirect, shall cease unless the order is varied or revoked on application of a person or company affected by the decision; and

   (b) All trading in securities or derivatives by the Mining Issuer, whether direct or indirect, shall cease unless the order is varied or revoked on application of a person or company affected by the decision (the "Cease Trade Order dated June 22, 2015");

2. On July 7, 2015 the Mining Issuer served on Staff of the Commission and filed a Notice of Application to the Commission pursuant to section 144(1) of the Act to vary paragraph 2 of the Cease Trade Order dated June 22, 2015 to allow the Mining Issuer to liquidate certain investments and requested that the hearing of the application proceed on July 9 or in writing pursuant to Rule 11 of the Commission Rules of Procedure;

TAKE NOTICE that the Commission will hold a hearing pursuant to section 127 of the Act, at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on July 9, 2015 at 10:00 a.m. or as soon thereafter as the hearing can be held, or in writing if the Commission gives permission pursuant to Rule 11 of the Commission Rules of Procedure, as requested by the Mining Issuer;

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 order:

(a) that paragraph 2 of the Cease Trade Order dated June 22, 2015 be varied pursuant to subsection 144(1) of the Act to allow the Mining Issuer to sell, as needed, certain securities; and

(b) Such further order as the Commission considers appropriate;

BY REASON OF the facts as set out in the Cease Trade Order dated June 22, 2015 and such further additional allegations and evidence as counsel may advise and the Commission may permit;

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

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place 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 9th day of July , 2015.

"Josée Turcotte"
Secretary to the Commission

1.4 Notices from the Office of the Secretary

1.4.1 Good Mining Exploration Inc.

FOR IMMEDIATE RELEASE
July 9, 2015

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

AND

IN THE MATTER OF
GOOD MINING EXPLORATION INC.

TORONTO – The Office of the Secretary issued a Notice of Hearing to consider the s.144 Application filed by the Respondents. The matter is set down to be heard on July 9, 2015 at 10:00 a.m. or as soon thereafter as the hearing can be held or in writing in the above named matter.

A copy of the Notice of Hearing dated July 9, 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)

1.4.2 Christopher Reaney

FOR IMMEDIATE RELEASE
July 14, 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 its Reasons and Decision in the above named matter.

A copy of the Reasons and Decision dated July 13, 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)

1.4.3 Good Mining Exploration Inc.

FOR IMMEDIATE RELEASE
July 13, 2015

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

AND

IN THE MATTER OF
GOOD MINING EXPLORATION INC.

TORONTO – The Commission issued an Order pursuant to section 144 of the Act which provides that, effective immediately the Cease Trade Order dated June 22, 2015, is varied to allow the Mining Issuer to sell the TD Securities held in the TD Account, as needed.

A copy of the Order dated July 13, 2015 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Baxter International Inc.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from prospectus requirements to allow U.S. parent company to spin-off its wholy-owned U.S. subsidiary to shareholder of the U.S. parent company – share distributions not covered by legislative exemptions – U.S. parent company has a *de minimis* presence in Canada – U.S. parent company is a public company in the U.S. but is not a reporting issuer in Canada – following the spin-off, U.S. subsidiary will become an independent public company in the U.S. and will not be a reporting issuer in Canada – no investment decision required from Canadian shareholders in order to receive share distributions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5., as am., s. 53.

June 9, 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
BAXTER INTERNATIONAL INC.
(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 (the "**Legislation**") for an exemption (the "**Exemption Sought**") from the prospectus requirement of section 53 of the *Securities Act* (Ontario) (the "**Act**") in connection with the proposed distribution (the "**Spin-Off**") by the Filer of the shares of common stock of Baxalta Incorporation ("**Baxalta**"), a direct wholly-owned subsidiary of the Filer, by way of a dividend *in specie* to holders ("**Filer Shareholders**") of shares of common stock of the Filer ("**Filer Shares**") resident in Canada ("**Filer Canadian Shareholders**").

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

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

(b) the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* ("**MI 11-102**") is intended to be relied upon in each of the other provinces and territories of Canada.

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 corporation incorporated in Delaware with principal executive offices in Deerfield, Illinois, U.S.A. The Filer is a global diversified healthcare company with expertise in medical devices, pharmaceuticals and biotechnology.

2. The Filer is not a reporting issuer under the securities laws of any province or territory of Canada and, currently, has no intention of becoming a reporting issuer under the securities laws of any province or territory of Canada.

3. The authorized capital of the Filer consists of 2 billion Filer Shares and 100 million shares of preferred stock. As of April 30, 2015, there were 544,254,211 Filer Shares issued and outstanding and no shares of preferred stock were outstanding.

4. Filer Shares are listed on the New York Stock Exchange (the "**NYSE**") and trade under the symbol "BAX". Filer Shares are not listed on any Canadian stock exchange and, currently, the Filer has no intention of listing its shares on any Canadian stock exchange.

5. The Filer is subject to the United States *Securities Exchange Act of 1934* (the "**1934 Act**") and the rules, regulations and orders promulgated thereunder.

6. Based on a "Geographic Survey Breakdown Snapshot" that breaks down the Filer's record holders by domicile provided by Computershare Investor Services (the Filer's transfer agent), as of March 31, 2015, there were 499 registered Filer Canadian Shareholders holding approximately 88,646.84 Filer Shares, representing approximately 1.47% of the registered shareholders of the Filer worldwide and holdings of approximately 0.02% of the outstanding Filer Shares. The Filer does not expect these numbers to have materially changed since that date.

7. Based on a "Geographic Survey" of beneficial holders provided by Broadridge Financial Solutions Inc. obtained by the Filer as of May 7, 2015, there were 7,862 beneficial Filer Canadian Shareholders, representing approximately 2.94% of the beneficial holders of Filer Shares worldwide, holding approximately 8,863,401.61 Filer Shares, representing approximately 1.63% of the outstanding Filer Shares. The Filer does not expect these numbers to have materially changed since that date.

8. Based on the information above, the number of registered and beneficial Filer Canadian Shareholders and the proportion of Filer Shares held by such shareholders are *de minimis*.

9. The Filer is proposing to spin off its biopharmaceuticals business into a newly formed independent company, Baxalta, through a series of transactions. These transactions are expected to result in the Spin-Off by the Filer, *pro rata* to its shareholders, of more than 80% of the outstanding shares in the common stock of Baxalta ("**Baxalta Shares**").

10. Baxalta is a Delaware corporation with principal executive offices in Bannockburn, Illinois, U.S.A. It is currently a wholly-owned subsidiary of the Filer that, at the time of the Spin-Off, will hold the Filer's biopharmaceuticals business.

11. As of the date hereof, all of the issued and outstanding Baxalta Shares are held by the Filer, and no other shares or classes of stock of Baxalta are issued and outstanding.

12. Fractional shares of Baxalta Shares will not be distributed in connection with the Spin-Off. Fractional Baxalta Shares that Filer Shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate cash proceeds (net of discounts and commissions) of these sales will be distributed *pro rata* to those Filer Shareholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest thereon.

13. Filer Shareholders will not be required to pay any consideration for the Baxalta Shares, or to surrender or exchange Filer Shares or take any other action to receive their Baxalta Shares. The Spin-Off will occur automatically and without any investment decision on the part of Filer Shareholders.

14. Following the Spin-Off, Baxalta will cease to be a subsidiary of the Filer.

15. Baxalta will apply to have the Baxalta Shares listed on the NYSE before the Spin-Off.

16. After the completion of the Spin-Off, the Filer will continue to be listed and traded on the NYSE.

17. Baxalta is not a reporting issuer in any province or territory in Canada nor are its securities listed on any stock exchange in Canada. To the knowledge of the Filer, Baxalta has no intention to become a reporting issuer in any province or territory in Canada or to list its securities on any stock exchange in Canada after the completion of the Spin-Off.

18. The Spin-Off will be effected under the laws of the State of Delaware.

19. Because the Spin-Off will be effected by way of a dividend of Baxalta Shares to Filer Shareholders, no shareholder approval of the proposed transaction is required (or being sought) under Delaware law.

20. In connection with the Spin-Off, Baxalta has filed with the United States Securities and Exchange Commission (the "**SEC**") a registration statement on Form 10 (the "**Registration Statement**") under the 1934 Act, detailing the proposed Spin-Off. Baxalta initially filed the Registration Statement with the SEC on December 10, 2014 and subsequently filed amendments to the Registration Statement on January 26, 2015, April 10, 2015, May 19, 2015 and May 28, 2015.

21. After the SEC has completed its review of the Registration Statement, Filer Shareholders will receive a copy of an information statement (the "**Information Statement**") detailing the terms and conditions of the Spin-Off and forming part of the Registration Statement. All materials relating to the Spin-Off sent by or on behalf of the Filer and Baxalta in the United States (including the Information Statement) will be sent concurrently to Filer Canadian Shareholders.

22. The Information Statement will contain prospectus level disclosure about Baxalta.

23. Filer Canadian Shareholders who receive Baxalta Shares pursuant to the Spin-Off will have the benefit of the same rights and remedies in respect of the disclosure documentation received in connection with the Spin-Off that are available to Filer Shareholders resident in the United States.

24. Following the completion of the Spin-Off, Baxalta will send concurrently to Baxalta Shareholders resident in Canada the same disclosure materials required to be sent under applicable U.S. securities laws to Baxalta Shareholders resident in the United States.

25. There will be no active trading market for the Baxalta Shares in Canada following the Spin-Off and none is expected to develop. Consequently, it is expected that any resale of Baxalta Shares distributed in connection with the Spin-Off will occur through the facilities of the NYSE.

26. The Filer intends to retain the remainder of the Baxalta Shares for a limited period of time. The Filer plans to dispose of all such remaining Baxalta Shares after the Spin-Off, which disposition could include one or more subsequent exchanges for debt or equity within the 18-month period following the Spin-Off or otherwise be used to satisfy the Filer's outstanding obligations. Any Baxalta Shares not disposed of by the Filer during such 18-month period will be otherwise disposed of, including potentially through secondary offerings of Baxalta Shares by the Filer consistent with the business reasons for the retention, but in no event later than five years after the Spin-Off. It is anticipated that the Filer and Baxalta will enter into a shareholder's and registration rights agreement with the Filer wherein Baxalta will agree, upon the request of the Filer, to use reasonable best efforts to effect a registration under applicable federal and state securities laws of any Baxalta Shares retained by the Filer.

27. The Spin-Off to Filer Canadian Shareholders would be exempt from the prospectus requirements pursuant to subsection 2.31(2) of National Instrument 45-106 – *Prospectus Exemptions* but for the fact that Baxalta is not a reporting issuer under the securities legislation of any jurisdiction in Canada.

28. To the knowledge of the Filer, neither the Filer nor Baxalta is in default of any securities legislation in any jurisdiction of Canada.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the first trade in the Baxalta Shares acquired pursuant to the Spin-Off will be deemed to be a distribution unless the conditions in Section 2.6 or subsection 2.14(1) of National Instrument 45-102 – *Resale of Securities* are satisfied.

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"Janet Leiper"
Commissioner
Ontario Securities Commission

2.1.2 Auspice Capital Advisors Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Mutual funds granted relief from certain restrictions in National Instrument 81-102 Investment Funds regarding securities lending transactions including: (i) the 50% limit on lending; (ii) the requirement to use the fund's custodian or sub-custodian as lending agent; and (iii) the requirement to hold the collateral during the course of the transaction – Mutual funds invest their assets in a portfolio of cash and underlying securities that are pledged to a Counterparty for performance of the funds' obligations under forward contracts giving the funds exposure to underlying interests – Mutual funds wanting to lend up to 100% of the net assets of the fund – Counterparty must release its security interest in the underlying securities in order to allow the funds to lend such securities, provided the funds grant the Counterparty a securities interest in the collateral held by the fund for the loaned securities – National Instrument 81-102 Investment Funds.

Applicable Legislative Provisions

National Instrument 81-102 Investment Funds, ss. 2.12(1)1, 2.12(1)2, 2.12(1)12, 2.12(3), 6.8(5), 2.15, 2.16, 19.1.

Citation: Re Auspice Capital Advisors Ltd., 2015 ABASC 766

July 3, 2015

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

AND

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

AND

IN THE MATTER OF
AUSPICE CAPITAL ADVISORS LTD.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (each a **Decision Maker**) has received an application from the Filer on behalf of the existing exchange traded funds the Filer manages (each an **Existing ETF**) and such other exchange traded funds as the Filer or an affiliate of the Filer (each an **ETF Manager**) manages or may establish and manage in the future (each a **Future ETF**, and together with the Existing ETFs, the **ETFs** and individually, an **ETF**) for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting each ETF from the following provisions of National Instrument 81-102 *Investment Funds* (**NI 81-102**):

(a) paragraph 2.12(1)1 of NI 81-102 to permit an ETF to enter into securities lending transactions that will not be administered and supervised in compliance with certain requirements of sections 2.15 and 2.16 of NI 81-102 as set forth in paragraphs (e) and (f) below;

(b) paragraph 2.12(1)2 of NI 81-102 to permit an ETF to enter into securities lending transactions that are not made under an agreement that fully implements the requirements of section 2.12 of NI 81-102;

(c) paragraph 2.12(1)12 of NI 81-102 to permit an ETF to enter into securities lending transactions in which the aggregate market value of securities loaned by the ETF exceeds 50% of the total assets of the ETF;

(d) subsection 2.12(3) of NI 81-102 to permit an ETF, during the term of a securities lending transaction, to pledge the collateral delivered to it as collateral in the transaction to a Counterparty (as defined below);

(e) section 2.15 of NI 81-102 to permit an ETF to appoint an agent, other than the custodian or sub-custodian of the ETF, as agent for administering the securities lending transactions entered into by the ETF;

(f) section 2.16 of NI 81-102 only to the extent this section contemplates that securities lending transactions must be entered into through an agent appointed under section 2.15 of NI 81-102; and

(g) subsection 6.8(5) of NI 81-102, only to permit an ETF, in connection with a securities lending transaction it has entered into, to deliver any collateral, cash proceeds or purchased securities that it has received to a Counterparty, that is not the custodian or sub-custodian of the ETF

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

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

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

(b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Northwest Territories, Yukon and Nunavut; and

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. Each ETF is, or will be, a mutual fund trust governed by the laws of Ontario and a reporting issuer under the laws of some or all of the jurisdictions of Canada.

2. Each ETF is, or will be, subject to NI 81-102, National Instrument 81-106 *Investment Fund Continuous Disclosure* and National Instrument 81-107 *Independent Review Committee for Investment Funds* and is, or may be, subject to other rules applicable to mutual funds, including National Instrument 81-104 *Commodity Pools*, subject to any exemptions therefrom that have been, or may be, granted by the applicable securities regulatory authorities or regulators.

3. Each ETF is, or will be, in continuous distribution. The units of each ETF are, or will be, listed on the Toronto Stock Exchange (the TSX) or another marketplace in Canada as defined in National Instrument 21-101 Marketplace Operations (a Marketplace).

4. An ETF Manager has filed, or will file, a long form prospectus in accordance with National Instrument 41-101 General Prospectus Requirements on behalf of each ETF, subject to any exemptions that have been or may be granted by the applicable securities regulatory authorities or regulators.

5. An ETF Manager will not file a final prospectus for an ETF until the TSX or another Marketplace has conditionally approved the listing of units of the ETF.

6. The Filer will be the manager and trustee of the Existing ETFs and an ETF Manager will be the manager and trustee of the Future ETFs.

7. The Filer is a corporation organized under the laws of Alberta, with a head office in Calgary, Alberta. The Filer is registered as: (i) an investment fund manager in Alberta, British Columbia and Ontario; (ii) an exempt market dealer in Alberta, British Columbia and Ontario; (iii) a portfolio manager in Alberta; and (iv) a commodity trading manager in Ontario.

8. Neither the Filer nor any Existing ETF is in default of securities legislation in any of the jurisdictions of Canada.

9. Horizons ETFs Management (Canada) Inc., a registered portfolio manager, will act as portfolio adviser to the Existing ETFs.

10. Units of each ETF are, or will be, distributed on a continuous basis in one or more of the jurisdictions of Canada under a long form prospectus. Therefore, the ETFs must file a renewal prospectus on an annual basis in each such jurisdiction of Canada in accordance with applicable securities legislation.

11. In order to obtain exposure to the performance of an applicable index or reference portfolio, each ETF has entered, or will enter, into one or more forward purchase and sale agreements or other derivative agreements (each a **Forward Contract**) with a Canadian chartered bank or an affiliate thereof (each a **Counterparty**). Pursuant to a Forward Contract, each ETF will invest the net proceeds of its continuous offerings in a portfolio of cash and underlying securities (the **Securities Portfolio**) which the ETF will deliver to the Counterparty from time to time in exchange for a purchase price determined by reference to the performance of an applicable index or of a fund that invests in or obtains exposure to the applicable index or the constituent securities thereof or an applicable reference portfolio. However, neither the ETFs, nor their unitholders by virtue of their investment in units of an ETF, will have any ownership interest in the applicable index, securities or any other financial instrument, if any, that the Counterparty chooses to use to hedge its exposure under the applicable Forward Contract.

12. Currently, National Bank of Canada acts as Counterparty in respect of the Existing ETFs.

13. The Securities Portfolio of each ETF generally is and will be a static portfolio that will not be actively managed except in limited circumstances. The Securities Portfolio of each ETF is expected to be held by the Counterparty as pledged security to the Forward Contract the ETF has entered into.

14. The Filer proposes and each ETF Manager is anticipated to engage in securities lending transactions on behalf of each ETF it manages that may represent up to 100% of the net assets of the ETF, in order to earn additional returns for the ETF.

15. An ETF Manager may lend the securities of an ETF to one or more borrowers indirectly through an agent, other than the custodian or sub-custodian of the ETF, which will be a Canadian financial institution or the investment bank affiliate of a Canadian financial institution. It may not be practical for the custodian of an ETF to act as agent with respect to an ETF's securities lending transactions as it may not have control over the ETF's assets for the reasons set out above.

16. An ETF will appoint the Counterparty or, in appropriate circumstances, an affiliated dealer of the Counterparty, to act as the ETF's agent in administering the ETF's securities lending activities. It is also possible that an ETF's custodian will, with the consent of the Counterparty, act as the ETF's agent with respect to the ETF's securities lending activities.

17. Each ETF Manager will ensure that any agent through which the ETF lends securities maintains appropriate internal controls, procedures, and records for securities lending transactions as prescribed in subsection 2.16(2) of NI 81-102.

18. The Securities Portfolio of an ETF will be pledged to the applicable Counterparty as collateral for the obligations of the ETF under its Forward Contract. The Counterparty will release its security interest in the Securities Portfolio of the ETF in order to allow the ETF to lend the portfolio assets in the Securities Portfolio of the ETF, provided that the ETF grants the Counterparty a security interest in the collateral held by the ETF for the loaned portfolio assets in the Securities Portfolio of the ETF. To facilitate the Counterparty's release of its security interest in the Securities Portfolio of such an ETF, the applicable ETF Manager will ensure that the portfolio assets of the Securities Portfolio of the ETF are loaned to an affiliate of the Counterparty, which will be a registered dealer and a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) or another borrower that is acceptable to both the ETF Manager and the Counterparty. The collateral received by the ETF in respect of a securities lending transaction, will not be reinvested in any other types of investment products.

19. The revenues from the securities lending transactions paid to an ETF will not be affected by the borrower of the portfolio assets of the ETF being an affiliate of the Counterparty. Revenue generated from an ETF's securities lending transactions will be paid to the ETF.

20. The prospectus of each ETF will contain disclosure about its proposed securities lending transactions before that ETF enters into such securities lending transactions. Except pursuant to the Exemption Sought, all securities lending transactions on behalf of an ETF will be conducted in accordance with the provisions of NI 81-102.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted in respect of an ETF provided that by the date the ETF needs to rely on the Exemption Sought, and on an ongoing basis thereafter, the ETF and the applicable ETF Manager will be in compliance with each of the following conditions:

(a) with respect to the exemption from paragraph 2.12(1)12 of NI 81-102, the ETF enters into a Forward Contract with a Counterparty and grants the Counterparty a security interest in its Securities Portfolio and in connection with a securities lending transaction relating to such Securities Portfolio:

(i) receives the collateral that:

(A) is prescribed by paragraphs 2.12(1)3 to 6 of NI 81-102 other than collateral described in subparagraph 2.12(1)6(d) or in paragraph (b) of the definition of "qualified security"; and

(B) is marked to market on each business day in accordance with paragraph 2.12(1)7 of NI 81-102;

(ii) has the rights set forth in paragraphs 2.12(1)8, 2.12(1)9 and 2.12(1)11 of NI 81-102;

(iii) complies with paragraph 2.12(1)10 of NI 81-102; and

(iv) lends its securities only to borrowers that are acceptable to that ETF and the Counterparty, and that have a designated rating or whose obligations to that ETF are fully and unconditionally guaranteed by one or more persons or companies that have a designated rating;

(b) with respect to the exemption from subsection 2.12(3) of NI 81-102, the ETF, to the extent necessary, provides a security interest to the applicable Counterparty in the collateral delivered to it as collateral pursuant to a securities lending transaction as described above;

(c) with respect to the exemption from section 2.15 of NI 81-102:

(i) the ETF enters into a written agreement with an agent that complies with each of the requirements set forth in subsection 2.15(4) of NI 81-102, except as set out herein; and

(ii) the agent administering the securities lending transaction of the ETF:

(A) is in compliance with subsection 2.15(5) of NI 81-102; and

(B) is the Counterparty or an affiliate of the Counterparty that is registered as an investment dealer;

(d) with respect to the exemption from section 2.16 of NI 81-102, the ETF Manager and the ETF comply with the requirements of section 2.16 of NI 81-102 as if the agent appointed by the Filer were the agent contemplated in that section; and

(e) with respect to the exemption from subsection 6.8(5) of NI 81-102:

(i) the ETF provides a security interest to the applicable Counterparty in the collateral delivered to it as collateral pursuant to a securities lending transaction as described in representation 18; and

(ii) the collateral delivered to the ETF pursuant to the securities lending transaction is held by an affiliate of the Counterparty, which will be a registered dealer and a member of IIROC, as described in representation 18.

"Tom Graham, CA"
Director, Corporate Finance

2.1.3 Laurence Ginsberg and Dealing Representatives of Exempt Market Dealers and Scholarship Plan Dealers – s. 15.1 of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations

Headnote

Housekeeping revocation of a prior decision of the Director dated February 26, 2010, *In the Matter of Laurence Ginsberg (the "Lead Filer") and Dealing Representatives of Exempt Market Dealers and Scholarship Plan Dealers*, (2010) 33 OSCB 1776.

Prior Decision provided an exemption in Ontario from section 3.3 [time limits on examination requirements] of NI 31-103 in respect of an examination or program in section 3.7 [scholarship plan dealer – dealing representative] to dealing representatives of a scholarship plan dealer if the dealing representative was registered in a jurisdiction of Canada as a dealing representative on and since the date NI 31-103 came into force (being September 28, 2009).

Prior Decision also provided an exemption in Ontario from section 3.3 [time limits on examination requirements] of NI 31-103 in respect of an examination or program in section 3.9 [exempt market dealer – dealing representative] to dealing representatives of an exempt market dealer if the dealing representative was registered in Ontario or Newfoundland and Labrador as a dealing representative of an exempt market dealer on and since the date NI 31-103 came into force.

Prior Decision has now become redundant as a result of an amendment to section 3.3 NI 31-103 that came into force on January 11, 2015.

Instrument Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 3.3(1), 3.3(4), 3.7, 3.9 and 15.1.

Decision Cited

In the Matter of Laurence Ginsberg (the "Lead Filer") and Dealing Representatives of Exempt Market Dealers and Scholarship Plan Dealers, (2010) 33 OSCB 1776.

July 9, 2015

IN THE MATTER OF
NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS
AND ONGOING REGISTRANT OBLIGATIONS

AND

IN THE MATTER OF
A PRIOR DECISION OF THE DIRECTOR

IN THE MATTER OF
LAURENCE GINSBERG (THE "LEAD FILER") AND
DEALING REPRESENTATIVES OF EXEMPT MARKET DEALERS AND SCHOLARSHIP PLAN DEALERS

DECISION
(Section 15.1 of NI 31-103)

Interpretation

Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in National Instrument 14-101 *Definitions* or National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) have the same meaning.

Background

1. On February 26, 2010, the Director issued a decision, In the Matter of Laurence Ginsberg (the "Lead Filer") and dealing representatives of exempt market dealers and scholarship plan dealers (the **Prior Decision**).

2. The full text of the Prior Decision is set out in the attached Schedule.

3. Subsection 3.3(1) [*time limits on examination requirements*] of NI 31-103 provides that for the purposes of Part 3 of NI 31-103 an individual is deemed not to have passed an examination unless he or she has done so within a specified time limit.

4. The Prior Decision provided an exemption in Ontario from section 3.3 [*time limits on examination requirements*] of NI 31-103 in respect of an examination or program in section 3.7 [*scholarship plan dealer – dealing representative*] to dealing representatives of a scholarship plan dealer if the dealing representative was registered in a jurisdiction of Canada as a dealing representative on and since the date NI 31-103 came into force (being September 28, 2009).

5. The Prior Decision also provided an exemption in Ontario from section 3.3 [*time limits on examination requirements*] of NI 31-103 in respect of an examination or program in section 3.9 [*exempt market dealer – dealing representative*] to dealing representatives of an exempt market dealer if the dealing representative was registered in Ontario or Newfoundland and Labrador as a dealing representative of an exempt market dealer on and since the date NI 31-103 came into force.

6. The Prior Decision has now become redundant as a result of an amendment to section 3.3 NI 31-103 that came into force on January 11, 2015. Under the amendment, section 3.3 was amended by adding the following subsection (4):

> (4) Subsection (1) does not apply to the examination requirements in
>
> (a) section 3.7 [*scholarship plan dealer – dealing representative*] if the individual was registered in a jurisdiction of Canada as a dealing representative of a scholarship plan dealer on and since September 28, 2009, and
>
> (b) section 3.9 [*exempt market dealer – dealing representative*] if the individual was registered as a dealing representative of an exempt market dealer in Ontario or Newfoundland and Labrador on and since September 28, 2009.

Decision

The Director is satisfied that it is in the public interest for her to make this decision.

The decision of the Director is that the Prior Decision is revoked.

"Debra Foubert"
Director, Compliance and Registrant Regulation
Ontario Securities Commission

SCHEDULE

February 26, 2010

IN THE MATTER OF
NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS AND EXEMPTIONS
("NI 31-103" or the "Instrument")

AND

IN THE MATTER OF
LAURENCE GINSBERG (THE "LEAD FILER") AND
DEALING REPRESENTATIVES OF EXEMPT MARKET DEALERS AND SCHOLARSHIP PLAN DEALERS

DECISION

Interpretation

Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in NI 31-103 or National Instrument 14-101 *Definitions* have the same meaning.

Background

1. The Lead Filer is registered in Ontario as a dealing representative of an exempt market dealer and has been continuously registered in that category since NI 31-103 came into force.

2. Because the Lead Filer was registered as a dealing representative of an exempt market dealer when NI 31-103 came into force, he is exempt from section 3.9 [*exempt market dealer – dealing representative*] until September 28, 2010 due to the application of subsection 16.10(3) [*proficiency for dealing and advising representatives*].

3. On September 28, 2010, the Lead Filer will become subject to section 3.9 [*exempt market dealer – dealing representative*], which specifies the proficiency he must have to act as a dealing representative of an exempt market dealer.

4. Section 3.3 [*time limits on examination requirements*] of NI 31-103 provides that an individual is deemed not to have passed an examination or successfully completed a program unless he or she has done so within the time period set out in that section.

5. The Lead Filer has passed the Canadian Securities Course Exam, the proficiency requirement in section 3.9 [*exempt market dealer – dealing representative*]. However, due to the application section 3.3 [*time limits on examination requirements*], he is deemed not to have passed the Exam because he did not pass it within the period set out in that section.

Application

The Lead Filer has applied to the Director, under section 15.1 of NI 31-103, for exemptions for himself and each dealing representative of an exempt market dealer and a scholarship plan dealer registered in a jurisdiction of Canada on and since the date NI 31-103 came into force (together with the Lead Filer, the **Filers** or, individually, a **Filer**) from section 3.3 [*time limits on examination requirements*] of NI 31-103.

Decision

The decision of the Director is that section 3.3 [*time limits on examination requirements*] does not apply to a Filer in respect of an examination or program in

(a) section 3.7 [*scholarship plan dealer – dealing representative*] if the Filer was registered in a jurisdiction of Canada as a dealing representative of a scholarship plan dealer on and since the date NI 31-103 came into force, and

(b) section 3.9 [*exempt market dealer – dealing representative*] if the Filer was registered in Ontario or Newfoundland and Labrador as a dealing representative of an exempt market dealer on and since the date NI 31-103 came into force.

"Erez Blumberger"
Deputy Director, Registrant Regulation
Ontario Securities Commission

2.1.4 Bridgeport Asset Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the conflict of interest restrictions in the Securities Act (Ontario) and the self-dealing prohibitions in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations to permit fund-on-fund structure involving between pooled funds under common management subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario) R.S.O. 1990, c. S.5, as am., ss. 111(2)(b), 111(2)(c), 111(4), 113.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 13.5(2)(a).

July 8, 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
BRIDGEPORT ASSET MANAGEMENT INC.
(the Filer)

AND

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

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on its behalf and on behalf of Bridgeport Small and Mid Cap Equity Fund, Bridgeport U.S. Equity Fund, and Bridgeport Canadian Equity Fund (the **Initial Top Funds**) and any other investment fund which is not a reporting issuer under the Legislation that is advised or managed by the Filer, or an affiliate, after the date hereof (the **Future Top Funds**, and together with the Initial Top Funds, the **Top Funds**), for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**), exempting the Top Funds and the Filer from:

(a) the restriction in the Legislation which prohibits an investment fund from knowingly making an investment in a person or company in which the investment fund, alone or together with one or more related investment funds, is a substantial securityholder;

(b) the restriction in the Legislation which prohibits an investment fund from knowingly making an investment in an issuer in which any of the following has a significant interest:

(i) any officer or director of the investment fund, its management company or distribution company or an associate of any of them, or

(ii) any person or company who is a substantial securityholder of the investment fund, its management company or its distribution company; and

(c) the restriction in the Legislation which prohibits an investment fund, its management company or its distribution company from knowingly holding an investment described in paragraph (a) or (b) above

(collectively, the **Related Issuer Relief**); and

(d) the restrictions contained in subsection 13.5(2)(a) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) which prohibit a registered adviser from knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, to purchase a security of an issuer in which a responsible person or an associate of a responsible person is a partner, officer or director unless the fact is disclosed to the client and the written consent of the client to the purchase is obtained before the purchase

(the **Consent Relief**, and together with the Related Issuer Relief, the **Requested Relief**)

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

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

b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta in respect of the Related Issuer Relief.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 *Passport System* (**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:

Filer

1. The Filer is a corporation incorporated under the laws of the Province of Ontario and has its head office in Toronto, Ontario.

2. The Filer is registered in the categories of investment fund manager, portfolio manager and exempt market dealer in Ontario and Quebec, and in the category of portfolio manager in British Columbia and Manitoba.

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

4. The Filer is the investment fund manager and portfolio adviser of the Initial Top Funds. The Filer, or an affiliate of the Filer, will be the investment fund manager and portfolio manager of the Future Top Funds.

5. The Filer is the investment fund manager and portfolio adviser of Bridgeport Small and Mid Cap Equity LP, Bridgeport U.S. Equity LP, and Bridgeport Canadian Equity LP (collectively, the **Initial Underlying Funds**). The Filer, or an affiliate of the Filer, will be the investment fund manager and portfolio manager of any other investment funds that may be established by the Filer or an affiliate after the date hereof (the **Future Underlying Funds** and together with the Initial Underlying Funds, the **Underlying Funds**).

6. As the Filer will be the portfolio adviser for the Initial Top Funds and the Initial Underlying Funds, the Filer would be considered to be a “responsible person” within the meaning of the applicable provisions of NI 31-103.

The Top Funds

7. Each Initial Top Fund is, and each Future Top Fund will be, a “mutual fund” for the purposes of the Legislation.

8. Each Initial Top Fund is an open-ended trust established pursuant to a first amended and restated master trust agreement with Valiant Trust Company dated June 5, 2015, as may be amended from time to time. Each Future Top Fund will be an open-ended trust established under the laws of the Province of Ontario or another jurisdiction of Canada.

9. Each Initial Top Fund is not a reporting issuer under the Legislation and no Future Top Fund will be a reporting issuer under the Legislation. Securities of each Top Fund will be offered for sale in any jurisdiction in Canada pursuant to prospectus exemptions under National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**) or in other jurisdictions subject to available prospectus and registration exemptions and applicable laws.

10. The investment objectives of each Initial Top Fund contemplate the investment of all or substantially all of each fund's assets in the corresponding Initial Underlying Funds. The investment objectives of each Future Top Fund will contemplate the investment of all or substantially all of each fund's assets in one or more Underlying Funds.

The Underlying Funds

11. Each Initial Underlying Fund is, and each Future Underlying Fund will be, a "mutual fund" for the purposes of the Legislation.

12. Each Initial Underlying Fund is an open-ended limited partnership formed under the laws of the Province of Ontario. Any Future Underlying Fund will also be an open-ended limited partnership formed under the laws of the Province of Ontario or another jurisdiction of Canada.

13. Each Initial Underlying Fund is not a reporting issuer under the Legislation and no Future Underlying Fund will be a reporting issuer under the Legislation. Securities of each Underlying Fund will be offered for sale in any jurisdiction in Canada pursuant to prospectus exemptions under NI 45-106 or in other jurisdictions subject to available prospectus and registration exemptions and applicable laws.

14. The general partners of the Initial Underlying Funds are Bridgeport Small and Mid Cap Equity GP Inc., Bridgeport U.S. Equity GP Inc., and Bridgeport Canadian Equity GP Inc., respectively (the **General Partners**). The General Partners are incorporated under the laws of the Province of Ontario and are affiliates of the Filer. The general partner of any Future Underlying Fund that is structured as a limited partnership will be an affiliate of the Filer.

15. The Filer will be entitled to receive management fees with respect to one or more classes of securities of the Initial Underlying Funds.

16. The General Partners, or other affiliates of the Filer, will be entitled to receive incentive allocations with respect to one or more classes of securities of the Initial Underlying Funds. The incentive allocations will be equal to 20% of the increase in unit value in excess of a 10% annual hurdle rate subject to a high water mark, which will be reset each year.

17. Each Underlying Fund will have separate investment objectives, strategies and/or restrictions.

18. The investment objectives of the Initial Underlying Funds are as follows:

    (a) Bridgeport Small and Mid Cap Equity LP will seek to generate capital appreciation by investing primarily in publicly traded equities issued by North American small and mid-cap companies.

    (b) Bridgeport U.S. Equity LP will seek to generate capital appreciation by investing primarily in publicly traded equities issued by U.S. large cap companies.

    (c) Bridgeport Canadian Equity LP will seek to generate capital appreciation by investing primarily in publicly traded equities issued by Canadian large cap companies.

19. An investment in an Underlying Fund by a Top Fund will be effected at an objective price. The portfolio of each Underlying Fund will consist primarily of publicly traded securities. No Underlying Fund will hold more than 10% of its net asset value (NAV) in "illiquid" assets (as defined in National Instrument 81-102 *Investment Funds* (**NI 81-102**). An investment by a Top Fund in an Underlying Fund will be effected based on an objective NAV of the Underlying Fund.

Fund-on-Fund Structure

20. Each Initial Top Fund has been formed as a trust for the purpose of accessing a broader base of investors, including TFSAs, Tax Deferred Plans and other investors that may not wish to invest directly in a limited partnership for tax or other considerations. Rather than operating the Initial Top Funds' and the Initial Underlying Funds' investment portfolios as separate pools, the Filer wishes to make use of economies of scale by managing only three investment pools.

21. The Top Funds will allow investors to obtain exposure to the investment portfolio of the corresponding Underlying Funds and their strategies through direct investment by the Top Funds in securities of the Underlying Funds. Such fund-on-fund structure will increase the asset base of the Underlying Funds, which is expected to provide additional benefits to security holders of the Top Funds and Underlying Funds, including more favourable pricing and transaction costs on portfolio trades, increased access to investments whether there is a minimum subscription or purchase amount and better economies of scale through greater administrative efficiency.

22. Investing in the Underlying Funds will allow the Top Funds to achieve their investment objectives in a cost efficient manner and will not be detrimental to the interests of other security holders of the Underlying Funds.

23. Investors will have the option of investing directly in the Underlying Funds and/or investing indirectly in the Underlying Funds through the Top Funds.

24. The assets of each Underlying Fund are or will be (and the assets of each Top Fund, to the extent a Top Fund holds securities other than securities of an Underlying Fund, are or will be) held by a custodian that meets the qualifications of section 6.2 of NI 81-102 (for assets held in Canada) or a custodian that meets the qualifications of section 6.3 of NI 81-102 (for assets held outside Canada) except that such custodian's financial statements may be not be publicly available.

25. Each of the Top Funds and the Underlying Funds that are subject to National Instrument 81-106 *Investment Funds Continuous Disclosure* (**NI 81-106**) will prepare annual audited financial statements and interim unaudited financial statements in accordance with NI 81-106 and will otherwise comply with the requirements of NI 81-106 as applicable. The holdings of securities of an Underlying Fund will be disclosed in the financial statements of the Top Fund.

26. The Top Funds and the corresponding Underlying Funds will have matching valuation dates. The Initial Top Funds and the Initial Underlying Funds will be valued no less frequently than on a monthly basis.

27. Securities of the Top Funds and the relevant Underlying Funds will have matching redemption dates. The Initial Top Funds and the Initial Underlying Fund will be redeemable no less frequently than on a monthly basis.

28. No Underlying Fund will be a Top Fund.

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

30. In addition, the fund-on-fund structure may result in a Top Fund investing in an Underlying Fund in which an officer or director of the Filer has a significant interest and/or a Top Fund investing in an Underlying Fund in which a person or company who is a substantial securityholder of the Top Fund or the Filer has a significant interest.

31. Currently, an officer, director and substantial securityholder of the Filer holds a significant interest in each Initial Underlying Fund. It is expected that other investors, including employees of the Filer, may become substantial securityholders of one or more Top Funds and hold a significant interest in one or more Underlying Funds.

Generally

32. Since the Top Funds and the Underlying Funds do not offer their securities under a simplified prospectus, they are not subject to NI 81-102 and therefore the Top Funds and the Underlying Funds are unable to rely upon the exemption codified under subsection 2.5(7) of NI 81-102.

33. In the absence of the Related Issuer Relief, each Top Fund would be precluded from purchasing and holding securities of an Underlying Fund due to the investment restrictions contained in the Legislation. Specifically, the Top Funds would be prohibited from becoming substantial security holders of the corresponding Underlying Funds. In addition, the Initial Top Funds would be prohibited from investing in the Initial Underlying Funds because an officer or director of the Filer may have a significant interest in the Underlying Funds, as a beneficial owner of the respective General Partners and as a limited partner of each of the Initial Underlying Funds.

34. In the absence of the Consent Relief, the Top Funds may be precluded from investing in their corresponding Underlying Funds, unless the specific fact is disclosed to security holders of the Top Fund and the written consent of the security holders of the Top Fund to the investment is obtained prior to the purchase, since an officer and/or director of the Filer, who may be considered a "responsible person" (as defined by section 13.5 of NI 31-103) or an associate of

a responsible person, may also be a partner, officer and/or director of the applicable Underlying Fund, including a partner, officer and/or director of the general partner of an Underlying Fund where the Underlying Fund is a limited partnership.

35. A Top Fund's investments in an Underlying Fund represent the business judgment of a responsible person uninfluenced by considerations other than the best interests of the investment funds concerned.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted, provided that:

1. In respect of the Related Issuer Relief and the Consent Relief:

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

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

   c) no Top Fund will purchase or hold securities of an Underlying Fund unless, at the time of the purchase of securities of the Underlying Fund, the Underlying Fund holds not more than 10% of its net assets in securities of other investment funds, unless the Underlying Fund:

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

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

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

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

   f) the Filer, or its affiliate, does not cause the securities of the Underlying Fund held by a Top Fund to be voted at any meeting of holders of such securities, except that the Filer, or its affiliate, may arrange for the securities the Top Fund holds of the Underlying Fund to be voted by the beneficial holders of securities of the Top Fund;

   g) the term sheet, or other similar disclosure document of a Top Fund, will be provided to investors in a Top Fund prior to the time of investment and will disclose:

      i. that the Top Fund may purchase securities of the Underlying Fund;

      ii. that the Filer, or its affiliate, as the case may be, is the investment fund manager and/or portfolio adviser of both the Top Fund and the Underlying Fund;

      iii. that the Top Fund will invest substantially all of its assets in the Underlying Fund;

      iv. each officer, director or substantial securityholder of the Filer, or its affiliate, or of a Top Fund that also has a significant interest in the Underlying Fund, the approximate amount of the significant interest they hold, on an aggregate basis, expressed as percentage of the NAV of the Underlying Fund, and the potential conflicts of interest which may arise from such relationships;

      v. the fees and expenses payable by the Underlying Fund that the Top Fund invests in, including any incentive fees or profit allocations or other allocations;

      vi. that investors are entitled to receive from the Filer, or its affiliate, on request and free of charge, a copy of the term sheet or other similar disclosure document of the Underlying Fund, if available; and

vii. that investors are entitled to receive from the Filer, or its affiliate, on request and free of charge, the annual and interim financial statements relating to the Underlying Fund in which the Top Fund invests its assets, if available.

The Consent Relief

"Raymond Chan"
Manager, Investment Funds & Structured Products Branch
Ontario Securities Commission

The Related Issuer Relief:

"Janet Leiper"
Commissioner
Ontario Securities Commission

"William J. Furlong"
Commissioner
Ontario Securities Commission

2.1.5 Jonathan Bolduc and Certain Other Persons or Companies Registered under the Act – s. 15.1 of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations

Headnote

Housekeeping revocation of a prior decision of the Director dated February 26, 2010, *In the Matter of Jonathan Bolduc (the "Lead Filer") and Certain Other Persons or Companies Registered under the Act*, (2010) 33 OSCB 1773 – Prior decision provided exemptions from various provisions of NI 31-103 to persons and companies where the person or company had been continuously registered in another jurisdiction of Canada since NI 31-103 came into force and the person or company subsequently obtained registration in Ontario – The effect of the prior decision was to make available in Ontario exemptions from certain sections of NI 31-103 that the person or company was exempt from in the other jurisdiction of Canada due to the application of a section of Part 16 [transition] – Prior Decision has become redundant because the exemptions in the Prior Decision are either no longer available according to their terms or no longer necessary as a result of subsequent amendments to NI 31-103.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 144.

Instruments Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registration Obligations, Part 3, ss. 12.1, 12.2, 12.3, 12.4, 12.5, 12.6, 12.7, 14.2, Division 3 of Part 13, ss. 13.16,14.14, 15.1, 16.9(2), 16.10, 16.11, 16.13, 16.14, 16.15, 16.16, 16.17.

Decision Cited

In the Matter of Jonathan Bolduc (the "Lead Filer") and Certain Other Persons or Companies Registered under the Act, (2010) 33 OSCB 1773.

July 9, 2015

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED (THE "ACT") AND
NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS
AND ONGOING REGISTRANT OBLIGATIONS

AND

IN THE MATTER OF
A PREVIOUS DECISION OF THE DIRECTOR IN THE MATTER OF
JONATHON BOLDUC (the "Lead Filer") AND
CERTAIN OTHER PERSONS OR COMPANIES REGISTERED UNDER THE ACT

DECISION
(Section 15.1 of NI 31-103)

Interpretation

Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in National Instrument 14-101 *Definitions* or National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) have the same meaning

Background

1. On February 26, 2010, the Director issued a decision, *In the Matter of Jonathan Bolduc (the "Lead Filer") and certain other persons or companies registered under the Act* (the **Prior Decision**).

2. The full text of the Prior Decision is set out in the attached Schedule.

3. The Prior Decision provided exemptions from various provisions of NI 31-103 to persons and companies where the person or company had been continuously registered in another jurisdiction of Canada since NI 31-103 came into force and the person or company subsequently obtained registration in Ontario.

4. The effect of the Prior Decision was to make available in Ontario to these persons and companies exemptions from certain sections of NI 31-103 that the person or company was exempt from in the other jurisdiction of Canada due to the application of a section of Part 16 [*transition*].

5. The Prior Decision has become redundant because the exemptions in the Prior Decision are either no longer available according to their terms or no longer necessary as a result of subsequent amendments to NI 31-103.

Commission Order

The Director is satisfied that it is in the public interest for her to make this decision.

The decision of the Director is that the Prior Decision is revoked.

"Debra Foubert"
Director, Compliance and Registrant Regulation
Ontario Securities Commission

SCHEDULE

February 26, 2010

IN THE MATTER OF
NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS AND EXEMPTIONS
(NI 31-103 or the Instrument)

AND

IN THE MATTER OF
JONATHON BOLDUC (the "Lead Filer") AND
CERTAIN OTHER PERSONS OR COMPANIES REGISTERED UNDER THE ACT

DECISION

Interpretation

Unless otherwise defined in this decision or the context otherwise requires, terms used in this decision that are defined in NI 31-103 or National Instrument 14-101 *Definitions* have the same meaning.

Background

1. The Lead Filer applied to be registered in Ontario as a dealing representative after the coming into force of NI 31-103.

2. The Lead Filer has been registered as a dealing representative in Quebec continuously since September 28, 2009, the date NI 31-103 came into force.

3. Under section 16.10 of NI 31-103, section 3.5 of that Instrument does not apply to the Lead Filer in Quebec. However, because the Lead Filer was not registered in Ontario when NI 31-103 came into force, he is not exempt from section 3.5 in Ontario.

Application

The Filer has applied to the Director, under section 15.1 of NI 31-103, for exemptions for the Filer and each person or company registered as of the date of this decision in another jurisdiction of Canada (together with the Lead Filer, the **Filers** or, individually, a **Filer**) from certain sections of NI 31-103, subject to the conditions set out in this decision.

Decision

The decision of the Director is that a Filer is exempt from one or more sections of NI 31-103 listed in Appendix A if the following conditions apply:

(a) the Filer has been continuously registered in another jurisdiction of Canada since NI 31-103 came into force;

(b) the Filer remains registered in the jurisdiction referred to in paragraph (a) during their reliance on this exemption;

(c) the Filer registered in Ontario after September 28, 2009 in the same category and, in the case of a registered individual, with the same sponsoring firm as the Filer is registered in the jurisdiction referred to in paragraph (a);

(d) the Filer is exempt from the same section of NI 31-103 in the jurisdiction referred to in paragraph (a) due to the application of one of the following sections:

(i) subsections 16.9(2), (3) and (4) [*registration of chief compliance officers*];

(ii) section 16.10 [*proficiency for dealing and advising representatives*];

(iii) section 16.11 [*capital requirements*];

(iv) section 16.13 [*insurance requirements*];

(v) section 16.14 [*relationship disclosure information*];

(vi) section 16.15 [*referral arrangements*];

(vii) section 16.16 [*complaint handling*];

(viii) section 16.17 [*client statements – mutual fund dealers*].

"Erez Blumberger"
Deputy Director, Registrant Regulation
Ontario Securities Commission

Appendix A

Each section of Divisions 1 and 2 [*proficiency*] of Part 3

Section 12.1 [*capital requirements*]

Section 12.2 [*notifying the regulator of a subordination agreement*]

Section 12.3 [*insurance – dealer*]

Section 12.4 [*insurance – adviser*]

Section 12.5 [*insurance – investment fund manager*]

Section 12.6 [*global bonding or insurance*]

Section 12.7 [*notifying the regulator of a change, claim or cancellation*]

Section 14.2 [*relationship disclosure information*]

Each section of Division 3 [*referral arrangements*] of Part 13

Section 13.16 [*dispute resolution service*]

Section 14.14 [*client statements*]

2.1.6 Star Hedge Managers 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).

June 26, 2015

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Dear Sirs/Mesdames:

Re: Star Hedge Managers Corp. (the "Applicant")

Application for a decision under the securities legislation of Ontario, Nova Scotia, Alberta, Prince Edward Island, Manitoba, Quebec, New Brunswick, Saskatchewan, Newfoundland and Labrador, Northwest Territories, Yukon 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, "security holder" 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 security holders in each of the jurisdictions of Canada and fewer than 51 security holders 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 in 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.

"Darren McKall
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

2.1.7 Star Hedge Managers Corp. II – 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).

June 26, 2015

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Dear Sirs/Mesdames:

Re: Star Hedge Managers Corp. II (the "Applicant")

Application for a decision under the securities legislation of Ontario, Nova Scotia, Alberta, Prince Edward Island, Manitoba, Quebec, New Brunswick, Saskatchewan, Newfoundland and Labrador, Northwest Territories, Yukon 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, "security holder" 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 security holders in each of the jurisdictions of Canada and fewer than 51 security holders 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 in 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.

"Darren McKall"
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

2.2 Orders

2.2.1 International Strategic Investments et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
INTERNATIONAL STRATEGIC INVESTMENTS,
INTERNATIONAL STRATEGIC INVESTMENTS INC.,
SOMIN HOLDINGS INC., NAZIM GILLANI AND RYAN J. DRISCOLL

ORDER
(Sections 127(1) and 127.1)

WHEREAS:

1. On March 6, 2012, 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*"), in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 5, 2012, in respect of International Strategic Investments, International Strategic Investments Inc., (together "ISI"), Somin Holdings Inc. ("Somin") (collectively, the "Corporate Respondents"), Nazim Gillani ("Gillani") and Ryan J. Driscoll ("Driscoll") (collectively, the "Respondents");

2. On December 12, 2013, the Commission converted this matter to a hearing in writing;

3. The parties made themselves available for cross-examinations, which occurred over the course of three hearing days;

4. On March 6, 2015, the Commission issued its Reasons and Decision on the merits in this matter (*Re International Strategic Investments et al*. (2015), 38 O.S.C.B. 2354);

5. On May 15, 2015, the Commission held a hearing to determine sanctions and costs against the Respondents (the "Sanctions Hearing");

6. At the Sanctions Hearing, Gillani appeared by way of telephone but chose not to make submissions, and counsel for Driscoll appeared and made submissions on behalf of Driscoll;

7. The Commission is of the opinion that it is in the public interest to make this order;

IT IS ORDERED THAT:

Regarding Gillani and the Corporate Respondents:

1. Pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities by Gillani and the Corporate Respondents shall cease permanently;

2. Pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, the acquisition of any securities by Gillani and the Corporate Respondents is prohibited permanently;

3. Pursuant to paragraph 3 of subsection 127(1) of the *Act*, any exemptions contained in Ontario securities law do not apply to Gillani and the Corporate Respondents permanently;

4. Pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the *Act*, Gillani shall resign any positions he holds as a director or officer of an issuer, registrant or investment fund manager;

5. Pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the *Act*, Gillani is prohibited permanently from becoming or acting as a director or officer of an issuer, registrant or investment fund manager;

6. Pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, Gillani is permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter;

7. Pursuant to paragraph 10 of subsection 127(1) of the *Act*, Gillani and the Corporate Respondents shall jointly and severally disgorge to the Commission $719,000, and the disgorged amount shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b) of the *Act*;

8. Pursuant to paragraph 9 of subsection 127(1) of the *Act*, Gillani and the Corporate Respondents shall jointly and severally pay an administrative penalty of $1 million for their multiple failures to comply with Ontario securities law, and the administrative penalty shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b) of the *Act*;

9. Pursuant to subsections 127.1(1) and (2) of the *Act*, Gillani and the Corporate Respondents shall jointly and severally pay investigation and hearing costs to the Commission in the amount of $200,000;

Regarding Driscoll:

10. Pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities by Driscoll shall cease until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in paragraphs (13), (14), and (15);

11. Pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, the acquisition of any securities by Driscoll is prohibited until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in subparagraphs (13), (14), and (15);

12. Pursuant to paragraph 3 of subsection 127(1) of the *Act*, any exemptions contained in Ontario securities law do not apply to Driscoll until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in subparagraphs (13), (14), and (15);

13. Pursuant to paragraph 10 of subsection 127(1) of the *Act*, Driscoll shall disgorge to the Commission $66,000, and the disgorged amount shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b) of the *Act*;

14. Pursuant to paragraph 9 of subsection 127(1) of the *Act*, Driscoll shall pay an administrative penalty in the amount of $30,000, and the administrative penalty shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b) of the *Act*; and

15. Pursuant to subsections 127.1(1) and (2) of the *Act*, Driscoll shall pay investigation and hearing costs to the Commission in the amount of $15,000.

DATED at Toronto this 8th day of June, 2015.

"Alan J. Lenczner"

2.2.2 Capital International, Inc. and Persons or Companies Acting as an Investment Fund Manager in Ontario without a Head Office in a Jurisdiction of Canada at the Date of that Decision – s. 144

Headnote

Housekeeping revocation of Prior Decision of the Commission dated June 19, 2012, *In the Matter of Capital International, Inc. (the Lead Filer) and Persons or Companies Acting as an Investment Manager in Ontario Without a Head Office in a Jurisdiction of Canada at the Date of this Decision*, (2012) 35 OSCB 6295 — Prior Decision provided to certain persons and companies a transitional exemption from the investment fund manager registration requirement — The Prior Decision is now redundant because the transitional exemption in the Prior Decision is, according to its terms, no longer applicable to any person or company.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 144.

Decisions Cited

In the Matter of Capital International, Inc. (the Lead Filer) and Persons or Companies Acting as an Investment Manager in Ontario Without a Head Office in a Jurisdiction of Canada at the Date of this Decision, (2012) 35 OSCB 6295.

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

AND

IN THE MATTER OF
A PREVIOUS DECISION OF THE COMMISSION IN THE MATTER OF
CAPITAL INTERNATIONAL, INC. (THE LEAD FILER) AND
PERSONS OR COMPANIES ACTING AS AN INVESTMENT FUND MANAGER IN ONTARIO
WITHOUT A HEAD OFFICE IN A JURISDICTION OF CANADA AT THE DATE OF THAT DECISION

COMMISSION ORDER
(Section 144 of the Act)

Interpretation

Unless otherwise defined in this Order or the context otherwise requires, terms used in this Order that are defined in National Instrument 14-101 *Definitions* or National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) have the same meaning.

Background

1. On June 19, 2012, the Commission issued a decision *In the Matter of Capital International, Inc. (the Lead Filer) and persons or companies acting as an investment fund manager in Ontario without a head office in a jurisdiction of Canada at the date of this decision* (the **Prior Decision**).

2. The full text of the Prior Decision is set out in the attached Schedule.

3. The Prior Decision, which came into effect on September 28, 2012, provided to certain persons and companies a transitional exemption from the investment fund manager registration requirement.

4. Staff of the Commission have confirmed that the transitional exemption, which is set out in paragraph 9 of the Prior Decision, is, according to its terms, no longer available to any person or company, as there are no remaining applications for registration under the Act as an investment fund manager that were made by December 31, 2012 that have not also been either accepted or refused by the regulator.

5. Accordingly, the Executive Director has applied to the Commission to revoke the Prior Decision on the basis that the Prior Decision is now redundant because the exemptive relief provided for in the Prior Decision is no longer applicable to any person or company.

Commission Order

In the opinion of the Commission it is not prejudicial to the public interest to make this Order.

It is ordered by the Commission, pursuant to section 144 of the Act, that the Prior Decision is revoked.

Dated at Toronto, Ontario, this 7th day of July, 2015.

"Janet Leiper"
Commissioner
Ontario Securities Commission

"William J. Furlong"
Commissioner
Ontario Securities Commission

Schedule

IN THE MATTER OF
MULTILATERAL INSTRUMENT 32-102 REGISTRATION EXEMPTIONS FOR
NON-RESIDENT INVESTMENT FUND MANAGERS AND COMPANION POLICY 32-102CP
REGISTRATION EXEMPTIONS FOR NON-RESIDENT INVESTMENT FUND MANAGERS

AND

IN THE MATTER OF
CAPITAL INTERNATIONAL, INC. (THE LEAD FILER) AND
PERSONS OR COMPANIES ACTING AS AN INVESTMENT FUND MANAGER IN ONTARIO
WITHOUT A HEAD OFFICE IN A JURISDICTION OF CANADA AT THE DATE OF THIS DECISION

DECISION

Interpretation

1. Terms defined in the *Securities Act* (Ontario), National Instrument 14-101 *Definitions*, or National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) or have the same meaning in this order.

Background

2. Section 16.6 of NI 31-103 provides a temporary exemption from the investment fund manager registration requirement for investment fund managers that do not have a head office in Canada.

3. This temporary exemption expires on September 28, 2012.

4. On July 5, 2012, the Ontario Securities Commission will publish for adoption (effective September 28, 2012), subject to Ministry of Finance approval, Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* (MI 32-102) and Companion Policy 32-102CP *Registration Exemptions for Non-Resident Investment Fund Managers*, relating to the investment fund manager registration requirement.

5. The Ontario Securities Commission is extending this temporary exemption so that investment fund managers who do not have a head office in Canada and are required to become registered in the category of investment fund manager under MI 32-102 will have until December 31, 2012 to apply for registration.

Application

6. The Lead Filer has applied to the Commission, under subsection 74(1) of the *Securities Act* (Ontario) (the "Act"), to extend the transitional relief from the requirement to register as an investment fund manager under subsection 25(4) of the Act to December 31, 2012 (the "Requested Relief"), for itself and each person or company acting as an investment fund manager in Ontario without a head office in a jurisdiction of Canada as of the date of this decision under section 16.6 of NI 31-103, subject to the terms and conditions set out in this decision.

7. The Lead Filer represents that if it were required to comply with section 16.6 of NI 31-103 in its current form and become registered as an investment fund manager in Ontario by September 28, 2012, it would not have sufficient time to do so.

Decision

8. The Commission is satisfied that it would not be prejudicial to the public interest for it to grant the Requested Relief.

9. A person or company that is acting as an investment fund manager in Ontario and whose head office is not in a jurisdiction of Canada is not required to register as an investment fund manager in Ontario:

   a. until December 31, 2012, or

   b. if the person or company applies for registration as an investment fund manager by December 31, 2012, until the regulator has accepted or refused the registration.

10. This decision comes into effect on September 28, 2012.

Dated this 19th day of June, 2012.

"Christopher Portner"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

2.2.3 Good Mining Exploration Inc. – s. 144

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

AND

IN THE MATTER OF
GOOD MINING EXPLORATION INC.

ORDER
(Section 144)

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

1. GOOD Mining Exploration Inc. (the "Mining Issuer") is a mining company and an issuer in Ontario but not a reporting issuer or an issuer whose securities trade on a recognized exchange;

2. The Mining Issuer failed to file a technical report prepared by an independent qualified person, as such term is defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"), with respect to certain mineral resource estimates that the Mining Issuer made available to the public by posting them on its website beginning on November 5, 2014 and other mineral estimates made available on November 18, December 8 and 22, 2014 and May 5 and 12, 2015 as required by subsection 4.2(5)(a)(iii) and sections 5.1 and 5.3 of NI 43-101 (the "Default");

3. On June 19, 2015, the Commission issued a Notice of Hearing (the "NOH") which provided that, if the Default continues, a hearing will be held pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") to consider whether an order should be made under paragraph 2 of subsection 127(1) of the Act that all trading in the securities of the Mining Issuer and any trading in any securities or derivatives by the Mining Issuer, whether direct or indirect, cease permanently (the "Cease Trade Order");

4. The NOH also gave written notice that, if the Mining Issuer notifies Staff of the Commission ("Staff") that the Mining Issuer intends to be present at the hearing referred to above (the "Hearing") and fails to attend, the Hearing may proceed without that party and such party will not receive further notice of the proceeding;

5. The NOH further gave notice that Staff was seeking to proceed with the Hearing in writing pursuant to Rule 11 of the Commission's *Rules of Procedure*;

6. On June 22, 2015, the Hearing was held in writing before the Commission on the written consent of the Mining Issuer;

7. On June 22, 2015, the Commission ordered that;

    1. All trading in the securities of the Mining Issuer, whether direct or indirect, shall cease unless this order is varied or revoked on application of a person or company affected by the decision; and

    2. All trading in securities or derivatives by the Mining Issuer, whether direct or indirect, shall cease unless this order is varied or revoked on application of a person or company affected by the decision (the "Cease Trade Order dated June 22, 2015");

8. On July 7, 2015, the Mining Issuer filed a Notice of Application to the Commission pursuant to section 144(1) of the Act to vary paragraph 2 of the Cease Trade Order dated June 22, 2015 to allow the Mining Issuer to sell, as needed, certain securities, and represented to the Commission that:

    a. The Mining Issuer holds a business investment account with TD Canada Trust bearing account no. 19JJ12A (the "TD Account");

    b. In the TD Account, the Mining Issuer currently holds short-term interest bearing securities identified by Fund Codes TDB8150, TDB8155 and TDB8159 with a total value, currently, of approximately $802,000.00 (the "TD Securities");

    c. The funds invested in the TD Securities are intended to be used by the Mining Issuer as working capital as needed;

d. The Mining Issuer has an immediate need for additional working capital to continue its ongoing overhead expenses and for general corporate purposes;

e. The Mining Issuer will not distribute any of the proceeds from the sale of the TD Securities to any person by virtue of that person being a shareholder of the Mining Issuer;

9. The Mining Issuer requested that the hearing of the application proceed on July 9, 2015 in writing pursuant to Rule 11 of the Commission's Rules of Procedure;

10. On July 9, 2015, the hearing of the application was held in writing before the Commission on the consent of Staff;

11. The Commission considered the evidence of the Mining Issuer and that Staff did not oppose the application to vary the Cease Trade Order dated June 22, 2015;

12. The Commission is of the opinion that it is in the public interest to make this order.

IT IS ORDERED that, pursuant to section 144 of the Act that, effective immediately:

1. The Cease Trade Order dated June 22, 2015, is varied to allow the Mining Issuer to sell the TD Securities held in the TD Account, as needed.

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

"Timothy Moseley"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 International Strategic Investments et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
INTERNATIONAL STRATEGIC INVESTMENTS,
INTERNATIONAL STRATEGIC INVESTMENTS INC.,
SOMIN HOLDINGS INC., NAZIM GILLANI AND RYAN J. DRISCOLL

REASONS AND DECISION ON SANCTIONS AND COSTS
(Sections 127(1) and 127.1)

Hearing:	May 15, 2015		
Decision:	June 8, 2015		
Panel:	Alan Lenczner, Q.C.	–	Commissioner and Chair of the Panel
Appearances:	Cameron Watson	–	For the Ontario Securities Commission
	Nazim Gillani	–	For himself
	David Sischy	–	For Ryan J. Driscoll

TABLE OF CONTENTS

I. INTRODUCTION

[1] The hearing on sanctions and costs took place on May 15, 2015, before the Ontario Securities Commission (the "Commission") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Act*"), following the Reasons and Decision of March 6, 2015, regarding International Strategic Investments, International Strategic Investments Inc. (together, "ISI"), Somin Holdings Inc. ("Somin") (collectively, the "Corporate Respondents"), Mr. Nazim Gillani ("Gillani") and Mr. Ryan J. Driscoll ("Driscoll") (collectively, the "Respondents"). Staff, counsel for Driscoll and Driscoll attended in person. Gillani attended by phone from Vancouver.

[2] Staff and Driscoll filed written submissions and made oral submissions as to the appropriate sanctions. Gillani did not file written submissions, and when asked by me whether he wished to make oral submissions, he stated categorically that he did not.

[3] After the merits hearing, Gillani and the Corporate Respondents were found to have breached sections 25 and 126.1 of the *Act* in that, *inter alia*, they advised and engaged in the business of advising members of the public with respect to trading in securities without being registered to do so, traded in securities without being registered to do so and conducted themselves in a fraudulent manner in respect of securities.

[4] Gillani was further found to have breached section 38(3) of the *Act*, having made misleading oral and written representations when the Director had not provided written permission to Gillani to make those representations.

[5] Driscoll was found to have acted in furtherance of a trade without being registered to do so, contrary to section 25 of the *Act*.

[6] The Respondents' conduct was found to be contrary to the public interest and harmful to the integrity of the Ontario capital markets.

II. SANCTIONS

[7] The purpose of sanctions is to support the animating principles of the *Act*, namely the protection of the investing public and the integrity of the capital markets.[1]

[8] Sanctions are not intended to be either remedial or punitive.[2] Sanctions, for the most part, are forward looking. The Commission's role is to examine respondents' past conduct to determine whether it is more probable than not that it will occur again, and as a result of this analysis, put in place the restrictions it deems necessary to protect the investing public.[3] As well, one element, but not an overriding element, of the consideration of sanctions is general deterrence,[4] the sending of a message from the regulator that there will be consequences for the type of breach or misconduct found in the particular case.

[9] There are various types of sanctions that can be imposed, such as removal of the individual permanently, or for a number of years, from the capital markets, prohibition of the individual from being an officer or director of an issuer, disgorgement of unlawfully obtained monies from investors, an administrative penalty and payment of costs. Each type of sanction must be separately considered against its need to correct past injury and to restrain future conduct. The character of the respondent, the degree of culpability, and his or her expressions of remorse, if any, are factors, among others, to be weighed.[5]

A. GILLANI AND THE CORPORATE RESPONDENTS

[10] During the Material Time, Gillani carried the title of Chief Executive Officer of ISI, which, although represented by Gillani to investors as a corporation, was never incorporated. Gillani was not a director of Somin; however, he relied on nominee directors while he in fact controlled Somin and its banking.

[11] Gillani and the Corporate Respondents were found to have breached fundamental sections of the *Act* and to have committed fraud on a number of investors. These contraventions were intentional and part of a sophisticated scheme set up to derive the most benefit to Gillani and his co-conspirators.

[12] Gillani made no response to Staff's written or oral submissions on sanctions and costs. He never showed any remorse for his conduct. At the merits hearing, it was proven that Gillani had no bank account, no credit card and a peripatetic address.

[13] I have no hesitation in determining that Gillani is an opportunist who will likely abuse the capital markets in the future and harm investors unless restrained. I see no reason to depart from Staff's submissions and find that the appropriate sanctions against him and the Corporate Respondents are:

(a) a permanent trading ban;

(b) that they jointly and severally disgorge $719,000, being the amount they wrongfully received from investors;

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1 *Securities Act*, R.S.O. 1990, c. S.5, s. 1.1.

2 *Committee for the Equal Treatment of Asbestos Minority Shareholders*, 2001 S.C.C. 37 at para. 42.

3 *Mithras Management Ltd. (Re)* (1990), 13 O.S.C.B. 1600 at p. 5.

4 *Cartaway Resources Corp. (Re)*, [2004] 1 S.C.R. 672 at paras. 61 and 64.

5 *M.C.J.C. Holdings Inc., (Re)* (2002), 25 O.S.C.B. 1133 at paras. 10, 16-19 and 26.

(c) that they jointly and severally pay an administrative penalty of $1 million for their several breaches of the *Act*;

(d) that Gillani be permanently banned from being a director or officer of an issuer, registrant or investment fund manager; and

(e) that Gillani be permanently prohibited from becoming or acting as a registrant, investment fund manager or a promoter.

[14] Gillani and the Corporate Respondents should jointly and severally pay the costs of the lengthy, complex investigation and of the oral hearing, a hearing that they requested, in an amount of $200,000.

B. DRISCOLL

[15] Driscoll brought investors to presentations hosted by Gillani, the objective of which was to have them sign subscription agreements to invest in HD Retail Solutions Inc. ("HDRS"). Driscoll neither set up the investment scheme nor was he involved in any way in HDRS. He did not pressure the investors. Two investors, Burke and Campanile, gave affidavits stating that they did not rely on Driscoll to make their investments. Driscoll was found liable for a breach of section 25, in that he acted in furtherance of a trade by failing to take any steps to ensure that Gillani and Somin were registered with the Commission and facilitated, through his conduct, unlawful purchases of securities by 19 investors who, in the aggregate, lost $500,000.

[16] In the range of misconduct harmful to investors and the capital markets, Gillani stands at the high end and Driscoll at the lower end. The sanctions appropriate to Driscoll should reflect this reality.

1. DISGORGEMENT

[17] Driscoll acknowledged that he received $66,000 as commission by cheques and cash for his recruitment of investors, mostly friends and family. Staff claims that he benefitted to the extent of $98,000. It was Staff's burden to prove, on a balance of probabilities, that Driscoll did benefit in an amount of $98,000.[6] The evidence in that regard, a $40,000 payment to Peninsula Rentals and Leasing, was equivocal and unclear. I find that only an amount of $66,000 was clearly established as being received by Driscoll. I order that he disgorge $66,000.

2. MARKET BANS

[18] Driscoll's activity in recruiting investors to Gillani's scheme could have been avoided had he taken the simple expediency of checking the OSC website to determine if Gillani was registered with the Commission as he claimed to Driscoll he was. Had he done so, I am persuaded he would not have brought the 19 people to the investor presentations. Staff seeks a 15-year trading and director and officer ban. I think that such a sanction overreaches the likelihood that Driscoll will transgress the *Act* again. Most Canadians need access to the capital markets to build wealth for their retirements. A 15-year ban for Driscoll would be punitive rather than protective. In the circumstances of this case, it is appropriate that Driscoll be banned from trading until a period of two years has passed from the date on which he pays the Commission the disgorgement of $66,000, as well as the administrative penalty and costs, assessed later in these reasons.

[19] None of Driscoll's conduct involved him in the role of an officer or a director. There is no evidence that he occupied or occupies any such position. As a consequence, I see no justification for imposing any officer or director ban.

3. ADMINISTRATIVE PENALTY

[20] The statutorily permitted administrative penalty of up to $1 million per breach of the *Act* serves as a personal and general deterrent to restrain Driscoll and others from conducting themselves contrary to the provisions of the *Act*. An administrative penalty, if applicable, serves to ensure that unlawfully obtained money does not act as an interest-free loan and that sanctions amount to more than the mere cost of doing business,[7] but it cannot be so excessive that it is vengeful retribution. In this case, an administrative penalty of $30,000 meets that balance.

III. COSTS

[21] Costs are a recoverable item under the *Act*. It is quite usual in circumstances where there are Settlement Agreements that Staff does not seek costs even though Staff has conducted the necessary investigation, which may be long, involved and complex. The reasoning behind this must be that the respondent is being given credit for his or her cooperation in settling the allegations by admitting guilt at an early stage, thus avoiding the tribunal's adjudicative process. Where no settlement is achieved, it seems right that costs of the adjudicative process should, prima facie, be recoverable. Whether or not the full

6 *Re Limelight Entertainment Inc. et al.* (2008) 31 O.S.C.B. 12030 at para. 53.

7 *Al-Tar Energy Corp. (Re)* (2011), 43 O.S.C.B. 447 at para. 47.

investigative costs that preceded the Notice of Hearing and Statement of Allegations should also be ordered is debatable and will depend on the circumstances, including how cooperative the respondent is in facilitating the adjudicative process while maintaining his right to vigorously oppose the allegations. In this case, Driscoll cooperated throughout and, indeed, was prepared to allow the proceedings to be by way of a written hearing. He was not cross-examined by Staff. His submissions, through his counsel, were brief, to the point and helpful. An award of costs of $15,000 is appropriate and recognizes the minimal amount of investigative and adjudicative process occupied by Driscoll as contrasted with Gillani.

IV. DECISION

[22] I will issue an order giving effect to my decision on sanctions and costs as follows:

Regarding Gillani and the Corporate Respondents:

(a) Pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities by Gillani and the Corporate Respondents shall cease permanently;

(b) Pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, the acquisition of any securities by Gillani and the Corporate Respondents is prohibited permanently;

(c) Pursuant to paragraph 3 of subsection 127(1) of the *Act*, any exemptions contained in Ontario securities law do not apply to Gillani and the Corporate Respondents permanently;

(d) Pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the *Act*, Gillani shall resign any positions he holds as a director or officer of an issuer, registrant or investment fund manager;

(e) Pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the *Act*, Gillani is prohibited permanently from becoming or acting as a director or officer of an issuer, registrant or investment fund manager;

(f) Pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, Gillani is permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter;

(g) Pursuant to paragraph 10 of subsection 127(1) of the *Act*, Gillani and the Corporate Respondents shall jointly and severally disgorge to the Commission $719,000, and the disgorged amount shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b) of the *Act*;

(h) Pursuant to paragraph 9 of subsection 127(1) of the *Act*, Gillani and the Corporate Respondents shall jointly and severally pay an administrative penalty of $1 million for their multiple failures to comply with Ontario securities law, and the administrative penalty shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b) of the *Act*;

(i) Pursuant to subsections 127.1(1) and (2) of the *Act*, Gillani and the Corporate Respondents shall jointly and severally pay investigation and hearing costs to the Commission in the amount of $200,000;

Regarding Driscoll:

(j) Pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities by Driscoll shall cease until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in subparagraphs 22(m), (n), and (o);

(k) Pursuant to paragraph 2.1 of subsection 127(1) of the *Act*, the acquisition of any securities by Driscoll is prohibited until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in subparagraphs 22(m), (n), and (o);

(l) Pursuant to paragraph 3 of subsection 127(1) of the *Act*, any exemptions contained in Ontario securities law do not apply to Driscoll until a period of 2 years has passed from the date on which the Commission receives in full the payments set out in subparagraphs 22(m), (n), and (o);

(m) Pursuant to paragraph 10 of subsection 127(1) of the *Act*, Driscoll shall disgorge to the Commission $66,000, and the disgorged amount shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b) of the *Act*;

(n) Pursuant to paragraph 9 of subsection 127(1) of the *Act*, Driscoll shall pay an administrative penalty in the amount of $30,000, and the administrative penalty shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b) of the *Act*; and

(o) Pursuant to subsections 127.1(1) and (2) of the *Act*, Driscoll shall pay investigation and hearing costs to the Commission in the amount of $15,000.

Dated at Toronto this 8th day of June, 2015.

"Alan J. Lenczner"

3.1.2 Stephen Zeff Freedman and Sloane Capital Corp.

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

AND

IN THE MATTER OF
AN OPPORTUNITY TO BE HEARD REQUESTED BY
STEPHEN ZEFF FREEDMAN AND SLOANE CAPITAL CORP.

DECISION OF THE DIRECTOR

Having reviewed and considered the settlement agreement between staff of the Ontario Securities Commission ("**Staff**"), Stephen Zeff Freedman ("**Freedman**"), and Sloane Capital Corp. ("**Sloane**") dated June 26, 2015, a copy of which is attached as Appendix "A" to this Decision (the "**Settlement Agreement**");

And having reviewed and considered the joint recommendation and submissions by Staff and counsel to Freedman and Sloane, Janice Wright;

And on the basis of the agreed statement of facts, the admissions, and the representations contained in the Settlement Agreement, and the joint submissions by Staff and counsel for Freedman and Sloane, Janice Wright;

I, Marrianne Bridge, in my capacity as Director under the *Securities Act* (Ontario) (the "Act"), accept the joint recommendation of the parties, and make the following decision:

1. Freedman's registration as an ultimate designated person ("**UDP**") and chief compliance officer ("**CCO**") shall be suspended pursuant to section 28 of the Act effective immediately, and he may not apply for a reactivation of registration as a UDP or CCO for a period of five years from the date of this decision, provided that at the time he applies for reactivation of registration all amounts he owes to the Canada Revenue Agency as of the date of this decision, and any penalties or interest which may accrue in relation to such amounts (collectively, the "**Repayment Amounts**") have been paid in full, and he has no other liabilities related to the Repayment Amounts.

2. Freedman's registration as a dealing representative shall be suspended pursuant to section 28 of the Act effective immediately, and he may not apply for a reactivation of registration as a dealing representative for a period of ten months from the date of this decision.

3. Freedman shall successfully complete the *Conduct and Practices Handbook Course* before applying for registration in any capacity.

4. In the event Freedman's registration as a dealing representative is reactivated, it shall be subject to terms and conditions requiring strict supervision of him by his sponsor firm for a period of one year, or until the Repayment Amounts are satisfied in full (and provided he has no other liabilities related to the Repayment Amounts), whichever comes later.

5. The notice dated February 20, 2015 that the Director objects to the acquisition by Acquire Co. of the exempt market dealer assets of Sloane is hereby withdrawn, and I hereby give notice that I do not object to the acquisition by Acquire Co. of the exempt market dealer assets of Sloane as described in the notice delivered by Acquire Co. dated January 23, 2015, and further correspondence from Acquire Co., Sloane, and Freedman dated March 21, 2015, April 6, 2015, April 28, 2015, May 4, 2015, May 6, 2015, June 2, 2015, June 5, 2015, June 8, 2015, and July 8, 2015 (collectively, the "**Notice**"), pursuant to section 11.9 of National Instrument 31-103 *Registration Requirements, Exemptions, and Ongoing Registrant Obligations*. If there is a material change to the acquisition or if it is completed in a manner that is materially inconsistent with the description in the Notice, Acquire Co. shall provide Staff with prompt written notice of the change or inconsistency.

6. Effective immediately, the registration of Sloane is subject to the following terms and conditions pursuant to section 28 of the Act:

   (a) Sloane shall not open any new client accounts or accept any assets from clients.

   (b) Sloane shall not trade in securities.

7. The registration of Sloane shall be suspended pursuant to section 28 of the Act, effective the 30th day following the date of this decision. The purpose of this interim 30-day period is to facilitate an orderly transition of Sloane's exempt market dealer assets to Acquire Co.

8. Effective immediately, Freedman will not be a permitted individual of any registered firm except Sloane (and in the case of Sloane, only for the interim 30 day period provided for by paragraph 7 above), for a period of three years from the date of this decision, provided that at the time he seeks to be a permitted individual again the Repayment Amounts have been paid in full (and provided he has no other liabilities related to the Repayment Amounts).

9. At the time the suspension of the registration of Sloane becomes effective, Freedman shall resign all positions as a permitted individual with Sloane.

July 13, 2015

"Marrianne Bridge"
Deputy Director

Appendix "A"

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

AND

IN THE MATTER OF
AN OPPORTUNITY TO BE HEARD REQUESTED BY
STEPHEN ZEFF FREEDMAN AND SLOANE CAPITAL CORP.

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. This settlement agreement (the "**Settlement Agreement**") relates to the registration status under the *Securities Act* (Ontario) (the "**Act**") of Stephen Zeff Freedman ("**Freedman**") and Sloane Capital Corp. ("**Sloane**") (collectively, the "**Registrants**").

2. On September 24, 2014, staff of the Ontario Securities Commission ("**Staff**") notified the Registrants that it had recommended to the Director that their registration be suspended pursuant to section 28 of the Act.

3. On September 28, 2014, and pursuant to section 31 of the Act, the Registrants notified Staff of their request for an opportunity to be heard in relation to Staff's recommendation that their registration be suspended (the "**OTBH**").

4. The Registrants and Staff have agreed to settle the OTBH on the terms provided for in this Settlement Agreement.

II. AGREED STATEMENT OF FACTS

5. The Registrants agree with the facts set out in Part II of this Settlement Agreement. To the extent the Registrants do not have direct knowledge of certain facts as described below, the Registrants believe the facts to be true and accurate.

A. Sloane

6. Sloane is registered under the Act as an exempt market dealer (an "**EMD**").

7. Sloane's head office is located in the City of Toronto.

8. In addition to its registration under the Act, Sloane is registered pursuant to the securities laws of Alberta, Manitoba, British Columbia, Newfoundland, Nova Scotia, Quebec, and Saskatchewan.

9. Sloane offers for sale securities of third-party issuers pursuant to exemptions from the prospectus requirement. As of the date of this Settlement Agreement, Sloane offered for sale the securities of 13 different issuers.

10. As of the date of this Settlement Agreement, Sloane employed 34 registered dealing representatives across the various jurisdictions in which the firm is registered.

B. Freedman

11. Since 1975, Freedman has been registered under the Act with numerous different companies.

12. Freedman is the president and chief executive officer of Sloane.

13. Freedman, through a wholly-owned holding company, owns all of the issued and outstanding shares of Sloane.

14. Freedman is registered with Sloane as its ultimate designated person ("**UDP**") and chief compliance officer ("**CCO**"), and as one of its dealing representatives.

C. First Compliance Review

15. In May 2012, Freedman engaged a compliance consultant to work with Sloane to establish the firm's policies and procedures manual, and to assist Sloane with other compliance-related issues.

16. On December 28, 2012, Staff provided Freedman with the report of a compliance review (the "**First Compliance Review**") undertaken pursuant to section 20 of the Act, which examined Sloane's compliance with Ontario securities law for the period May 1, 2011 to April 30, 2012 (the "**First Compliance Report**").

17. The First Compliance Report identified 25 deficiencies in Sloane's compliance with Ontario securities law, 20 of which were identified as being significant. Some of the deficiencies in the First Compliance Report related to the following areas (without limitation): Sloane's overall compliance system, know-your-client ("**KYC**"), know-your-product ("**KYP**"), and investment suitability.

18. As of the date of the First Compliance Report, Staff considered that Sloane did not have a compliance system that adequately satisfied the requirements of section 11.1 of National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations ("**NI 31-103**").

D. Second Compliance Review

19. Following the issuance of the First Compliance Report, Staff and Freedman were in communication regarding how Sloane would rectify the various deficiencies identified in the First Compliance Report. During this period of time, Sloane's business grew significantly. In particular, the number of issuers whose securities Sloane offered for sale increased from seven (at the time of the First Compliance Review) to approximately 25 issuers (in the eleven months following the period covered by the First Compliance Review).

20. Sloane represents that during the First Compliance Review and after receiving the First Compliance Report, Sloane examined all of its policies and procedures, and worked towards addressing the issues raised by Staff. For example, during this period of time Sloane instituted an online back-office system that was intended to assist Sloane in meeting its KYC obligations. However, the deficiencies identified in the First Compliance Report were not resolved to the satisfaction of Staff.

21. In September 2013, in light of the expansion of Sloane's business, Staff commenced a further compliance review pursuant to section 20 of the Act, which examined Sloane's compliance with Ontario securities law for the period September 1, 2012 to August 31, 2013 (the "**Second Compliance Review**"). At the time the Second Compliance Review was commenced, Sloane was in the process of responding to the issues raised in the First Compliance Report. However, Staff determined that the Second Compliance Review was necessary in light of the significant expansion of the firm's business by that point in time.

22. In November 2013, the Registrants entered into discussions with another EMD ("**Acquire Co.**") in relation to a potential merger and/or acquisition. These discussions culminated in an agreement pursuant to which Acquire Co. proposed to acquire all of the assets of Sloane, as more particularly described below.

23. On June 5, 2014 Staff provided Freedman with a report of the Second Compliance Review (the "**Second Compliance Report**"). Some of the deficiencies in the Second Compliance Report related to the following areas (without limitation): KYC, KYP, and investment suitability. Ten of the significant deficiencies identified in the Second Compliance Report had previously been identified as significant deficiencies in the First Compliance Report, although Sloane represents that some of these repeat deficiencies were issues that it was attempting to address at the time the Second Compliance Review began. While the periods covered by the First Compliance Review and the Second Compliance Review did not overlap, it is the Registrants' position that the fact that they received the First Compliance Report four months into the period of time covered by the Second Compliance Review partially contributed to the existence of some of the repeat deficiencies.

24. On June 17, 2014, Freedman attended an interview with Staff where he was provided with an opportunity to respond to the Second Compliance Report (the "**Interview**"). Following the Interview, Freedman provided Staff with further information in response to requests from Staff (the "**Response Information**"). Some of the Response Information addressed some aspects of the deficiencies that had been identified in the Second Compliance Report.

25. In general however, the Response Information did not adequately address all of the deficiencies identified in the Second Compliance Report, including in the areas of KYC, KYP, and investment suitability. Of particular concern to Staff were the following compliance deficiencies:

(a) *Failure to discharge know-your-client ("**KYC**") obligation* – In several cases reviewed by Staff, Staff found that Sloane had sold securities to clients without having a registered representative of Sloane meet with the client prior to the trade being made, or at all, in order to obtain the client's KYC information as required by section 13.2 of NI 31-103. Freedman believes that a Sloane representative met with these clients prior to the trade being made, but acknowledges that Sloane does not have proper records to substantiate that claim.

(b) *Failure to discharge know-your-product ("**KYP**") obligation* – For some of the issuers marketed by Sloane, Sloane had insufficient information upon which a reasonable due diligence assessment of the issuer could have been made. In the case of one issuer marketed by Sloane, the firm distributed securities of the issuer before it completed its due diligence assessment of the issuer. In the case of some other issuers marketed by Sloane, Freedman was not sufficiently familiar with, and did not take appropriate steps to fully understand, the financial statements contained in the issuer's offering documents. Finally, in the case of one issuer, Freedman was unaware of significant detrimental information regarding the issuer's mind and management, although this information was a matter of public record and was accessible using the internet.

(c) *Failure to discharge suitability obligation* – The Second Compliance Report identified 19 trades made by Sloane, including some by Freedman himself, where the client's investment did not appear to be suitable for them. On July 14, 2014, Freedman provided a response to these 19 trades. Freedman's response was concerning to Staff because it sought to explain the suitability of some trades on the basis that they were made to individuals who had been referred to Sloane and not solicited by Sloane itself, and that at the time Sloane received the referral, Freedman understood that the client was an accredited investor. In Staff's view these responses demonstrated that Freedman did not understand the suitability obligation contained in section 13.3(1) of NI 31-103, and did not conduct an appropriate suitability assessment in some cases.

26. In Staff's view the deficiencies identified in the Second Compliance Report, the information provided by Freedman during the Interview, and the Response Information all indicated that Sloane still did not have a compliance system that adequately complied with section 11.1 of NI 31-103 and that Freedman had not adequately performed his obligations as a UDP, CCO, or dealing representative under Ontario securities law.

E. Notice of Proposed Suspension of Registration

27. On September 2, 2014 Acquire Co. gave notice pursuant to subsection 11.9(1) of NI 31-103 that it proposed to acquire all or substantially all of the assets of Sloane (the "**Proposed Acquisition**"). Pursuant to the terms of the Proposed Acquisition, Sloane would acquire approximately 40% of the voting shares of Acquire Co., Freedman would become the President and UDP of Acquire Co., and Sloane anticipated that it would surrender its registration following the completion of the Proposed Acquisition.

28. On September 24, 2014, Staff informed the Registrants that it had recommended to the Director that their registration be suspended, and that certain terms and conditions be imposed. Staff's recommendation was based on the First Compliance Report, the Second Compliance Report, the Interview, and the Response Information.

29. Also on September 24, 2014, the Director notified Acquire Co. in writing that the Director objected to the Proposed Acquisition because it did not satisfy all of the criteria in subsection 11.9(2) of NI 31-103. The Director informed Acquire Co. that the Proposed Acquisition would be inconsistent with the regulatory action that had been proposed in respect of the Registrants.

30. On September 28, 2014, the Registrants requested an OTBH in relation to Staff's recommendation of September 24, 2014.

31. On January 23, 2015, pursuant to discussions between Staff and Freedman regarding a resolution of the OTBH, Acquire Co. delivered a new notice (the "**Notice**") of its intent to acquire all or substantially all of the assets of Sloane on terms different from those of the Proposed Acquisition (the "**Amended Proposed Acquisition**"). Pursuant to the terms of the Amended Proposed Acquisition, Acquire Co. would acquire the assets of Sloane and Freedman would not receive, directly or indirectly, control over more than 10% of the voting shares of Acquire Co.

F. Admissions by Registrants

32. The Registrants admit that they did not adequately comply with the following requirements of Ontario securities law:

(a) Section 32 of the Act (duty to comply with Ontario securities law);

(b) Sections 5.1 (responsibilities of the ultimate designated person), 5.2 (responsibilities of the chief compliance officer), 11.1 (compliance system), 13.2 (know your client), 13.3 (suitability), 13.4 (identifying and responding

to conflicts of interest), 13.8 (permitted referral arrangements), 14.12 (relationship disclosure information), and 14.14 (account statements) of NI 31-103;

(c) Section 5.1 (sponsoring firm obligations) of National Instrument 33-109 *Registration Information*; and

(d) OSC Rule 31-505 *Conditions of Registration*.

G. Agreed Terms and Joint Recommendation to Director

33. In order to resolve this matter without further recourse to the OTBH process, and on the basis of the agreed statement of facts set out in this Settlement Agreement, Staff and the Registrants have agreed to the following terms, and make the following joint recommendation to the Director:

(a) Freedman's registration as a UDP and CCO shall be suspended pursuant to section 28 of the Act effective immediately, and he may not apply for a reactivation of registration as a UDP or CCO for a period of five years from the date the Director's decision to suspend his registration becomes effective, provided that at the time he applies for reactivation of registration all amounts he owes to the Canada Revenue Agency as of the date of this Settlement Agreement, and any penalties or interest which may accrue in relation to such amounts (collectively, the "**Repayment Amounts**") have been paid in full, and he has no other liabilities related to the Repayment Amounts, after which period of time Staff shall not recommend to the Director that an application by Freedman for reactivation of registration as a UDP or CCO be refused, unless Staff becomes aware after the date of this Settlement Agreement of conduct impugning his suitability for registration, and provided he meets all other applicable criteria for registration at the time he applies for a reactivation of registration;

(b) Freedman's registration as a dealing representative shall be suspended pursuant to section 28 of the Act effective immediately, and he may not apply for a reactivation of registration as a dealing representative for a period of ten months from the date of the Director's decision to suspend his registration, after which period of time Staff shall not recommend to the Director that an application by Freedman for reactivation of registration as a dealing representative be refused, unless Staff becomes aware after the date of this Settlement Agreement of conduct impugning his suitability for registration, and provided he meets all other applicable criteria for registration at the time he applies for a reactivation of registration;

(c) Freedman shall successfully complete the *Conduct and Practices Handbook Course* before applying for registration in any capacity;

(d) In the event Freedman's registration as a dealing representative is reactivated, it shall be subject to terms and conditions requiring strict supervision of him by his sponsor firm for a period of one year, or until the Repayment Amounts are satisfied in full (and provided he has no other liabilities related to the Repayment Amounts), whichever comes later;

(e) Staff has reviewed the Amended Proposed Acquisition as described in the Notice, has determined that it satisfies all of the criteria in subsection 11.9(2) of NI 31-103, and has recommended to the Director that they do not object to the Amended Proposed Acquisition as described in the Notice;

(f) In the event the Director does not object to the Amended Proposed Acquisition, Acquire Co. shall carry out the Amended Proposed Acquisition, and shall do so in accordance with the Notice and not otherwise;

(g) The terms and conditions contained in Schedule "A" to this Settlement Agreement shall be imposed on the registration of Sloane pursuant to section 28 of the Act effectively immediately;

(h) The registration of Sloane shall be suspended pursuant to section 28 of the Act, effective the 30th day following the date of the Director's decision to suspend its registration in order to facilitate an orderly transition of Sloane's assets to Acquire Co.;

(i) Effective immediately, Freedman will not be a permitted individual of any registered firm, except Sloane (and in the case of Sloane, only for the interim 30 day period provided for by paragraph (h) above), for a period of three years from the date of the Director's decision to suspend his registration, provided that at the time he seeks to be a permitted individual again the Repayment Amounts have been paid in full (and provided he has no other liabilities related to the Repayment Amounts); and

(j) At the time the suspension of the registration of Sloane becomes effective, Freedman shall resign all positions as a permitted individual with Sloane.

34. Staff and the Registrants submit that their joint recommendation is reasonable, having regard to the following factors:

    (a) The Registrants have admitted to their non-compliance with Ontario securities law.

    (b) Previous decisions of the Commission and the Director.

    (c) Staff and the Registrants anticipate that the Proposed Acquisition, which is intended to proceed in conjunction with the suspension of Sloane's registration, will reduce any inconvenience to clients that may otherwise be brought about by the suspension of Sloane's registration.

    (d) Freedman acquired Sloane on April 26, 2011, which was five days prior to May 1, 2011, the first day of the period covered by the First Compliance Review.

    (e) By agreeing to this Settlement Agreement, the Registrants have saved Staff and the Director the time and resources that would have been required for an OTBH.

35. Staff and the Registrants acknowledge that if the Director objects to the Amended Proposed Acquisition or does not accept this joint recommendation:

    (a) This joint recommendation and all discussions and negotiations between Staff and the Registrants in relation to this matter shall be without prejudice to the parties; and

    (b) The Registrants will be entitled to an OTBH in accordance with section 31 of the Act.

"Elizabeth King"
Elizabeth King
Deputy Director
Compliance and Registrant Regulation Branch

June 26, 2015
Date

"Janice Wright"
Janice Wright
Counsel to Stephen Zeff Freedman and
Sloane Capital Corp.

June 26, 2015
Date

Schedule "A"

Terms and Conditions on the Registration of Sloane Capital Corp.

Pursuant to section 28 of the *Securities Act* (Ontario) the registration of Sloane Capital Corp. is subject to the following terms and conditions:

1. Sloane Capital Corp. shall not open any new client accounts or accept any assets from clients.

2. Sloane Capital Corp. shall not trade in securities.

3.1.3 Christopher Reaney

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

AND

IN THE MATTER OF
CHRISTOPHER REANEY

REASONS AND DECISION

Hearing:	March 31, 2015		
Decision:	July 13, 2015		
Panel:	Mary G. Condon William J. Furlong Timothy Moseley	–	Commissioner and Chair of the Panel Commissioners
Appearances:	Yvonne Chisholm Mark Skuce	–	For Staff of the Commission
	Johanna Braden	–	For Christopher Reaney

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REASONS AND DECISION

I. OVERVIEW

[1] The applicant Christopher Reaney (**Mr. Reaney**) is registered under the *Securities Act*[1] (the **Act**) as a mutual fund dealing representative. On January 5, 2015, a Director of the Ontario Securities Commission (the **Commission**) suspended Mr. Reaney's registration for six months, with the suspension to commence ten days following the date of that decision (the **Director's Decision**).

[2] As Mr. Reaney admitted, he had, over a period of ten years:

a. created forms purporting to bear a client's signature, when in fact the signature was affixed either by Mr. Reaney or by the client's spouse in Mr. Reaney's presence;

b. obtained blank pre-signed forms from some of his clients; and

c. on two occasions, given incorrect answers to his firm on compliance questionnaires.

[3] Mr. Reaney sought and was granted a stay of the Director's Decision, and has applied for a review of that decision. For the reasons that follow, we order that Mr. Reaney's registration be suspended for six months.

II. BACKGROUND

A. The Applicant

[4] Mr. Reaney is a resident of Metcalfe, Ontario. He contributes to his community as a volunteer and describes himself as a leader in that community.

[1] RSO 1990, c S.5, as amended.

[5] Mr. Reaney was first licensed as a life insurance agent in 1990 and continues to be so licensed. He has been registered under the Act in various capacities since 1996. He is currently registered as a mutual fund dealing representative with IPC Investment Corporation (**IPC**).[2]

[6] Mr. Reaney has not previously been the subject of any regulatory proceeding affecting his registration. He asserts that he has never had a client complaint.

B. History of the Matter

1. Review by Mr. Reaney's Firm

[7] In December 2012, IPC conducted a routine audit of Mr. Reaney's files. IPC found "client signature variations" and pre-signed forms in a number of files, and asked Mr. Reaney for his comments. In a written response dated January 25, 2013 (the **Audit Response**), Mr. Reaney acknowledged the breaches and accepted responsibility for them.

[8] As required by the Mutual Fund Dealers Association of Canada (**MFDA**), of which IPC is a member, IPC notified the MFDA of its findings.

2. Consideration by the MFDA

[9] MFDA Staff conducted an investigation but elected not to commence a proceeding before an MFDA panel. Instead, on October 21, 2013, MFDA Staff sent a warning letter to Mr. Reaney, advising him that:

> Enforcement Staff is of the view that there is sufficient evidence to support a finding of breach [*sic*] of MFDA Rule 2.1.1(b), which states that each Member and each Approved Person of a Member shall observe high standards of ethics and conduct in the transaction of business.
>
> […]
>
> While your conduct set out above is a serious matter, in light of all the circumstances, including other cases under review, the MFDA has decided that it will not initiate formal disciplinary proceedings against you in this case.

[10] In accordance with normal practice, MFDA Staff sent a copy of the warning letter to the Commission.

3. Review by Staff of the Commission

[11] On December 17, 2013, Staff of the Commission (**Staff**) wrote to Mr. Reaney, confirming receipt of the MFDA letter and advising him that Staff would conduct its own review in order to determine whether, in its opinion, any regulatory action would be appropriate.

[12] On June 27, 2014, as part of Staff's review, Mr. Reaney attended voluntarily at the Commission's offices for an interview. Mr. Reaney answered Staff's questions, acknowledged his misconduct, apologized for his errors, and promised that there would be no recurrence of the misconduct.

[13] On August 14, 2014, Staff wrote to Mr. Reaney and advised him that it had recommended to the Director that:

a. Mr. Reaney's registration be suspended for an unspecified period of time; and

b. if Mr. Reaney were to be suspended and were to seek re-registration in the future:

   i. he would first have to complete the Canadian Securities Institute's Conduct and Practices Handbook Course (the **CPH Course**); and

   ii. his registration would be subject to certain terms and conditions for one year, including that he would be subject to strict supervision by his sponsoring firm.

[2] IPC was previously known as Independent Planning Group Inc. or "IPG". The firm is referred to as "IPC" throughout this decision.

4. Hearing before the Director

[14] Mr. Reaney exercised his right to an opportunity to be heard (**OTBH**), pursuant to section 31 of the Act. The OTBH was held before the Director on December 16, 2014. The record of proceedings from the OTBH was before us, and included, among other things:

a. a transcript of Mr. Reaney's voluntary interview;

b. a transcript of the OTBH;

c. a copy of the brief of documents marked as an exhibit at the OTBH;

d. an affidavit of Rita Lo, a Registration Research Officer at the Commission, sworn November 17, 2014 (the Lo Affidavit); and

e. an affidavit of Mr. Reaney, sworn December 15, 2014 (the Reaney Affidavit).

[15] At the OTBH, there was no significant dispute between Mr. Reaney and Staff as to the underlying facts. Submissions to the Director focused on how Mr. Reaney's conduct ought to be characterized in light of the circumstances and what consequences, if any, ought to flow from that conduct.

[16] On January 5, 2015, the Director issued the Director's Decision, in which she ordered that:

a. Mr. Reaney's registration be suspended for six months, with the suspension to commence ten business days following the date of the Director's Decision;

b. in the ten-day period, Mr. Reaney was not permitted to accept new clients, to open any new client accounts, or to accept any new funds into an existing client's account;

c. if Mr. Reaney complied with the above and sought re-registration following the completion of his suspension, then Staff would not oppose his application,

   i. so long as Mr. Reaney met all other applicable criteria for registration; and

   ii. unless Staff became aware after the OTBH of conduct impugning Mr. Reaney's suitability for registration; and

d. if Mr. Reaney were to succeed in his application for re-registration, his registration would be subject to the following terms and conditions for one year:

   i. Mr. Reaney would be under strict supervision by his sponsoring firm;

   ii. if Mr. Reaney were to process a client transaction using a document signed or initialled by a client, and the document was not the original version of that document, then Mr. Reaney would have to deliver the original document to his sponsoring firm within one week of the transaction so that the firm could ensure that there were no improprieties associated with the document; and

   iii. Mr. Reaney would not be entitled to use a limited trading authorization for any of his clients.

5. Application for Hearing and Review and for Stay

[17] Subsection 8(2) of the Act provides that as a person directly affected by a decision of the Director, Mr. Reaney may request that the Commission hold a hearing and that it review the Director's Decision. By letter of January 7, 2015, to the Secretary of the Commission, Mr. Reaney made that request.

[18] Mr. Reaney also sought a stay of the Director's Decision pending the disposition of the hearing and review, pursuant to subsection 8(4) of the Act. With the consent of Staff, the Commission ordered on January 14, 2015, that the Director's Decision be stayed until further order of the Commission and in any event not later than March 31, 2015, the date fixed for the hearing and review.

[19] That order imposed terms and conditions upon Mr. Reaney's registration for the period during which the stay was in effect. Among other terms and conditions, Mr. Reaney was to be subject to strict supervision by his sponsoring firm, and his sponsoring firm was to provide monthly supervision reports to MFDA Staff and to Commission Staff.

[20] At the hearing before us, on consent of Staff, the stay order was extended until the delivery of this decision.

C. Legal Framework

1. Hearing and Review Pursuant to Section 8 of the Act

[21] Pursuant to subsection 8(3) of the Act, upon a hearing and review of a Director's decision the Commission may "confirm the decision […] or make such other decision as [it] considers proper."

[22] The hearing and review of a Director's decision is a hearing *de novo* and therefore a fresh consideration of the matter.[3] The Commission may substitute its own decision for that of the Director.[4]

[23] Staff bears the onus of establishing that Mr. Reaney's registration ought to be suspended and/or made subject to terms and conditions.[5]

[24] The standard of proof to be applied in this proceeding is the civil standard of the "balance of probabilities".[6]

2. Registration

[25] One who seeks to engage in the business of trading in securities must be registered as a dealing representative of a registered dealer (i.e., his/her firm) and must act on behalf of that registered dealer.[7]

[26] Registration is a privilege granted to individuals who are suitable for registration. It is not a right.[8]

[27] Section 28 of the Act grants the Director discretion, under certain circumstances, to:

a. revoke a registration;

b. suspend a registration; and/or

c. impose terms and conditions upon a registration.

[28] In order for the Director to do one or more of those three things, it must appear to the Director that:

a. the registered person or company "is not suitable for registration";

b. the registered person or company "has failed to comply with Ontario securities law"; or

c. the registration "is otherwise objectionable".[9]

[29] In this proceeding, we have the discretion to take any of the actions mentioned in paragraph [27], for any of the three reasons set out in paragraph [28]. In exercising this discretion, we must be guided by the objectives set out in section 1.1 of the Act:

> **1.1 Purposes** – The purposes of this Act are,
>
> (a) to provide protection to investors from unfair, improper or fraudulent practices; and
>
> (b) to foster fair and efficient capital markets and confidence in capital markets.[10]

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3 *Re Sterling Grace & Co* (2014), 37 OSCB 8298 at para 24 (***Sterling Grace***).

4 Ibid at para 23; *Re Sawh* (2012), 35 OSCB 7431 at paras 16-17 (***Sawh***).

5 *Sterling Grace*, *supra* note 3 at para 25; *Sawh*, *supra* note 4 at paras 147-48.

6 *F.H. v. McDougall*, 2008 SCC 53 at para 40.

7 Act, *supra* note 1, s 25(1)(b).

8 *Sterling Grace*, *supra* note 3 at para 145; *Sawh*, *supra* note 4 at para 142.

9 Act, *supra* note 1, s 28; *Sterling Grace*, *supra* note 3 at paras 146-47.

10 Ibid at para 140; *Sawh*, *supra* note 4 at paras 150-51.

III. ISSUES

[30] This proceeding presents four principal issues. The first three issues reflect the three tests set out in paragraph [28] above.

(1) Is Mr. Reaney "not suitable for registration"?

(2) Has Mr. Reaney "failed to comply with Ontario securities law"?

(3) Is Mr. Reaney's registration "otherwise objectionable"?

(4) If the answer to any of the above three questions is yes, what is the appropriate outcome?

IV. ISSUE 1 – IS MR. REANEY "NOT SUITABLE FOR REGISTRATION"?

A. Introduction

[31] In considering whether Mr. Reaney is currently suitable for registration, we have taken into account both the misconduct at issue and the intervening circumstances between the time of the misconduct and the hearing before us. For the reasons set out in the following paragraphs, we find that Mr. Reaney lacks the integrity necessary for us to conclude that he is currently suitable for registration.

B. Legal Framework

[32] The Act does not explicitly prescribe a test for determining whether a person or company is "not suitable" for registration. However, it is appropriate to refer to section 27 of the Act, which describes the considerations applicable to an application for registration:[11]

> **27. (1) Registration, etc.** – On receipt of an application by a person or company and all information, material and fees required […] the Director shall register the person or company […] unless it appears to the Director,
>
> (a) that […] the person is not suitable for registration under this Act; or
>
> […]
>
> **(2) Matters to be considered** – In considering for the purposes of subsection (1) whether a person or company is not suitable for registration, the Director shall consider,
>
> (a) whether the person or company has satisfied,
>
> (i) the requirements prescribed in the regulations relating to proficiency, solvency and integrity, and
>
> (ii) such other requirements for registration […] as may be prescribed by the regulations; and
>
> (b) such other factors as the Director considers relevant.

[33] Subclause 27(2)(a)(i) enumerates three criteria: proficiency, solvency and integrity. Solvency is not an issue in this case. With respect to proficiency, while it is arguable that the misconduct in question may give some indication as to Mr. Reaney's proficiency, Staff did not press this argument. Instead, Staff submitted that Mr. Reaney does not meet the necessary standard of integrity. We therefore limit our review to that criterion.

[34] Subclause 27(2)(a)(i) requires that consideration be given to requirements "prescribed in the regulations". Subsection 1(1) of the Act defines "regulations" as "regulations made under this Act and, unless the context otherwise indicates, includes the rules". That same subsection defines "rules" as "the rules made under section 143, and […] orders, rulings and policies listed in the Schedule […] ." Rule 31-505, which requires that a registered individual deal with his/her clients "fairly, honestly and in good faith", is one such rule, and is therefore a requirement prescribed by the regulations relating to integrity.

[11] *Sterling Grace*, *supra* note 3 at para 149.

[35] In our view, a registrant who fails to act honestly cannot be said to have acted with integrity. Therefore, if any of Mr. Reaney's admitted misconduct can properly be described as dishonest, it follows that he did not attain the required standard of integrity.

[36] Even if we conclude that at some time in the past Mr. Reaney did not act with sufficient integrity, that does not end our inquiry. Section 27 of the Act requires us to assess Mr. Reaney's integrity, and therefore his suitability for registration, as of the date of the hearing before us. We therefore consider below, following our review of Mr. Reaney's misconduct, the circumstances that have intervened between the time of the discovery of that misconduct and the time of the hearing before us.

C. Mr. Reaney's Misconduct

[37] Mr. Reaney's misconduct falls into two categories: (a) impropriety with respect to various forms; and (b) his incorrect answers to IPC's compliance questionnaires. We deal with each of these in turn.

1. Improper Forms

(a) Overview

[38] Mr. Reaney admits to having acted improperly with respect to a number of different forms (collectively, the **Improper Forms**). The improprieties were not limited to just one type of misconduct. They fell into three different categories:

a. Mr. Reaney signed his client's name on 25 forms (see paragraphs [51] to [62] below);

b. in Mr. Reaney's presence, a client signed the name of the client's spouse, who was also a client (four forms; see paragraphs [63] to [66] below); and

c. Mr. Reaney had his client sign a form before the required information (e.g., trading instructions) had been inserted onto the form (thirteen forms; see paragraphs [67] to [81] below).

[39] Appendix 'A' to these reasons is a chart listing all of the Improper Forms, and reflecting our factual findings with respect to those forms, made after a review of the record before us.

(b) Forgery and False Endorsement

[40] The misconduct referred to in subparagraphs [38](a) and (b) above (i.e., one person affixing another's signature) was variously described as "forgery" or "false endorsement" in the cases we reviewed, as well as in the submissions of counsel for Staff and counsel for Mr. Reaney. Both counsel also referred to "false signatures" in oral submissions.

[41] Before reviewing the evidence or considering the issues in this matter, we think it important to be clear about our use of terminology in these reasons.

[42] While there is no definition of "forgery" in Ontario securities law, the question of whether there is a distinction between "forgery" and "false endorsement" was addressed previously in *Re Bell*, a 2005 decision resulting from an enforcement proceeding before a panel at what was then the Investment Dealers Association of Canada (**IDA**).[12] In considering previous cases, the panel referred to the IDA's *Disciplinary Sanction Guidelines*, which proposed minimum sanctions for various kinds of misconduct, including "forgery". The panel noted that in some cases it was argued that there was a distinction between "forgery", which term implied an intention to defraud or injure, and "false endorsement", which did not.

[43] The panel rejected the distinction and referred to the description in the IDA's guidelines: "the creation of a false document with the intent that it be acted upon as the original or genuine document." This description carried through unchanged in the Investment Industry Regulatory Organization of Canada's (**IIROC**) *Dealer Member Disciplinary Sanction Guidelines* published in March 2009 and again in September 2014, both of which were provided to us at the hearing.

[44] We were also referred to the definition of forgery contained in the MFDA's *Penalty Guidelines*: "the creation of a false document with the intent that it be acted upon as the original or genuine document, where the victim is deprived of property or rights" [emphasis added].

[12] [2005] IDACD No 15 (***Bell***).

[45] Definitions found in guidelines developed by self-regulatory organizations are not binding upon us. However, because of the inconsistency between the definition used in the IDA/IIROC guidelines (which makes no reference to an intention to defraud or injure, or to a deprivation of property or rights) and the definition used by the MFDA (which refers to a deprivation), we consider it useful to consult two other sources for guidance.

[46] The *Canadian Oxford Dictionary* defines "forge" as: "write (a document or signature) in order to pass it off as written by another".[13]

[47] *Black's Law Dictionary* defines "forgery" as a "false or altered document made to look genuine by someone with the intent to deceive".[14]

[48] We note that neither dictionary definition includes an element of deprivation or an intention to defraud or injure.

[49] Having reviewed these sources, we conclude that there is no one term that properly encompasses all possible permutations. In our view, when we consider a particular instance of a person affixing another's signature, we ought to take into account all of the surrounding circumstances, rather than try to pigeonhole the instance into a particular category. Our approach allows for a more nuanced and fair assessment of the seriousness of an instance of misconduct.

[50] For the purposes of these reasons only, then, we use the terms "forge" and "forgery" when referring to any instance where one person affixes another's signature, with the intent that the document be acted upon as if it were genuine. Our choice is consistent with the dictionary definitions and is not intended to imply, in any particular instance, either a deprivation or an intention to harm.[15]

(c) Forms Incorrectly Purporting to be Signed by Clients

i. Forms Forged by Mr. Reaney

[51] There is conflicting evidence as to whether forms for two clients (R.A. and J.H.) were in fact signed by the client. We deal with the evidence regarding each of these two clients in turn.

[52] With respect to Mr. Reaney's client R.A., Ms. Lo, a Registration Research Officer at the Commission, says in paragraph 20 of the Lo Affidavit that on January 15, 2014, she spoke with R.A. by telephone. Ms. Lo states that R.A. told her that:

> […] he was unaware that Reaney had ever signed any documents on his behalf, Reaney did not request authorization to sign any documents on [R.A.'s] behalf, and that no such authorization was given. [R.A.] also advised that he was "shocked" to learn about this information.

[53] On January 24, 2014, Ms. Lo sent an email to R.A., attaching the documents in question, and asking R.A. to confirm the content of their telephone conversation. In his reply, R.A. said: "As far as I am concerned these are my signatures […] ."

[54] In his voluntary interview, Mr. Reaney stated that "[a]s far as I know, [R.A.] would be aware that I'm acting in his best interest and signed on his behalf." Mr. Reaney's assertion that he forged R.A.'s signature is consistent with the Audit Response, in which Mr. Reaney admits that he forged R.A.'s signature on three forms.

[55] With respect to Mr. Reaney's client J.H., Ms. Lo says in paragraph 21 of her affidavit that on January 28, 2014, she spoke by phone with her. According to Ms. Lo, in that phone call J.H. said that:

> […] she was unaware that Reaney had ever signed any documents on her behalf, that Reaney did not request authorization to sign any documents on her behalf, and that no such authorization was given.

[56] Ms. Lo sent an email that same day to J.H., attaching the documents in question, and asking J.H. to confirm the content of their telephone conversation. In her email reply, again on the same day, J.H. claimed that the signatures were hers.

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13 Katherine Barber, ed, 2nd ed (Don Mills, Ont: Oxford University Press, 2004).

14 Bryan A Garner, ed, 10th ed (St Paul, Minn: Thomson Reuters, 2014).

15 We are aware that "forgery" and its necessary elements are addressed in section 366 of the *Criminal Code* (RSC, 1985, c. C-46) and in cases that considered the wording of that section. However, we neither sought nor heard submissions regarding that provision. We find it unnecessary to consider that statute or the relevant cases for the purposes of these reasons.

[57] In the Audit Response, Mr. Reaney says that he signed J.H.'s signature. At the hearing before us, Mr. Reaney's counsel advised that Mr. Reaney maintains his position.

[58] While we cannot be certain who signed the forms for R.A. and J.H., we believe it more likely than not that Mr. Reaney did. In setting out below the number of instances of forgery, we have included these forms, although our ultimate findings would not be different if the forms were excluded.

[59] Including the forms for those two clients, then, there were 25 instances of Mr. Reaney forging a client's signature on a form. Of these, eleven were "know your client" (**KYC**) forms, seven were trading forms, five were on an application to be submitted to Human Resources and Social Development Canada for a Basic Canada Education Savings Grant, one was an account change form, and one was a form to be submitted to the Canada Revenue Agency.

[60] Mr. Reaney offered various explanations for his having forged a client's signature on a form. Mr. Reaney's counsel was appropriately careful to emphasize that the reasons were offered not as an excuse for the misconduct, but rather to explain what led Mr. Reaney to act as he did in these instances.

[61] In each of the 25 instances, one or more of the following applied:

a. the client was unavailable to sign the form, often because the client lived far from Mr. Reaney's office, sometimes without ready access to a facsimile machine;

b. Mr. Reaney was frustrated by some of his firm's policies and procedures, which he perceived to be unnecessary hindrances;

c. a mistake had been made previously and needed to be corrected;

d. Mr. Reaney was to undergo major surgery, and would therefore be away from the office; or

e. there was an impending deadline for making Registered Retirement Savings Plan contributions.

[62] The extent to which the client was aware that Mr. Reaney would be forging the signature varied. In at least seven instances, the client was not aware. In at least twelve instances, Mr. Reaney forged the client's signature at the client's direction. In the other six instances, the evidence is unclear as to whether or not the client was aware.

ii. Forms Forged by a Client's Spouse

[63] In four instances, a signature was forged by one spouse on behalf of the other spouse (both of whom were Mr. Reaney's clients) in the presence of Mr. Reaney but in the absence of the spouse whose signature was forged.

[64] One instance relates to a signature purporting to be that of Mr. Reaney's client D.K. on a trading form dated June 21, 2012. In the Audit Response, Mr. Reaney expresses some uncertainty: "client signature signed by me or husband [J.K.] for trading". However, in his affidavit Mr. Reaney declares that the "forms for [D.K.] were signed by her husband, [J.K.]". Ms. Lo spoke to J.K., who confirmed that he had forged his wife's signature.

[65] In the other three instances, relating to clients A.G., L.T. and R.D., Mr. Reaney clearly admits that one spouse forged the other's signature, as the absent spouse was unavailable at the time.

[66] Mr. Reaney asserts in paragraph 33 of the Reaney Affidavit that with respect to clients A.G. and D.K. he "believed the clients had agreed that their husbands could sign on their behalf." We were not directed to any evidence, nor did we note any, that would give an indication as to whether Mr. Reaney had a similar belief with respect to clients L.T. and R.D.

(d) Forms Pre-Signed by Clients

[67] In thirteen instances, Mr. Reaney had his client sign a form before the essential information had been inserted onto the form.

i. Trading Forms – Triax Fund

[68] Five of the pre-signed forms related to the Triax/Covington Biotech Balanced Fund, a labour-sponsored investment fund in which some of Mr. Reaney's clients had invested. Mr. Reaney worried that the fund company would attempt to renege on a capital guarantee. He asserts that he worked hard, for many months, to ensure that his clients would benefit from the guarantee. We believe that he did.

[69] In mid-December 2011, the fund company advised the fund's shareholders that they could be repaid their capital by redeeming their shares by the end of that month. Paragraph 41 of the Reaney Affidavit describes Mr. Reaney's state of mind and efforts at that time:

> This was during the holiday season. I had from December 17 to December 30 to get this sorted. I was understandably worried I would not be able to get original signatures from all my clients who were invested in the Triax Fund. To maximize my chances of reaching everyone, I sent out blank Trading Forms for client signatures to some of my clients so they could sign them, get them back to me, and I could fill out the details of what needed to go in those forms to ensure the clients received return of their principal.

ii. Mr. Reaney's Impending Surgery

[70] In two instances, for clients A.M. and R.G., Mr. Reaney obtained pre-signed forms in anticipation of his surgery, as referred to in paragraph [61] above.

iii. Client M.C.

[71] One of the pre-signed forms was a KYC form signed by Mr. Reaney's client M.C., dated June 6, 2012. The record before us was not clear as to the circumstances under which this form was partially completed.

[72] In the Audit Response, Mr. Reaney referred to this form:

> Blank form signed
>
> June 6, 2012 – KYC update – blank signed form in file – personal friend – gave it to me at a social meeting and asked me to complete it but it got filed in error

[73] In the Reaney Affidavit, Mr. Reaney says that:

> […] this was a blank KYC form dated June 2012. [M.C.] and I had just started going through the process of filling this out when I realized that we did not need an updated KYC for him because there was already one on file from February 2012 and there had been no changes. I am not sure why this was in his file, it should have been discarded.

[74] The description in the Audit Response ("gave it to me […] and asked me to complete it […]") is not necessarily inconsistent with the description in the Reaney Affidavit ("[we] had just started going through the process of filling this out"), but the fact that Mr. Reaney gives these two different descriptions of the circumstances is noteworthy. We address this issue in our analysis of the evidence at paragraph [104] below.

iv. Canada Revenue Agency Forms

[75] In three instances, there was some uncertainty as to whether the form would be required for submission to the Canada Revenue Agency. For example, with respect to Mr. Reaney's client D.C., Mr. Reaney says at paragraph 45(a) of his affidavit:

> I thought that one transfer form to the fund company would be sufficient, and that was filled out in full. The blank T2151 was obtained in case the fund company asked for the DPSP and pension transfers to be made separately.

[76] It is not clear to us why this uncertainty justified, in Mr. Reaney's mind, the obtaining of a pre-signed form. Since his client was completing one of the two forms anyway, it would at most have been a minor inconvenience to have the client complete the second form.

v. Clients B.W. and T.W.

[77] The final two instances involved a trading form for Mr. Reaney's client B.W. and a KYC form for T.W.

[78] With respect to the trading form for B.W., Mr. Reaney stated in his voluntary interview with Staff that the form was not used, and he cannot speculate as to why not.

[79] With respect to the KYC form for T.W., Mr. Reaney stated in the Audit Response that he doesn't "know why there would have been a blank KYC form [for T.W.]."

vi. Guidance Concerning Pre-Signed Forms

[80] In October 2007, the MFDA issued a notice to its members, in which the use of pre-signed forms was prohibited. MFDA Member Regulation Notice MR-0066 noted that it was "contrary to MFDA requirements for Members and Approved Persons to obtain pre-signed forms from their clients."

[81] IPC created internal documents that reflected this advice. From at least 2008, IPC's *Mutual Fund Association & Administrator Compliance Guide* prohibited the use of pre-signed forms. An internal IPC Compliance Bulletin issued in June 2011 was clear and absolute in prohibiting the use of pre-signed forms:

> Using blank, pre-signed or photocopied forms is strictly prohibited. Approved Persons may only use forms that are duly executed by the client after information has been properly completed.
>
> […]
>
> Some Approved Persons have taken the position that pre-signed forms can be used appropriately in certain situations strictly for the convenience of a client. Both [IPC] and MFDA staff do not agree with this position. Even in cases where there is no evidence of intent to use a pre-signed form for the purpose of discretionary trading, the use of such forms must be prohibited in part because their existence would raise question [sic] about the Approved Person's other business practices. It may also destroy the integrity of the audit trail for activity in the relevant client's account.

(e) Analysis of Evidence Regarding the Improper Forms

i. Introduction

[82] In *Bell*, the IDA decision referred to in paragraph [42] above, the panel stated (at para. 35):

> Forgery is always serious […] . [I]t is fundamentally dishonest and dangerous. Any act of forgery is a step onto a steep and slippery slope of deception that is always potentially harmful to clients and actually harmful to the Member firm and the securities industry as a whole. [emphasis added]

[83] We agree. Forgery is fundamentally dishonest and it is harmful.

ii. Actual and Potential Harm

[84] As the panel noted, some of the harm that flows from forgery is actual and some is potential. We consider first actual harm.

[85] One type of actual harm is the inevitable impairment of the integrity of the audit trail. Having a reliable audit trail is important to the sponsoring firm and to its regulators. A firm's ability to assess its employees' compliance with regulatory requirements, and a regulator's ability to do the same, would both be undermined if the very documents upon which the assessment relies are not genuine.

[86] Another type of actual harm caused by forging signatures on client documents is that in at least some cases the client's confidence in the registrant, and in the registrant's approach to the recording of key information, is undermined.

[87] In addition, as noted above, a number of different types of potential harm arise. For example, because every investment recommendation and every investment decision is based upon information contained on the forms, any inaccuracy in the information necessarily taints a recommendation or decision made based on that information.

[88] Further, the uncertainty about a client's risk tolerance impairs the registrant's ability to comply with the obligation, contained in section 13.3 of National Instrument 31-103, to ensure that all investments are suitable for the client.

[89] Finally, forgery could facilitate discretionary trading or fraud.

iii. Assessing the Seriousness of an Instance of Forgery

[90] Having declared that all cases of forgery are serious and fundamentally dishonest, the *Bell* panel went on to enumerate several factors that would, if present, make the particular case more egregious than others:

a. whether the forgery facilitated the misappropriation of funds;

b. whether the forgery concealed unauthorized trades;

c. whether the forgery produced a benefit to the forger (e.g., additional commissions); and

d. whether there was a large number or pattern of forgeries.

[91] We endorse and adopt that approach. We would add a factor; that is, whether the person whose signature was being forged was aware of the forgery and if so, the extent to which the person was aware of the contents of the relevant document. The less the person whose signature is forged is aware of the forgery and the contents of the form, the greater the risk to that person.

[92] Applying these factors to this case, we note that there was no suggestion that Mr. Reaney misappropriated any funds or executed any unauthorized trades as a result of his obtaining or using the Improper Forms that bore forged signatures.

[93] However, we do conclude that three of the factors enumerated above apply.

[94] First, as we conclude below in paragraphs [110] to [113], there was a pattern of forgeries.

[95] Second, as noted above in paragraph [62], in at least seven instances and possibly as many as thirteen instances, the client was unaware that Mr. Reaney was forging the client's signature.

[96] Third, the forgeries produced a benefit to Mr. Reaney. While that benefit was not a direct financial one, by Mr. Reaney's own admission these forgeries made it easier for him to serve his clients. Indeed, that was the goal. Reducing his own workload (even in impermissible ways) allowed Mr. Reaney to serve more clients than he would otherwise have been able to.

[97] Each of these three factors moves Mr. Reaney's actions further toward the more egregious end of the spectrum of conduct.

iv. Mitigating Factors Regarding Instances of Forgery

[98] The hearing panel in *Bell* also contemplated the possible existence, in any case involving forgery, of mitigating factors. Some of these were simply the obverse of an aggravating factor (*e.g.*, a small number of forgeries). None of them excuses or justifies forgery, but all may be taken into account in assessing Mr. Reaney's integrity.

[99] Additional mitigating factors in *Bell* included:

a. attempts made, prior to the forgery, to have the client sign the document; and

b. steps taken immediately after the forgery to have the client sign the proper document.

[100] As to the first of these, there is no clear evidence that Mr. Reaney made unsuccessful attempts to have the client sign the document. In some instances, as noted above, Mr. Reaney asserts that the client was unavailable or had no access to a fax machine, for example. It is reasonable to infer that in some of these instances no attempt was made because it was clear that any attempt would not have been successful within the applicable time constraints.

[101] As to the second potential mitigating factor, there is no evidence that Mr. Reaney ever tried to regularize an Improper Form by having the client sign the document after the fact.

v. Pre-Signed Forms

[102] We turn now to evaluate the evidence with respect to forms that clients did sign, but where not all required information was inserted at the time the client signed. Once again, both actual and potential harm flow from this type of misconduct.

[103] As with forms bearing forged signatures, pre-signed forms compromise the integrity of the audit trail. Indeed, a pre-signed form with no information entered onto the form represents not just an impairment to the integrity of the audit trail, it effectively destroys the integrity of the audit trail relating to that form.

[104] This is illustrated by the blank KYC form for Mr. Reaney's client M.C., referred to in paragraphs [71] to [74] above. We are unable to determine precisely what parts of the form were completed by whom, and when. Mr. Reaney's firm would be similarly unable to do so.

[105] In addition to that actual harm, there are at least two types of potential harm associated with pre-signed forms.

[106] In the case of forms to be submitted to the Canada Revenue Agency or to Human Resources and Social Development Canada, there is the risk that a client will be taken to have certified as to the accuracy of incorrect information that the client did not have an opportunity to review.

[107] A potentially more significant risk is that a pre-signed form could be used for discretionary trading or fraud. In this case, some clients pre-signed IPC's trading form. The risk of fraud is particularly serious with respect to this form, given that the form directs IPC to do one or more of the following things:

a. switch the client's funds within the same fund family;

b. effect a purchase or sale of securities; or

c. pay sale proceeds to a specified bank account or recipient.

[108] While we accept that Mr. Reaney never intended to use the forms in any way that might injure his clients, these good intentions do not eliminate the risk that the forms might be used in the future in ways that could be devastating to a client.

[109] Finally, we are troubled by the fact that Mr. Reaney knew at the time that it was wrong to obtain pre-signed forms. As noted above in paragraph [81], from at least June 2011 IPC had been very explicit about the prohibition. Despite this strong message from IPC, Mr. Reaney persisted in this practice by obtaining at least nine pre-signed forms after June 2011. Indeed, Mr. Reaney states in his affidavit, "I was aware of the prohibition against [pre-signed forms]."

vi. Pattern of Conduct

[110] Mr. Reaney's misconduct with respect to the various forms was not limited to one or two isolated instances. Rather, the evidence shows a pattern of conduct that spanned at least ten years.

[111] It is clear that no later than 2002, Mr. Reaney chose, on occasion, to obtain pre-signed forms from his clients. This practice continued through to 2012, when IPC conducted its audit.

[112] In the record before us, the first instance of Mr. Reaney forging a signature occurred in 2005. Again, this practice continued until 2012.

[113] Finally, Mr. Reaney was complicit in one spouse affixing the other spouse's signature beginning no later than 2009. This practice also continued into 2012.

vii. Availability of Alternatives

[114] With respect both to the forged forms and the pre-signed forms, we considered whether there was any evidence that Mr. Reaney contemplated alternative courses of action before he chose to engage in the misconduct. As noted above in paragraph [100], we are unable to conclude that Mr. Reaney made unsuccessful attempts to have a client sign a form before the signature was forged. A range of other options might have been available, including, for example, using a courier service or having a registered colleague obtain signatures from the clients in Mr. Reaney's absence.

[115] We see no evidence in the record of Mr. Reaney having considered or tried alternatives that would have complied with the applicable rules and that should have been obvious to a registrant with Mr. Reaney's experience. In fact, Mr. Reaney's own admissions demonstrate clearly that in at least some instances, he simply chose what he considered to be the easy route. He explained his having forged two spouses' signatures on one form by saying in his voluntary interview with Staff, "I didn't have the time, I guess, or make the effort. I apologize for that." In paragraph 28 of his affidavit, he reinforced the point: "[…] it seemed to be the simplest way at the time to move the matter forward."

viii. Family Relationships

[116] Some of the instances of Improper Forms involved family relationships.

[117] Four forms related to Mr. Reaney's brother, who was a client. While no submissions were made to us either by Staff or Mr. Reaney's counsel that this fact should be influential in any way, we think it appropriate to note that every client must be afforded the same protections, and that the expected conduct is no different if the client happens to be a family member of the individual registrant.

[118] In this case, that principle applies also where a spouse's signature is forged, either by Mr. Reaney or by the other spouse. As noted above in paragraph [66], in at least some instances (but not necessarily all), Mr. Reaney "believed" that the absent spouse had authorized the forging of that spouse's signature.

[119] That is an easy assumption to make, but it is also a reckless one. Making that assumption is potentially harmful to the spouse. Without proper authority (e.g., a power of attorney), one cannot know for certain whether in fact the absent spouse does agree that someone else can sign. There is always a risk that the spouse who signs the other's name, or who authorizes someone else to do so, is being deceptive.

[120] We adopt the language of the panel in *Bell*:

> We are not aware of any circumstance where one person can be authorized to sign another person's name to a document – a person may act as the authorized agent of another, or under a power of attorney, but in neither instance may the agent or attorney sign the other person's name.[16]

ix. Clients' Support

[121] We were asked to take account of the fact that several of Mr. Reaney's clients have stated that they support and trust him.

[122] While that may be true, in our view that support is not compelling evidence of Mr. Reaney's integrity. Indeed, it is reasonable to expect that a registrant who makes life easier for his/her clients will gain more favourable reviews. The fact that the means chosen by the registrant happens to be prohibited by the rules may well not affect a client's opinion of the registrant, especially where no actual harm befalls the client.

[123] In this case, given that there was no actual harm to Mr. Reaney's clients, we are not surprised that some (if not all) of them are supportive. Mr. Reaney sought to minimize inconvenience both to him and to his clients. The clients' resulting satisfaction does not diminish the seriousness of the dishonest conduct that produced it.

x. Forms Not Used

[124] Mr. Reaney emphasized that in some instances, an Improper Form ended up not being used. While that may be factually accurate, we reject any suggestion that it could be a mitigating factor. What is important is that at the time Mr. Reaney engaged in the misconduct, he fully intended that the form would (or at least might) be used; otherwise, there would have been no reason to create the form.

xi. Conclusion Regarding Improper Forms

[125] Mr. Reaney engaged in a pattern of conduct, over many years, that he knew was prohibited. He intended his conduct to be deceptive (*i.e.*, for the forged signatures to resemble the real signatures of the clients), as is evidenced by his inability during his voluntary interview to discern whether signatures on certain forms were his forgeries or were genuine.

[126] The harm to the integrity of the audit trail is real. An uncompromised audit trail is necessary for the firm and its regulators to assess the compliance of its individual registrants and other employees with regulatory requirements and firm policies designed to protect investors.

[127] Mr. Reaney himself was sometimes unsure who had signed which form or which portions had been filled out when. IPC, in conducting its audit and reviewing Mr. Reaney's response, was unable to be certain about these essential facts. Our own review of the evidence was made considerably more challenging by the uncertainties and inconsistencies attached to each instance of misconduct. All of these difficulties are direct consequences of the impairment of the integrity of the audit trail.

[128] As for the potential harm identified above, it is fortunate that not all of it came to pass. However, this outcome was by chance rather than by design, and the fact that the harm might have occurred is what makes the conduct problematic.

[129] As the panel in *Bell* observed, forgery is fundamentally dishonest. Mr. Reaney's prolonged pattern of engaging in this fundamentally dishonest conduct, combined with his obtaining pre-signed forms even when he knew that this practice was prohibited, give us serious concerns about his integrity.

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[16] Supra note 11 at para 35.

2. Compliance Questionnaires

[130] IPC asked each of its individual registrants to complete an annual compliance questionnaire. On two occasions, Mr. Reaney gave incorrect answers.

[131] In September 2009, Mr. Reaney submitted a completed questionnaire. Question 14 asked: "Do you have any blank pre-signed or pre-dated forms in your possession?" Mr. Reaney answered "No". As was clear from the results of the IPC audit in December 2012, that answer must have been incorrect, since Mr. Reaney had in his files a pre-signed form for client C.J. from 2002, and a pre-signed form for client R.M. from 2003.

[132] Mr. Reaney states in his affidavit that at the time he completed the questionnaire he believed that he had done so correctly. He "knew that [he] did not have a practice of obtaining pre-signed forms because [he] was aware of the prohibition against them and the reasons behind the prohibition." He says that this was "an honest mistake [… and] not an attempt to deceive or mislead anyone."

[133] On December 5, 2012, Mr. Reaney submitted another completed questionnaire. Question 14 remained the same. Again, Mr. Reaney answered "No", and again, that answer was incorrect, since Mr. Reaney had the two pre-signed forms referred to above, as well as eleven additional pre-signed forms obtained between September 2009 and December 2012.

[134] Mr. Reaney gives a similar, although not identical, explanation for that incorrect answer. He states in his affidavit that he believed his answers to be correct and that the incorrect answer was "an honest mistake [… and] not an attempt to deceive or mislead anyone." However, in the case of the 2012 questionnaire, Mr. Reaney does not assert, as he did with respect to the 2009 questionnaire, that he knew he did not have a practice of obtaining pre-signed forms.

[135] We find that it is more likely than not that Mr. Reaney's incorrect answer on the 2009 compliance questionnaire was an honest mistake, as he claims. The evidence discloses the existence of only two blank pre-signed forms at that time, both of which had been obtained some considerable time before the date of the questionnaire.

[136] We are less convinced with respect to the 2012 questionnaire. Mr. Reaney obtained five pre-signed forms in December 2011, one in January 2012, and an additional three pre-signed forms during the summer of 2012, only six months before he submitted the completed questionnaire. It is difficult to accept that Mr. Reaney forgot that he had obtained the pre-signed forms. As noted above in paragraph [134], it is telling that in his affidavit, Mr. Reaney used very similar language to describe his responses to the 2009 and 2012 questionnaires, except that his assertion that in 2009 he believed he did not have a practice of obtaining pre-signed forms is not repeated for the 2012 questionnaire.

[137] In our view, it is not plausible that in 2012 he did not know that there had been pre-signed forms in his files at some point. He therefore either believed he no longer had any such forms, or he knew that he did.

[138] The first alternative, that he knew he had obtained pre-signed forms several months earlier but believed he no longer had the forms, would mean that his answer on the questionnaire was factually accurate. However, in our view this would at best lead to the conclusion that Mr. Reaney was "reckless or lackadaisical" in answering the questionnaire, to use the words of the Alberta Securities Commission in *Re Doe*.[17]

[139] Mr. Reaney admits that he did not review his files in order to ensure that his answer was correct. In his voluntary interview, when asked what he did to inform himself about any pre-signed forms before he indicated "No" on the questionnaire, Mr. Reaney said: "I obviously did not take the appropriate steps, which again I apologize for."

[140] The second alternative, that he knew he had the forms and gave an incorrect answer deliberately, would be significantly more serious. This would have been a deliberate deception to his firm and would make his sworn affidavit untrue.

[141] We are prepared to give Mr. Reaney the benefit of the doubt as between these two alternatives. We are unable to reach the conclusion that this was "an honest mistake", but we conclude on a balance of probabilities that at the time Mr. Reaney completed the 2012 questionnaire, he was unsure as to whether he had pre-signed forms, and he was reckless or lackadaisical by not reviewing his files to check.

[17] (2007), ABASC 296 at para 13, cited in *Sterling Grace*, *supra* note 3 at para 171.

D. Assessment of Mr. Reaney's Current Suitability for Registration

1. Mr. Reaney's Current Understanding of the Need for Original Signatures

[142] Because we must determine whether Mr. Reaney is suitable for registration at this time, it follows that we should assess his current understanding of the need for original client signatures. Our view as to whether Mr. Reaney will act upon his stated good intentions in the future would be positively influenced by the demonstration of a clear understanding of that requirement, and of the potentially devastating harm that the rules seek to avoid.

[143] In paragraph 18 of his affidavit, Mr. Reaney says simply: "I understand how important it is to have original client signatures. This rule is for the benefit of clients, firms and even mutual fund dealers themselves." The affidavit offers nothing further on this point.

[144] At the hearing before us, Mr. Reaney's counsel offered to have him give oral evidence to explain his understanding. Accordingly, we invited Mr. Reaney to testify specifically as to what he considered the "benefits" of the rule to be. Mr. Reaney's testimony with respect to that paragraph of his affidavit was as follows (quoted in full):

> With respect to [paragraph 18 of the affidavit] and original signatures, I definitely realize that it's important from my perspective to explain everything to my clients and get a good understanding of what's important to them and that they understand all the information within the – that they're subjected to and that they don't have any questions and once they sign their name that there's a clear understanding that they do recognize everything and don't have any questions going forward.
>
> And then with respect to the mutual fund company, that they have the confidence in me that I've explained all these things to my clients and my clients understand and that there's no mitigation issues, et cetera, at hand and everybody has a good understanding.

[145] In an attempt to gain a clear understanding of Mr. Reaney's current thinking with respect to the importance of original signatures on the different kinds of documents at issue in this case, we then asked him to elaborate. Mr. Reaney responded at length. He:

a. cited potential issues relating to the proper identification of clients;

b. explained his usual practice about understanding his client's circumstances and objectives;

c. explained his usual practice about discussing risk with his clients;

d. described the function of a trade ticket;

e. referred to his having hired an assistant;

f. noted that his firm now accepts forms transmitted electronically, which was not always the case;

g. highlighted how, in his opinion, the MFDA now communicates with member firms better than it previously did;

h. expressed his confidence that there would be no recurrence of the misconduct at issue in this case; and

i. referred to the financial costs he has incurred and the harm to his reputation.

[146] As noted above, our assessment of Mr. Reaney's integrity and our determination of whether Mr. Reaney is currently unsuitable for registration would be influenced by evidence demonstrating his specific understanding of some of the actual and potential harm referred to in paragraph [84] above. We had no such evidence before us. In his oral testimony, Mr. Reaney did not allude to any such harm. While in his affidavit Mr. Reaney does state that he is "now more aware that I need to say no to my clients and to inconvenience my clients in order to ensure that I stay completely on-side the regulatory requirements of my job", this assertion similarly fails to demonstrate any appreciation for the harm that might result from failing to do so. This was particularly troubling given that Mr. Reaney recently completed the CPH Course.

[147] We were also concerned that his optimism about the unlikelihood of recurrence is based in substantial part on improved policies and procedures of his employer, the result of which has been to eliminate some of the frustrating circumstances that caused Mr. Reaney to engage in the misconduct in the first place. This improvement in circumstances does not speak to Mr. Reaney's own willingness to make compliance with the rules a top priority,

particularly when confronted with novel situations in respect of which there might not be explicit regulatory or internal policy requirements, but that would require the exercise of his judgment.

2. Subsequent Events

[148] Mr. Reaney's counsel submitted that because this is not an enforcement proceeding, it would be inappropriate to consider events occurring after the misconduct (e.g., steps taken by Mr. Reaney to improve his practice) as "mitigating factors"; rather, these are intervening circumstances relevant to an assessment of Mr. Reaney's current suitability for registration. We agree. Our assessment of Mr. Reaney's integrity, which is relevant to our determination of his suitability for registration, must be made as of the date of the hearing before us. In the following paragraphs, we review each of the intervening circumstances to which we were referred.

[149] Mr. Reaney has hired an assistant. While this step is no doubt a positive development, we cannot give it significant weight. An individual registrant must discharge his/her obligations at all times and must be satisfied that sufficient resources are in place to support the registrant.

[150] Mr. Reaney successfully completed the CPH Course in November 2014, immediately prior to the December OTBH before the Director. While it is true that he chose to take the course, his decision was prompted by the regulatory process that followed the discovery of his misconduct. In the Reaney Affidavit, Mr. Reaney states:

> [Staff's] letter of August 14, 2014 proposed that I be suspended and that, during the suspension, I should complete the [CPH Course]. Out of a desire to prove my competence and integrity to the OSC, I took the CPH Course on a voluntary basis.

[151] Mr. Reaney accepted periods of strict supervision, has suffered financial consequences (*e.g.*, legal fees), and has been embarrassed among his clients and others. We consider all of these to be natural and inevitable consequences of his misconduct and we are unable to conclude that any of these consequences contributes to a more favourable finding as to his suitability for registration.

[152] Finally, Mr. Reaney says that there has been no recurrence of his misconduct, and he notes that he has refused clients' requests to pre-sign blank forms. He has apologized repeatedly for his misconduct and he has promised that it will not recur. While we accept Mr. Reaney's good intentions, as well as his statement that there has been no recurrence of the misconduct since the IPC audit, we cannot give these assertions significant weight, given that Mr. Reaney has been under periods of strict supervision and has been subject to the regulatory process arising from his misconduct.

E. Conclusion as to Suitability for Registration

[153] For the reasons set out above, we find that at least some of Mr. Reaney's conduct (i.e., the instances of forgery) was fundamentally dishonest. As noted in paragraph [35] above, this requires the conclusion that as at the date of the discovery of Mr. Reaney's misconduct, he lacked the integrity necessary to make him suitable for registration.

[154] Neither the subsequent events referred to in paragraphs [149] to [152] nor Mr. Reaney's evidence before us is sufficient to overcome that conclusion. We therefore find that Mr. Reaney is not currently suitable for registration, within the meaning of clause 27(1)(a) of the Act.

V. ISSUE 2 – HAS MR. REANEY "FAILED TO COMPLY WITH ONTARIO SECURITIES LAW"?

[155] Having found that some of Mr. Reaney's conduct was fundamentally dishonest, it follows that he breached subsection 2.1(2) of Rule 31-505, which required him to deal with his clients "fairly, honestly and in good faith".

[156] There was some suggestion in the hearing before us that considering a breach of Rule 31-505 might amount to an improper "double barreled" allegation. We do not agree, and in any event nothing turns on it. Our analysis of Mr. Reaney's conduct led us to the conclusion that he lacks the integrity necessary to be suitable for registration. The fact that the conduct in question also amounts to a failure to comply with Ontario securities law is to be expected, and results in no different outcome. The consequences for Mr. Reaney are no more severe just because his misconduct both demonstrates a lack of integrity and constitutes a failure to comply with Ontario securities law.

VI. ISSUE 3 – IS MR. REANEY'S REGISTRATION "OTHERWISE OBJECTIONABLE"?

[157] In light of our conclusion that Mr. Reaney is currently unsuitable for registration and that he has failed to comply with Ontario securities law, it is unnecessary for us to consider whether his registration is otherwise objectionable, and we decline to do so.

VII. ISSUE 4 – WHAT IS THE APPROPRIATE OUTCOME?

A. Introduction

[158] Having concluded that Mr. Reaney is not currently suitable for registration and that he has failed to comply with Ontario securities law, we must now determine what consequences, if any, ought to flow from that conclusion.

B. Review by MFDA Staff

[159] At the hearing before us, Mr. Reaney's counsel suggested that because this Commission ordinarily defers to the MFDA in respect of decisions of that organization, we ought to be influenced by MFDA Staff's decision to send a warning letter to Mr. Reaney (see paragraph [9] above).

[160] This submission confuses two different functions within the MFDA. At the MFDA (as at the Commission), MFDA Staff conduct investigations and determine when to initiate proceedings. If a proceeding is commenced, then an MFDA panel considers the matter and reaches a decision. While the Commission may show some deference to MFDA panel decisions, this deference does not extend to MFDA Staff's exercise of their discretion as to which cases to pursue.

[161] In this case, there was no MFDA proceeding. We reject any suggestion that this tribunal ought to defer to a decision by MFDA Staff.

C. The Director's Decision

[162] As noted above in paragraph [22], this is a hearing de novo, and we are exercising original (not appellate) jurisdiction in this proceeding. Accordingly, there is no requirement that we show deference to the Director's Decision.

D. Anticipated Consequences of a Suspension

[163] In his affidavit, Mr. Reaney makes the bald assertion that he "fear[s] that a lengthy period of suspension would be professionally and financially devastating." Mr. Reaney's counsel repeated this assertion in her submissions before us.

[164] However, we had no evidence whatsoever to support this claim, whether in the written record or through Mr. Reaney's oral testimony. Mr. Reaney's counsel confirmed at the hearing that he continues to hold a life insurance licence, but we have no information as to what proportion of his income is derived from activities permitted by the life insurance licence as opposed to activities permitted by his registration as a mutual fund dealing representative.

[165] Accordingly, we are unable to make any finding about Mr. Reaney's current financial situation or the financial impact that a suspension would have.

E. Analysis as to Appropriate Outcome

[166] The range of possible outcomes spans from no order at all to a revocation of Mr. Reaney's registration. That range includes within it a suspension of, and/or the imposition of terms and conditions upon, his registration.

[167] At the OTBH, Staff asked the Director to suspend Mr. Reaney's registration for a period of nine to twelve months. The Director decided instead on a suspension of six months, with the terms and conditions set out in paragraph [16] above.

[168] At the hearing before us, Staff submitted that we should essentially confirm the Director's decision. Mr. Reaney's counsel submitted that a suspension of that length would be inappropriate and excessive in the circumstances. She said that any concerns we may have regarding his suitability for registration could be sufficiently addressed by having terms and conditions imposed upon his registration.

[169] In determining the appropriate outcome, we are guided by our mandate, contained in section 1.1 of the Act, to provide protection to investors from improper practices and to foster confidence in the capital markets. We take into account our findings of:

a. a prolonged pattern of fundamentally dishonest conduct that included some instances of forgery that lie towards the more egregious end of the spectrum;

b. a prolonged pattern of obtaining pre-signed forms, even when Mr. Reaney knew that such conduct was prohibited; and

c. reckless and lackadaisical conduct regarding the compliance questionnaire.

[170] In our view, the mere imposition of terms and conditions would essentially continue the *status quo* under which Mr. Reaney operated while under strict supervision. Mr. Reaney was unable to persuade us that being under strict supervision has given him the understanding, and the willingness to be fully compliant, that should be expected of a registrant in his situation.

[171] We conclude that in order to sufficiently protect investors and to foster confidence in the capital markets, a suspension of Mr. Reaney's registration is required. We further conclude that the suspension must be of a sufficient length to allow him to assimilate the findings set out in these reasons, to understand the seriousness of his misconduct, and to position himself to be a compliant registrant, not just with respect to the specific kinds of misconduct in which he has engaged, but with respect to all requirements to which he is subject.

[172] While we believe that Mr. Reaney is probably now aware that he should not forge signatures or obtain pre-signed forms, we are not as convinced of his understanding as to the principles underlying those prohibitions or the harm that flows from failure to abide by the requirements. We are concerned that when confronted with a different requirement that Mr. Reaney sees as an obstacle to his business activities, he might not apply the necessary discipline and reason to lead him to make the right decision.

[173] We are also of the opinion that the mere imposition of terms and conditions would send an inappropriate message to the marketplace. On this point, Mr. Reaney's counsel argued that because this is not an enforcement case, the usual analysis regarding general deterrence does not apply. While there is some truth to this proposition, in our view this does not preclude our considering the educational effect of our decision regarding the high standard of conduct necessary to meet the requirements for maintaining registration.

[174] In our view, and in light of the findings we have made regarding a fundamentally dishonest pattern of conduct, we find that a six-month suspension is the appropriate outcome for Mr. Reaney. Further, this result alerts individual registrants and firms that misconduct of this kind attracts meaningful consequences.

F. Conclusion

[175] Balancing all of these considerations, and for the reasons set out above, we conclude that a suspension for six months is appropriate. We view this outcome as necessary to impress upon Mr. Reaney the need to comply with regulatory and internal policy requirements even when those requirements may seem inconvenient.

[176] We do not consider it necessary or appropriate to pre-determine whether any terms or conditions ought to be imposed upon Mr. Reaney's registration should he successfully re-apply at the conclusion of his suspension. Such an application, should it be submitted, would be assessed by the Director in accordance with all of the applicable considerations, in light of these reasons as well as whatever circumstances exist at that time.

VIII. DECISION

[177] Pursuant to subsection 8(3) and section 28 of the Act, we order that:

a. Mr. Reaney's registration be suspended for six months, with the suspension to commence ten business days following the date of this decision; and

b. during the ten-day period, Mr. Reaney may not accept new clients, open any new client accounts, or accept any new funds into an existing client's account.

Dated at Toronto this 13th day of July, 2015.

"Mary G. Condon"

"William J. Furlong"

"Timothy Moseley"

APPENDIX A

#	Date	Client	Form type	Impropriety	Client aware of CR's forgery?
1	2002	C.J.	CRA	Pre-signed	n/a
2	2003	R.M.	CRA	Pre-signed	n/a
3	2005 09 11	K.M.	Acct change	Forged by CR	Yes
4	2007 08 18	C.R.	Trading	Forged by CR	Yes
5	2007 09 06	R.A.	KYC	Forged by CR	Yes
6	2008 01 22	R.A.	KYC	Forged by CR	Yes
7	2008 06 19	C.R.	Trading	Forged by CR	Yes
8	2009 03 08	L.T.	KYC	Forged by spouse	n/a
9	2009 03 12	R.A.	KYC	Forged by CR	Yes
10	2009 05 25	C.R.	KYC	Forged by CR	Yes
11	2009 06 05	J.H.	KYC	Forged by CR	Unknown
12	2009 06 05	J.H.	Trading	Forged by CR	Unknown
13	2009 06 05	J.H.	Trading	Forged by CR	Unknown
14	2009 11 18	D. & C.S.	Trading	Forged by CR	Yes
15	2010 02 23	A.G.	KYC	Forged by spouse	n/a
16	2011	T.W.	KYC	Pre-signed	n/a
17	2011 02 07	C.R.	Trading	Forged by CR	Yes
18	2011 02 18	R.D.	RSP change	Forged by spouse	n/a
19	2011 03 23	G. & V.M.	KYC	Forged by CR	No
20	2011 03 23	G. & V.M.	HRSDC	Forged by CR	No
21	2011 03 23	G. & V.M.	HRSDC	Forged by CR	No
22	2011 03 23	G. & V.M.	HRSDC	Forged by CR	No
23	2011 03 23	G. & V.M.	HRSDC	Forged by CR	No
24	2011 03 24	G. & V.M.	HRSDC	Forged by CR	No
25	2011 05 18	D.C.	CRA	Pre-signed	n/a
26	2011 11 30	D.G.	CRA	Forged by CR	Yes
27	2011 12 24	D.J.	TF	Pre-signed	n/a
28	2011 12 26	J.K.	Trading	Pre-signed	n/a
29	2011 12 27	R.D.	Trading	Pre-signed	n/a
30	2011 12 27	D.G.	Trading	Pre-signed	n/a
31	2011 12 28	J.G.	Trading	Pre-signed	n/a
32	2012 01 11	B.W.	TF	Pre-signed	n/a
33	2012 01 28	R.S.	KYC	Forged by CR	No

#	Date	Client	Form type	Impropriety	Client aware of CR's forgery?
34	2012 02 23	D.J.	KYC	Forged by CR	Unknown
35	2012 02 27	S.V.	KYC	Forged by CR	Unknown
36	2012 02 28	C.V.	KYC	Forged by CR	Unknown
37	2012 06 06	M.C.	KYC	Pre-signed	n/a
38	2012 06 21	D.K.	Trading	Forged by spouse	n/a
39	2012 summer	A.M.	Trading	Pre-signed	n/a
40	2012 07 01	R.G.	Trading	Pre-signed	n/a
41	2012 07 11	D. & C.S.	Trading	Forged by CR	Yes
42	2012 09 03	B.J.	KYC	Forged by CR	Yes

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
Virtutone Networks Inc.	26-June-15	08-July-15	08-July-15	
Jourdan Resources Inc.	3-July-15	15-July-15		
African Copper PLC	3-July-15	15-July-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

THERE ARE NO ITEMS TO REPORT THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Viking Gold Exploration Inc.	12-May-15	25-May-15	25-May-15		

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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:
BMO Europe High Dividend Covered Call Hedged to CAD ETF
BMO International Dividend Hedged to CAD ETF
BMO Low Volatility International Equity ETF
BMO US Put Write ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated July 10, 2015
NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
CAD Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
BMO Asset Management Inc.
Project #2372095

Issuer Name:
BMO Retirement Balanced Portfolio
BMO Retirement Conservative Portfolio
BMO Retirement Income Portfolio
BMO Risk Reduction Equity Fund
BMO Risk Reduction Fixed Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 30, 2015
NP 11-202 Receipt dated July 6, 2015
Offering Price and Description:
Series A, F, I, T6 and Advisor Series Securities
Underwriter(s) or Distributor(s):
BMO Investments Inc.
Promoter(s):
BMO Investments Inc.
Project #2370690

Issuer Name:
Canamax Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated July 13, 2015
NP 11-202 Receipt dated July 13, 2015
Offering Price and Description:
$13,034,560.80.00 - 21,724,268 Common Shares issuable upon the exercise of 21,724,268 issued and outstanding Subscription Receipts
Price: $0.60 per Subscription Receipt
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2372391

Issuer Name:
Capital Group Global Balanced Fund (Canada)
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 10, 2015
NP 11-202 Receipt dated July 13, 2015
Offering Price and Description:
Series A, B, E, F, H, I, T4 and F4 Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CAPITAL INTERNATIONAL ASSET MANAGEMENT (CANADA), INC.
Project #2372137

Issuer Name:
Concordia Healthcare Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated July 10, 2015
NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
$3,000,000,000.00
Common Shares
Preferred Shares
Warrants
Subscription Receipts
Debt Securities
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2371958

Issuer Name:
Crescent Point Energy Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated July 9, 2015
NP 11-202 Receipt dated July 9, 2015
Offering Price and Description:
$2,500,000,000.00
Common Shares
Warrants
Subscription Receipts
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2371793

Issuer Name:
Energizer Resources Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 9, 2015
NP 11-202 Receipt dated July 9, 2015
Offering Price and Description:
CDN$2,466,119 .00 - 20,550,998 Common Shares and 10,275,499 Common Share Purchase Warrants on deemed exercise of 20,550,998 Special Warrants
Price at CDN$0.12 per Special Warrant
Underwriter(s) or Distributor(s):
Secutor Capital Management Corporation
Promoter(s):
-
Project #2371689

Issuer Name:
exactEarth Ltd.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Prospectus dated July 13, 2015 Amending and Restating the Amended and Restated Preliminary Prospectus dated July 8, 2015
NP 11-202 Receipt dated July 13, 2015
Offering Price and Description:
$80,000,000 - * Common Shares
Price: $* per Offered Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
CIBC World Markets Inc.
GMP Securities L.P.
Paradigm Capital Inc.
Promoter(s):
Com Dev International Ltd.
Project #2366498

Issuer Name:
Front Street MLP Balanced Income Class
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Simplified Prospectus dated June 30, 2015
NP 11-202 Receipt dated July 7, 2015
Offering Price and Description:
Series A, B, F, I and X shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Front Street Capital 2004
Project #2360821

Issuer Name:
Front Street Global Balanced Income Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated June 30, 2015
NP 11-202 Receipt dated July 7, 2015
Offering Price and Description:
Series I Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Front Street Capital 2004
Project #2360821

Issuer Name:
Front Street Tactical Bond Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated June 30, 2015
NP 11-202 Receipt dated July 7, 2015
Offering Price and Description:
Series C units
Underwriter(s) or Distributor(s):
-
Promoter(s):
FRONT STREET CAPITAL 2004
Project #2370479

Issuer Name:
Maccabi Ventures Inc.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated July 8, 2015
NP 11-202 Receipt dated July 8, 2015
Offering Price and Description:
$400,000.00 - 4,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Promoter(s):
Roman Rubin
Richard Penn
Project #2333816

Issuer Name:
Merus Labs International Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated July 9, 2015
NP 11-202 Receipt dated July 9, 2015
Offering Price and Description:
$250,000,000.00
Common Shares
Warrants
Subscription Receipts
Preferred Shares
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2371744

Issuer Name:
Partners Value Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated July 13, 2015
NP 11-202 Receipt dated July 13, 2015
Offering Price and Description:
$750,000,000 - Class AA Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2372350

Issuer Name:
Ten Peaks Coffee Company Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated July 10, 2015
NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
$17,600,000.00 - 2,000,000 Common Shares
Price: $8.80 per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
CIBC World Markets Inc.
PI Financial Corp.
Promoter(s):
-
Project #2372119

Issuer Name:
Aequus Pharmaceuticals Inc.
Principal Regulator - British Columbia
Type and Date:
Final Base Shelf Prospectus dated June 30, 2015
NP 11-202 Receipt dated July 6, 2015
Offering Price and Description:
$15,000,000.00
Common Shares
Warrants
Units
Subscription Receipts
Debt Securities
Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2364763

Issuer Name:
Canadian Equity Fund (Class D, E, F, I, O, P, R and Z Units)
Canadian Small Company Equity Fund (Class D, E, F, I, O, P and R Units)
U.S. Large Cap Index Fund (formerly U.S. Large Cap Synthetic Fund) (Class D, E, F, F(H), I, O, O(H) and R Units)
U.S. Large Company Equity Fund (Class D, D(H), E, E(H), F, F(H), I, I(H), O, O(H), P, P(H), R, R(H), Z and Z(H) Units
U.S. Small Company Equity Fund (Class D, D(H), E, E(H), F, F(H), I, I(H), O, O(H), P, P(H), R and R(H) Units
EAFE Equity Fund (Class D, E, F, I, O, P, R and Z Units)
Emerging Markets Equity Fund (Class D, E, F, I, O, P, R and Z Units)
Global Managed Volatility Fund (Class D, E, F, O, P, S and Z Units)
Canadian Fixed Income Fund (Class D, E, F, I, O, P, R and Z Units)
Long Duration Bond Fund (Class D, E, F, I, O, P and R Units)
Long Duration Credit Bond Fund (Class O Units)
Money Market Fund (Class E, F, I, O, P and R Units)
Real Return Bond Fund (Class D, E, F, I, O, P, R and Z Units)
Short Term Bond Fund (Class D, E, F, I, O, P, R and Z Units)
Short Term Investment Fund (Class E, F, O, P and Z Units)
U.S. High Yield Bond Fund (Class D, D(H), E, E(H), F, F(H), I, I(H), O, O(H), P, P(H), R, R(H), Z and Z(H) Units)
All-Equity Fund (formerly Global Growth 100 Fund) (Class E, F, I, O, P, R, S and Z Units)
Balanced Fund (formerly Balanced 50/50 Fund) (Class E, F, I, O, P, R, S and Z Units)
Balanced 60/40 Fund (Class E, F, I, O, P, R and S Units)
Balanced Monthly Income Fund (Class E, F, I, O, P, R, S and Z Units)
Canadian Focused Balanced Fund (Class E, F, I, O, P, R and S Units)

Canadian Focused Growth Fund (Class E, F, I, O, P, R and S Units)
Conservative Fund (Class E, F, O, P and Z Units)
Conservative Monthly Income Fund (Class E, F, I, O, P, R, S and Z Units)
Growth Fund (formerly Growth 70/30 Fund) (Class E, F, I, O, P, R, S and Z Units)
Growth 100 Fund (Class E, F, I, O, P, R and S Units)
Growth 80/20 Fund (Class E, F, I, O, P, R and S Units)
Income 100 Fund (Class E, F, I, O, P, R and S Units)
Income 20/80 Fund (Class E, F, I, O, P, R and S Units)
Income 40/60 Fund (Class D, E, F, I, O, P and R Units)
Moderate Fund (formerly Income 30/70 Fund) (Class E, F, I, O, P, R, S and Z Units)Principal Regulator - Ontario

Type and Date:
Final Simplified Prospectuses dated June 25, 2015
NP 11-202 Receipt dated July 7, 2015

Offering Price and Description:
Class D, D(H), E, E(H), F, F(H), I, I(H), O, O(H), P, P(H), R, R(H), S, Z and Z(H) Units @ Net Asset Value

Underwriter(s) or Distributor(s):
-

Promoter(s):
SEI Investments Canada Company

Project #2354465

Issuer Name:
Mutual Fund Trust Units of:
Investors U.S. Money Market Fund
Investors Cornerstone I Portfolio
Investors Cornerstone II Portfolio
Investors Cornerstone III Portfolio
Classic Series Units and Premium Series Units of:
Investors Canadian Money Market Fund
Series A, Series B, Series C, Series JDSC , Series JNL and Series U Units of:
Investors Mortgage and Short Term Income Fund
Investors Canadian Bond Fund
Investors Canadian Corporate Bond Fund
Investors Global Bond Fund
Investors Canadian High Yield Income Fund
IG Mackenzie Income Fund
IG Mackenzie Floating Rate Income Fund
IG Putnam U.S. High Yield Income Fund
Investors Canadian Large Cap Value Fund
Investors Canadian Equity Fund
Investors Canadian Growth Fund
Investors Core Canadian Equity Fund
Investors Canadian Small Cap Fund
Investors Canadian Small Cap Growth Fund
Investors Quebec Enterprise Fund
IG Fiera Canadian Small Cap Fund (formerly IG AGF Canadian Diversified Growth Fund)
IG AGF Canadian Growth Fund
IG Beutel Goodman Canadian Equity Fund
Investors Summa SRI Fund
IG FI Canadian Equity Fund
IG Mackenzie Dividend Growth Fund
IG Mackenzie Canadian Equity Growth Fund
IG Franklin Bissett Canadian Equity Fund
Investors Canadian Natural Resource Fund
Investors Canadian Equity Income Fund
Investors Core U.S. Equity Fund
Investors U.S. Large Cap Value Fund
Investors U.S. Dividend Growth Fund
Investors U.S. Opportunities Fund
IG AGF U.S. Growth Fund
IG FI U.S. Large Cap Equity Fund
IG Putnam U.S. Growth Fund
IG Putnam Low Volatility U.S. Equity Fund
Investors Global Fund
Investors North American Equity Fund
Investors International Equity Fund
Investors European Equity Fund
Investors European Mid-Cap Equity Fund
Investors Pacific International Fund
Investors Pan Asian Equity Fund
Investors Greater China Fund
IG Mackenzie Ivy European Fund
IG Mackenzie Cundill Global Value Fund
IG AGF Global Equity Fund
IG Templeton International Equity Fund
Investors Global Science & Technology Fund
Investors Global Financial Services Fund
Investors Global Real Estate Fund
Allegro Conservative Portfolio
Allegro Moderate Conservative Portfolio
Allegro Moderate Portfolio
Allegro Moderate Aggressive Portfolio

Allegro Moderate Aggressive Canada Focus Portfolio
Allegro Aggressive Portfolio
Allegro Aggressive Canada Focus Portfolio
Investors Fixed Income Flex Portfolio
Investors Global Fixed Income Flex Portfolio
Investors Growth Portfolio
Investors Income Plus Portfolio
Investors Growth Plus Portfolio
Investors Retirement Growth Portfolio
Investors Retirement Plus Portfolio
Alto Conservative Portfolio
Alto Moderate Conservative Portfolio
Alto Moderate Portfolio
Alto Moderate Aggressive Portfolio
Alto Moderate Aggressive Canada Focus Portfolio
Alto Aggressive Portfolio
Alto Aggressive Canada Focus Portfolio
Series A, Series B, Series C, Series TNL, Series TDSC, Series TC, Series JDSC, Series JNL, Series TJDSC, Series TJNL, Series U and Series TuUnits of:
Investors Canadian Balanced Fund
Investors Mutual of Canada
Investors Dividend Fund
Investors U.S. Dividend Registered Fund
Investors Global Dividend Fund
IG Beutel Goodman Canadian Balanced Fund
IG AGF Canadian Balanced Fund
IG FI Canadian Allocation Fund
IG Mackenzie Strategic Income Fund
Alto Monthly Income Portfolio
Alto Monthly Income and Growth Portfolio
Alto Monthly Income and Enhanced Growth Portfolio
Alto Monthly Income and Global Growth Portfolio
Series C, Series JDSC, Series JNL and Series U Units of:
IG Beutel Goodman Canadian Small Cap Fund
Series JDSC, Series JNL and Series U Units of:
IG Putnam Emerging Markets Income Fund
Principal Regulator - Manitoba

Type and Date:
Final Simplified Prospectuses, Annual Information Form and Fund Facts dated June 30, 2015
NP 11-202 Receipt dated July 10, 2015

Offering Price and Description:
-

Underwriter(s) or Distributor(s):
Investors Group Financial Services Inc. and Investors Group Securities Inc.
Investors Group Financial Services Inc.
Investors Group Financial Services Inc. & Investors Group Securities Inc.
Investors Group Financial Services Inc./Investors Group Securities Inc.
Investors Group Financial Services Inc. and Investors Group Securities Inc
Investors Group Financial Services Inc. and Investors Group
Investors Group Financial Services Inc. and Investors Groups Securities Inc

Promoter(s):
-

Project #2356335

Issuer Name:
Series A, Series B, Series JDSC, Series JNL and Series U Shares of:
Investors Canadian Equity Class
Investors Canadian Growth Class
Investors Canadian Large Cap Value Class
Investors Canadian Small Cap Class
Investors Canadian Small Cap Growth Class
Investors Core Canadian Equity Class
Investors Quebec Enterprise Class
Investors Summa SRI Class
IG AGF Canadian Growth Class
IG Beutel Goodman Canadian Equity Class
IG Franklin Bissett Canadian Equity Class
IG FI Canadian Equity Class
IG Fiera Canadian Small Cap Class (formerly IG AGF Canadian Diversified Growth Class)
IG Mackenzie Canadian Equity Growth Class
Investors Core U.S. Equity Class
Investors U.S. Large Cap Value Class
Investors U.S. Opportunities Class
Investors U.S. Small Cap Class
IG AGF U.S. Growth Class
IG FI U.S. Large Cap Equity Class
IG Putnam Low Volatility U.S. Equity Class
IG Putnam U.S. Growth Class
Investors European Equity Class
Investors European Mid-Cap Equity Class
Investors Global Class
Investors Greater China Class
Investors International Equity Class
Investors International Small Cap Class
Investors North American Equity Class
Investors Pacific International Class
Investors Pan Asian Equity Class
IG AGF Global Equity Class
IG Mackenzie Cundill Global Value Class
IG Mackenzie Emerging Markets Class
IG Mackenzie Ivy European Class
IG Mackenzie Ivy Foreign Equity Class
IG Templeton International Equity Class
Investors Global Consumer Companies Class
Investors Global Financial Services Class
Investors Global Health Care Class
Investors Global Infrastructure Class
Investors Global Natural Resources Class
Investors Global Science & Technology Class
IG Mackenzie Global Precious Metals Class
Allegro Growth Portfolio Class
Allegro Growth Canada Focus Portfolio Class
Series A, Series B, Series JDSC, Series JNL, Series TDSC, Series TNL, Series TJDSC, Series TJNL, Series TU and Series U Shares of:
Allegro Income Balanced Portfolio Class
Allegro Balanced Portfolio Class
Allegro Balanced Growth Portfolio Class
Allegro Balanced Growth Canada Focus Portfolio Class
Investors Dividend Class
Series A and Series B Shares of:
Investors Canadian Money Market Class (formerly Investors Managed Yield Class)
Principal Regulator - Manitoba

Type and Date:
Final Simplified Prospectuses, Annual Information Form and Fund Facts dated June 30, 2015
NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Investors Group Financial Services Inc. and Investors Group Securities Inc.
Investors Group Financial Services Inc. and Investors Group Securities Inc
Investors Group Financial Inc. and Investors Group Securities Inc.
Investors Groupe Financial Services Inc. and Investors Group Securities Inc.
Investors Groupe Financial Services Inc. and Investors Group Securities Inc.
Investors Group Financial Services Inc. & Investors Group Securities Inc.
Investors Group Financial Services Inc. and Investors Group Securties Inc.
Investors Group Financial Services Inc. and Investors Global Securities Inc.
Investors Financial Services Inc. and Investors Group Securities Inc.
Investors Group Financial Services Inc. and Investors Group Securities Inc.
Promoter(s):
-
Project #2356252

Issuer Name:
Automotive Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated July 10, 2015
NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
$75,000,000.00 - 7,500,000 Units
Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
Canaccord Genuity Corp.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
GMP Securities L.P.
National Bank Financial Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Promoter(s):
893353 Alberta Inc.
Project #2362392

Issuer Name:
Renaissance Millennium High Income Fund
(Class A, F, and O units)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated July 6, 2015 to the Simplified Prospectus and Annual Information Form dated August 28, 2014
NP 11-202 Receipt dated July 13, 2015
Offering Price and Description:
Class A, F, and O units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CIBC Asset Management Inc.
Project #2235520

Issuer Name:
Barometer Disciplined Leadership Equity Fund
(Class A, F and I units)
Barometer Disciplined Leadership Balanced Fund
(Class A, F and I units)
Barometer Disciplined Leadership High Income Fund
(formerly Barometer Income Advantage Fund)
(Class A, F and I units)
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectuses and Annual Information Form dated June 29, 2015 (the amended prospectus) amending and restating the Simplified Prospectuses and Annual Information Form of dated January 2, 2015NP 11-202 Receipt dated July 7, 2015
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BAROMETER CAPITAL MANAGEMENT INC.
Project #2284699

Issuer Name:
EXEMPLAR TACTICAL CORPORATE BOND FUND
(Series A, AI, AN, U, F, FI, FN, G, I, L, LI, and M units)
EXEMPLAR INVESTMENT GRADE FUND
(Series A, AI, AN, U, F, FI, FN, G and I units)
EXEMPLAR LEADERS FUND
(Series A and F units)
EXEMPLAR YIELD FUND
(Series A, F, I and L units)
EXEMPLAR PERFORMANCE FUND
(Series A, AD, F, FD, I, L and LD units)
EXEMPLAR GROWTH AND INCOME FUND
(Series A, AN, F, FN, I, L and LN units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 29, 2015
NP 11-202 Receipt dated July 6, 2015
Offering Price and Description:
Series A, AI, AN, U, F, FI, FN, G, I, L, LD, LI, LN and M units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Arrow Capital Management Inc.
Project #2356698

Issuer Name:
Fidelity ClearPath 2020 Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment No. 2 dated June 25, 2015 to the Simplified Prospectus dated October 29, 2014 (SP amendment no. 2) and Amendment No. 3 dated June 25, 2015 (together with SP amendment no. 2, "Amendment no. 3") to the Annual Information Form dated October 29, 2014
NP 11-202 Receipt dated July 8, 2015
Offering Price and Description:
Series A, Series B, Series F and Series O @ Net Asset Value
Underwriter(s) or Distributor(s):
Fidelity Investments Canada ULC
Fidelity Investments Canadaz ULC
Fidelity Investments Canada Limited
Fidelity Investments Canada ULC
Promoter(s):
FIDELITY INVESTMENTS CANADA ULC
Project #2260605

Issuer Name:
First Asset Canadian REIT ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated July 10, 2015
NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
Exchange traded fund securities at net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Asset Investment Management Inc.
Project #2361172

Issuer Name:
Front Street Growth Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated July 8, 2015
NP 11-202 Receipt dated July 9, 2015
Offering Price and Description:
Series A, B and F units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2363059

Issuer Name:
Horizons BetaPro COMEX® Gold Bullion Bull Plus ETF
Horizons BetaPro COMEX® Gold Bullion Bear Plus ETF
Horizons BetaPro NYMEX® Crude Oil Bull Plus ETF
Horizons BetaPro NYMEX® Crude Oil Bear Plus ETF
Horizons BetaPro NYMEX® Natural Gas Bull Plus ETF
Horizons BetaPro NYMEX® Natural Gas Bear Plus ETF
Horizons BetaPro US 30-year Bond Bear Plus ETF
Horizons BetaPro COMEX® Silver Bull Plus ETF
Horizons BetaPro COMEX® Silver Bear Plus ETF
(Class A Units)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated July 7, 2015
NP 11-202 Receipt dated July 9, 2015
Offering Price and Description:
Class A Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
HORIZONS ETFs MANAGEMENT (CANADA) INC.
Project #2360812

Issuer Name:
Horizons BetaPro COMEX® Gold Bullion Bull Plus ETF
Horizons BetaPro COMEX® Gold Bullion Bear Plus ETF
Horizons BetaPro NYMEX® Crude Oil Bull Plus ETF
Horizons BetaPro NYMEX® Crude Oil Bear Plus ETF
Horizons BetaPro NYMEX® Natural Gas Bull Plus ETF
Horizons BetaPro NYMEX® Natural Gas Bear Plus ETF
Horizons BetaPro US 30-year Bond Bear Plus ETF
Horizons BetaPro COMEX® Silver Bull Plus ETF
Horizons BetaPro COMEX® Silver Bear Plus ETF
(Class A Units)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated July 7, 2015
NP 11-202 Receipt dated July 9, 2015
Offering Price and Description:
Class A Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
HORIZONS ETFs MANAGEMENT (CANADA) INC.
Project #2360810

Issuer Name:
Horizons COMEX® Gold ETF
Horizons COMEX® Silver ETF
Horizons NYMEX® Crude Oil ETF
Horizons NYMEX® Natural Gas ETF
(Class A Units)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated July 7, 2015
NP 11-202 Receipt dated July 9, 2015
Offering Price and Description:
Class A Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
HORIZONS ETFs MANAGEMENT (CANADA) INC.
Project #2360814

Issuer Name:
Series A, Series B, Series JDSC, Series JNL and Series U Shares of:
Investors Canadian Equity Class
Investors Canadian Growth Class
Investors Canadian Large Cap Value Class
Investors Canadian Small Cap Class
Investors Canadian Small Cap Growth Class
Investors Core Canadian Equity Class
Investors Quebec Enterprise Class
Investors Summa SRI Class
IG AGF Canadian Growth Class
IG Beutel Goodman Canadian Equity Class
IG Franklin Bissett Canadian Equity Class
IG FI Canadian Equity Class
IG Fiera Canadian Small Cap Class (formerly IG AGF Canadian Diversified Growth Class)
IG Mackenzie Canadian Equity Growth Class
Investors Core U.S. Equity Class
Investors U.S. Large Cap Value Class
Investors U.S. Opportunities Class
Investors U.S. Small Cap Class
IG AGF U.S. Growth Class
IG FI U.S. Large Cap Equity Class
IG Putnam Low Volatility U.S. Equity Class
IG Putnam U.S. Growth Class
Investors European Equity Class
Investors European Mid-Cap Equity Class
Investors Global Class
Investors Greater China Class
Investors International Equity Class
Investors International Small Cap Class
Investors North American Equity Class
Investors Pacific International Class
Investors Pan Asian Equity Class
IG AGF Global Equity Class
IG Mackenzie Cundill Global Value Class
IG Mackenzie Emerging Markets Class
IG Mackenzie Ivy European Class
IG Mackenzie Ivy Foreign Equity Class
IG Templeton International Equity Class
Investors Global Consumer Companies Class
Investors Global Financial Services Class
Investors Global Health Care Class
Investors Global Infrastructure Class
Investors Global Natural Resources Class
Investors Global Science & Technology Class
IG Mackenzie Global Precious Metals Class
Allegro Growth Portfolio Class
Allegro Growth Canada Focus Portfolio Class
Series A, Series B, Series JDSC, Series JNL, Series TDSC, Series TNL, Series TJDSC, Series TJNL, Series TU and Series U Shares of:
Allegro Income Balanced Portfolio Class
Allegro Balanced Portfolio Class
Allegro Balanced Growth Portfolio Class
Allegro Balanced Growth Canada Focus Portfolio Class
Investors Dividend Class
Series A and Series B Shares of:
Investors Canadian Money Market Class (formerly Investors Managed Yield Class)
Principal Regulator - Manitoba

Type and Date:
Final Simplified Prospectuses, Annual Information Form and Fund Facts dated June 30, 2015
NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
Series I and T1 units and shares
Underwriter(s) or Distributor(s):
Investors Group Financial Services Inc. and Investors Group Securities Inc.
Promoter(s):
-
Project #2356384

Issuer Name:
Investors Group Equity Pool
Investors Group Income Pool
Principal Regulator - Manitoba
Type and Date:
Final Simplified Prospectuses, Annual Information Form and Fund Facts dated July 6, 2015
NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
Series P Units
Underwriter(s) or Distributor(s):
Investors Group Financial Inc. and Investors Group Securities Inc.
Promoter(s):
I.G. Investment Management Ltd.
Project #2338892

Issuer Name:
Series A, Series B, Series C, Series JDSC , Series JNL and Series U Units of:
Investors Low Volatility Canadian Equity Fund
Investors Low Volatility Global Equity Fund
Series A, Series B, Series C, Series JDSC, Series JNL, Series U, Series TDSC, Series TNL, Series TC, Series TJDSC, Series TJNL, Series TuUnits of:
Maestro Income Balanced Portfolio
Maestro Balanced Portfolio
Maestro Growth Focused Portfolio
Principal Regulator - Manitoba
Type and Date:
Final Simplified Prospectuses, Annual Information Form and Fund Facts dated July 6, 2015
NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
Series A, Series B, Series C, Series JDSC, Series JNL and Series U Units
Underwriter(s) or Distributor(s):
INVESTORS GROUP FINANCIAL SERVICES INC.
INVESTORS GROUP SECURITIES INC.
Investors Group Financial Inc. and Investors Group Securities Inc.
Promoter(s):
I.G. INVESTMENT MANAGEMENT, LTD.
Project #2338783

Issuer Name:
Mawer New Canada Fund
Principal Regulator - Alberta
Type and Date:
Amendment #1 dated July 2, 2015 to the Final Simplified Prospectus, Annual Information Form and Fund Facts dated May 28, 2015
NP 11-202 Receipt dated July 8, 2015
Offering Price and Description:
Series A and Series O Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Mawer Investment Management Ltd.
Promoter(s):
Mawer Investment Management Ltd.
Project #2334748

Issuer Name:
NYX Gaming Group Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 9, 2015
NP 11-202 Receipt dated July 9, 2015
Offering Price and Description:
$105,075,000.00 - 13,500,000 Equity Subscription Receipts and 45,000 Debt Subscription Receipts
Price: $4.45 per Equity Subscription Receipt $1,000 per Debt Subscription Receipt
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Cormark Securities Inc.
National Bank Financial Inc.
Dundee Securities Ltd.
MacQuarie Capital Markets Canada Ltd.
Cantor Fitzgerald Canada Corporation
Globla Maxfin Capital Inc.
MacKie Research Capital Corporation
Promoter(s):
-
Project #2367224

Issuer Name:
Scotia Money Market Fund (Series A, Series I, Premium Series and Advisor Series units)
Scotia Canadian Income Fund (Series A, Series F, Series I, Series M and Advisor Series units)
Scotia Diversified Monthly Income Fund (Series A, Series D, Series F and Advisor Series units)
Scotia Balanced Opportunities Fund (Series A, Series D, Series F and Advisor Series units)
Scotia Canadian Dividend Fund (Series A, Series F, Series I, Series M and Advisor Series units)
Scotia Canadian Growth Fund (Series A, Series F, Series I and Advisor Series units)
Scotia International Value Fund (Series A, Series F, Series I and Advisor Series units)
Scotia Global Growth Fund (Series A, Series F, Series I and Advisor Series units)
Scotia Global Opportunities Fund (Series A, Series F, Series I and Advisor Series units)
Scotia Selected Balanced Income Portfolio (Series A, Series F and Advisor Series units)
Scotia Selected Balanced Growth Portfolio (Series A, Series F and Advisor Series units)
Scotia Selected Growth Portfolio (Series A, Series F and Advisor Series units)
Scotia Selected Maximum Growth Portfolio (Series A, Series F and Advisor Series units)
Scotia CanAm Index Fund (Series A and Series F units)
Scotia U.S. $ Bond Fund (Series A and Series F units)
Principal Regulator - Ontario
Type and Date:
Amendment No. 1 dated July 3, 2015 to the Simplified Prospectuses of Scotia U.S. $ Bond Fund and Scotia CanAm Index Fund dated November 12, 2014 and Amendment No. 2 dated July 3, 2015 to the Annual Information Form dated November 12, 2014NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
Series A and Series F Units
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
1832 Asset Management L.P.
Project #2263083;2263127;2263109

Issuer Name:
Scotia Money Market Fund (Advisor Series units)
Scotia Canadian Income Fund (Advisor Series units)
Scotia Diversified Monthly Income Fund (Advisor Series units)
Scotia Balanced Opportunities Fund (Advisor Series units)
Scotia Canadian Dividend Fund (Advisor Series units)
Scotia Canadian Growth Fund (Advisor Series units)
Scotia International Value Fund (Advisor Series units)
Scotia Global Growth Fund (Advisor Series units)
Scotia Global Opportunities Fund (Advisor Series units)
Scotia Selected Balanced Income Portfolio (Advisor Series units)
Scotia Selected Balanced Growth Portfolio (Advisor Series units)
Scotia Selected Growth Portfolio (Advisor Series units)
Scotia Selected Maximum Growth Portfolio (Advisor Series units)
("Scotia Advisor Mutual Funds")
Scotia CanAm Index Fund (Series A and Series F units)
Scotia U.S. $ Bond Fund (Series A and Series F units)
Principal Regulator - Ontario
Type and Date:
Amendment No. 1 dated July 3, 2015 to the Simplified Prospectuses of Scotia Advisor Mutual Funds dated November 12, 2014 and Amendment No. 2 dated July 3, 2015 to the Annual Information Form dated November 12, 2014NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
Advisor Series Units
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Scotia Securites Inc.
Promoter(s):
1832 Asset Management L.P.
Project #2263127;2263083;2263109

Issuer Name:
Scotia Money Market Fund (Series A, Series I, Premium Series and Advisor Series units)
Scotia Canadian Income Fund (Series A, Series F, Series I, Series M and Advisor Series units)
Scotia Diversified Monthly Income Fund (Series A, Series D, Series F and Advisor Series units)
Scotia Balanced Opportunities Fund (Series A, Series D, Series F and Advisor Series units)
Scotia Canadian Dividend Fund (Series A, Series F, Series I, Series M and Advisor Series units)
Scotia Canadian Growth Fund (Series A, Series F, Series I and Advisor Series units)
Scotia International Value Fund (Series A, Series F, Series I and Advisor Series units)
Scotia Global Growth Fund (Series A, Series F, Series I and Advisor Series units)
Scotia Global Opportunities Fund (Series A, Series F, Series I and Advisor Series units)
Scotia Selected Balanced Income Portfolio (Series A, Series F and Advisor Series units)
Scotia Selected Balanced Growth Portfolio (Series A, Series F and Advisor Series units)
Scotia Selected Growth Portfolio (Series A, Series F and Advisor Series units)
Scotia Selected Maximum Growth Portfolio (Series A, Series F and Advisor Series units)
Scotia CanAm Index Fund (Series A and Series F units)
Scotia U.S. $ Bond Fund (Series A and Series F units)
Principal Regulator - Ontario
Type and Date:
Amendment No. 2 dated July 3, 2015 to the Annual Information Form dated November 12, 2014
NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
Series M Units
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
1832 Asset Management L.P.
Project #2263109;2263083;2263127

Issuer Name:
Series A, Series P, Series F, Series PF, Series O and Series I securities of:
Sentry Global Growth and Income Class*
Sentry Global Growth and Income Fund
Sentry Global Mid Cap Income Fund
Sentry Global Balanced Income Fund
Sentry Growth Portfolio* (Series T4, Series T6, Series FT4 and Series FT6 securities also available)
Sentry Growth and Income Portfolio* (Series T4, Series T6, Series FT4 and Series FT6 securities also available)
Sentry Income Portfolio* (Series T5, Series T7, Series FT5 and Series FT7 securities also available)
Sentry Conservative Income Portfolio* (Series T5, Series T7, Series FT5 and Series FT7 securities also available)
(* a class of shares of Sentry Corporate Class Ltd.)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 8, 2015 to the Annual Information Form dated June 8, 2015
NP 11-202 Receipt dated July 13, 2015
Offering Price and Description:
Series A, Series P, Series F, Series PF, Series O and Series I securities @ Net Asset Value
Underwriter(s) or Distributor(s):
Sentry Investments Inc.
Promoter(s):
SENTRY INVESTMENTS INC.
Project #2336151

Issuer Name:
Sleep Country Canada Holdings Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated July 10, 2015
NP 11-202 Receipt dated July 10, 2015
Offering Price and Description:
$300,050,000.00 - 17,650,000 Common Shares
Price: $17.00 per Offered Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Credit Suisse Securities (Canada), Inc.
GMP Securities L.P.
National Bank Financial Inc.
Raymond James Ltd.
Promoter(s):
BIRCH HILL FEATHER LP
BIRCH HILL FEATHER (US) HOLDINGS LP
Project #2361973

Issuer Name:
Series A, Series F and Series I Securities (unless otherwise indicated) of
Sprott Global Infrastructure Fund
Sprott Timber Fund (also offering Series L Securities)
Sprott Global Agriculture Fund (also offering Series L Securities)
Sprott Real Asset Class*
Sprott Global REIT & Property Equity Fund
Sprott Enhanced U.S. Equity Class* (also offering Series T and Series FT Securities)
(*A class of shares of Sprott Corporate Class Inc.)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 29, 2015
NP 11-202 Receipt dated July 6, 2015
Offering Price and Description:
Series A, Series F and Series I Securities @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sprott Asset Management LP
Project #2359011

Issuer Name:
CHC Student Housing Corp.
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 14, 2015
Withdrawn on July 8, 2015
Offering Price and Description:
$ * - * Common Shares
Price: $ * per Offered Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
TD Securities Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
GMP Securities L.P.
National Bank Financial Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Promoter(s):
Mark Hansen
Craig Smith
Project #2350650

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension (Pending Surrender)	Kootenay Capital Management Corp.	Investment Fund Manager, Portfolio Manager, Exempt Market Dealer	July 8, 2015
New Registration	Standard Life Investments (USA) Ltd.	Exempt Market Dealer	July 9, 2015
New Registration	Liberty International Investment Management Inc.	Portfolio Manager	July 9, 2015
New Registration	HRS Liquid Strategies LP	Investment Fund Manager, Portfolio Manager, Exempt Market Dealer, Commodity Trading Manager	July 9, 2015
Voluntary Surrender	Jordan Capital Markets Inc.	Investment Dealer	July 9, 2015
Consent to Suspension (Pending Surrender)	Philadelphia International Advisors, LP	Portfolio Manager, Exempt Market Dealer	July 9, 2015
Consent to Suspension (Pending Surrender)	Stetler Asset Management Inc.	Portfolio Manager	July 9, 2015
Voluntary Surrender	FSX Securities Canada, Inc.	Portfolio Manager	July 9, 2015
New Registration	Crown Capital Partners Inc.	Exempt Market Dealer, Investment Fund Manager	July 8, 2015

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.1.1 IIROC – Notice of Request for Comments – Proposed Amendments to Rule 100.10(k) – Optional Use of TIMS or SPAN

NOTICE OF REQUEST FOR COMMENTS

THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

AMENDMENTS RELATING TO RULE 100.10(K) – OPTIONAL USE OF TIMS OR SPAN

IIROC is publishing for public comment proposed amendments to Dealer Member Rule 100.10(K) – Optional use of TIMS or SPAN (the "proposed amendments"). The primary objective of the proposed amendments is to harmonize IIROC Dealer Member Rule 100.10(K) with similar amendments being proposed by the Bourse de Montreal. These relate to approved changes made by the Canadian Derivatives Clearing Corporation to address procyclicality of margin. A copy of the IIROC Notice including the amended documents was also published on our website at http://www.osc.gov.on.ca. The comment period ends on September 14, 2015.

13.1.2 IIROC – Proposed Amendment to Universal Market Integrity Rules Respecting the Definition of Short-Marking Exempt Order

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

PROPOSED AMENDMENT TO THE DEFINITION OF "SHORT-MARKING EXEMPT ORDER"

IIROC is publishing for public comment proposed amendments to Universal Market Integrity Rule 1.1. The proposed amendments would broaden the definition of "short-marking exempt order" to specifically include an order for an Exempt Exchange-trade Fund ("ETF") or one of its underlying securities for the principal account of a Participant that is related to Marketplace Trading Obligations or where a Participant has entered into an agreement with an ETF issuer to maintain a continuous distribution of the ETF. The proposed amendments are intended to promote the uniform use of short-marking exempt orders for ETF market makers engaging in similar activities. A copy of the IIROC Notice and related guidance on short sale and short-marking exempt order designations are also published on our website at http://www.osc.gov.on.ca.

Chapter 25

Other Information

25.1 Exemptions

25.1.1 Timbercreek Global Real Estate Income Fund – ss. 2.1(2) and 6.1 of NI 81-101 Mutual Fund Prospectus Disclosure

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from s. 2.1(2) of NI 81-101 to file a prospectus more than 90 days after the date of the receipt for the preliminary prospectus – National Instrument 81-101 Mutual Fund Prospectus Disclosure

Applicable Legislative Provisions

National Instrument 81-101 Mutual Fund Prospectus Disclosure, ss. 2.1(2), 6.1.

June 19, 2015

McCarthy Tetrault LLP

Attention: Christian O. Blidariu

Dear Sirs/Mesdames:

Re: Timbercreek Global Real Estate Income Fund

Preliminary Simplified Prospectus, Annual Information Form and Fund Facts dated February 18, 2015

Exemptive Relief Application under Part 6 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101)

Application No. 2015/0342; SEDAR Project Number 2309276

By letter dated May 19, 2015 (the **Application**), Timbercreek Asset Management Ltd., the manager of the Fund applied to the Director of the Ontario Securities Commission (the **Director**) under section 6.1 of NI 81-101 for relief from the operation of subsection 2.1(2) of NI 81-101, which prohibits an issuer from filing a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Fund's prospectus, subject to the condition that the prospectus be filed no later than June 19, 2015.

Yours very truly,

"Raymond Chan"
Manager, Investment Funds and Structured Products Branch
Ontario Securities Commission

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