

The Ontario Securities Commission

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

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# Chapter 1

## Notices / News Releases

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### 1.1 Notices

#### 1.1.1 OSC Staff Notice 45-714, Summaries of Exempt Distribution Information

##### OSC Staff Notice 45-714

##### Summaries of Exempt Distribution Information

**October 15, 2015**

Beginning October 2015, the OSC will be posting on a regular basis summaries of reported exempt distributions on the OSC website at: <http://www.osc.gov.on.ca/en/exempt-distributions-summary.htm>.

The summaries are based on information contained in reports of exempt distribution (Form 45-106F1) filed with the OSC where Ontario purchasers have been identified. This is similar to the information previously reported in Chapter 8 of our Bulletin.

The summaries include the following information regarding the distribution:

- the submission date of the report
- the name of the issuer of the securities
- the distribution date (or first distribution date where there are multiple distribution dates identified in a single report)
- the amount of capital raised in Ontario, and
- the number of purchasers in Ontario.

The summaries will be posted as Excel files to facilitate the use, search and analysis of the data by stakeholders.

#### Questions

Please refer your questions to any of the following:

#### **Daphne Wong**

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1.5 Notices from the Office of the Secretary

1.5.1 William McDonald Ferguson

FOR IMMEDIATE RELEASE  
October 8, 2015

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

AND

IN THE MATTER OF  
WILLIAM MCDONALD FERGUSON

**TORONTO** – The Commission issued its Reasons and Decision and an Order pursuant to Subsections 127(1) and 127(10) of the *Securities Act* in the above noted matter.

A copy of the Reasons and Decision dated October 7, 2015 and the Order dated October 7, 2015 are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

For media inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For investor inquiries:

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

1.5.2 GITC Investments and Trading Canada Ltd. et al.

FOR IMMEDIATE RELEASE  
October 8, 2015

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

AND

IN THE MATTER OF  
GITC INVESTMENTS AND TRADING CANADA LTD.  
carrying on business as GITC INVESTMENTS  
AND TRADING CANADA INC. AND  
GITC, GITC INC., AND AMAL TAWFIQ ASFOUR

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

1. the Respondents shall make disclosure to Staff of their witness list and summaries and indicate any intent to call an expert witness, and provide Staff the name of the expert and state the issue on which the expert will be giving evidence on or before January 15, 2016;
2. the Final Interlocutory Appearance shall be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Friday January 15, 2016 at 1:30 p.m. or as soon thereafter as the hearing can be held; and
3. the hearing on the merits in this matter shall be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Monday April 11, 2016 at 10:00 a.m., and shall continue on April 12 and 13, 2016.

A copy of the Order dated October 6, 2015 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

For media inquiries:

[media\\_inquiries@osc.gov.on.ca](mailto:media_inquiries@osc.gov.on.ca)

For investor inquiries:

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

1.5.3 7997698 Canada Inc. et al.

**FOR IMMEDIATE RELEASE  
October 8, 2015**

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

**AND**

**IN THE MATTER OF  
7997698 CANADA INC.,  
carrying on business as INTERNATIONAL LEGAL AND  
ACCOUNTING SERVICES INC.,  
WORLD INCUBATION CENTRE, or WIC (ON),  
JOHN LEE also known as CHIN LEE, AND  
MARY HUANG also known as  
NING-SHENG MARY HUANG**

**TORONTO** – The Commission issued an Order in the above named matter which provides that should Lee wish to bring a motion to the Commission for an order varying the freeze directions made in this proceeding to permit the payment of legal fees, Lee must serve upon Staff and file with the Commission his motion materials by Wednesday October 14, 2015 with this motion returnable on Monday October 19, 2015 at 9:30 a.m., or at a date to be set by the Commission, at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario.

A copy of the Order dated October 6, 2015 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
SECRETARY

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For investor inquiries:

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## Chapter 2

# Decisions, Orders and Rulings

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### 2.1 Decisions

#### 2.1.1 Friedberg Mercantile Group Ltd.

##### Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Application by investment dealer (Filer) for relief from prospectus requirement in connection with distribution of contracts for difference and OTC foreign exchange contracts (collectively, CFDs) to investors, subject to terms and conditions – Filer acts as both market intermediary and as principal or counterparty to CFD transaction with client – Filer registered as investment dealer and a member of the Investment Industry Regulatory Organization of Canada (IIROC) – Filer complies with IIROC rules and IIROC acceptable practices applicable to offerings of CFDs – Filer seeking relief to permit Filer to offer CFDs to investors on the basis of clear and plain language risk disclosure document rather than a prospectus – risk disclosure document contains disclosure substantially similar to risk disclosure document required for recognized options in OSC Rule 91-502 Trades in Recognized Options, the regime for OTC derivatives contemplated by former proposed OSC Rule 91-504 OTC Derivatives (which was not adopted), and the Quebec Derivatives Act – Relief consistent with relief contemplated by OSC Staff Notice 91-702 Offerings of contracts for difference and foreign exchange contracts to investors in Ontario (OSC SN 91-702) – Relief revokes and replaces relief previously granted to Filer in October 2011 in respect of distribution of CFDs – Relief granted, subject to terms and conditions as described in OSC SN 91-702 including four-year sunset clause.

##### Legislation Cited

Securities Act, R.S.O. 1990, c.S.5, as am., s. 53 and 74(1).

NI 45-106 Prospectus and Registration Exemptions, s. 2.3.

OSC Rule 91-502 Trades in Recognized Options.

OSC Rule 91-503 Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario.

Proposed OSC Rule 91-504 OTC Derivatives (not adopted).

October 7, 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  
FRIEDBERG MERCANTILE GROUP LTD.  
(the Filer)

DECISION

##### Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the Filer and its officers, directors and representatives be exempt from the prospectus requirement in respect of the distribution of contracts for difference and over-the-counter (**OTC**) foreign exchange contracts (collectively, **CFDs**) to investors resident in the Applicable Jurisdictions (as defined below) (the **Requested Relief**) subject to the terms and conditions below.

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 (the **Principal Regulator**); 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, other than the provinces of Québec and Alberta, (the **Non-Principal Jurisdictions**, and, together with the Jurisdiction, the **Applicable Jurisdictions**).

### Interpretation

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

### Representations

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

#### *The Filer*

1. The Filer is a corporation existing under the *Canada Business Corporations Act*, with its only office in Toronto, Ontario.
2. The Filer is (and has for many years been) registered as a dealer in the category of investment dealer in each of the provinces and territories of Canada, and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).
3. The Filer does not have any securities listed or quoted on an exchange or marketplace in any jurisdiction inside or outside of Canada.
4. The Filer is not, to the best of its knowledge, in default of any requirements of securities legislation in Canada, or IIROC Rules or IIROC Acceptable Practices (each, as defined below).
5. The Filer has previously been granted exemptive relief substantially identical to the Requested Relief by Order dated October 14, 2011 (the **Existing Relief**). The Filer has been offering CFDs to investors, including retail investors, on the basis of the Existing Relief and in compliance with applicable IIROC Rules and other IIROC Acceptable Practices. The Existing Relief expires on October 14, 2015. The effect of the Requested Relief is to extend the Existing Relief, on the same terms and conditions, for a further interim period of up to four years (as described below).
6. The Filer wishes to continue to offer OTC foreign exchange contracts and other types of CFDs to investors in the Applicable Jurisdictions on the terms and conditions described in this Decision. For the Interim Period (as defined below), the Filer is seeking the Requested Relief in connection with this proposed continued offering of CFDs in Ontario and intends to rely on this Decision and the "Passport System" described in MI 11-102 (the **Passport System**) to offer CFDs in the Non-Principal Jurisdictions.
7. In Québec, the Filer is exempted from the qualification requirement set forth in section 82 of the *Derivatives Act* (Québec) (the QDA) pursuant to section 11.37 of the *Derivatives Regulation* (Québec) which permits the creation and marketing of CFDs offered to the public, subject to certain terms and conditions.
8. The Filer understands that staff of the Alberta Securities Commission have public interest concerns with CFD trading by retail clients and, accordingly, the Filer intends to offer CFDs to investors in Alberta only in reliance upon available exemptions in National Instrument 45-106 *Prospectus Exemptions* or otherwise in compliance with securities legislation in Alberta. The Filer undertakes not to give notice that subsection 4.7(1) of MI 11-102 is intended to be relied upon in Alberta.
9. As a member of IIROC, the Filer is only permitted to enter into CFDs pursuant to the rules and regulations of IIROC (the **IIROC Rules**).
10. In addition, IIROC has communicated to its members certain additional expectations as to acceptable business practices (**IIROC Acceptable Practices**) as articulated in IIROC's "Regulatory Analysis of Contracts for Differences (CFDs)" published by IIROC on June 6, 2007, as amended on September 12, 2007, for any IIROC member proposing to offer OTC foreign exchange contracts or other types of CFDs to investors. To the best of its knowledge, the Filer is in compliance with IIROC Acceptable Practices in offering CFDs. The Filer will continue to offer CFDs in accordance with IIROC Acceptable Practices as may be established from time to time.

11. The Filer is required by IROC to maintain a certain level of capital to address the business risks associated with its activities. The capital reporting required by IROC (as per the calculation in the Form 1 and the Monthly Financial Reports to IROC) is based predominantly on the generation of financial statements and calculations so as to ensure capital adequacy. The Filer, as an IROC member, is required to have a specified minimum capital which includes having any additional capital required with regards to margin requirements and other risks. This risk calculation is summarized as a risk adjusted capital calculation which is submitted in the Filer's Form 1 and required to be kept positive at all times.

*Online Trading Platform*

12. The Filer has an execution-only division operating under the name "Friedberg Direct" (the **Execution Only Division**), and it is through this division that the Filer offers CFDs.
13. The Filer has licensed on-line trading platform technology for CFD products and trading services that has certain imbedded "client protection mechanisms" and provides transparency of price to clients. The on-line trading platform (the **Trading Platform**) is a key component in a comprehensive risk management strategy which helps the Filer's clients and the Filer to manage the risk associated with leveraged products. This risk management system has evolved over many years with the objective of meeting the mutual interests of all relevant parties (including, in particular, clients). These attributes and services are described in more detail below:
  - (a) *Real-time client reporting.* Clients are provided with a real-time view of their account status. This includes how tick-by-tick price movements affect their account balances and required margins. Clients can view this information throughout the trading day by including it on their trading screen. Clients can also set up alerts that instruct the trading system to automatically send an email notifying them of key identified levels being hit in the market.
  - (b) *Fully automated risk management system.* Clients are instructed that they must maintain the required margin against their position(s). If a client's funds drop below the required margin, margin calls are regularly issued via email (as frequently as hourly), alerting the client to the fact that the client is required to either deposit more funds to maintain the position or close/reduce it voluntarily. Where possible, daily telephone margin calls are provided as a supporting communication for clients. However, if a client fails to deposit more funds, where possible, the client's position is automatically liquidated. This liquidation procedure is intended to act as a mechanism to help reduce the risk of losses being greater than the amount deposited.
  - (c) *Wide range of order types.* The Trading Platform also provides risk management tools such as stops, limits, and contingent orders. Although not available on all products, these tools are designed to help reduce the risk of losses being greater than the amount deposited by a client.
14. The Trading Platform is a proprietary and fully automated internet-based trading platform.
15. The Filer utilizes the Trading Platform to process CFD transactions under a software license and services agreement with Forex Capital Markets, LLC and its affiliate Forex Capital Markets Limited, leading global providers of private and white label CFD trading solutions, or another leading global provider of private and white label CFD trading solutions (as applicable, the Solutions Provider).
16. The Filer is the counterparty to its clients' CFD trades -- it does not act as an intermediary, broker or trustee in respect of the CFD transactions. Clients place trades with the Filer electronically over the internet. The Execution Only Division does not manage any discretionary accounts, nor does it provide any trading advice or recommendations.
17. The Filer manages the risk in its client positions by simultaneously placing the identical CFD on a back-to-back basis with the Solutions Provider or an affiliate, each of which will be at all times an "acceptable counterparty" or a "regulated entity" (as those terms are defined in the Form 1) (the **Acceptable/Regulated Counterparty**). The Acceptable/Regulated Counterparty will, in turn, automatically offset each position against other client positions on a second-by-second basis, and either "hedges" its net exposure by trading with liquidity providers (banks or large investment banks) or using its equity capital, or both. By virtue of this risk management functionality inherent in the Trading Platform, the Filer minimizes counterparty risk. This also means that the Filer does not have an inherent conflict of interest with its clients, since it does not profit on a position if the client loses on that position, and vice versa. The Filer does not currently charge any account opening or maintenance fees or other charges of any kind in respect of CFDs, other than its posted commission rates (the Filer now has a commission structure, rather than "spread" based compensation, as a result of its determination that doing so promoted greater transparency and would result in lower fees for all or substantially all clients). In the event the Filer wishes to introduce any other fees or charges in respect of CFDs, it will provide not less than the minimum prior written notice required of IROC member firms wishing to do so.

18. The CFDs are OTC contracts and are not transferable.
19. The ability to lever an investment is one of the principal features of CFDs. Leverage allows clients to magnify investment returns (or losses) by reducing the initial capital outlay required to achieve the same market exposure that would be obtained by investing directly in the underlying currency or instrument. The risk management functionality of the Trading Platform ensures that client positions are closed out when the client no longer maintains sufficient margin in their account to support the position, thereby preventing, to the extent possible, the client from being placed in a margin call situation or losing more than their stated risk capital or cumulative loss limit. This functionality also seeks to ensure that the Filer will not incur any credit risk vis-a-vis its customers in respect of CFD transactions.
20. IIROC Rules and IIROC Acceptable Practices set out detailed requirements and expectations relating to leverage and margin for offerings of CFDs. The degree of leverage may be amended in accordance with IIROC Rules and IIROC Acceptable Practices as may be established from time to time.
21. Pursuant to Section 13.12 *Restriction on lending to clients* of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, only those firms that are registered as investment dealers (a condition of which is to be a member of IIROC) may lend money, extend credit or provide margin to a client.
22. Clients conduct CFD transactions through the Trading Platform. The Trading Platform is similar to those developed for on-line brokerages in that the client trades without other communication with, or advice from, the dealer. The Trading Platform is not a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* since a marketplace is any facility that brings together multiple buyers and sellers by matching orders in fungible contracts in a nondiscretionary manner. The Trading Platform does not bring together multiple buyers and sellers; rather it offers clients direct access to interbank prices.

#### *Structure of CFDs*

23. A CFD is a derivative product that allows clients to obtain economic exposure to the price movement of an underlying instrument, such as a share, index, market sector, currency pair, treasury or commodity, without the need for ownership and physical settlement of the underlying instrument. Unlike certain other OTC derivatives, such as forward contracts, CFDs do not require or oblige either the principal counterparty (being the Filer for the purposes of the Requested Relief) nor any agent (also being the Filer for the purposes of the Requested Relief) to deliver the underlying instrument.
24. CFDs offered by the Filer do not confer the right or obligation to acquire or deliver the underlying security or instrument itself, and do not confer any other rights of holders of the underlying security or instrument, such as voting rights. Rather, a CFD is a derivative instrument which is represented by an agreement between a counterparty and a client to exchange the difference between the opening price of a CFD position and the price of the CFD at the closing of the position. The value of the CFD is generally reflective of the movement in prices at which the underlying instrument is traded at the time of opening and closing the position in the CFD.
25. CFDs allow clients to take a long or short position on an underlying instrument, but unlike futures contracts they have no fixed expiry date or standard contract size or an obligation for physical delivery of the underlying instrument.
26. CFDs allow clients to obtain exposure to markets and instruments that may not be available directly, or may not be available in a cost-effective manner. CFDs typically have:
  - (a) execution costs ranging from 0.1 (or less) to 0.5% (calculated on size of the position and charged on opening and closing the position and including spreads and, for certain instruments, commissions), and
  - (b) no physical settlement of the underlying instrument.

To the extent that clients are able to obtain long or short positions in an underlying instrument, CFDs can also serve as a tool for hedging this direct exposure.

#### *CFDs Distributed in the Applicable Jurisdictions*

27. Certain types of CFDs, such as CFDs where the underlying instrument is a security, may be considered to be "securities" under the securities legislation of the Applicable Jurisdictions.
28. Investors wishing to enter into CFD transactions must open an account with the Execution Only Division.

29. Prior to a client's first CFD transaction and as part of the account opening process, the Filer provides the client with a separate risk disclosure document that clearly explains, in plain language, the transaction and the risks associated with the transaction (the **risk disclosure document**). The risk disclosure document includes the required risk disclosure set forth in Schedule A to the Regulations to the QDA and leverage risk disclosure required under IIROC Rules. The risk disclosure document contains disclosure that is substantially similar to the risk disclosure statement required for recognized options in OSC Rule 91-502 *Trades in Recognized Options* (which provides both registration and prospectus exemptions) (**OSC Rule 91-502**) and the regime for OTC derivatives contemplated by OSC SN 91-702 (as defined below) and proposed OSC Rule 91-504 *OTC Derivatives* (which was not adopted) (**Proposed Rule 91-504**). The Filer will ensure that, prior to a client's first trade in a CFD transaction, a complete copy of the risk disclosure document provided to that client has been delivered, or has previously been delivered, to the Principal Regulator.
30. Prior to the client's first CFD transaction and as part of the account opening process, the Filer obtains a written or electronic acknowledgement from the client confirming that the client has received, read and understood the risk disclosure document. Such acknowledgment is prominent and separate from other acknowledgements provided by the client as part of the account opening process.
31. As is customary in the industry, and due to the fact that this information is subject to factors beyond the control of the Filer (such as changes in IIROC Rules), information such as the underlying instrument listing and associated margin rates are not disclosed in the risk disclosure document but are part of a client's account opening package and are available on both the Execution Only Division's website and the Trading Platform.

*Satisfaction of the Registration Requirement*

32. The role of the Filer (through the Execution Only Division) is (other than it being the principal under the CFDs) limited to acting as an execution-only dealer. In this role, the Filer is, among other things, responsible to approve all marketing, for holding of clients funds, and for client approval (including the review of know-your-client (**KYC**) due diligence and account opening suitability assessments). Although the inputting of client information and trading orders is through, and client information and trading records are maintained in, the Solutions Provider's systems which are linked to the Trading Platform, the Filer has full and instantaneous access to all such information and records and, as described above, client approvals and holding of clients funds are solely under the Filer's control.
33. IIROC Rules exempt member firms that provide execution-only services such as discount brokerage from the obligation to determine whether each trade is suitable for the client. However, IIROC has exercised its discretion to impose additional requirements on members proposing to trade in CFDs (the **IIROC CFD Requirements**) and requires, among other things, that:
  - (a) applicable risk disclosure documents and client suitability waivers provided be in a form acceptable to IIROC;
  - (b) the firm's policies and procedures, amongst other things, require the Filer to assess whether CFD trading is appropriate for a client before an account is approved to be opened. This account opening suitability process includes an assessment of the client's investment knowledge and trading experience;
  - (c) the Filer's registered salespeople who conduct the KYC and initial product suitability analysis, as well as their supervisory trading officer, meet proficiency requirements for futures trading, and are registered with IIROC as Investment Representative (Retail) and Investment Futures Contract Representative Options (Retail) (**IR**). The course proficiency requirements for an IR is the completion of the Canadian Securities Course, Conduct and Practices Handbook, the Derivatives Fundamental Course and Futures Licensing Course. In addition, the Filer must have a fully qualified Designated Registered Futures and Options Principal;
  - (d) the relationship and responsibilities, including conflicts of interest between the issuer and dealer, are fully disclosed to the client and acknowledged in writing; and
  - (e) cumulative loss limits for each client's account are established (this is a measure normally used by IIROC in connection with futures trading accounts).
34. The CFDs offered in Canada are offered in compliance with applicable IIROC Rules and other IIROC Acceptable Practices.
35. IIROC limits the underlying instruments in respect of which a member firm may offer CFDs since only certain securities are eligible for reduced margin rates. For example, underlying equity securities must be listed or quoted on certain "recognized exchanges" (as that term is defined in IIROC Rules) such as the Toronto Stock Exchange or the New York Stock Exchange. The purpose of these limits is to ensure that CFDs offered in Canada will only be available in respect of underlying instruments that are traded in well-regulated markets, in significant enough volumes and with adequate

publicly available information, so that clients can form a sufficient understanding of the exposure represented by a given CFD.

36. IIROC Rules prohibit the margining of CFDs where the underlying instrument is a synthetic product (single U.S. sector or "mini-indices"). For example, sector CFDs (i.e., basket of equities for the financial institutions industry) may be offered to non-Canadian clients; however, this is not permissible under IIROC Rules.
37. IIROC members seeking to trade CFDs are generally precluded, by virtue of the nature of the contracts, from distributing CFDs that confer the right or obligation to acquire or deliver the underlying security or instrument itself (convertible CFDs), or that confer any other rights of holders of the underlying security or instrument, such as voting rights.
38. The Requested Relief, if granted, would (and the Existing FMGL Relief does) substantially harmonize the position of the regulators in the Applicable Jurisdictions (together, the **Commissions**) on the offering of CFDs to investors in the Applicable Jurisdictions with how those products are offered to investors in Québec under the QDA. The QDA provides a legislative framework to govern derivatives activities within the province. Among other things, the QDA requires such products to be offered to investors through an IIROC member and the distribution of a standardized risk disclosure document rather than a prospectus in order to distribute such contracts to investors resident in Québec.
39. The Requested Relief, if granted, would be (and the Existing FMGL Relief is) consistent with the guidelines articulated by Staff of the Principal Regulator in OSC Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors* (OSC SN 91-702). OSC SN 91-702 provides guidance with regards to the distributions of CFDs, foreign exchange contracts (forex or FX contracts) and similar OTC derivative products to investors in the Jurisdiction.
40. The Principal Regulator has previously recognized that the prospectus requirement may not be well suited for the distribution of certain derivative products to investors in the Jurisdiction, and that alternative requirements, including requirements based on clear and plain language risk disclosure, may be better suited for certain derivatives. In the Jurisdiction, both OSC Rule 91-502 and OSC Rule 91-503 *Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario* (**OSC Rule 91-503**) provide for a prospectus exemption for the trading of derivative products to clients. The Requested Relief is consistent with the principles and requirements of OSC Rule 91-502, OSC Rule 91-503 and Proposed Rule 91-504.
41. The Filer has also submitted that the Requested Relief, if granted, would (and the Existing FMGL Relief does) harmonize the Principal Regulator's position on the offering of CFDs with certain other foreign jurisdictions that have concluded that a clear, plain language risk disclosure document is appropriate for retail clients seeking to trade in foreign exchange contracts.
42. The Filer is of the view that requiring compliance with the prospectus requirement in order to enter into CFDs with retail clients would not be appropriate since the disclosure of a great deal of the information required under a prospectus and under the reporting issuer regime is not material to a client seeking to enter into a CFD transaction. The information to be given to such a client should principally focus on enhancing the client's appreciation of product risk including counterparty risk. In addition, most CFD transactions are of short duration (positions are generally opened and closed on the same day and are in any event marked to market and cash settled daily).
43. The Filer is regulated by IIROC, which has a robust compliance regime including specific requirements to address market, capital and operational risks.
44. The Filer has submitted that the regulatory regimes developed by the Autorité des marchés financiers (the **AMF**) and IIROC for CFDs adequately address issues relating to the potential risk to the clients of the Filer acting as counterparty. In view of these regulatory regimes, investors would receive little or no additional benefit from requiring the Filer to also comply with the prospectus requirement.
45. The Requested Relief in respect of each Applicable Jurisdiction is conditional on the Filer being registered as an investment dealer with the Commission in such Applicable Jurisdiction and maintaining its membership with IIROC and that all CFD transactions be conducted pursuant to IIROC Rules and in accordance with IIROC Acceptable Practices.

## Decision

The Principal Regulator is satisfied that the test set out in the Legislation to make the Decision is met.

The Decision of the Principal Regulator is that the Requested Relief is granted provided that:

- (a) all CFD transactions with residents in the Applicable Jurisdictions shall be executed through the Execution Only Division of the Filer;
- (b) with respect to residents of an Applicable Jurisdiction, the Filer remains registered as a dealer in the category of investment dealer with the Principal Regulator and the Commission in such Applicable Jurisdiction and a member of IIROC;
- (c) all CFD transactions with clients resident in the Applicable Jurisdictions shall be conducted pursuant to IIROC Rules imposed on members seeking to trade in CFDs and in accordance with IIROC Acceptable Practices, as amended from time to time;
- (d) all CFD transactions with clients resident in the Applicable Jurisdictions be conducted pursuant to the rules and regulations of the QDA and the AMF, as amended from time to time, unless and to the extent there is a conflict between i) the rules and regulations of the QDA and the AMF and ii) the requirements of the securities laws of the Applicable Jurisdictions, the IIROC Rules and IIROC Acceptable Practices, in which case the latter shall prevail;
- (e) prior to a client first entering into a CFD transaction, the Filer has provided to the client the risk disclosure document described in paragraph 29 and has delivered, or has previously delivered, a copy of the risk disclosure document provided to that client to the Principal Regulator;
- (f) prior to the client's first CFD transaction and as part of the account opening process, the Filer has obtained a written or electronic acknowledgement from the client, as described in paragraph 30, confirming that the client has received, read and understood the risk disclosure document;
- (g) the Filer has furnished to the Principal Regulator the name and principal occupation of its officers and directors, together with either the personal information form and authorization of indirect collection, use and disclosure of personal information provided for in National Instrument 41-101 General Prospectus Requirements or the registration information form for an individual provided for in Form 33-109F4 of National Instrument 33-109 Registration Information Requirements completed by any officer or director;
- (h) the Filer shall promptly inform the Principal Regulator in writing of any material change affecting the Filer, being any change in the business, activities, operations or financial results or condition of the Filer that may reasonably be perceived by a counterparty to a derivative to be material;
- (i) the Filer shall promptly inform the Principal Regulator in writing if a self-regulatory organization or any other regulatory authority or organization initiates proceedings or renders a judgment related to disciplinary matters against the Filer concerning the conduct of activities with respect to CFDs;
- (j) within 90 days following the end of its financial year, the Filer shall submit to the Principal Regulator the audited annual financial statements of the Filer; and
- (k) the Requested Relief shall immediately expire upon the earliest of
  - i. four years from the date that this Decision is issued;
  - ii. in respect of a subject Applicable Jurisdiction or Québec, the issuance of an order or decision by a court, the Commission in such Applicable Jurisdiction, the AMF (in respect of Québec) or other similar regulatory body that suspends or terminates the ability of the Filer to offer CFDs to clients in such Applicable Jurisdiction or Québec; and
  - iii. with respect to an Applicable Jurisdiction, the coming into force of legislation or a rule by its Commission regarding the distribution of OTC derivatives to investors in such Applicable Jurisdiction.

(the **Interim Period**).

It is further the Decision of the Principal Regulator that the Existing Relief is hereby revoked.

"Tim Moseley"  
Commissioner  
Ontario Securities Commission

"Mary Condon"  
Commissioner  
Ontario Securities Commission

## 2.1.2 Hydro One Limited and Hydro One Inc.

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107), s. 5.1 – the Issuer with activities subject to rate-regulation requests relief from the requirements under section 3.2 of NI 52-107 that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises in order to permit the Issuer to prepare its financial statements in accordance with U.S. GAAP – requested relief granted.

### Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standard, s. 5.1.

August 27, 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  
HYDRO ONE LIMITED

AND

HYDRO ONE 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**) exempting the entity that will become the sole shareholder of the Filer, a corporation to be incorporated under the *Business Corporations Act* (Ontario) and named Hydro One Limited (the Parent), from the requirements under section 3.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards (NI 52-107)* that financial statements (a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises; and (b) disclose an unreserved statement of compliance with IFRS in the case of annual financial statements and an unreserved statement of compliance with IAS 34 in the

case of an interim financial report, which requirements are also applicable to financial statements included in a prospectus (the **Exemption Sought**).

Furthermore, the principal regulator in the Jurisdiction has received a request from the Filer for a decision that the application and this decision be kept confidential and not be made public until the earlier of: (i) the date on which the Filer and/or the Parent publicly discloses all of the information in the application and this decision that has not been previously disclosed; (ii) the date on which the Filer and/or the Parent publicly discloses the granting of the Exemption Sought; (iii) the date on which the Parent obtains a receipt for a preliminary long form prospectus relating to the proposed initial public offering of the Parent (the **IPO**); (iv) the date on which the Filer advises the principal regulator that there is no longer any need for the application and this decision to remain confidential; and (v) the date that is 90 days after the date of this decision (the **Confidentiality Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator for this application;
- (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 British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the Passport Jurisdictions); and
- (c) the decision of the principal regulator automatically results in an equivalent decision in the Passport Jurisdictions.

### Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 52-107 have the same meaning if used in this decision, unless otherwise defined, and the term “activities subject to rate regulation” has the meaning given in the Handbook.

### Representations

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

1. The Filer is incorporated under the *Business Corporations Act* (Ontario) and is currently wholly-owned by the Province of Ontario (Province). The head office of the Filer is located at 483 Bay Street, South Tower, 8th Floor, Toronto, Ontario M5G 2P5.



2. The Filer is a reporting issuer in each of the provinces of Canada and is not in default of securities legislation in any jurisdiction.
3. Prior to the filing of the preliminary prospectus for the proposed IPO, the Parent will be incorporated under the *Business Corporations Act* (Ontario) and will, until completion of the IPO, be wholly-owned by the Province. The head office of the Parent will be located at 483 Bay Street, South Tower, 8th Floor, Toronto, Ontario M5G 2P5.
4. Prior to completion of the IPO, the Parent will complete a series of reorganizational steps (the **Pre-Closing Steps**) such that after completion of the Pre-Closing Steps:
  - (a) the authorized share capital of the Parent will consist of, among other things, an unlimited number of common shares with all of the common shares of the Parent held by the Province;
  - (b) the Filer will be a wholly-owned subsidiary of the Parent and its financial statements will be consolidated into the financial statements of the Parent; and
  - (c) the Parent will be a holding company which, through its subsidiaries (including the Filer and its subsidiaries):
    - i. distributes electricity and engages in electricity conservation and demand management activities; and
    - ii. transmits electricity to local distribution companies (**LDCs**) and non-LDC customers throughout Ontario.
5. Following completion of the Pre-Closing Steps, the Province will sell a portion of its common shares held in the Parent to a syndicate of underwriters for distribution to the public under a long form prospectus filed by the Parent with the securities regulatory authorities in each of the provinces and territories of Canada in connection with the IPO.
6. Upon completion of the IPO, the bulk of the Parent's business conducted through its subsidiaries (including the Filer and its subsidiaries) will be subject to rate regulation by the Ontario Energy Board (**OEB**), which has broad powers relating to the licensing, standards of conduct and service and the regulation of rates charged by electricity distributors and transmitters in Ontario, including those subsidiaries of the Parent engaged in such activities. No change in the business of the Filer and its subsidiaries will occur as a result of the IPO other than the fact certain immaterial businesses of the Filer and its subsidiaries are expected to be transferred to the Parent or one of its subsidiaries prior to, in connection with, or immediately following, the closing of the IPO. In addition, prior to the IPO, it is expected that the shares of Hydro One Brampton Networks Inc., a subsidiary of the Filer, will be transferred to the Province.
7. The Filer is a SEC issuer that prepares and reports its financial statements in accordance with U.S. GAAP as permitted by Section 3.7 of NI 52-107.
8. Upon completion of the IPO, the Parent will not be an SEC issuer.
9. Upon acquisition of all of the outstanding shares of the Filer, the Parent will have activities subject to rate regulation.
10. The International Accounting Standards Board (**IASB**) continues to work on a project focusing on accounting specific to activities subject to rate regulation. It is not yet known when this project will be completed or whether IFRS will include a specific standard that is mandatory for entities with activities subject to rate regulation.

#### 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:

- (a) the Exemption Sought is granted to the Parent in respect of the Parent's financial statements required to be filed (or included in any prospectus of the Parent) on or after the date of this decision, provided that the Parent prepares those financial statements in accordance with U.S. GAAP; and
- (b) the Exemption Sought will terminate in respect of the Parent on the earliest of the following:
  - i. if the Parent does not complete the Pre-Closing Steps and the IPO in the manner contemplated in this decision;
  - ii. January 1, 2019;
  - iii. if, after all of the outstanding shares of the Filer are acquired by the Parent, the Parent thereafter ceases to have activities subject to rate

- regulation, the first day of the Parent's financial year that commences after the Parent ceases to have activities subject to rate regulation; and
- iv. the effective date prescribed by the IASB for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation.

Furthermore, the decision of the principal regulator is that the Confidentiality Sought is granted.

"Cameron McInnis"  
Chief Accountant  
Ontario Securities Commission

### 2.1.3 Temex Resources 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).

October 9th, 2015

Temex Resources Corp. c/o  
Goodmans LLP  
333 Bay Street, Suite 3400  
Toronto, ON  
M5H 2S7

Dear Sirs/Mesdames:

**Re: Temex Resources Corp. (the Applicant) – application for a decision under the securities legislation of Ontario and Alberta (the Jurisdictions) that the Applicant is not a reporting issuer**

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

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

The Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
- (b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and

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

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

“Shannon O’Hearn”  
Manager, Corporate Finance  
Ontario Securities Commission

**2.2 Orders**

**2.2.1 William McDonald Ferguson – ss. 127(1), (10)**

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

**AND**

**IN THE MATTER OF  
WILLIAM McDONALD FERGUSON**

**ORDER  
(Subsections 127(1) and 127(10) of the Securities Act)**

**WHEREAS**

1. On September 22, 2014, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) in respect of William McDonald Ferguson (“Ferguson”);
2. On September 22, 2014, Staff of the Commission (“Staff”) filed a Statement of Allegations in respect of the same matter;
3. On October 24, 2014, Staff appeared before the Commission and brought an application to convert this matter to a written hearing and Ferguson did not appear;
4. On October 24, 2014, Staff filed an affidavit of service sworn by Lee Crann, a Law Clerk with the Commission, and marked as Exhibit “1”, which documented steps taken by Staff to serve Ferguson with the Notice of Hearing, Statement of Allegations and Staff’s disclosure materials, and made submissions to the Commission;
5. On November 17, 2014, the Commission granted Staff’s application to proceed by way of written hearing;
6. Staff filed written materials, a hearing brief, and a book of authorities; and
7. The Commission is of the opinion that it is in the public interest to make this order;

**IT IS ORDERED THAT:**

1. Pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Ferguson in Ontario shall cease until June 4, 2017, except that Ferguson may trade in securities through one account in his own name with a person registered to trade in securities under the Act, if he has first provided the registered representative with a copy of the BCSC Order, and a copy of the Order of the

Commission in this proceeding before any trade takes place; and

2. Pursuant to paragraph 1 of subsection 127(1) of the Act, Ferguson shall be prohibited under Ontario securities law from being registered in any category from which he is prohibited by the BCSC Order until the later of:

- a. three years from the date of the BCSC Order;
- b. the date Ferguson becomes registered under the BC Act;
- c. the date Ferguson complies with his undertakings, as set out in the Settlement Agreement.

**DATED** at Toronto this 7th day of October, 2015.

“Mary G. Condon”

**2.2.2 GITC Investments and Trading Canada Ltd. et al.**

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

**AND**

**IN THE MATTER OF  
GITC INVESTMENTS AND TRADING CANADA LTD.  
carrying on business as GITC INVESTMENTS AND  
TRADING CANADA INC. AND  
GITC, GITC INC., AND AMAL TAWFIQ ASFOUR**

**ORDER**

**WHEREAS:**

1. on March 12, 2015 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., c. S.5, as amended (the “Act”) in connection with a Statement of Allegations filed by Staff of the Commission (“Staff”) on March 12, 2015 with respect to GITC Investments & Trading Canada Ltd. carrying on business as GITC Investments and Trading Canada Inc. and GITC, GITC Inc., and Amal Tawfiq Asfour (collectively, the “Respondents”);
2. the Notice of Hearing set a hearing in this matter for Friday April 10, 2015;
3. on April 10, 2015, counsel for Staff and counsel for the Respondents appeared before the Commission for a First Appearance, and the Commission ordered that:
  - (a) Staff shall provide disclosure to the Respondents by May 8, 2015, of documents and things in the possession or control of Staff that are relevant to the hearing,
  - (b) The Second Appearance shall be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Monday July 20, 2015 at 1:30 p.m. or as soon thereafter as the hearing can be held,
  - (c) Any requests by any of the Respondents for disclosure of additional documents shall be set out in a Notice of Motion to be filed no later than 10 days before the Second Appearance,
  - (d) Staff shall make disclosure of their witness list and summaries and indicate any intent to call an expert witness, and provide the Respondents the name of the

expert and state the issue on which the expert will be giving evidence by July 13, 2015, and

- (e) At the Second Appearance, any motions by any of the Respondents with respect to disclosure provided by Staff will be heard or scheduled for a subsequent date;
4. on July 20, 2015, counsel for Staff and counsel for the Respondents appeared before the Commission for a Second Appearance and the Commission ordered that:
- a. The Respondents shall make disclosure to Staff of their witness list and summaries and indicate any intent to call an expert witness, and provide Staff the name of the expert and state the issue on which the expert will be giving evidence on or before August 20, 2015, and
  - b. The Third Appearance shall be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Tuesday October 6, 2015 at 1:30 p.m. or as soon thereafter as the hearing can be held;
5. on October 6, 2015, counsel for Staff and counsel for the Respondents appeared before the Commission for the Third Appearance;
6. the Commission is of the opinion that it is in the public interest to make this order;

**IT IS ORDERED THAT:**

- 1. the Respondents shall make disclosure to Staff of their witness list and summaries and indicate any intent to call an expert witness, and provide Staff the name of the expert and state the issue on which the expert will be giving evidence on or before January 15, 2016;
- 2. the Final Interlocutory Appearance shall be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Friday January 15, 2016 at 1:30 p.m. or as soon thereafter as the hearing can be held; and
- 3. the hearing on the merits in this matter shall be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Monday April 11, 2016 at 10:00 a.m., and shall continue on April 12 and 13, 2016.

**DATED** at Toronto this 6th day of October, 2015.

“Alan J. Lenczner”

**2.2.3 Geoglobal Resources Inc. et al. – s. 144(1)**

**Headnote**

Section 144(1) – Application to vary a cease trade order – cease trade order varied to permit applicants, who are not insiders or control persons, to sell securities outside of Canada, subject to conditions.

**Applicable Legislative Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 127 and 144.

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

**AND**

**IN THE MATTER OF  
GEOGLOBAL RESOURCES INC.**

**AND**

**VITO MENDONCA**

**AND**

**TEREZA MENDONCA**

**ORDER  
(Section 144(1) of the Act)**

**WHEREAS** the securities of GeoGlobal Resources Inc. (the “**Issuer**”) are subject to a temporary cease trade order issued by the Director on April 23, 2013 pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further cease trade order issued by the Director on May 6, 2013 pursuant to paragraph 2 of subsection 127(1) of the Act (the “**Cease Trade Order**”), directing that all trading in securities of the Issuer, whether direct or indirect, cease until further order by the Director;

**AND WHEREAS** a cease trade order with respect to the Issuer’s securities was also issued by the Alberta Securities Commission on April 18, 2013, the British Columbia Securities Commission on April 19, 2013 and the Autorité des marchés financiers on May 8, 2013;

**AND WHEREAS** the Issuer’s securities are not listed on and do not trade on any exchange in Canada;

**AND WHEREAS** as of October 2, 2015, the Issuer’s securities trade on the OTC Pink Marketplace;

**AND WHEREAS** Vito Mendonca and Tereza Mendonca (the “**Applicants**”) have made an application to the Commission pursuant to section 144(1) of the Act to vary the Cease Trade Order;

**AND WHEREAS** the Applicants have represented that:

1. The Applicants own 57,589 common shares of the Issuer ("**Shares**"), all of which were purchased with the Applicants own funds prior to January 1, 2013, when the Shares were trading on the NYSE MKT.
2. Neither of the Applicants:
  - a. are, or have ever been, insiders or control persons of the Issuer;
  - b. are, or have ever been, employed by or in any way affiliated with the Issuer;
  - c. have, or has ever had, any other relationship or association with the Issuer; and
  - d. are, or have ever been acting in concert with an insider of the Issuer.

**AND UPON** the Director being satisfied that:

- a) the terms and conditions to the Cease Trade Order put the Applicants at a disadvantage to certain shareholders who are free to trade their shares on the OTC Pink Marketplace; and
- b) it is not prejudicial to the public interest to vary the Cease Trade Order under section 144(1) of the Act;

**IT IS ORDERED** that, pursuant to section 144(1) of the Act, the Cease Trade Order be varied by including the following section:

Despite this order, Vito Mendonca and Tereza Mendonca., who are not, and were not at the date of this order, an insider or control person of GeoGlobal Resources Inc., may sell securities of GeoGlobal Resources Inc. acquired before the date of this order, if:

- 1 the sale is made through a market outside of Canada; and
2. the sale is made through an investment dealer registered in Ontario.

**DATED** this 8th day of October, 2015.

"Kathryn J. Daniels"  
Deputy Director, Corporate Finance Branch  
Ontario Securities Commission

**2.2.4 7997698 Canada Inc. et al.**

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

**AND**

**IN THE MATTER OF  
7997698 CANADA INC., carrying on business as  
INTERNATIONAL LEGAL AND ACCOUNTING  
SERVICES INC.,  
WORLD INCUBATION CENTRE, or WIC (ON),  
JOHN LEE also known as CHIN LEE, AND  
MARY HUANG also known as  
NING-SHENG MARY HUANG**

**ORDER**

**WHEREAS:**

1. on November 21, 2014, the Ontario Securities Commission issued a temporary order, pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O., c. S.5., as amended, ordering the following:
  - a. that all trading in any securities by 7997698 Canada Inc., carrying on business as International Legal and Accounting Services Inc., World Incubation Centre, or WIC (ON) ("7997698"), John Lee also known as Chin Lee ("Lee"), and Mary Huang also known as Ning-Sheng Mary Huang ("Huang") shall cease; and
  - b. that the exemptions contained in Ontario securities law do not apply to any of 7997698, Lee, and Huang (the "Temporary Order");
2. on November 21, 2014, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;
3. on November 24, 2014, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on Wednesday December 3, 2014 at 10:00 a.m.;
4. the Notice of Hearing set out that the hearing was to consider, among other things, whether, in the opinion of the Commission, it was in the public interest, pursuant to subsections 127(7) and (8) of the Act, to extend the Temporary Order until the conclusion of the proceeding or until such further time as considered necessary by the Commission;
5. Staff of the Commission served the Respondents with copies of the Temporary Order, the Notice of Hearing, the Hearing Brief, the Supplementary

- Hearing Brief, and Staff's Written Submissions and Brief of Authorities as evidenced by the Affidavits of Service sworn by Steve Carpenter on December 1, 2014 and December 2, 2014, and filed these materials with the Commission;
6. on December 3, 2014, the Commission held a hearing, at which Lee attended but Huang did not attend although properly served, and at which the Commission heard submissions from counsel for Staff and from Lee on his own behalf and on behalf of 7997698 and Huang and the Commission ordered that the Temporary Order was extended to June 3, 2015 and that the proceeding was adjourned until Wednesday, May 27, 2015, at 10:00 a.m.;
7. on March 11, 2015 the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Securities Act, R.S.O., c. S.5, as amended, in connection with a Statement of Allegations filed by Staff of the Commission on March 11, 2015 with respect to 7997698, Lee, and Huang (collectively, the "Respondents");
8. the Notice of Hearing set a First Appearance for Friday April 10, 2015;
9. on April 2, 2015, counsel for Staff and counsel for 7997698 and Lee requested an adjournment of the First Appearance;
10. on April 9, 2015, the Commission ordered that the First Appearance would be held at 2:00 p.m. on Thursday April 23, 2015;
11. on April 23, 2015, counsel for Staff and counsel for the Respondents 7997698 and Lee appeared before the Commission for a First Appearance and the Commission ordered that:
- a. Staff shall provide to the Respondents disclosure of documents and things in the possession or control of Staff that are relevant to the hearing on or before May 22, 2015,
  - b. the First Appearance shall continue at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Wednesday May 27, 2015 at 10:00 a.m. or as soon thereafter as the hearing can be held for the purpose of providing a status update with respect to service on Huang,
  - c. the Second Appearance shall be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Wednesday July 22, 2015 at 10:00 a.m.
- or as soon thereafter as the hearing can be held,
- d. any requests by any of the Respondents for disclosure of additional documents should be set out in a Notice of Motion to be filed no later than 5 days before the Second Appearance,
  - e. at the Second Appearance, any motions by any of the Respondents with respect to disclosure provided by Staff will be heard or scheduled for a subsequent date, and
  - f. in the event of the 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 proceeding;
12. on May 15, 2015, with respect to the Temporary Order, Staff served the Respondents with copies of a Further Supplementary Hearing Brief (two volumes), Supplemental Staff Written Submissions, and a Supplemental Brief of Authorities;
13. on May 27, 2015, the Commission held a hearing at which counsel for Staff attended but no one attended for the Respondents, and the Commission heard submissions from counsel for Staff and the Commission was advised that (i) Huang had retained counsel, and (ii) the Respondents sought an adjournment of the proceeding and counsel for Staff filed a consent of the Respondents, signed on their behalf by their counsel, to an order extending the Temporary Order until one week after the Second Appearance and the Commission ordered that the Temporary Order was extended until July 29, 2015; and specifically:
- a. that all trading in any securities by the Respondents shall cease,
  - b. that the exemptions contained in Ontario securities law do not apply to any of the Respondents,
  - c. any person or company affected by this Order may apply to the Commission for an order revoking or varying this Order pursuant to s. 144 of the Act upon seven days written notice to Staff of the Commission, and
  - d. the proceeding was adjourned until Wednesday July 22, 2015 at 10:00 a.m.;
14. on July 22, 2015, counsel for Staff and counsel for the Respondents appeared before the Commission for a Second Appearance and

advised that the Respondents consented to an order that the Temporary Order be extended to the conclusion of the merits hearing and the Commission ordered:

- a. the Temporary Order was extended until April 29, 2016; and specifically:
    - i. that all trading in any securities by the Respondents shall cease, and
    - ii. that the exemptions contained in Ontario securities law do not apply to any of the Respondents;
  - b. the Respondents shall make disclosure to Staff of their witness list and summaries and indicate any intent to call an expert witness, and provide Staff the name of the expert and state the issue on which the expert will be giving evidence on or before September 9, 2015;
  - c. the proceeding "IN THE MATTER OF 7997698 CANADA INC., carrying on business as INTERNATIONAL LEGAL AND ACCOUNTNG SERVICES INC., WORLD INCUBATION CENTRE, or WIC(ON), JOHN LEE also known as CHIN LEE, and MARY HUANG also known as NING-SHENG MARY HUANG," commenced by Notice of Hearing on November 25, 2014, shall be combined with the proceeding "IN THE MATTER OF 7997698 CANADA INC., carrying on business as INTERNATIONAL LEGAL AND ACCOUNTNG SERVICES INC., WORLD INCUBATION CENTRE, or WIC(ON), JOHN LEE also known as CHIN LEE, and MARY HUANG also known as NING-SHENG MARY HUANG," commenced by Notice of Hearing on March 11, 2015, and any further notices or orders shall be made under a single style of cause of that title of proceeding; and
  - d. the Third Appearance shall be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Thursday September 24, 2015 at 2:00 p.m. or as soon thereafter as the hearing can be held;
15. on September 14, 2015, Staff made a motion with respect to the witness list and witness summaries provided by Lee and 7997698 returnable at the Third Appearance or a date to be set at the Third Appearance ("Staff's Witness Motion");

16. on September 24, 2015, counsel for Staff, counsel for Huang, and Lee appeared before the Commission for the Third Appearance, and Lee advised that he represented 7997698, and although the Respondents were properly served, the Commission made no finding regarding Lee's capacity to represent 7997698;
17. on September 24, 2015, counsel for Staff and Lee made submissions, and Lee requested an adjournment so that he could properly respond to Staff's Witness Motion and the Commission ordered that:
  - a. a confidential pre-hearing conference shall be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Tuesday October 6, 2015 at 2:30 p.m., or on such other date and time as provided by the Office of the Secretary and agreed to by the parties, at which the Panel may, among other things, consider with the parties agreed upon facts or evidence and the resolution of any or all of the allegations in the proceeding or the issues in Staff's Witness Motion; and
  - b. Staff's Witness Motion, if necessary, and the continuation of the Third Appearance shall be held at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Thursday October 19, 2015 at 9:30 a.m., or on such other date and time as provided by the Office of the Secretary and agreed to by the parties;
18. On October 6, 2015, counsel for Staff, and Lee appeared before the Commission for a confidential pre-hearing conference, no one appeared for Huang although properly served;
19. the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED THAT:**

1. should Lee wish to bring a motion to the Commission for an order varying the freeze directions made in this proceeding to permit the payment of legal fees, Lee must serve upon Staff and file with the Commission his motion materials by Wednesday October 14, 2015 with this motion returnable on Monday October 19, 2015 at 9:30 a.m., or at a date to be set by the Commission, at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario.

**DATED** at Toronto this 6th day of October, 2015.

"Alan J. Lenczner"



**2.2.5 Groundstar Resources Ltd. – s. 144**

**Headnote**

Section 144 – full revocation of cease trade order upon remedying of defaults.

**Statutes Cited**

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 127 and 144.

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

**AND**

**IN THE MATTER OF  
GROUNDSTAR RESOURCES LIMITED**

**ORDER  
(Section 144)**

**WHEREAS** the securities of Groundstar Resources Limited (the Applicant) are subject to a temporary cease trade order made by the Director dated September 11, 2015 under paragraph 2 of subsection 127(1) and subsection 127(5) of the *Ontario Securities Act* (the Act) and a further cease trade order made by the Director on September 23, 2015 under paragraph 2 of subsection 127(1) of the Act (collectively, the Ontario Cease Trade Order), ordering that all trading in the securities of the Applicant cease until the Ontario Cease Trade Order is revoked by the Director;

**AND WHEREAS** the Ontario Cease Trade Order was made on the basis that the Applicant was in default of certain filing requirements under Ontario securities law as described in the Ontario Cease Trade Order;

**AND WHEREAS** the Applicant has applied to the Ontario Securities Commission (the Commission) under section 144 of the Act for a revocation of the Cease Trade Order.

**Representations**

This order is based on the following facts represented by the Applicant:

1. The Applicant is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan and Ontario.

2. The Applicant is not in default of any requirements under Ontario securities law.
3. The Applicant has filed all outstanding continuous disclosure documents that are required to be filed under Ontario securities law.
4. The Applicant has paid all outstanding activity, participation and late filing fees that are required to be paid.
5. The Applicant's SEDAR profile and SEDI issuer profile supplement are current and accurate.
6. The Applicant is also subject to a similar cease trade order issued by the Alberta Securities Commission on September 8, 2015 as a result of the failure to make the filings described in the cease trade order which order was revoked on October 6, 2015.
7. The British Columbia Securities Commission also issued a cease trade order in respect of the securities of the Applicant on September 14, 2015 as a result of the failure to make the filings described in the cease trade order.
8. Upon the issuance of this revocation order, the Applicant will issue a news release announcing the revocation of the Cease Trade Order. The Applicant will concurrently file the news release regarding the revocation of the Cease Trade Order on SEDAR.

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

**AND UPON** the Director being satisfied that it would not be prejudicial to the public interest to revoke the Ontario Cease Trade Order.

**IT IS ORDERED** pursuant to section 144 of the Act that the Ontario Cease Trade Order is hereby revoked.

**DATED** at Toronto this 8th day of October, 2015

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

## 2.2.6 Onex Corp. – s. 104(2)(c)

### Headnote

Subsection 104(2)(c) of the Act – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 145,000 of its subordinate voting shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – the selling shareholder did not purchase the subject shares in anticipation or contemplation of resale to the Issuer and has not, for a minimum of 30 days prior to the date of the application seeking the requested relief, purchased subordinate voting shares of the Issuer in anticipation or contemplation of a sale of subordinate voting shares to the Issuer – no adverse economic impact on, or prejudice to, the Issuer or public shareholders – proposed purchases exempt from the issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases, and that the Issuer not make any proposed purchase unless it has first obtained written confirmation from the selling shareholder that between the date of the order and the date on which the proposed purchase is completed, the selling shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any subordinate voting shares of the Issuer to re-establish its holdings of subordinate voting shares which will have been reduced as a result of the sale of the subject shares pursuant to the proposed purchases.

### Applicable Legislative Provisions

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

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

**AND**

**IN THE MATTER OF  
ONEX CORPORATION**

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

**UPON** the application (the “**Application**”) of Onex Corporation (the “**Issuer**”) to the Ontario Securities Commission (the “**Commission**”) for an order pursuant to clause 104(2)(c) of the *Securities Act* (Ontario) (the “**Act**”) exempting the Issuer from the requirements of sections 94 to 94.8, inclusive, and sections 97 to 98.7, inclusive, of the Act (the “**Issuer Bid Requirements**”) in connection with the proposed purchases by the Issuer of up to 145,000 subordinate voting shares of the Issuer (collectively, the “**Subject Shares**”) in one or more tranches, from The Bank of Nova Scotia (the “**Selling Shareholder**”);

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

**AND UPON** the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 9, 10, 12, 23 and 25 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (Ontario).
2. The registered and head office of the Issuer is located at 49th Floor, 161 Bay Street, Toronto, Ontario, M5J 2S1.
3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and its subordinate voting shares (the “**Subordinate Voting Shares**”) are listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “OCX”. The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.
4. The authorized share capital of the Issuer consists of 100,000 multiple voting shares of which 100,000 are issued and outstanding as of September 18, 2015, an unlimited number of Subordinate Voting Shares of which 106,121,939 are issued and outstanding as of September 18, 2015, an unlimited number of junior preferred shares (the “**Junior Preferred Shares**”) and an unlimited number of senior preferred shares (the “**Senior Preferred Shares**”). As of September 18, 2015, no Junior Preferred Shares or Senior Preferred Shares are issued or outstanding.

5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario. Each Proposed Purchase (as defined below) will be executed and settled in the Province of Ontario.
6. The Selling Shareholder does not, directly or indirectly, own more than 5% of the issued and outstanding Subordinate Voting Shares.
7. The Selling Shareholder is the beneficial owner of at least 145,000 Subordinate Voting Shares. None of the Subject Shares were acquired by, or on behalf of, the Selling Shareholder in anticipation or contemplation of resale to the Issuer.
8. No Subordinate Voting Shares were purchased by, or on behalf of, the Selling Shareholder on or after August 24, 2015, being the date that was 30 days prior to the date of the Application, in anticipation or contemplation of a sale of Subordinate Voting Shares to the Issuer.
9. The Subject Shares are held by the Selling Shareholder in connection with arrangements to hedge client transactions in respect of the Subordinate Voting Shares. Between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder will not purchase, have purchased on its behalf, or otherwise accumulate, any Subordinate Voting Shares to re-establish its holdings of Subordinate Voting Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.
10. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer or an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus Exemptions*.
11. Pursuant to the terms of a "Notice of Intention to Make a Normal Course Issuer Bid" (the "**Notice**") that was submitted to, and accepted by, the TSX effective April 14, 2015, the Issuer was permitted to make a normal course issuer bid (the "**Normal Course Issuer Bid**") to purchase up to 8,407,536 Subordinate Voting Shares, representing approximately 10% of the Issuer's public float of Subordinate Voting Shares as of the date specified in the Notice, during the 12-month period beginning on April 16, 2015 and ending on April 15, 2016. The Notice specifies that purchases under the Normal Course Issuer Bid will be conducted through the facilities of the TSX or by such other means as may be permitted by the TSX in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"), including by private agreements pursuant to issuer bid exemption orders issued by a securities regulatory authority (each, an "**Off-Exchange Block Purchase**").
12. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an "**Agreement**"), pursuant to which the Issuer will, subject to market conditions, agree to acquire some or all of the Subject Shares from the Selling Shareholder in one or more tranches, such tranches occurring prior to April 15, 2016 and not more than once per calendar week (each such purchase, a "**Proposed Purchase**") for a purchase price (each such price, a "**Purchase Price**" in respect of such Proposed Purchase) that will be negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price, in each case, will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Subordinate Voting Shares on the TSX at the time of the relevant Proposed Purchase.
13. The Subject Shares acquired under each Proposed Purchase will constitute a "block", as that term is defined in section 628 of the TSX NCIB Rules.
14. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for the purposes of the Act, to which the Issuer Bid Requirements would apply.
15. Because the Purchase Price, in each case, will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Subordinate Voting Shares on the TSX at the time of the relevant Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire Subject Shares from the Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.
16. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Subordinate Voting Shares on the TSX, at the time of the relevant Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares through the facilities of the TSX as a "block purchase" (a "**Block Purchase**") in accordance with the block purchase exception in clause 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.
17. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

## Decisions, Orders and Rulings

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18. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.
19. Management of the Issuer is of the view that: (a) the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would otherwise be able to purchase Subordinate Voting Shares under the Normal Course Issuer Bid in accordance with the TSX NCIB Rules and the exemption from the Issuer Bid Requirements available pursuant to subsection 101.2(1) of the Act; and (b) the Proposed Purchases are an appropriate use of the Issuer's funds.
20. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's security holders and it will not materially affect the control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other security holders of the Issuer to otherwise sell Subordinate Voting Shares in the open market at the then prevailing market price. The Proposed Purchases will be carried out at minimal cost to the Issuer.
21. To the best of the Issuer's knowledge, as of September 18, 2015, the "public float" for the Issuer's Subordinate Voting Shares represented approximately 76.80% of all of the issued and outstanding Subordinate Voting Shares for the purposes of the TSX NCIB Rules.
22. The Subordinate Voting Shares are "highly-liquid securities" within the meaning of section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.
23. Other than the Purchase Price, no fee or other consideration will be paid by the Issuer in connection with the Proposed Purchases.
24. The Issuer will not make any Proposed Purchase until it has first obtained confirmation in writing from the Selling Shareholder that between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated, any Subordinate Voting Shares to re-establish its holdings of Subordinate Voting Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.
25. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Global Equity Derivatives Group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.
26. The Commission granted the Issuer an order on May 8, 2015 pursuant to clause 104(2)(c) of the Act exempting the Issuer from the Issuer Bid Requirements in connection with purchases by the Issuer pursuant to private agreements of up to 130,000 Subordinate Voting Shares from The Toronto-Dominion Bank (the "**Existing Order**"). The Issuer acquired 130,000 Subordinate Voting Shares available for purchase under the Existing Order. As at September 18, 2015, the Issuer has purchased an aggregate of 2,069,675 Subordinate Voting Shares pursuant to the Normal Course Issuer Bid, including 130,000 Subordinate Voting Shares under the Existing Order.
27. The Issuer will not purchase, pursuant to Off-Exchange Block Purchases, in aggregate, more than one-third of the maximum number of Subordinate Voting Shares that the Issuer can purchase under the Normal Course Issuer Bid, such one-third being equal to 2,802,512 Subordinate Voting Shares as of the date of this Order.
28. Assuming completion of the purchase of the maximum number of Subject Shares, being 145,000 Subject Shares, and the maximum number of Subordinate Voting Shares that are the subject of the Existing Order, being 130,000 Subordinate Voting Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 275,000 Subordinate Voting Shares pursuant to Off-Exchange Block Purchases, representing 3.27% of the maximum 8,407,536 Subordinate Voting Shares authorized to be purchased under the Normal Course Issuer Bid.

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

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

- (a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;
- (b) the Issuer will refrain from conducting either a Block Purchase in accordance with the TSX NCIB Rules or another Off-Exchange Block Purchase during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under its Normal Course Issuer Bid for the remainder of the calendar day on which it completes a Proposed Purchase;
- (c) the Purchase Price in respect of each Proposed Purchase will be at a discount to the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX NCIB Rules) of a board lot of Subordinate Voting Shares immediately prior to the execution of such Proposed Purchase;
- (d) the Issuer will otherwise acquire any additional Subordinate Voting Shares pursuant to the Issuer's Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by such other means as may be permitted by the TSX, and, subject to condition (i) below, by Off-Exchange Block Purchases;
- (e) immediately following each Proposed Purchase of Subject Shares from the Selling Shareholder, the Issuer will report the purchase of Subject Shares to the TSX;
- (f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor any member of the Global Equity Derivatives Group of the Selling Shareholder, nor any personnel of the Selling Shareholder that negotiated the Agreement or made, participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;
- (g) in advance of the first Proposed Purchase, the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases and (ii) that information regarding each Proposed Purchase, including the number of Subordinate Voting Shares purchased and the aggregate Purchase Price, will be available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") following the completion of each Proposed Purchase;
- (h) the Issuer will report information regarding each Proposed Purchase, including the number of Subordinate Voting Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase;
- (i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate more than one-third of the maximum number of Subordinate Voting Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 8,407,536 Subordinate Voting Shares; and
- (j) the Issuer will not make any Proposed Purchase unless it has first obtained confirmation in writing from the Selling Shareholder that between the date of this Order and the date on which a Proposed Purchase is to be completed, the Selling Shareholder has not purchased, had purchased on its behalf, or otherwise accumulated any Subordinate Voting Shares to re-establish its holdings of Subordinate Voting Shares which will have been reduced as a result of the sale of Subject Shares pursuant to the Proposed Purchases.

**DATED** at Toronto this 9th day of October, 2015.

"Sarah Kavanagh"  
Commissioner  
Ontario Securities Commission

"Mary Condon"  
Commissioner  
Ontario Securities Commission

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## Chapter 3

# Reasons: Decisions, Orders and Rulings

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### 3.1 OSC Decisions

#### 3.1.1 William McDonald Ferguson – ss. 127(1), (10)

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

AND

IN THE MATTER OF  
WILLIAM McDONALD FERGUSON

REASONS AND DECISION  
(Sections 127(1) and 127(10) of the Securities Act)

**Decision:** October 7, 2015

**Panel:** Mary G. Condon – Commissioner

**Submissions  
by:** Keir D. Wilmut – For Staff of the Commission

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#### REASONS AND DECISION

##### I. OVERVIEW

- [1] This was a hearing conducted in writing before the Ontario Securities Commission (the "**Commission** or **OSC**") pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether it is in the public interest to make an order imposing sanctions against William McDonald Ferguson ("**Ferguson**" or the "**Respondent**").

- [2] A notice of hearing (the "**Notice of Hearing**") in this matter was issued by the Commission on September 22, 2014 in relation to a statement of allegations (the "**Statement of Allegations**") filed by Staff of the Commission ("**Staff**") on the same date.
- [3] On October 24, 2014, the Commission heard an application (the "**Application Hearing**") by Staff to convert this matter to a written hearing in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 ("**Rules of Procedure**"), and subsection 5.1(2) of the *Statutory Powers Procedures Act*, R.S.O. 1990, c. S. 22, as amended (the "**SPPA**"). The Respondent did not appear at the Application Hearing, despite being provided with the Notice of Hearing, Statement of Allegations and disclosure. On October 24, 2014, the Commission issued an order (the "**October 24 Order**"), stating that it would grant Staff's request subject to Ferguson's right to object under the *Rules of Procedure*.
- [4] Staff filed an Affidavit of Lee Crann, sworn November 12, 2014, confirming service of the October 24 Order on Ferguson as of November 3, 2014. On November 17, 2014, the Commission made an order granting Staff's application to proceed by written hearing (the "**November 17 Order**").
- [5] Staff filed written submissions, a hearing brief and a brief of authorities, as well as an Affidavit of Lee Crann, sworn December 3, 2014, confirming service of the November 17 Order on Ferguson. The Respondent did not file any responding materials. I am satisfied that the Respondent was provided with notice of the November 17 Order. Pursuant to Rule 7.1 of the Commission's *Rules of Procedure* and subsection 7(2) of the *SPPA*, I may proceed in the absence of the Respondent.
- [6] These are my reasons and decision with respect to the sanctions sought by Staff in this matter.

## II. THE SETTLEMENT AGREEMENT AND BCSC ORDER

- [7] On June 3, 2014, Ferguson entered into a settlement agreement (*Black Gold Resources Ltd. (Re) 2014 B.C.S.E.C.C.O.M. 197*) (the "**Settlement Agreement**") with the British Columbia Securities Commission (the "**BCSC**") pursuant to which he agreed to be made subject to various sanctions, conditions, restrictions or requirements. Ferguson is subject to an order made by a panel of the BCSC (the "**BCSC Panel**") on June 4, 2014 (*Black Gold Resources Ltd. (Re) 2014 B.C.S.E.C.C.O.M. 197*) (the "**BCSC Order**") that imposes sanctions, conditions, restrictions or requirements on him.

### *The Settlement Agreement*

- [8] The conduct for which Ferguson was sanctioned occurred between March 2012 and September 2013 (the "**Material Time**").
- [9] During the Material Time, Ferguson was a resident of British Columbia and the sole director of Black Gold Resources Ltd. ("**Black Gold**").
- [10] In the Settlement Agreement Ferguson agreed to the following facts:
- [11] Ferguson created the Black Gold Limited Partnerships to pool investor funds to invest in the oil and gas industry. Black Gold acted as the managing partner of the Black Gold Limited Partnerships.
- [12] Ferguson relied on the private issuer exemption to distribute the securities of the Black Gold Limited Partnerships, raising \$625,000 from 11 investors (the "**Black Gold LP Investors**"). Ferguson used the funds raised for the Black Gold Limited Partnerships to invest in a Saskatchewan-based oil exploration and production company (the "**Oil Company**").
- [13] Ferguson reviewed and assessed the merits of the securities offered by the Oil Company on behalf of the Black Gold LP Investors.
- [14] Ferguson deducted a management fee of 20% from the distributions made by the Oil Company prior to distributing the funds back to the Black Gold LP Investors, in proportion to their share of the investments.
- [15] Ferguson also purchased a Guaranteed Investment Certificate (the "**GIC**") with the funds of two Black Gold LP Investors, which he held for a period of approximately four months. Ferguson used his discretion over investor funds to purchase the GIC, without the knowledge or consent of the two investors.
- [16] Black Gold and Ferguson engaged in a course of conduct that was similar to that of an adviser, including, assessing the merits of investments, taking fees, and engaging in discretionary investing. The Respondents' failure to register



prior to undertaking these activities was a breach of section 34 of the British Columbia **Securities Act**, R.S.B.C. 1996, c. 418 (the "**BC Act**").

[17] Ferguson also agreed to the following undertaking (the "**Undertaking**"):

- (a) reimburse the Black Gold LP Investors by returning the Management Fees;
- (b) not collect any more Fees;
- (c) return the GIC Interest Income to the two affected Black Gold LP Investors;
- (d) within 90 days of the Order defined in paragraph 2 of the Settlement Agreement, provide the Executive Director:
  - (i) an accounting of the portion of the Management Fees returned to each of the Black Gold LP Investors and the portion of the GIC Interest Income returned to the two affected Black Gold investors; and
  - (ii) proof that the Management Fees and GIC Interest Income have been returned to the Black Gold Investors and the two affected Black Gold LP investors, respectively; and
- (e) pay \$5,000 to the BCSC, in respect of the settlement.

(Settlement Agreement, at page 4 of Staff's Hearing Brief, Tab 1.)

### **The BCSC Order**

[18] The BCSC Order imposes the following sanctions, conditions, restrictions or requirements upon Ferguson:

- (a) pursuant to section 161(1)(a) of the BC Act, that Ferguson comply with the BC Act, the Securities Rules, BC Reg. 194/97, and any applicable regulations;
- (b) pursuant to section 161(1)(b) of the BC Act, that Ferguson cease trading in any securities, for a period of three years from the date of the [BCSC Order], except that Ferguson may trade in securities through one account in his own name with a person registered to trade in securities under the [BC Act], if he has first provided the registered representative with a copy of the [BCSC Order] before any trade takes place; and;
- (c) pursuant to section 161(1)(d)(iii) of the Act, that Ferguson is prohibited from becoming or acting as an adviser, until the later of:
  - (iii) three years from the date of the [BCSC Order];
  - (iv) the date Ferguson becomes registered under the [BC Act];
  - (v) the date Ferguson complies with his undertakings to:
    - 1. reimburse the Black Gold LP Investors by returning the Management Fees, as set out in paragraph 1, item 20(a) [of the Settlement Agreement];
    - 2. return the GIC Interest Income to the two affected Black Gold LP Investors, as set out in paragraph 1, item 20(c) [of the Settlement Agreement]; and
    - 3. pay to [the BCSC] the sum of \$5,000, as set out in paragraph 1, item 20(e) [of the Settlement Agreement].

### **III. SUBMISSIONS OF THE PARTIES**

#### **Staff's Submissions**

[19] Staff submits that it is in the public interest for the Commission to exercise its inter-jurisdictional enforcement authority under subsection 127(10) of the *Act* to protect investors in Ontario and Ontario's capital markets from potential

misconduct by Ferguson and that sanctions substantially similar to those imposed by the BCSC Order be imposed on the Respondent.

[20] Staff submits that the sanctions imposed in the BCSC Order are proportionate to the misconduct of the Respondent, and serve as both specific and general deterrence. Staff further submits that a protective order imposing conditions on the Respondent substantially similar to those imposed by the BCSC Order are required to protect investors in Ontario and Ontario's capital markets from similar misconduct by the Respondent.

[21] Staff submits that it does not have any evidence to suggest that investors in Ontario were harmed by the Respondent's conduct. However, Staff argues that the Commission needs to be aware of and responsive to an increasingly complex and interconnected inter-provincial securities industry. Accordingly, Staff respectfully submits that it is in the public interest to protect investors in Ontario from the Respondent by preventing or limiting his participation in Ontario's capital markets.

[22] Staff submit that the following sanctions be imposed on the Respondent:

- (a) pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities by Ferguson cease until June 4, 2017, except that Ferguson may trade in securities through one account in his own name with a person registered to trade in securities under the *Act*, if he has first provided the registered representative with a copy of the BCSC Order, and a copy of the Order of the Commission in this proceeding, if granted, before any trade takes place; and
- (b) pursuant to paragraph 1 of subsection 127(1) of the *Act*, any registration granted to Ferguson under Ontario securities law be prohibited until the later of:
  - (i) three years from the date of the BCSC Order;
  - (ii) the date Ferguson becomes registered under the BC Act;
  - (iii) the date Ferguson complies with his undertakings, as set out in the Settlement Agreement, to:
    1. reimburse the Black Gold LP Investors by returning the Management Fees, as set out in paragraph 1, item 20(a) of the Settlement Agreement;
    2. return the GIC Interest Income to the two affected Black Gold LP Investors, as set out in paragraph 1, item 20(c) of the Settlement Agreement; and
    3. pay to the BCSC the sum of \$5,000, as set out in paragraph 1, item 20(e) of the Settlement Agreement.

### **Respondents' Submissions**

[23] The Respondents did not appear and did not make any submissions in this proceeding.

## **IV. ANALYSIS**

### **A. Inter-jurisdictional Enforcement**

[24] The relevant pre-conditions to be met for an inter-jurisdictional order are articulated in paragraphs 4 and 5 of subsection 127(10) of the *Act*. An order may be made if:

4. The person or company is subject to an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on the person or company.
5. The person or company has agreed with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements.

[25] The Commission held in *Elliott (Re)* (2009), 23 O.S.C.B. 6931 ("***Elliott***") that subsection 127(10) "allows the Commission to consider any convictions or orders made against an individual in other jurisdictions, when deciding whether or not to make an order under subsection 127(1) or (5) in the public interest." (*Elliott* at para. 24)

[26] Pursuant to the BCSC Order, the Respondent is subject to sanctions, conditions, restrictions or requirements within the meaning of paragraph 4 of subsection 127(10) of the *Act*. Accordingly, based on the BCSC Order, the Commission may make one or more orders under subsection 127(1) of the *Act*, if in its opinion it is in the public interest to do so.

[27] Pursuant to the Settlement Agreement, the Respondent has agreed to be made subject to sanctions, conditions, restrictions or requirements within the meaning of paragraph 5 of subsection 127(10) of the *Act*. Accordingly, based on the Settlement Agreement, the Commission may make one or more orders under subsection 127(1) of the *Act*, if in its opinion it is in the public interest to do so.

[28] In *Euston Capital Corp. (Re)* (2009), 32 O.S.C.B. 6313 ("***Euston Capital***"), the Commission concluded that subsection 127(10) of the *Act* can be the basis for an order in the public interest under subsection 127(1) of the *Act*:

... we conclude that we can make an order against the Respondents pursuant to our public interest jurisdiction under section 127 of the Act on the basis of decisions and orders made in other jurisdictions, if we find it necessary in order to protect investors in Ontario and the integrity of Ontario's capital markets.

(*Euston Capital, supra*, at para. 46.)

[29] While a panel may rely on the findings of the other jurisdiction, it must then satisfy itself that an order for sanctions is necessary to protect the public interest in Ontario:

The applicability of subsection 127(10) to the BCSC Order and the Settlement Agreement does not automatically lead to the conclusion that this Panel must make an order similar to that made by the BCSC against Elliott. Rather, we must first consider whether or not sanctions are necessary to protect the public interest, before exercising any powers granted to us under subsections 127(1) and (5), and second, if necessary, consider what the appropriate sanctions should be.

(*Elliott, supra* at para. 27.)

[30] The Commission has relied on the findings made in other jurisdictions, and has not required a nexus to Ontario, when considering the imposition of a reciprocal order. However, while a nexus to Ontario is not a necessary pre-condition to the Commission's jurisdiction to make an order in the public interest, it is a factor that may be considered by the Commission in determining whether to make such an order (*Euston, supra* at para. 42 citing *Biller (Re)* (2005), 28 O.S.C.B. 10131 at para. 32; *Reeves (Re)* (2012), 35 O.S.C.B. 5140 at para. 8).

#### **B. The Commission's Discretion to Determine Sanctions**

[31] I may make an order against the Respondent under section 127 of the *Act* based on the Settlement Agreement and BCSC Order if I find it necessary in order to protect investors in Ontario and the integrity of Ontario's capital markets.

[32] The BCSC Order imposed significant sanctions on the Respondent. As previously indicated, Staff submits that the Commission should exercise its discretion to impose sanctions substantially similar to those imposed in the BCSC Order to the extent possible under the *Act*.

[33] The Commission must also ensure that the sanctions imposed in a case are proportionate to the circumstances and the conduct of the respondent (*Coventree Inc., Geoffrey Cornish and Dean Tai (Re)* (2012), 35 O.S.C.B. 119 at para. 46).

#### **Mitigating Factors**

[34] The Settlement Agreement included three mitigating circumstances that were taken into consideration by the Executive Director of the BCSC.

[35] Ferguson structured Black Gold pursuant to legal advice. However, his lawyer did not advise him that the limited partnership structure, which allowed him to charge a fee to the Black Gold LP Investors, would result in a breach of section 34 of the BC Act if he did so.

[36] Ferguson immediately stopped charging the Black Gold LP Investors any management fee when BCSC Staff contacted him in October 2013.

[37] Ferguson fully co-operated with BCSE Staff in their investigation.

**C. Should Sanctions be Imposed in Ontario?**

[38] When exercising the public interest jurisdiction under section 127 of the *Act*, I must consider the purposes of the *Act*. Those purposes, set out in section 1.1 of the *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.

[39] In pursuing these purposes, I must have regard for the fundamental principles described in section 2.1 of the *Act*. That section provides that one of the primary means for achieving the purposes of the *Act* is to restrict fraudulent and unfair market practices and procedures. Another fundamental principle is that:

[t]he integration of capital markets [be] supported and promoted by the sound and responsible harmonization and co-ordination of securities regulation regimes.

(*Act, supra* at subsection 2.1(5).)

[40] The principles that guide the Commission in exercising its public interest jurisdiction are reflected in *Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)* 2001 S.C.C. 37 ("**Asbestos**") where the Supreme Court of Canada considered the nature of section 127:

[I]t is important to recognize that s. 127 is a regulatory provision. In this regard, I agree with Laskin J.A. that "[t]he purpose of the Commission's public interest jurisdiction is neither remedial nor punitive; it is protective and preventive...."

...[t]he purpose of an order under s. 127 is to restrain future conduct that is likely to be prejudicial to the public interest in fair and efficient capital markets. The role of the OSC under s. 127 is to protect the public interest by removing from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets."

(*Asbestos*, at paras. 42-43, citing *Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600.)

[41] In light of the BCSC Order and the Settlement Agreement, I find that it is necessary to order sanctions against the Respondent in the public interest, to protect investors in Ontario and the integrity of Ontario's capital markets. I consider specific aspects of the BCSC Order and Settlement Agreement below. Moreover, I have the authority to make a public interest order under subsections 127(1) and 127(10) of the *Act*, based on the Settlement Agreement and the BCSC Order.

**D. The Appropriate Sanctions**

[42] In determining the nature and duration of the appropriate sanctions in this case, I must consider all of the relevant facts and circumstances before me. Previous decisions of the Commission have considered a list of factors to be considered in sanctions decisions. The factors I consider most relevant to this case are:

- (a) the seriousness of the misconduct and the breaches of the BC Act.;
- (b) the level of the respondent's activity in the marketplace;
- (c) whether or not there has been a recognition of the seriousness of the improprieties;
- (d) any mitigating factors.

(*Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746; *M.C.J.C. Holdings (Re)* (2002), 25 O.S.C.B. 1133 at p. 1134.)

*Seriousness of the Misconduct*

[43] The Respondent admitted to breaching British Columbia securities law by engaging in unregistered advising. In Ontario, as in British Columbia, individuals are required to register in order to ensure that they meet the level of integrity and proficiency required to maintain the trust of the investing public in the capital markets. Advising in the absence of satisfying registration requirements is serious misconduct.

*Level of Respondent's Activity in the Marketplace*

[44] The Respondent created a sophisticated investment scheme that allowed him to collect fees for advising on securities transactions and to engage in discretionary trading on behalf of his clients. Though only a limited number of investors were involved, the activity persisted for more than a year.

*Whether or not there has been a Recognition of the Seriousness of the Improprieties*

[45] By entering into the Settlement Agreement, the Respondent has, in my view, recognized the seriousness of the allegations.

*Mitigating Factors*

[46] The BCSC Panel identified a number of factors that mitigated the severity of sanctions against the Respondent. The BCSC Panel found that (i) the Respondent received advice from his legal counsel about the Black Gold partnership structure, but also that the lawyer did not advise the Respondent that the limited partnership structure would be contrary to the BC Act; (ii) the Respondent and Black Gold stopped charging a 20% management fee to investors in October 2013, after Staff of the BC Commission contacted him; and (iii) the Respondent fully co-operated with Staff of the BC Commission throughout their investigation. I find that these factors mitigate the severity of any sanctions to be imposed in Ontario.

[47] Based on the foregoing, I have concluded that it is in the public interest to make an order under subsection 127(1) of the Act. In imposing sanctions, I rely on the BCSC Order.

**V. CONCLUSION**

[48] Accordingly, I find it is in the public interest to issue the following orders upon the Respondent:

- (a) pursuant to paragraph 2 of subsection 127(1) of the *Act*, trading in any securities by Ferguson in Ontario shall cease until June 4, 2017, except that Ferguson may trade in securities through one account in his own name with a person registered to trade in securities under the *Act*, if he has first provided the registered representative with a copy of the BCSC Order, and a copy of the Order of the Commission in this proceeding before any trade takes place; and
- (b) pursuant to paragraph 1 of subsection 127(1) of the *Act*, Ferguson shall be prohibited under Ontario securities law from being registered in any category from which he is prohibited by the BCSC Order until the later of:
  - (i) three years from the date of the BCSC Order;
  - (ii) the date Ferguson becomes registered under the BC Act;
  - (iii) the date Ferguson complies with his undertakings, as set out in the Settlement Agreement.

Dated at Toronto this 7th day of October, 2015.

"Mary G. Condon"

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## Chapter 4

# Cease Trading Orders

### 4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
AMG Bioenergy Resources Holdings Ltd.	7 October 2015	19 October 2015		
Enfield Exploration Corp.	8 October 2015	21 October 2015		
Groundstar Resources Limited	11 September 2015	23 September 2015	23 September 2015	8 October 2015
Mirabela Nickel Limited	25 October 2015	7 October 2015	7 October 2015	
Moag Copper Gold Resources Inc.	13 October 2015	26 October 2015		
San Gold Corporation (now known as 5813906 Manitoba Ltd.)	7 October 2015	19 October 2015		
Sparrow Ventures Corp.	13 October 2015	26 October 2015		

### 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
Boyuan Construction Group, Inc.	2015-10-02	2015-10-14			

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## Chapter 7

# Insider Reporting

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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](http://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](http://www.sedi.ca)).



## Chapter 8

# Notice of Exempt Financings

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### 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

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**Issuer Name:**

Canadian Dividend Class (Laketon)  
Global Dividend Fund (Setanta)  
Global Infrastructure Equity Fund (London Capital)  
Global Monthly Income Fund (London Capital)  
International Bond Fund (CLI)  
U.S. Dividend Fund (GWLIM)  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated October 8, 2015  
NP 11-202 Receipt dated October 9, 2015

**Offering Price and Description:**

Quadrus, D5, H,H5, L, L5, N, N5 Series and Series R securities

**Underwriter(s) or Distributor(s):**

Quadrus Investment Services Ltd.  
Quadrus Investment Services Ltd.

**Promoter(s):**

MACKENZIE FINANCIAL CORPORATION

**Project #2404409**

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**Issuer Name:**

First Asset Core Canadian Equity Income ETF  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated October 7, 2015  
NP 11-202 Receipt dated October 7, 2015

**Offering Price and Description:**

ETF Shares and ETF Advisor Shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

First Asset Investment Management Inc.

**Project #2404110**

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**Issuer Name:**

Hydro One Limited  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Preliminary Long Form PREP  
Prospectus dated October 9, 2015  
NP 11-202 Receipt dated October 9, 2015

**Offering Price and Description:**

\$ \* - 81,100,000 Common Shares

Price: \$ \* per Common Share

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.  
Scotia Capital Inc.  
BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
TD Securities Inc.  
National Bank Financial Inc.  
Barclays Capital Canada Inc.  
Credit Suisse Securities (Canada), Inc.  
Goldman Sachs Canada Inc.  
Canaccord Genuity Corp.  
Desjardins Securities Inc.  
GMP Securities L.P.  
Raymond James Ltd.  
Dundee Securities Ltd.  
Industrial Alliance Securities Inc.  
Manulife Securities Incorporated

**Promoter(s):**  
Hydro One Inc.  
**Project #2398875**

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**Issuer Name:**

LED Medical Diagnostics Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated October 7, 2015  
NP 11-202 Receipt dated October 7, 2015

**Offering Price and Description:**

Cdn. \$\* - \* Units  
Price: Cdn \$\* per Unit

**Underwriter(s) or Distributor(s):**

Bloom Burton & Co. Limited

**Promoter(s):**

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**Project #2404159**

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**Issuer Name:**

PointClickCare Corp.  
Principal Regulator - Ontario

**Type and Date:**

Amendment and Restated Preliminary Long Form PREP  
Prospectus dated October 5, 2015  
NP 11-202 Receipt dated October 6, 2015

**Offering Price and Description:**

US\$\* - \* Common Shares  
Price: US\$\* per Common Share

**Underwriter(s) or Distributor(s):**

JP Morgan Securities Canada Inc.  
Goldman Sachs Canada Inc.  
RBC Dominion Securities Inc.  
Canaccord Genuity Corp.

**Promoter(s):**

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**Project #2396095**

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**Issuer Name:**

Sprott Focused Global Balanced Class  
Sprott Focused Global Dividend Class  
Sprott Focused U.S. Balanced Class  
Sprott Focused U.S. Dividend Class  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated October 8, 2015  
NP 11-202 Receipt dated October 8, 2015

**Offering Price and Description:**

Offering Series A, A1, F, I, P, PF, Q and QF Shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

SPROTT ASSET MANAGEMENT LP

**Project #2404393**

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**Issuer Name:**

BMO S&P/TSX Laddered Preferred Share Index ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated September 15, 2015 to the Long  
Form Prospectus dated January 27, 2015  
NP 11-202 Receipt dated October 7, 2015

**Offering Price and Description:**

Exchange traded securities at net asset value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

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**Project #2295908**

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**Issuer Name:**

Brookfield Property Partners L.P.  
Principal Regulator - Ontario

**Type and Date:**

Final Shelf Prospectus dated October 7, 2015  
NP 11-202 Receipt dated October 8, 2015

**Offering Price and Description:**

US\$1,500,000,000.00:  
Limited Partnership Units  
Preferred Limited Partnership Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #2365624**

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Canadian Dividend Class (GWLIM)  
Canadian Dividend Fund (GWLIM)  
Mackenzie Canadian Large Cap Balanced Fund  
Mackenzie Canadian Large Cap Growth Fund  
Mackenzie Strategic Income Class  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated September 29, 2015 to the Simplified  
Prospectus dated June 26, 2015  
NP 11-202 Receipt dated October 7, 2015

**Offering Price and Description:**

Quadrus series, H series, L series, N series, D5 series, D8  
series, H5 series, H8 series, L5 series, L8 series, N5 series  
and N8 series securities

**Underwriter(s) or Distributor(s):**

Quadrus Investment Services Ltd.  
Quadrus Investment Services Ltd.  
Quadrus Investment Services Inc.

**Promoter(s):**

Mackenzie Financial Corporation  
**Project #2353705**

**Issuer Name:**

Excel Billionaire Leaders Fund  
Excel Blue Chip Balanced Fund  
Excel Blue Chip Equity Fund  
Excel BRIC Fund  
Excel China Fund  
Excel Chindia Fund  
Excel Emerging Markets Fund  
Excel High Income Fund (formerly Excel EM High Income  
Fund)  
Excel India Fund  
Excel Latin America Fund  
Excel Money Market Fund  
Principal Regulator - Ontario

**Type and Date:**

Simplified Prospectus dated October 8, 2015  
NP 11-202 Receipt dated October 8, 2015

**Offering Price and Description:**

Series A, Series F and PM Series units @ Net Asset Value

**Underwriter(s) or Distributor(s):**

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Excel Funds Management Inc.

**Promoter(s):**

Excel Funds Management Inc.

**Project #2392599**

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**Issuer Name:**

Fidelity Balanced Class Portfolio  
Fidelity Global Income Class Portfolio  
Fidelity Income Class Portfolio  
Fidelity Global Balanced Class Portfolio  
Fidelity Growth Class Portfolio  
Fidelity Global Growth Class Portfolio  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated September 28, 2015 to Simplified  
Prospectus dated March 27, 2015  
NP 11-202 Receipt dated October 6, 2015

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Fidelity Investments Canada ULC

**Project #2308295**

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**Issuer Name:**

Mackenzie Canadian All Cap Dividend Class  
Mackenzie Canadian Money Market Class  
Mackenzie Strategic Income Class  
Mackenzie Balanced Portfolio Class  
Symmetry Balanced Portfolio Class  
Symmetry Conservative Income Portfolio Class  
Symmetry Conservative Portfolio  
Symmetry Conservative Portfolio Class  
Symmetry Growth Portfolio Class  
Symmetry Moderate Growth Portfolio Class  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated September 29, 2015 to the Simplified Prospectus dated November 27, 2014  
NP 11-202 Receipt dated October 7, 2015

**Offering Price and Description:**

Series LB, Series LM and Series LX

**Underwriter(s) or Distributor(s):**

LBC Financial Services Inc.  
LBC Financial Services Inc  
LBC Financial Services Inc.

**Promoter(s):**

MACKENZIE FINANCIAL CORPORATION

**Project #2269628**

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**Issuer Name:**

Newmont Mining Corporation  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus - MJDS dated October 7, 2015  
NP 11-202 Receipt dated October 7, 2015

**Offering Price and Description:**

Debt Securities;  
Common Stock;  
Preferred Stock;  
Warrants; and  
Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #2401769**

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**Issuer Name:**

Vanguard FTSE Global All Cap ex Canada Index ETF (formerly, Vanguard FTSE All-World ex Canada Index ETF)  
Vanguard FTSE Developed Asia Pacific All Cap Index ETF (formerly, Vanguard FTSE Developed Asia Pacific Index ETF)

Vanguard FTSE Developed Europe All Cap Index ETF (formerly, Vanguard FTSE Developed Europe Index ETF)  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated October 1, 2015 to the Long Form Prospectus dated June 25, 2015  
NP 11-202 Receipt dated October 6, 2015

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

VANGUARD INVESTMENTS CANADA INC.

**Project #2347862**

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## Chapter 12

# Registrations

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### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	Ontario Financial Services Inc.	Mutual Fund Dealer	October 8, 2015
Registration Revoked by Operation of Law	J.P. Morgan Clearing Corp.	Restricted Dealer	October 11, 2015
Voluntary Surrender	DS Alternative Strategies Inc.	Exempt Market Dealer	October 5, 2015

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## Chapter 25

# Other Information

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### 25.1 Applications for Consent

#### 25.1.1 Regal Lifestyle Communities Inc. – s. 181 of the OBCA

##### Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Business Corporations Act (British Columbia).

##### Statutes Cited

Business Corporations Act, R.S.O. 1990, c.B.16, as am., s. 181.  
Securities Act, R.S.O. 1990, c.S.5, as am.

##### Regulations Cited

Ont. Reg. 289/00, as am., s. 4(b), made under the Business Corporations Act, R.S.O. 1990, c.B.16, as am.

**IN THE MATTER OF  
R.R.O. 1990, REGULATION 289/00, AS AMENDED  
(the “Regulation”)  
MADE UNDER  
THE BUSINESS CORPORATIONS ACT (ONTARIO),  
R.S.O. 1990, c. B.16, AS AMENDED  
(the “OBCA”)**

AND

**IN THE MATTER OF  
REGAL LIFESTYLE COMMUNITIES INC.**

**CONSENT  
(Subsection 4(b) of the Regulation)**

**UPON** the application (the “**Application**”) of Regal Lifestyle Communities Inc. (the “**Applicant**”) to the Ontario Securities Commission (the “**Commission**”) requesting a consent from the Commission, pursuant to subsection 4(b) of the Regulation, for the Applicant to continue in another jurisdiction (the “**Continuance**”) pursuant to section 181 of the OBCA;

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

**AND UPON** the Applicant having represented to the Commission that:

1. The Applicant is a corporation incorporated under the OBCA by articles of incorporation effective April 11, 2012.
2. The Applicant’s registered and head office is located at 155 University Avenue, Suite 207, Toronto, Ontario M5H 3B7.
3. The Applicant’s authorized share capital consists of an unlimited number of common shares (the “**Common Shares**”). As at October 2, 2015, 31,196,039 Common Shares are issued and outstanding. All of the issued and outstanding Common Shares are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “**RLC**”.
4. As at October 2, 2015, the Applicant had \$25 million aggregate principal amount outstanding of 6.0% convertible unsecured subordinated debentures due December 31, 2018 (the “**Convertible Debentures**”). The Convertible Debentures bear interest at the rate of 6.0% per annum, payable semi-annually in arrears on June 30 and December 31 in each year, commencing on December 31, 2013. The maturity date for the Convertible Debentures is December 31, 2018. The Convertible Debentures are listed and posted for trading on the TSX under the symbol “**RLC.DB**”. None of the Applicant’s securities are listed or posted for trading on any other stock exchange.

## Other Information

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5. The general nature of the Applicant's business is that of an owner of retirement communities offering a continuum of care from independent services living to a full range of assisted living programs.
6. On June 18, 2015, the Applicant announced that it had entered into an arrangement agreement (the "**Arrangement Agreement**") with HCN-Revera Joint Venture ULC (the "Purchaser"), an unlimited liability company incorporated under the laws of the Province of British Columbia and indirectly jointly-owned by Welltower Inc. (formerly known as Health Care REIT, Inc.) and Revera Inc. Pursuant to the Arrangement Agreement, the Purchaser agreed to acquire, by way of a statutory plan of arrangement under the OBCA (the "**Arrangement**"), all of the Common Shares at a price of \$12.00 in cash per Common Share.
7. Following completion of the Arrangement, the Applicant will be a wholly-owned subsidiary of the Purchaser. At such time, the Purchaser, as the sole shareholder of the Applicant, will approve the Continuance in accordance with Section 181 of the OBCA. The Purchaser intends to have the Applicant continued under the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57 (the "**BCBCA**") as soon as possible following the Arrangement, for the purpose of amalgamating with the Purchaser.
8. At the request of the Purchaser, the Applicant has agreed to the Continuance and has agreed to use its commercially reasonable efforts to facilitate the Continuance. If the Arrangement is not completed, the Applicant will not proceed with the Continuance.
9. The Applicant's management information circular dated July 14, 2015 (the "**Circular**") discloses the Arrangement and includes a copy of the Arrangement Agreement, which contains a covenant regarding the Purchaser's intention to have the Applicant continued under the BCBCA after the Arrangement and the Applicant's obligation to use its commercially reasonable efforts to facilitate the Continuance.
10. Pursuant to section 181 of the OBCA, the Applicant proposes to submit to the Director appointed under the OBCA an application (the "**Application for Continuance**") for authorization to continue as a corporation under the BCBCA.
11. Pursuant to subsection 4(b) of the Regulation, where a corporation applying to continue to another jurisdiction is an offering corporation (as such term is defined in the OBCA), the Application for Continuance must be accompanied by a consent from the Commission.
12. The Applicant is an "offering corporation" under the OBCA and is a reporting issuer under the *Securities Act* (Ontario), R.S.O. 1990, c. S.5, as amended (the "**Act**"), and is also a reporting issuer under the securities legislation of all of the other jurisdictions in Canada. The Commission is currently the Applicant's principal regulator.
13. The Applicant is not in default under any provision of the OBCA, the securities legislation of any jurisdiction in Canada, the regulations or rules made under the securities legislation of any jurisdiction in Canada, or any rules, regulations or policies of the TSX.
14. The Applicant is not a party to any proceeding under the Act or, to the best of its knowledge, information and belief, any pending proceeding under the OBCA, the Act or under the securities legislation of any jurisdiction in Canada.
15. In accordance with the interim order received from the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on July 13, 2015, the special resolution authorizing the Arrangement was approved at the special meeting (the "**Meeting**") of holders of Common Shares ("**Shareholders**") held on August 18, 2015 by more than 66<sup>2/3</sup>% of all of the votes cast by Shareholders and also by a majority of the votes validly cast by Shareholders other than those required to be excluded in determining such approval pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. At the Meeting, 58.46% of the Common Shares were represented in person or by proxy and 99.70% of the votes cast were voted in favour of the special resolution. On August 21, 2015, a final order approving the Arrangement was obtained from the Court.
16. Pursuant to Section 185 of the OBCA, all Shareholders of record as of the record date, being July 8, 2015, for the Meeting were entitled to dissent rights with respect to the Arrangement (the "**Dissent Rights**").
17. A description of the Arrangement was included in the Circular mailed on July 20, 2015 to Shareholders of record on July 8, 2015 and filed on SEDAR on July 20, 2015. The Circular advised the Shareholders of their Dissent Rights. None of the Shareholders of the Applicant exercised Dissent Rights pursuant to section 185 of the OBCA.
18. On August 20, 2015, at a special meeting of holders of Convertible Debentures ("**Debentureholders**"), Debentureholders approved an extraordinary resolution by more than 66<sup>2/3</sup>% of all of the votes cast by Debentureholders to authorize certain amendments to the trust indenture between the Applicant and Computershare Trust Company of Canada (the "**Trustee**") dated October 2, 2013 that will require the Applicant to redeem the

## Other Information

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Convertible Debentures for cash, at a redemption price of 129.5% of the aggregate principal amount thereof, plus accrued and unpaid interest, up to, but excluding the date of redemption, at any time on, or within 30 days following, the effective date ("**Effective Date**") of the Arrangement and conditional upon closing of the Arrangement. At the special meeting, 62.42% of the Convertible Debentures were represented in person or by proxy and 100% of the votes cast were voted in favour of the extraordinary resolution.

19. On or before the redemption date for the Convertible Debentures, the Purchaser will deposit or cause to be deposited with the Trustee, an amount equal to the aggregate redemption amount of the Convertible Debentures and from such amount the Trustee will pay or cause to be paid to the registered holders of the Convertible Debentures the portion of the aggregate redemption amount to which they are respectively entitled. Registered holders of Convertible Debentures are not required to take any further action to receive payment from the Trustee.
20. The Applicant anticipates that both the Common Shares and, assuming that the Convertible Debentures are redeemed immediately prior to or at or shortly following the Effective Date, the Convertible Debentures will be de-listed from the TSX on or following the Effective Date.
21. As soon as practicable following completion of the Arrangement and subsequent amalgamation with the Purchaser, it is anticipated that the Applicant will apply to cease being a reporting issuer under the Act.

**AND UPON** the Commission being satisfied that to do so is not prejudicial to the public interest;

**THE COMMISSION HEREBY CONSENTS** to the continuance of the Applicant under the BCBCA.

**DATED** at Toronto on this 6th day of October, 2015.

"Timothy Moseley"  
Commissioner  
Ontario Securities Commission

"Mary Condon"  
Commissioner  
Ontario Securities Commission

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