

DIALOGUE WITH THE OSC 2007

ONTARIO SECURITIES COMMISSION



Tuesday, November 27, 2007

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KEYNOTE SPEAKER

David Wilson, Chair, Ontario Securities Commission

GUEST SPEAKERS

Arthur Levitt, Former Chairman, U.S. Securities and Exchange Commission

Linda Chatman Thomsen, Director of Enforcement, U.S. Securities and Exchange Commission

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The Ontario Securities Commission

OSC Bulletin

November 2, 2007

Volume 30, Issue 44

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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)

The Ontario Securities Commission

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Chapter 1

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1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

NOVEMBER 2, 2007

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

Unless otherwise indicated in the date column, all hearings will take place at the following location:

The Harry S. Bray Hearing Room
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| Patrick J. LeSage | — | PJL |
| Carol S. Perry | — | CSP |
| Robert L. Shirriff, Q.C. | — | RLS |
| Suresh Thakrar, FIBC | — | ST |
| Wendell S. Wigle, Q.C. | — | WSW |

SCHEDULED OSC HEARINGS

November 5, 2007 **Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited**
 10:00 a.m.

s. 127

E. Cole in attendance for Staff

Panel: LER/ST/DLK

November 20, 2007 **Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels**
 8:30 a.m.

s. 127 and 127.1

D. Ferris in attendance for Staff

Panel: JEAT/ST

November 29, 2007 **David Watson, Nathan Rogers, Amy Giles, John Sparrow, Leasesmart, Inc., Advanced Growing Systems, Inc., Pharm Control Ltd., The Bighub.com, Inc., Universal Seismic Associates Inc., Pocketop Corporation, Asia Telecom Ltd., International Energy Ltd., Cambridge Resources Corporation, Nutrione Corporation and Select American Transfer Co.**
 2:30 p.m.

s. 127 and 127.1

P. Foy in attendance for Staff

Panel: JEAT/ST

November 29, 2007 **Stanton De Freitas**

s. 127 and 127.1

P. Foy in attendance for Staff

Panel: JEAT/ST

| | | | |
|--|--|---|---|
| <p>December 3, 2007 8:30 a.m.</p> | <p>Land Banc of Canada Inc., LBC Midland I Corporation, Fresno Securities Inc., Richard Jason Dolan, Marco Lorenti and Stephen Zeff Freedman</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: PJL/ST</p> | <p>December 14, 2007 10:00 a.m.</p> | <p>Saxon Financial Services, Saxon Consultants, Ltd., International Monetary Services, FXBridge Technology, Meisner Corporation, Merchant Capital Markets, S.A., Merchant Capital Markets, MerchantMarx et al</p> <p>s. 127(1) & (5)</p> <p>S. Horgan in attendance for Staff</p> <p>Panel: JEAT</p> |
| <p>December 5, 2007 10:00 a.m.</p> | <p>Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony</p> <p>s. 127 and 127.1</p> <p>H. Craig in attendance for Staff</p> <p>Panel: JEAT</p> | <p>December 18, 2007 10:00 a.m.</p> | <p>Al-Tar Energy Corp., Alberta Energy Corp., Eric O'Brien, Bill Daniels, Bill Jakes, John Andrews, Julian Sylvester, Michael N. Whale, James S. Lushington, Ian W. Small, Tim Burton and Jim Hennesy</p> <p>s. 127(1) & (5)</p> <p>Sean Horgan in attendance for Staff</p> <p>Panel: RLS/ST</p> |
| <p>December 6, 2007 10:00 a.m.</p> | <p>FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun</p> <p>s. 127</p> <p>M. Mackewn in attendance for Staff</p> <p>Panel: RLS/ST</p> | <p>January 7, 2008 10:00 a.m.</p> | <p>*Philip Services Corp. and Robert Waxman</p> <p>s. 127</p> <p>K. Manarin/M. Adams in attendance for Staff</p> <p>Panel: JEAT/MCH</p> <p>Colin Soule settled November 25, 2005</p> <p>Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey and John Woodcroft settled March 3, 2006</p> <p>* Notice of Withdrawal issued April 26, 2007</p> |
| <p>December 10-14, 2007 10:00 a.m.</p> | <p>Rex Diamond Mining Corporation, Serge Muller and Benoit Holemans</p> <p>s. 127 & 127(1)</p> <p>H. Craig in attendance for Staff</p> <p>Panel: WSW/KJK</p> | <p>January 16, 2008 10:00 a.m.</p> | <p>Jose Castaneda</p> <p>s. 127 and 127.1</p> <p>H. Craig in attendance for Staff</p> <p>Panel: WSW/ST</p> |
| <p>December 11, 2007 2:30 p.m.</p> | <p>Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulbee and Peter Y. Atkinson</p> <p>s.127</p> <p>J. Superina in attendance for Staff</p> <p>Panel: TBA</p> | | |

| | | | |
|-------------------------------|--|---------------------------|---|
| January 22, 2008 2:30 p.m. | Global Partners Capital, WS Net Solution, Inc., Hau Wai Cheung, Christine Pan, Gurdip Singh Gahunia | May 5, 2008 10:00 a.m. | John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir |
| | s. 127 S. Horgan in attendance for Staff Panel: JEAT | | S. 127 & 127.1 I. Smith in attendance for Staff Panel: TBA |
| January 22, 2008 3:00 p.m. | Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries | May 5, 2008 10:00 a.m. | Norshield Asset Management (Canada) Ltd., Olympus United Group Inc., John Xanthoudakis, Dale Smith and Peter Kefalas |
| | s. 127 & 127.1 J. S. Angus in attendance for Staff Panel: JEAT/ST | | s.127 P. Foy in attendance for Staff Panel: TBA |
| March 31, 2008 10:00 a.m. | Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton | TBA | Yama Abdullah Yaqeen |
| | s. 127 H. Craig in attendance for Staff Panel: TBA | | s. 8(2) J. Superina in attendance for Staff Panel: TBA |
| April 2, 2008 10:00 a.m. | Peter Sabourin, W. Jeffrey Haver, Greg Irwin, Patrick Keaveney, Shane Smith, Andrew Lloyd, Sandra Delahaye, Sabourin and Sun Inc., Sabourin and Sun (BVI) Inc., Sabourin and Sun Group of Companies Inc., Camdeton Trading Ltd. and Camdeton Trading S.A. | TBA | Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell |
| | s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: TBA | | s. 127 J. Waechter in attendance for Staff Panel: TBA |
| April 7, 2008 2:30 p.m. | Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues) | TBA | Frank Dunn, Douglas Beatty, Michael Gollogly |
| | s.127 and 127.1 D. Ferris in attendance for Staff Panel: TBA | | s.127 K. Daniels in attendance for Staff Panel: TBA |
| | | TBA | Shane Suman and Monie Rahman |
| | | | s. 127 & 127(1) K. Daniels in attendance for Staff Panel: TBA |

TBA **Merax Resource Management Ltd.
carrying on business as Crown
Capital Partners, Richard Mellon and
Alex Elin**

s. 127

S. Horgan in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

**Global Privacy Management Trust and Robert
Cranston**

Andrew Keith Lech

S. B. McLaughlin

**Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb,
Gordon Eckstein, Robert Topol**

Andrew Stuart Netherwood Rankin

**Portus Alternative Asset Management Inc., Portus
Asset Management Inc., Boaz Manor, Michael
Mendelson, Michael Labanowich and John Ogg**

**Maitland Capital Ltd., Allen Grossman, Hanouch
Ulfan, Leonard Waddingham, Ron Garner, Gord
Valde, Marianne Hyacinthe, Diana Cassidy, Ron
Catone, Steven Lanys, Roger McKenzie, Tom
Mezinski, William Rouse and Jason Snow**

Euston Capital Corporation and George Schwartz

1.1.2 OSC Staff Notice 51-706 - Corporate Finance Branch Report 2007

**OSC STAFF NOTICE 51-706
CORPORATE FINANCE BRANCH REPORT 2007**

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8. Questions

1. Introduction

A. Purpose of this report

The 2007 Corporate Finance Branch report summarizes the operational activities of the Corporate Finance Branch (Corporate Finance, the Branch or we). This report includes the results of our reviews from April 1, 2006 to March 31, 2007 and discusses key issues that we consider to be of interest to issuers and their advisors. While the discussion about our reviews relates to our 2007 fiscal year, the remainder of the report covers issues arising after March 31, 2007.

We encourage issuers to use this report as a self-assessment tool to strengthen their compliance with Ontario securities law and as guidance in preparing their filings.

B. Highlights

The following are highlights from our operational activities:

- **Industry specialization.** We rolled out our new structure for continuous disclosure (CD) reviews based on industry specialization.
- **Shift in type of CD reviews.** We conducted more targeted and issue-oriented reviews of issuers' filings to assess and facilitate compliance with specific CD requirements and accounting standards. This resulted in more refilings of CD documents than in the 2006 fiscal year.
- **Offering documents.** We saw an increase in the total number of offering documents filed this year. This was primarily driven by an increase in use of the short form prospectus system. As a result, we completed more full and issue-oriented reviews of offering documents than in the 2006 fiscal year.
- **Mergers and acquisitions.** We participated in three significant regulatory hearings on mergers and acquisitions matters in 2006 and 2007: Falconbridge Limited, Sears Canada Inc. and Sterling Centrecorp. Inc.
- **Service standards.** We improved our performance against our service standards.

C. About the Branch

(i) Our mandate

The Branch is responsible for regulating reporting issuers other than investment funds and for leading issuer-related policy initiatives. The Ontario Securities Commission (OSC) establishes the regulatory framework for securities offerings in the public and exempt markets, and we monitor compliance through prospectus and rights offering reviews.

The Branch is also responsible for developing requirements for ongoing dissemination of information by issuers and promotes compliance with these requirements through our comprehensive CD review program. A specialized team monitors compliance with Ontario securities law in take-over bids and other mergers and acquisitions activity.

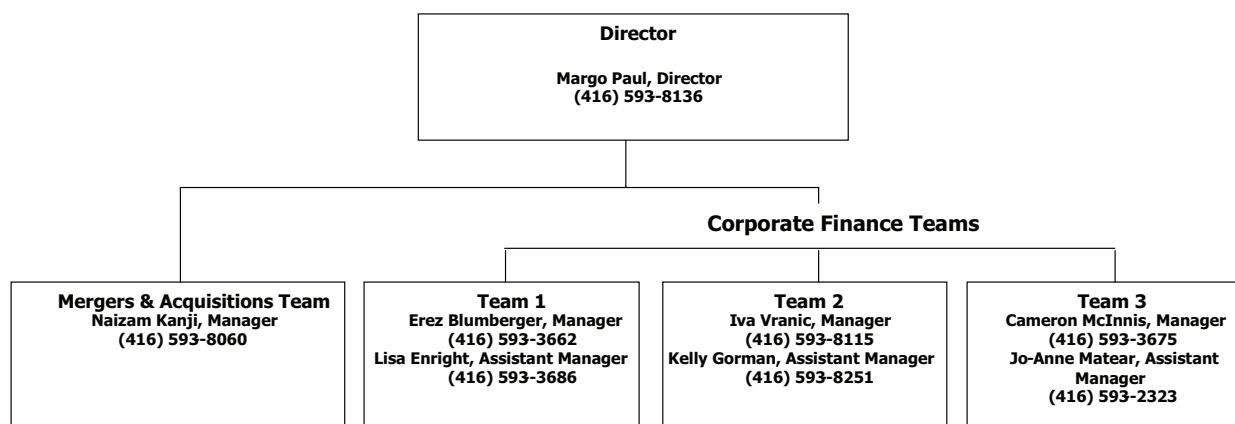
(ii) Structure

The Branch is led by the Director and includes four teams consisting of lawyers, accountants, geologists, administrative and clerical staff.

- **Corporate Finance teams.** There are three Corporate Finance teams. The lawyers, accountants and geologists in each team conduct prospectus and CD reviews, review and process exemptive relief applications, and carry out policy and project work.

The review officers on Team 1 are involved in preliminary prospectus receipting, basic prospectus reviews, applications administration and exempt market reporting. The review officers on Team 2 are responsible for insider reporting review and the SEDI business function. The financial examiners on Team 3 are responsible for tracking CD filings.

- **Mergers & Acquisitions team.** This team is responsible for matters relating to take-over bids, issuer bids, business combinations, related party transactions and significant acquisitions of securities of reporting issuers.



2. Continuous disclosure

Our CD review program continues to evolve. This year, we began focusing our reviews along industry lines. The industry groups are as follows:

- banking and insurance
- mining
- technology
- entertainment/communications
- financial services
- retail and services
- real estate
- manufacturing
- biotechnology and healthcare, and
- other.

Industry specialization allows us to gain a greater understanding of the specific issues and concerns of each industry. It also helps us to conduct CD reviews more efficiently and to address key risk areas, accounting issues and general disclosure issues affecting these industries.

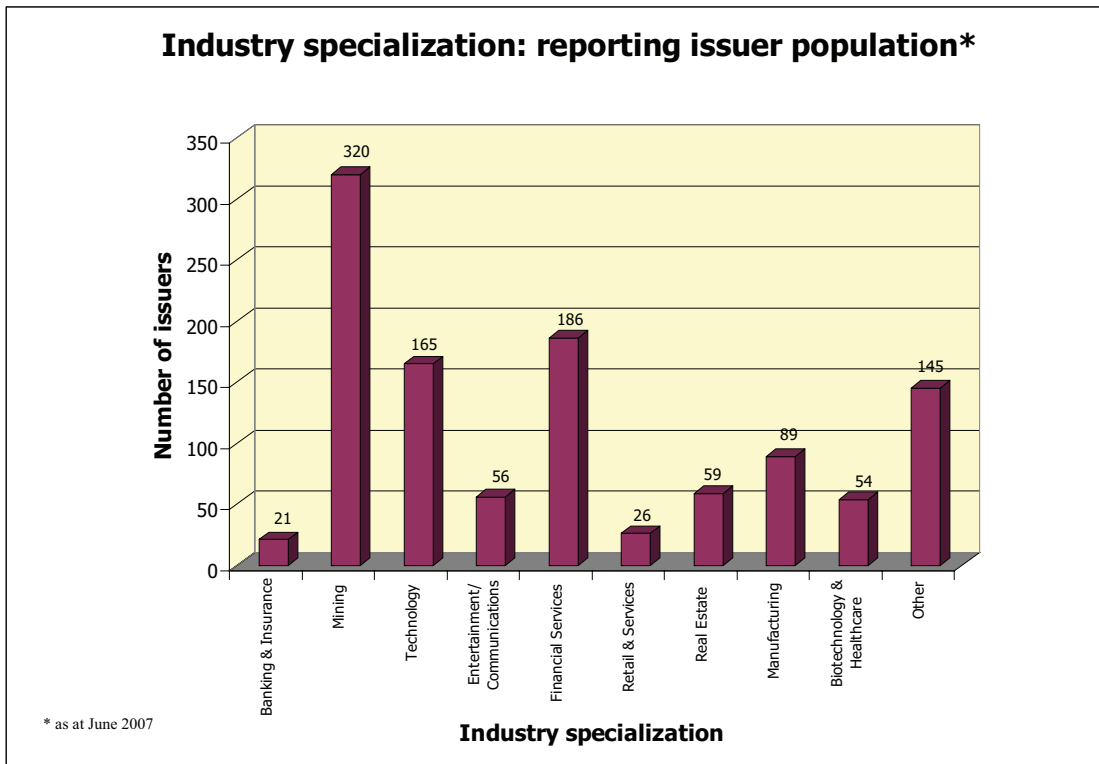
A. Issuer profile

There are approximately 4,100 reporting issuers (other than investment funds) in Ontario. We are the principal regulator and generally have responsibility for all reporting issuers with head offices in Ontario. Over 1,100 reporting issuers have head offices in Ontario, representing 35% of Canada's market capitalization.

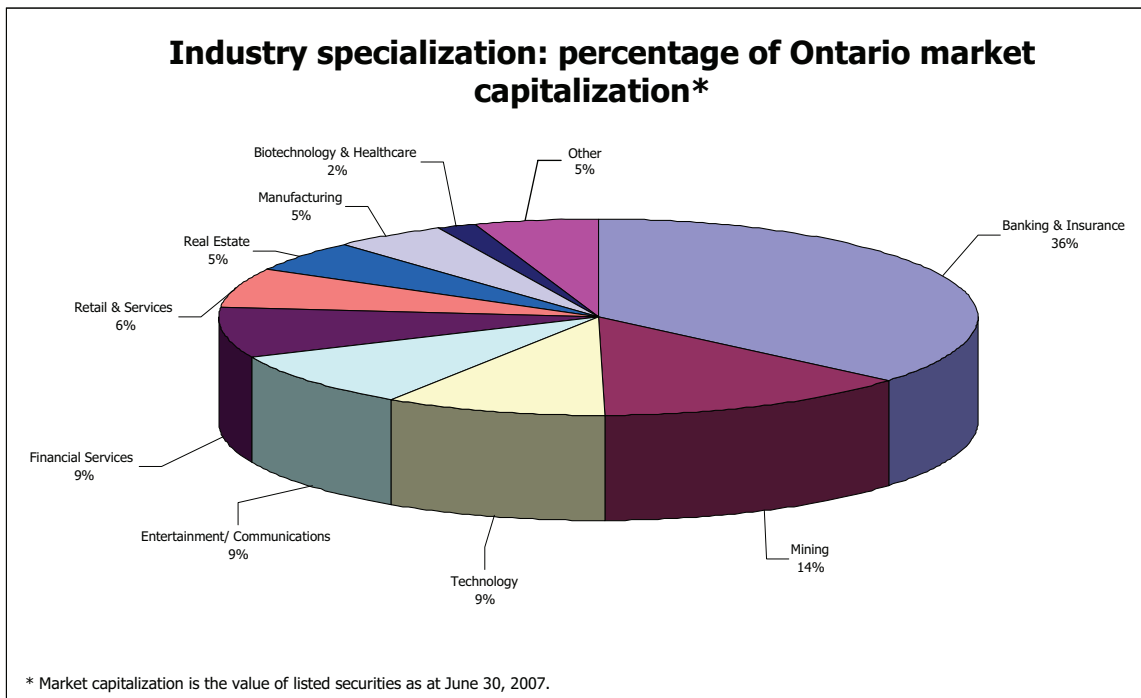
Total Ontario market capitalization \$784 billion

Total Canadian market capitalization \$2.25 trillion

The chart below shows the number of Ontario reporting issuers by industry.



The chart below shows the percentage market capitalization of reporting issuers by industry. The banking and insurance industry represents 36% of the Ontario market capitalization, although there are a relatively small number of reporting issuers in this industry. The mining industry has the largest number of reporting issuers (320) and represents 14% of the Ontario market capitalization.



B. Risk-based approach

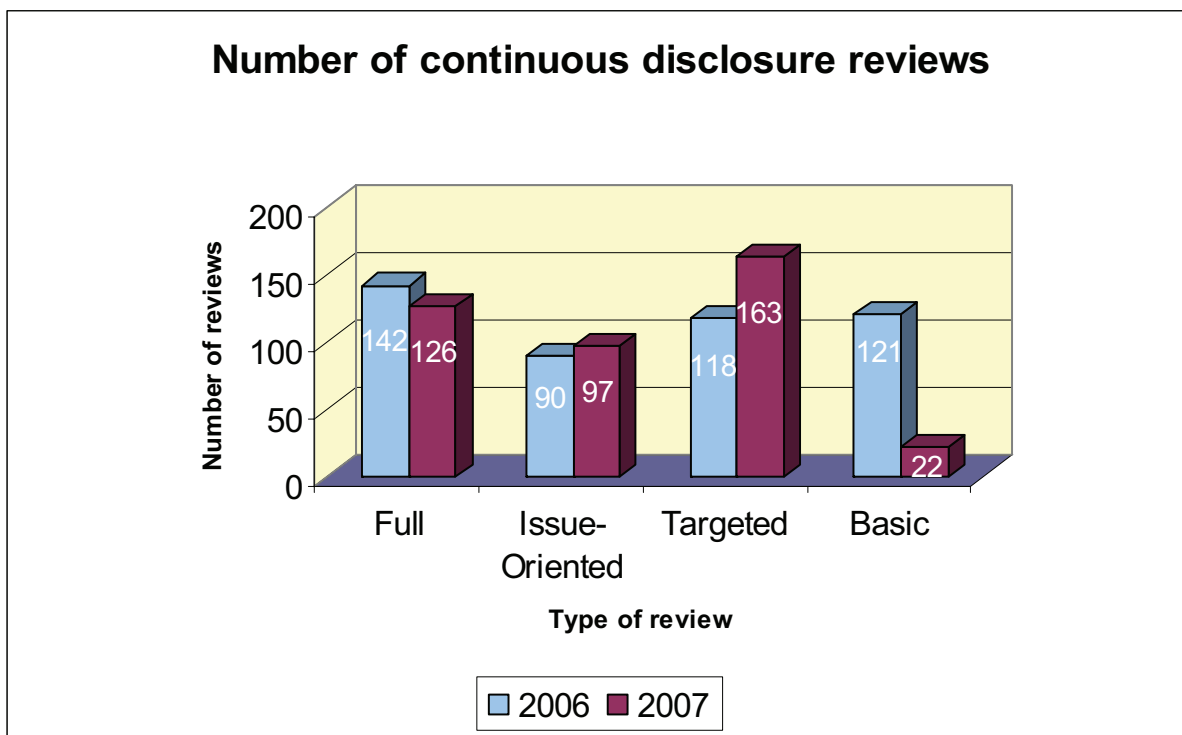
We use a risk-based approach to select issuers for CD or prospectus review and to determine the type of review to conduct. Our risk-based procedures incorporate both qualitative and quantitative criteria. The criteria are designed to identify issuers whose disclosure is most likely to be materially improved or brought into compliance with Ontario securities law or accounting standards as a result of our review.

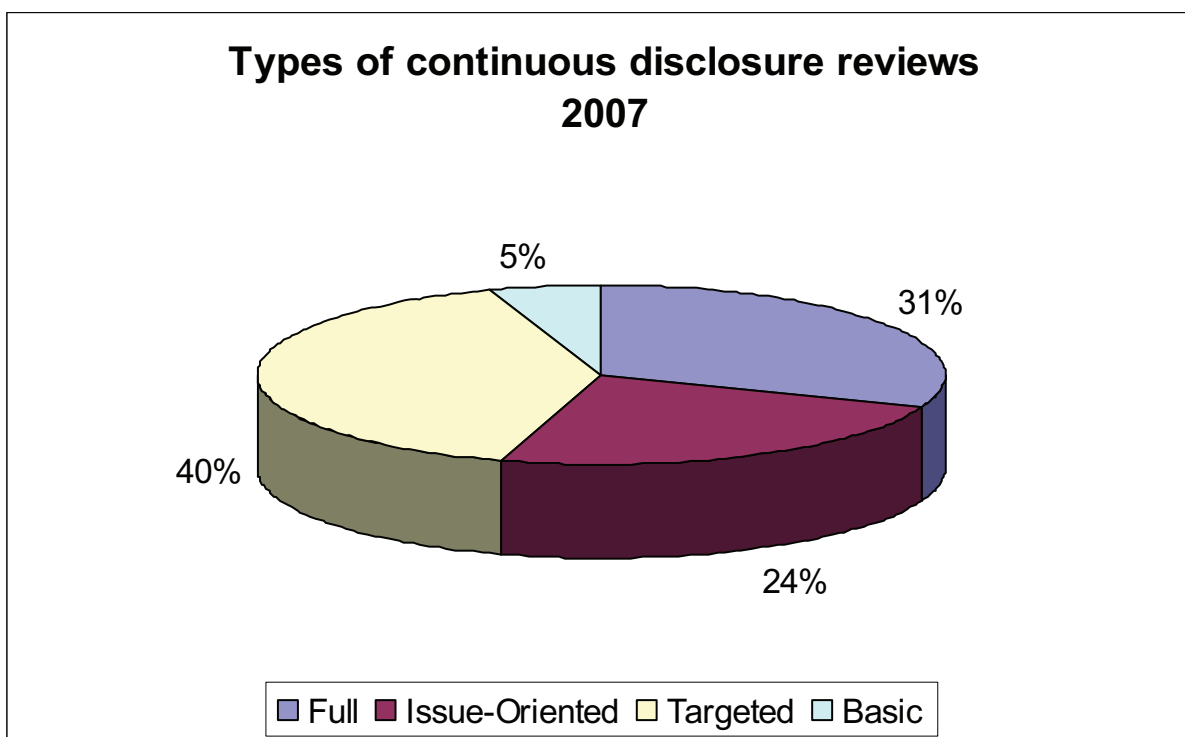
Based on the results of our assessment of the qualitative and quantitative criteria, we may conduct a full, issue-oriented, basic or targeted review. For more information about our selection criteria, see OSC Staff Notice 11-719 *A Risk-based Approach for More Effective Regulation*.

C. Summary of CD reviews

Last year, we completed 408 CD reviews consisting of 163 targeted reviews, 97 issue-oriented reviews, 126 full reviews and 22 basic reviews.

The charts below show the types of reviews for each of the past two fiscal years and the percentage breakdown for the 2007 fiscal year.





Fifty-five per cent of our CD reviews related to issuers listed on the Toronto Stock Exchange (TSX) and 26% related to issuers listed on the TSX Venture Exchange (TSXV). The remaining 19% related to issuers with securities listed over-the-counter, on CNQ or on other trading forums.

D. Targeted reviews

A large percentage of our reviews this year were targeted reviews. Targeted reviews are an effective way to assess issuers' understanding of new accounting standards and regulatory requirements.

This year, we focused our targeted reviews on the following areas:

- **Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109)*.** We reviewed annual certificates and annual management discussion and analysis (MD&A) to assess compliance with the requirements of MI 52-109. For more information, see Canadian Securities Administrators (CSA) Staff Notice 52-315 *Certification Compliance Review*.
- **Multilateral Instrument 52-110 *Audit Committees*.** We continued to assess compliance with audit committee composition and responsibilities requirements. For more information, see CSA Staff Notice 52-318 *Audit Committee Follow-up Compliance Review*.
- **National Instrument 58-101 *Disclosure of Corporate Governance Practices (NI 58-101)*.** We reviewed compliance with the disclosure requirements in NI 58-101. For more information, see CSA Staff Notice 58-303 *Corporate Governance Disclosure Compliance Review*.
- **National Instrument 43-101 *Standards of Disclosure for Mineral Projects (NI 43-101)*.** We continued to review the filings of mining issuers to assess compliance with the technical report requirements under NI 43-101. Please refer to the mining issuer discussion below for the most frequently occurring deficiencies.

E. Industry groups

Staff in each industry group has developed a strategic plan and has begun reviews to address the unique issues and concerns of their industry. We have highlighted some of the key initiatives undertaken by four industry specialization groups this year.

(i) Banking and insurance issuers

Banking

Ontario's banking industry, although small in number of issuers, represents approximately 22% of the Ontario market capitalization. The banks are subject to the Office of the Superintendent of Financial Institution's supervisory and disclosure requirements and the guidelines and supervisory standards set by the Basel Committee on Banking Supervision, which promote the quality of banking supervision and disclosure worldwide.

The accounting policies relevant to the banking industry rely heavily on management making significant estimates and assumptions that affect the reported amounts of assets, liabilities and net income, along with related disclosures. Some of the key areas where estimates and assumptions are made include the allowance for credit losses, accounting for financial instruments, securitizations, impairment and contingent liabilities. Our reviews focused on the adequacy of the disclosure in these areas, as any changes in the estimates and assumptions used by management can have a significant impact on a bank's results and related disclosures.

Also imperative in assessing a bank's operations and business is the understanding of risks, exposures to potential losses and the processes a bank has in place to manage and monitor those risks. As a result, our reviews also centred on the adequacy and transparency of a bank's disclosure of the management of its key risks, such as credit risk and market risk. This disclosure assists investors in understanding the trends and risks that affect the financial results and the trends and risks that are reasonably likely to affect future results.

Insurance

The Ontario insurance market includes life insurance companies and property and casualty insurance companies. The life insurance industry is dominated by relatively few very large issuers. Most of them are publicly listed companies and are among the largest insurance companies the world.

The Canadian property and casualty insurance industry consists of more than 200 smaller companies, most of which are not public. Relatively few property and casualty insurance companies are reporting issuers in Ontario.

The business models and accounting standards for both types of insurance issuers are very complex and have inherent uncertainties. For example, compared to most other industries, insurance companies rely heavily on estimates, particularly actuarial estimates. Therefore, our reviews focus on the adequacy of the disclosures of risks and uncertainties and the disclosure related to the actuarial estimates. The discussion of risks and uncertainties in the MD&A and annual information form (AIF) should allow investors to assess the impact of risks and trends on the issuer's financial statements in terms of liquidity, capital and operations, as well as on future performance.

Specifically, this disclosure should address:

- the sensitivity of earnings to potential changes in circumstances, both quantitative and qualitative
- current and prospective risks exposures
- risk management strategies and practices
- whether the issuer's returns are commensurate with the risks it has assumed, and
- its risks in comparison to those of its peer group.

Loss reserves are generally the largest liability recorded on an insurance issuer's balance sheet. Since these reserves are largely based on actuarial methods and assumptions, it is critical for issuers to provide adequate transparency of how the reserves are calculated.

Issuers should provide detail and discussion of the underlying assumptions and estimates that contribute to the financial results.

Disclosure of the underlying assumptions in narrative form and in numerical form is necessary for an understanding of the financial results. Loss reserves are considered a critical accounting estimate and issuers should ensure that they make the disclosures required by item 1.12 of Form 51-102F1 *Management Discussion & Analysis* (Form 51-102F1).

(ii) Mining issuers

Ontario is the principal regulator of approximately 320 reporting issuers operating in the mining industry. These issuers have a combined market capitalization of more than \$107 billion representing 14% of Ontario's market capitalization. Issuers listed on the TSX account for 94% of the industry's market capitalization. The remaining 6% is made up of issuers that are listed on the TSXV, CNQ or are unlisted.

The stage of development of a mining company largely determines its risk profile. Mining issuers can range from start-up companies that conduct a single grass-roots exploration program to multinational companies that develop and operate producing mines throughout the world.

We factor the stage of development of an issuer into how we design and conduct our reviews. Teams of accountants and geologists examine the issuer's CD record, including both its financial and technical disclosure. It is essential that technical and financial disclosure for all mining issuers is factual and balanced. Given the importance of technical disclosure, the focus this year has been on compliance with technical report requirements.

Common NI 43-101 deficiencies

We noted the following frequently occurring deficiencies in technical disclosure that was filed in the 2007 fiscal year:

- **No budget.** The technical report must include a budget that breaks down costs for each phase of work.
- **Incomplete technical reports.** The technical report must include all material scientific and technical information as of the date the report is filed.
- **Technical disclosure does not set out key assumptions, parameters and methods used to estimate mineral resources.** All of these must be included in the technical report.
- **Disclaimers of portions of technical report.** Disclaimers of responsibility are not permitted for scientific or technical information.
- **Consent of qualified person not filed with technical report.** A consent must be filed for each qualified person responsible for preparing or supervising each portion of the report.
- **Incomplete certificates.** The certificate of a qualified person must include all information required by NI 43-101.
- **Technical report not filed within prescribed period.** The technical report must be filed within 45 days of a news release that discloses material information on a material property.
- **News releases do not contain prescribed cautionary language or identify the qualified person.** News releases must contain prescribed cautionary language or identify the qualified person who is responsible for the technical disclosure in the release.

Allocation of purchase price of mining assets

Allocation of the purchase price for mining properties can be very complex because issuers are required to allocate the excess of the purchase price over the fair value of net assets between mineral rights and goodwill. EIC 152 *Mining Assets - Impairments and Business Combinations* (EIC 152) requires issuers to incorporate value beyond proven and probable reserves (VBPP) in allocating the purchase price of a business combination and for testing a mining asset for impairment. Issuers are cautioned that the application of EIC 152 requires VBPP to be factored into a supporting valuation.

If an issuer applies EIC 152 incorrectly, we may require the issuer to restate and refile its financial statements with a revised purchase price allocation.

(iii) Technology issuers

Ontario has approximately 165 reporting issuers in the technology industry. These issuers have a market capitalization of more than \$71 billion. The largest 10 make up 86% of this total market capitalization.

The technology business generally falls into one or more of the following four general categories: hardware, software, Internet-related services and other electronic services (i.e. electronic storage providers). Issuers range from small start-up companies developing a new product or service with no revenue to large established international companies selling multiple products and services with significant, sustainable revenues.

Some of the more significant recurring issues that we have identified in our reviews relate to revenue recognition and measurement of stock-based compensation. Errors have resulted in issuers having to restate their financial statements and MD&A. The accounting standards in these areas are often complex and can be a challenge for issuers and their advisors.

Multiple-deliverable arrangements

A technology company may sell a variety of products or services to a customer over a period of time or at different points in time. In our reviews, we noted that some issuers did not correctly apply EIC 142 *Revenue Arrangements with Multiple Deliverables* (EIC 142) to determine whether there should be separate units of accounting. This can result in improper revenue recognition.

When applying the guidance in EIC 142, issuers should be mindful of separate contracts or agreements that are, in substance, parts of a single arrangement. When determining whether a single arrangement with multiple deliverables exists, issuers should conduct proper analysis to combine contracts or agreements that, for instance, were negotiated within a short time frame of each other or were interdependent on each other.

In instances when separate contracts or agreements are combined for determining whether a single arrangement with multiple deliverables exists, issuers are reminded that contractually stated prices in these contracts or agreements should not be presumed to represent fair value.

Stock-based compensation

Incorrectly measuring the fair value of stock-based compensation is not limited to issuers in the technology industry. However, the prevalent use of stock options in the technology industry tends to magnify the importance of the error for these issuers.

Option pricing models generally require the use of expected volatility to calculate the fair value of stock options. Volatility is a measure of how a stock's price has fluctuated over time. It is measured using the standard deviation of returns for the stock. Most issuers use historical volatility as a proxy for expected volatility, as permitted by accounting standards.

We encountered many instances where issuers incorrectly calculated their historical volatility. One common error is calculating volatility using the standard deviation of the stock price. Another common error is not annualizing the calculated volatility, which results in an underestimation of the stock's anticipated fluctuation. The result is understated compensation expense, which may lead to restatements.

(iv) *Biotechnology and healthcare issuers*

The biotechnology and healthcare industry has a total of 54 reporting issuers. Thirty-one issuers are listed on the TSX, 23 are listed on the TSXV and the remainder are listed on NASDAQ or other exchanges. The market capitalization of these issuers is approximately \$12 billion. This represents 50% of the Canadian market capitalization for the biotechnology and healthcare industry.

In our review of issuers in this industry, we have raised concerns relating to revenue recognition and the filing of material contracts.

Revenue recognition

We have noted two significant revenue recognition issues in the biotechnology and healthcare industry:

- revenue recognition policies do not contain detailed disclosure of material terms of contracts, and
- inappropriate timing and measurement of revenue recognition.

Detailed disclosure of material terms of contracts

Biotechnology and healthcare issuers may have arrangements with a number of pharmaceutical companies. We have noted that the terms, conditions and circumstances of each arrangement may differ significantly and are often not adequately discussed in the revenue recognition policy as required by CICA Handbook section 3400 *Revenue*. As a result, it is important that issuers provide detailed disclosure of revenue recognition accounting policies for all material arrangements.

Timing and measurement of revenue recognition

Particular revenue recognition issues related to timing and measurement are as follows:

- **Timing of recognition of “up-front” fees.** We have noted that some issuers are recognizing up-front fees (fees that are typically received at the beginning of a contract) when they are received, not when they are earned. In accordance with EIC 141 *Revenue Recognition* (EIC 141), up-front fees should generally be deferred and amortized based on the terms of the contractual arrangement.
- **Revenue arrangements with multiple deliverables.** We have noted that management often has difficulty assessing the fair value of arrangements and we are continuing to monitor this issue. These revenue arrangements are often complex and require management to make judgments about the fair value of the individual elements of the arrangement. Both EIC 141 and EIC 142 provide guidance in this area.

Filing of material contracts

We have noted instances where biotechnology and healthcare issuers have not filed material contracts in accordance with the requirements under Ontario securities law. For example, some issuers are not filing contracts at all or are inappropriately redacting information in the contracts. We are particularly concerned when these contracts relate to material revenue arrangements. When non-compliance is noted, we have asked the issuer to make the appropriate filings.

F. Other segments

We have also identified income trusts and smaller business issuers as areas of focus due to the distinctive concerns regarding these groups. These issuers can be from any industry.

(i) *Smaller issuers*

Smaller issuers with head offices in Ontario represent over 40% of the Ontario issuer population but less than half of 1% of the Ontario market capitalization.

These issuers tend to have a market capitalization of less than \$25 million and are listed on the TSXV, NEX or CNQ, or are unlisted. In addition, they have one or more of the following characteristics:

- fewer lines of business than larger issuers
- leadership by management with significant ownership interest
- fewer management and other staff, who have a wide range of duties
- limited ability to attract and retain resources in line and support positions, including accounting and internal audit, and
- more restricted access to external advisors.

Our primary strategy to assist smaller issuers in complying with their obligations is education. By increasing their awareness of their CD obligations and the common deficiencies we see when we review the CD record of smaller issuers, we hope to increase compliance.

Two key education initiatives that we undertook in the 2007 fiscal year were:

- **Webpage.** In April 2007, we launched a webpage on the OSC website that consolidates information of interest to smaller issuers. The webpage is at http://www.osc.gov.on.ca/PublicCompanies/SmallBusiness/sb_index.jsp. It highlights some of the more frequently referred to rules and regulations, and includes reports from staff on disclosure deficiencies noted during various CD reviews.
- **Outreach.** We look for opportunities to speak directly to smaller issuers such as participating in a workshop on smaller issuers' MD&A at the CICA's Financial Reporting and Accounting Conference. In the past, we have also communicated with smaller issuers by emailing them a copy of CSA Staff Notice 51-316 *Continuous Disclosure Review of Smaller Issuers*, which addresses deficiencies we found in financial statements, MD&A, mining and oil and gas disclosure, and other disclosure.

In addition, we continue to engage with our community of smaller issuers through the Small Business Advisory Committee (SBAC). SBAC was established in 2002 and serves as a forum for communication between the OSC and smaller issuers. It plays a critical role in helping us understand and address ongoing issues that face this sector.

(ii) **Income trust issuers**

There are approximately 235 income trusts in Canada representing a market capitalization of just over \$200 billion.¹ In October 2006, the Federal Government's Department of Finance announced proposed new legislation that would impose additional income taxes upon publicly traded income trusts beginning in fiscal 2011.

In July 2007, in response to this legislation being "substantively enacted" for accounting purposes, the CICA Emerging Issues Committee issued a Draft Abstract, D67, dealing with the impact of the enactment on the recognition of future income tax assets or liabilities by an income trust.

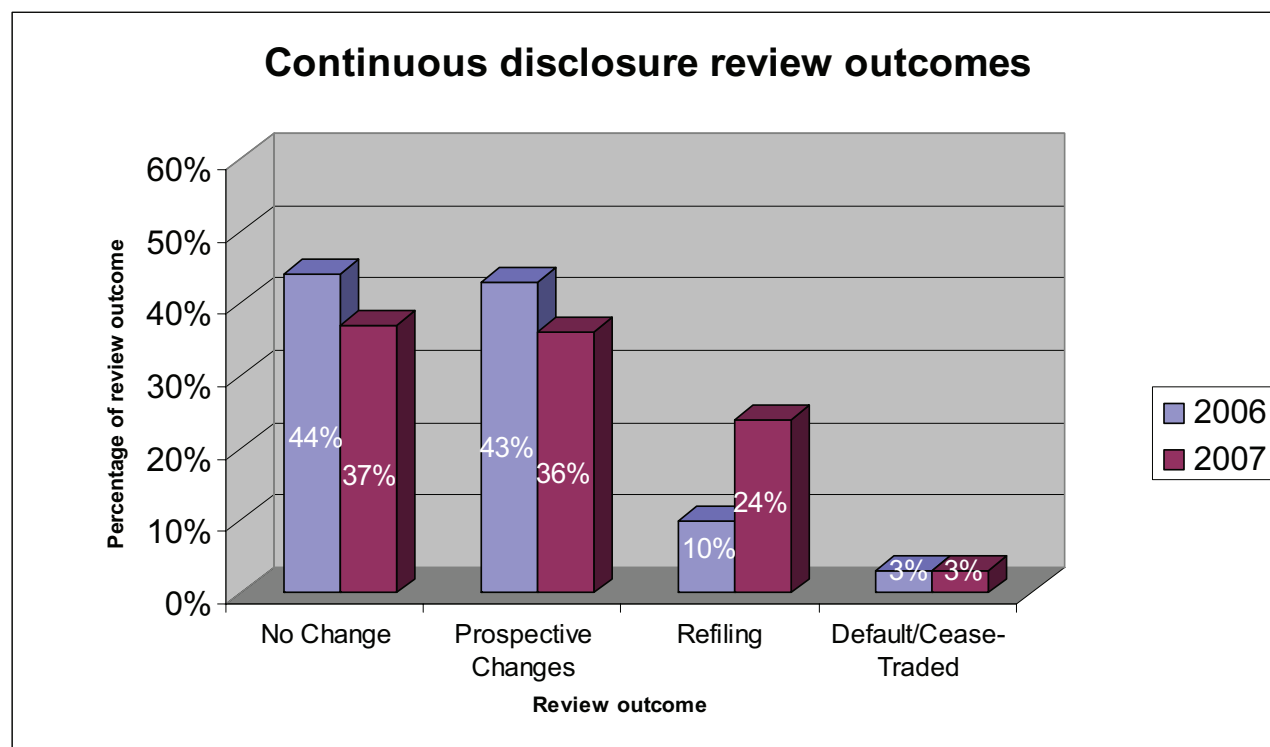
Prior to June 2007, in accordance with CICA Handbook section 3465 *Income Taxes*, income trusts estimated the future income tax on certain temporary differences between amounts recorded on its balance sheet for book and tax purposes at a nil effective tax rate. Under the legislation, and as outlined in the Draft Abstract, income trusts must now estimate the effective tax rate on the post 2010 reversal of these temporary differences. We intend to monitor disclosures provided by income trust issuers for interim periods ending on or after June 30, 2007 to review the impact of this accounting requirement.

G. General review outcomes

Possible outcomes from a CD review are:

- **No changes.** No changes or additional filings were determined necessary.
- **Prospective changes.** The issuer makes the changes in its next filings.
- **Refilings.** The issuer amends or refiles certain CD documents.
- **Default list and cease trade orders.** If the issuer has key CD deficiencies, we may place the issuer on the OSC's list of reporting issuers that are in default or we may issue a cease trade order.

The following chart shows the range of review outcomes in the 2007 fiscal year.



¹ At June 30, 2007

Thirty-six per cent of the outcomes involved prospective accounting and disclosure improvements. This is a decrease from 43% in 2006. Twenty-four per cent of the outcomes led to refilings. This is an increase from 10% in the 2006 fiscal year. This increase is largely a result of non-compliance with MI 52-109.

Common areas of concern resulting in prospective changes, refilings or defaults

While some of the outcomes are specific to an industry sector, we also identified some common areas of concern.

Certification

As noted, the majority of refilings related to non-compliance with MI 52-109. This was largely due to a failure by issuers to include in the annual MD&A their certifying officers' conclusions about the effectiveness of disclosure controls and procedures.

MD&A

MD&A continues to be an area that requires more attention. The objectives of the MD&A requirements are to provide a narrative explanation, through the eyes of management, of the issuer's performance, position and future prospects.

Issuers are required to provide a full, in-depth analysis of their results of operations and financial condition in the most recently completed financial year, including a comparison against the previously completed financial year. This involves a comprehensive analysis of why material changes have occurred, including a quantitative and qualitative explanation.

We continue to see situations where issuers repeat information from financial statements and do not provide any management insight on why items are changing or not changing. The MD&A should include a discussion of key value drivers, analysis of known trends and a general description of where the business is heading.

Analysis of risks and uncertainties continues to be a weak area. Some issuers are simply cross-referencing or duplicating the risk factor disclosure. Form 51-102F1 requires an analysis of how material risks and uncertainties may affect the business, not just a description of the risks.

Other areas of concern are inadequate disclosure about related party transactions and failure to provide a clear description, including sensitivity analysis, of critical accounting estimates.

Financial statements

Revenue recognition

Revenue recognition continues to raise issues. In particular, we have seen boilerplate disclosure, particularly relating to the identification and description of revenue recognition triggers for each revenue stream.

Segment reporting

Problems have arisen with the disclosure of reportable operating segments. In particular, we have noted the following:

- failure to disclose information about reportable segments for the current interim period and cumulatively for the current year to date
- no disclosure of information about assumptions in determining segments
- failure to ensure that assumptions are consistent with the way business is conducted
- no disclosure of information required for geographic segments, and
- incorrect application of the aggregation criteria for segments.

Indefinite life intangible assets

Some issuers have misclassified definite life intangible assets as indefinite life intangible assets and are unable to establish the economic useful life for these assets.

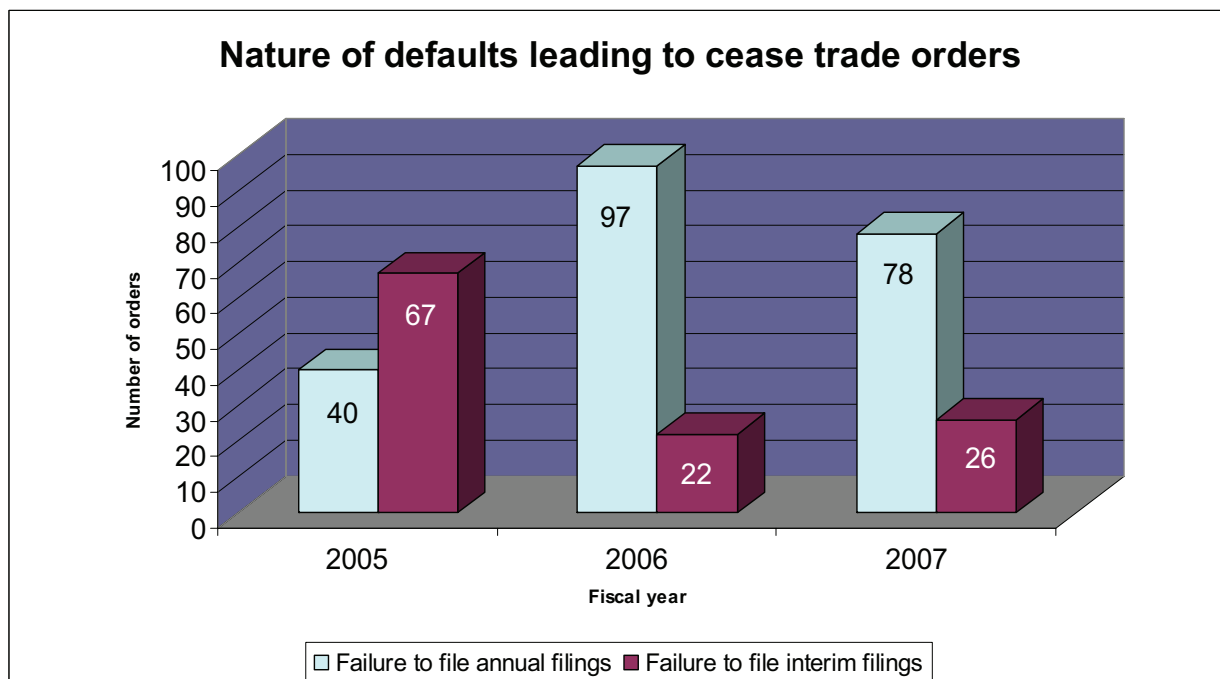
CICA Handbook section 3062 *Goodwill and Other Intangible Assets* requires the best estimate of the useful life of these assets to be used and sets out factors that should be considered. When no legal, regulatory, contractual, competitive, economic or other factors limit the useful life of an intangible asset to the enterprise, the useful life of the asset is considered to be indefinite.

H. Cease trade orders

The OSC may issue a cease trade order when a reporting issuer fails to file the required CD documents.

The number of cease trade orders in the 2007 fiscal year was relatively consistent with the previous two fiscal years. In the 2007 fiscal year, the OSC issued 104 cease trade orders for failure to comply with CD filing requirements, compared to 119 in the 2006 fiscal year and 107 in the 2005 fiscal year.

The majority of the cease trade orders issued in the 2007 fiscal year related to failure to file financial statements and MD&A in accordance with Ontario securities law.



I. Restatements and refilings

(i) Identification of errors as a result of a CD review

Material errors in CD filings may be identified through our review process or by the reporting issuer and its advisors. This year, we continued to see a number of errors that led to restatements and refilings.

We will place an issuer on the OSC's refilings and errors list if, as a result of our review, the issuer:

- is required to restate and refile financial statements
- implements accounting or disclosure changes on a retroactive basis, where the changes represent the correction of an error in the information as originally filed
- amends and refiles other CD documents, or
- files CD documents which were required to be filed at an earlier date.

(ii) Notice of error

We remind issuers that they must immediately issue and file a news release under section 11.5 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) if a material error or deficiency is identified that will result in a refiling of a document or restatement of financial information previously filed under NI 51-102. The news release must disclose the nature and substance of the error or deficiency.

It is not appropriate to wait until the next required filing or earnings release to disclose the error, even if the issuer requires more time to quantify all aspects of the error.

J. 2007/08 CD review program

In addition to continuing our focus on industry specialization, we plan to conduct the following targeted reviews in the 2008 fiscal year:

(i) Financial instruments

Most reporting issuers will be affected by the new financial instruments standards that became effective for fiscal years commencing on or after October 1, 2006. These standards include new CICA Handbook section 3855 *Financial Instruments - Recognition and Measurement*, section 3865 *Hedges*, section 3861 *Financial Instruments - Disclosure and Presentation* and section 1530 *Comprehensive Income*. The new standards affect any issuer that uses financial instruments, not just issuers in the financial services sector.

The new standards require issuers to examine and classify their financial instruments into five main categories:

- held for trading
- held to maturity
- loans and receivables
- available for sale, and
- other financial liabilities.

The measurement basis used and the presentation of gains and losses will depend on how the issuer has classified its financial instruments. The new standards are premised on fair value being the most relevant measure for financial instruments and the only relevant measure for derivatives. Based on our observations to date, the classification of financial instruments, even among issuers in similar industries, varies based on the issuer's intent to hold or sell the instrument and its risk strategies. This makes comparing financial results of like issuers more challenging and highlights the need for meaningful disclosure.

Given the new measurement and disclosure standards, our reviews across all industry groups will consider the issuer's application and disclosure of the financial instruments standards. If this is unclear from the public disclosure, we may ask the issuer to explain its classification of financial instruments upon adoption of the standards and the resulting transition

adjustments. We may ask the issuer how it has identified derivatives, including embedded derivatives, depending on the nature of the issuer's business and its disclosure in this area.

Our reviews will also focus on how an issuer has considered the new measurement considerations for items such as transaction costs and the extensive fair value guidance, including the appendix to section 3855 of the CICA Handbook, in its recording of financial instruments. In these areas, disclosure is essential to understanding key assumptions in determining fair value, especially when valuation techniques and internal models are used. Issuers are reminded of the new disclosure requirements set out in section 3861 of the CICA Handbook and the disclosures for critical accounting estimates and financial instruments required by Form 51-102F1.

(ii) Environmental reporting

Reporting issuers are required to disclose certain environmental matters in their CD documents. For example, they must disclose:

- material changes immediately, including those relating to environmental matters, and
- material facts, risks and uncertainties, including those of an environmental nature, relating to their operations in their MD&A and their AIF.

In addition, Form 51-102F2 *Annual Information Form* (Form 51-102F2) requires:

- disclosure of the financial and operational effects of environmental protection requirements on the issuer's capital expenditures, earnings and competitive position in the current financial year and the expected effect in future years
- a description of environmental policies that are fundamental to operations, such as policies regarding the issuer's relationship with the environment, and the steps taken to implement them, and
- risk factors relating to the issuer and its business, including environmental and health risks.

Investors are increasingly interested in environmental matters and any impact they may have on the issuer's future operations and financial results. As a result, we will be completing a targeted review, primarily focusing on issuers in the extractive industry, to determine whether they are complying with environmental reporting requirements.

(iii) Options timing

In September 2006, the CSA issued Staff Notice 51-320 *Options Backdating* (Staff Notice 51-320). When a company grants options to executives, claiming that they were granted at an earlier date (when the exercise price would be more favourable), this is commonly referred to as "options backdating". Staff Notice 51-320 also identified another options timing issue, specifically circumstances where issuers may have timed the granting of stock options based on their expectations of stock price movements.

As indicated in Staff Notice 51-320, we look at the timing of option grants as part of our CD program. This year, we developed a risk-based analytical model for identifying issuers that appear to display indications of options timing issues to assist us in better selecting issuers for review. Our options timing reviews are ongoing and are a significant element of our targeted review program for 2007/08.

3. Offerings

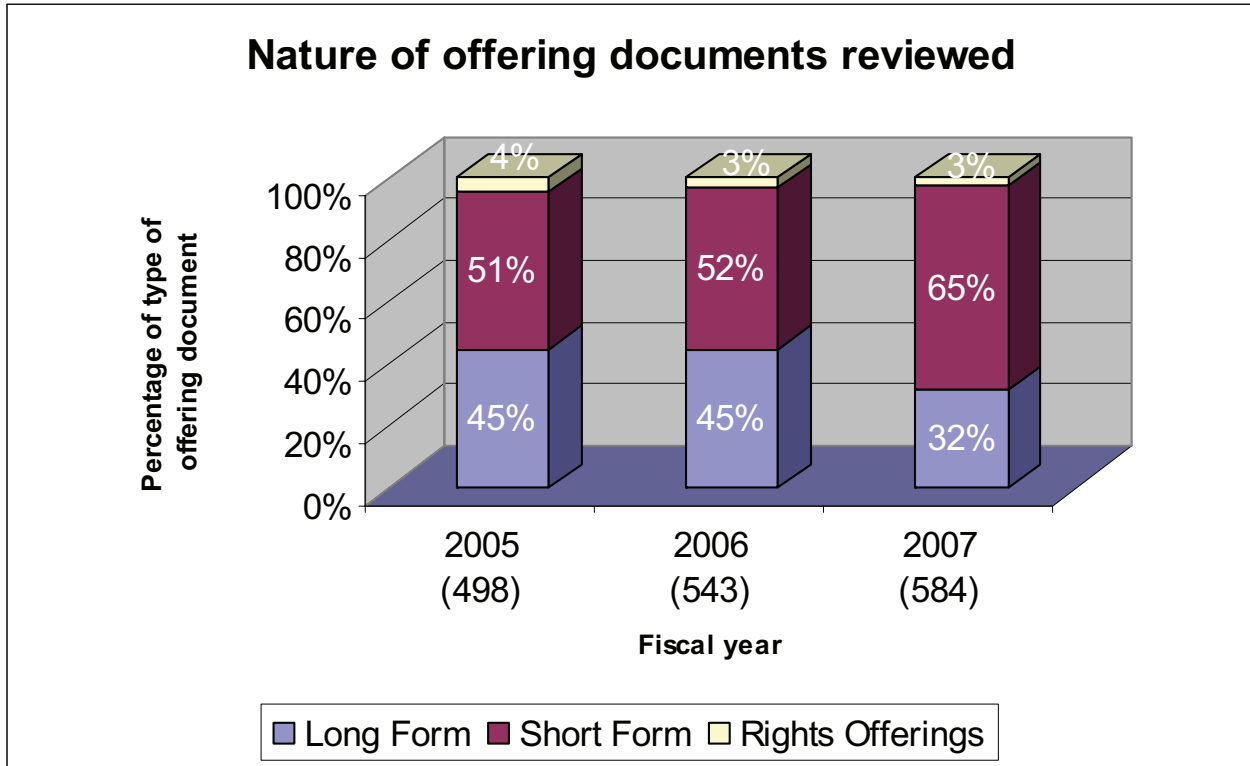
A. Review program

(i) Type of offering document

In the 2007 fiscal year, we processed 584 prospectuses and rights offering circulars, compared to 543 in 2006 and 498 in 2005.

We also saw a change in the composition of offering documents reviewed. Sixty-five per cent of the offering documents reviewed were short form prospectuses and 32% were long form prospectuses. Short form prospectuses represented 52% of the total offering documents reviewed in the 2006 fiscal year and 51% in the 2005 fiscal year.

The chart below shows the percentage and type of offering documents reviewed in each of the past three fiscal years.



The increase in use of the short form prospectus system over the last year is primarily due to the implementation of amended and restated National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101) on December 30, 2005. As a result of these amendments, essentially all issuers that have a current AIF can take advantage of the short form prospectus regime.

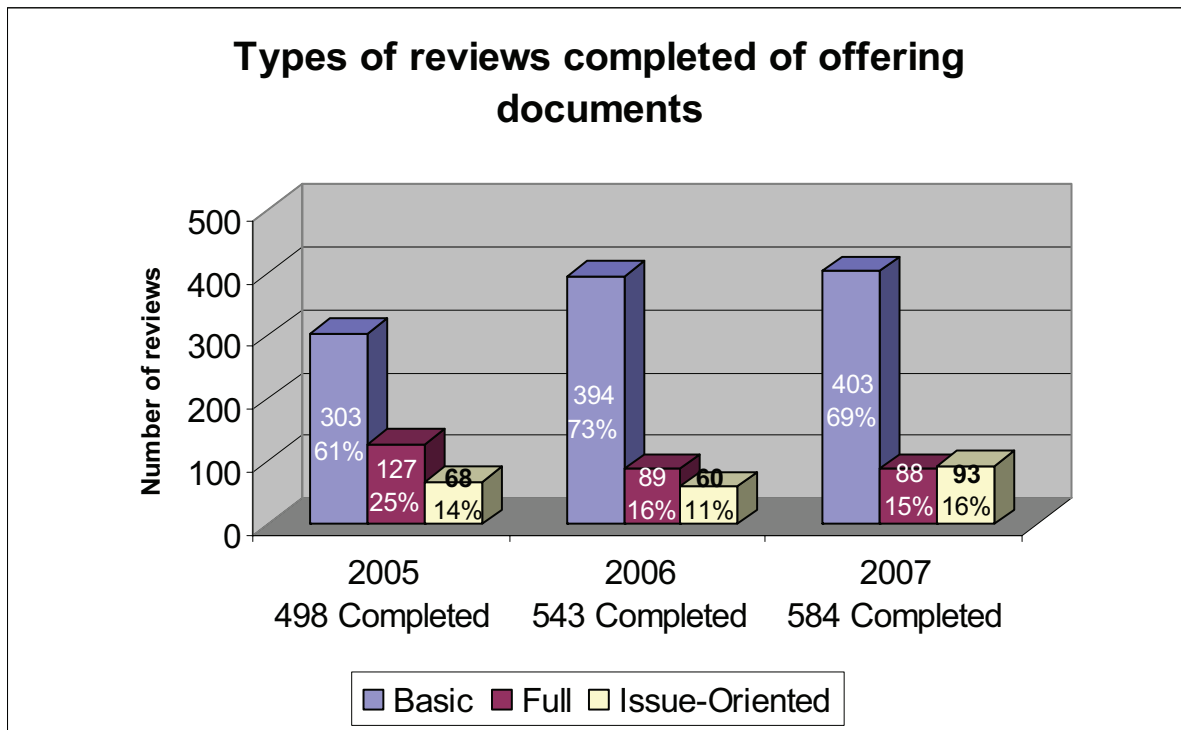
(ii) Reviews completed

Consistent with our approach to CD reviews, we use a selective review system as a tool for determining the level of scrutiny to apply to each prospectus. There are three possible outcomes under our selective review system: basic review, full review and issue-oriented review. For more information about these reviews, see OSC Staff Notice 11-719 *A Risk-based Approach for More Effective Regulation*.

During the 2007 fiscal year, we completed 88 full reviews. Twenty-eight reviews related to short form offerings, 45 related to long form offerings and the remaining related to rights offerings. We also completed 93 issue-oriented reviews (89 short form offerings and four long form offerings).

While the number of full reviews is consistent with the 2006 fiscal year, we conducted 5% more issue-oriented reviews in the 2007 fiscal year than we did in 2006.

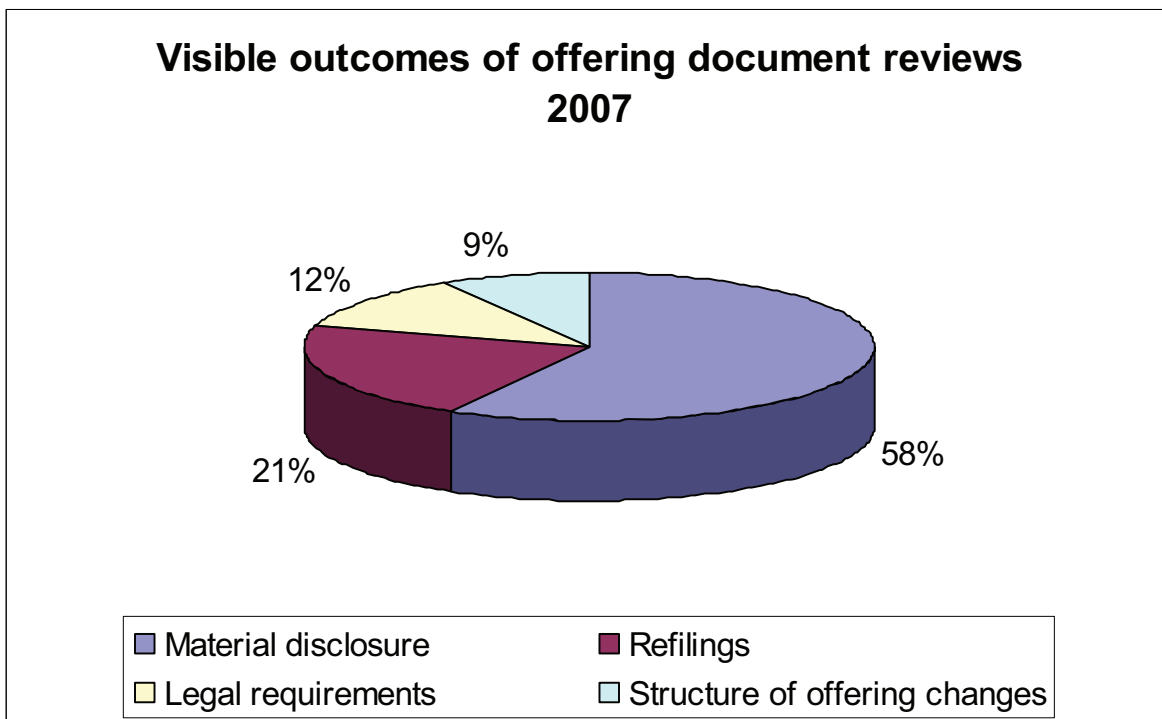
The chart below shows the number of offering documents reviewed in each of the past three fiscal years.



Overall, there were outcomes on 72% of the offering documents we reviewed. This year, we changed the way we report outcomes on offering document reviews. We now have two categories of outcomes: visible outcomes and non-visible outcomes.

Visible outcomes accounted for 70% of the outcomes. This category includes items that are visible in some way from the public record, such as refilings, material accounting changes, other material disclosure enhancements, additional legal requirements being imposed and changes to the offering structure. It also includes cases where we place an issuer on the default list. Approximately half of our visible outcomes were disclosure enhancements in the offering document.

The chart below shows the visible outcomes of our reviews during the 2007 fiscal year.



Non-visible outcomes accounted for 30% of the outcomes. This category includes items that are not found on the public record, but are significant to our mandate in other ways, such as policy or procedural enhancements implemented by an issuer as a result of our review and referrals to the OSC's Enforcement Branch. These outcomes can be of ongoing value because they inform the issuer about our expectations, raise new policy issues for our consideration or enhance our knowledge of the market as a whole.

B. Current issues

(i) Convertible debenture offerings with an interest payment election feature

We recently reviewed a number of prospectuses involving distributions of convertible debentures or similar convertible debt securities.

Some of these prospectuses contained disclosure about an interest payment election feature. This feature allows the issuer to raise funds to satisfy part or all of its obligations to pay interest on the debentures by issuing additional freely tradeable securities to a debenture trustee.

The disclosure typically provides that if the issuer makes the interest payment election, the debenture trustee will:

- accept delivery of securities from the issuer
- accept bids with respect to, and consummate sales of, those securities, as the issuer directs in its absolute discretion, and
- deliver proceeds of those sales to debenture holders sufficient to satisfy the issuer's interest payment obligations.

The disclosure makes it clear that, whether or not the issuer elects to fund its interest obligation by issuing additional securities, the debenture holders will be entitled to receive cash in an aggregate amount equal to the interest payable.

We question the basis on which the issuer is able to deliver freely tradable securities to a debenture trustee for sale to the public to finance the interest obligations. We take the view that a prospectus relating to the offering of debentures does not extend to future distributions of securities to members of the public in order to finance the issuer's interest obligations to the purchasers of the debentures.

Accordingly, we believe that the exemptions in section 2.42 of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106) and section 2.10 of National Instrument 45-102 *Resale of Securities* (NI 45-102) are not available to the issuer for the distribution of these securities.

If an issuer proposes to satisfy an interest obligation to debenture holders by delivery of additional freely tradable securities to the debenture holders, we will generally remind the issuer to consider the OSC's decision and reasons *In the Matter of Crystallex International Corporation* dated April 27, 1999.

(ii) Asset-backed securities - incorporation by reference

Over the past several years, we have received a number of applications from issuers of asset-backed securities (ABS issuers) for relief from certain requirements in NI 51-102 and from the certification requirements in MI 52-109.

As explained in OSC Staff Notice 51-706 *Corporate Finance Report (2005)*, we have generally been prepared to recommend CD relief and related certification relief for certain ABS issuers if those issuers make alternative filings. These include filings of:

- monthly distribution date statements
- interim MD&A with respect to the custodial pools, filed on a quarterly basis
- an annual compliance certificate, and
- an annual accountants' report.

We remind ABS issuers and other market participants to consider the mandatory incorporation by reference provisions in items 11.1(1)(8) and (9) of Form 44-101F1 *Short Form Prospectus* (Form 44-101F1). Our practice is that unless an ABS issuer requests and obtains pre-file relief, as described below, the ABS issuer is required, as a consequence of these provisions, to incorporate by reference the alternative filings described above into any short form prospectus.

We acknowledge that certain ABS issuers may not have contemplated that the alternative filings described above may be subject to an incorporation by reference requirement when the issuer was first established. In many cases, applications for relief from the requirements of NI 51-102 and MI 52-109 were filed before December 2005, when the mandatory incorporation by reference provisions were first introduced. Accordingly, at the time those applications were filed, the issuers may not have had an opportunity to consider whether additional relief would be required.

In light of this concern and in consultation with staff in the other jurisdictions, we have agreed as a transitional measure to recommend limited relief to ABS issuers while we consider these questions further.

Accordingly, we will recommend an exemption from the requirements in items 11.1(1)(8) and (9) of Form 44-101F1 to incorporate by reference the alternative filings described above in the prospectus (with the final receipt evidencing the requested relief) if the final prospectus includes a prominent statement (e.g., in the section identifying the documents incorporated by reference) substantially as follows:

All material information in the distribution date statements will be contained in the issuer's interim and annual management's discussion and analysis.

Recent amendments to securities laws may require the distribution date statements, an annual statement of compliance by the servicers of the receivables and certain related assets acquired by the issuer and an annual accountants' report prepared by a firm of independent public or chartered accountants respecting compliance by such servicers with the Uniform Single Attestation Program for Mortgage Bankers, or such other servicing standard acceptable to the regulators (the Accountants' Report), to be incorporated by reference in this short form prospectus. The issuer has requested an exemption from this requirement from the regulators. This exemption would be evidenced by the issuance of a receipt for this short form prospectus by the regulators.

If an ABS issuer wants to request this relief, it should:

- file a pre-file request in accordance with the pre-file procedures described in Part 9 of National Policy 43-201 *Mutual Reliance Review System for Prospectuses* (NP 43-201) and in Part A7 of Appendix A of proposed National Instrument 11-102 *Passport System* (NI 11-102), and
- confirm that the final version of the prospectus will contain disclosure substantially in the form of the above.

(iii) Use of proceeds

General issues

We have recently raised comments relating to the adequacy of the disclosure in the use of proceeds section of the prospectus. For example, we have noted that:

- in some offerings, the principal purpose of the offering is simply described as for general corporate purposes, for potential acquisitions or for working capital
- when a purpose is identified, a significant portion of the remaining proceeds is not allocated to any purpose, and
- when the proceeds are allocated among specific purposes, the prospectus also includes disclosure indicating that management has broad discretion concerning the use of proceeds and that there is no assurance that the proceeds will be used in this manner.

We remind issuers that item 7 of Form 41-501F1 *Information Required in a Prospectus* (Form 41-501F1) and item 4 of Form 44-101F1 requires issuers to describe in reasonable detail each of the principal purposes, with approximate amounts, for which the issuer will use the net proceeds. If appropriate, this information should be presented in a table.

As indicated in the instructions in item 7 of Form 41-501F1 and the proposed amendments to item 4 of Form 44-101F1 (as published for comment on December 22, 2006), the use of the phrase “for general corporate purposes” will generally not be sufficient. Similarly, we take the view that using the phrases “for potential acquisitions” or “for working capital”, without other disclosure, will generally not be sufficient.

Potential acquisitions

We have also reviewed a number of prospectuses that indicate that a principal purpose of the offering is for potential acquisitions, but contain little or no disclosure about these potential acquisitions. Instead, the prospectuses have contained disclosure to the effect that:

- the issuer is currently evaluating various potential acquisition opportunities, some of which would, if consummated, have a material impact on the issuer
- although no commitments have been made with respect to any transaction, there have been significant discussions in certain cases, and
- an agreement on one or more acquisition transactions may be reached shortly following the closing of the offering, in which case all or a portion of the net proceeds of the offering may be allocated to effect those acquisitions.

For disclosure relating to potential acquisitions that are otherwise not described in the prospectus, we may request details such as:

- a description of the potential acquisitions, including, for example, a description of the businesses or entities involved, a description of the discussions with shareholders or management and clarification on whether the issuer has entered into any agreements in principle, letters of intent or other similar arrangements and whether they are binding or non-binding
- the anticipated material impact of these potential acquisitions on the issuer, including a description of how the issuer has concluded that the potential acquisitions are not probable acquisitions or that information relating to the potential acquisitions should not otherwise be considered material to an investor
- the criteria management uses to identify potential acquisitions, and/or
- how the proceeds of the offering will be invested or used pending the completion of an acquisition.

Mining issuers

We remind issuers in the mining sector that disclosure about mineral projects must support the disclosure in their NI 43-101 technical reports.

Issuers are asked to enhance the disclosure in the prospectus when:

- there are inconsistencies between the disclosure in the prospectus and the recommended work plan in the technical report, or
- there is insufficient disclosure in the prospectus to support the disclosure in the technical report.

We will ask issuers to describe in the prospectus the principal purposes for which they are intending to use the net proceeds from the offering and the approximate amount they intend to use for each purpose in order to support the disclosure in the technical report.

(iv) Eligibility for short form prospectus distributions

As noted above, NI 44-101 was amended, effective December 30, 2005, to significantly expand the class of issuers that are eligible to file a short form prospectus.

Issuers and their advisors are reminded that short form eligibility is based on the issuer having filed all periodic and timely disclosure documents. We have seen a number of situations where this has not been the case. This may result in delays in the offering process.

Examples include:

- a failure to file, or a substantively deficient filing of, a technical report required under NI 43-101
- a failure to file, a failure to incorporate by reference, or a substantively deficient filing of, a business acquisition report required under NI 51-102, and
- a substantively deficient MD&A filing that does not meet the requirements of Form 51-102F1.

4. Applications for exemptive relief

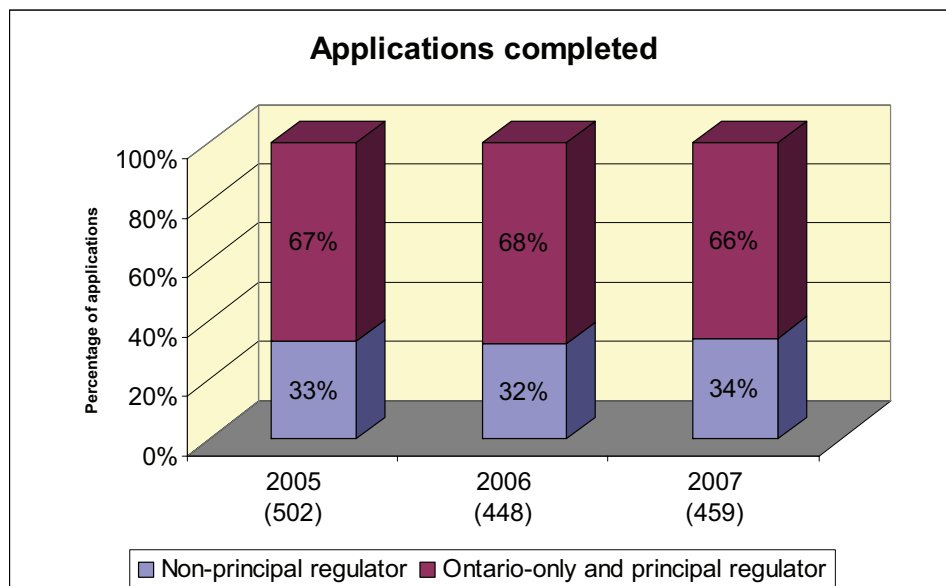
A. Review of applications

(i) Number of applications

In the 2007 fiscal year, we completed 459 applications for exemptive relief. This compares to 448 in the 2006 fiscal year and 502 in the 2005 fiscal year.

In each of the 2007 and 2006 fiscal years, 305 of the applications completed were only filed in Ontario or were filed in one or more Canadian jurisdictions and the OSC was the principal regulator. This compares to 335 applications in the 2005 fiscal year.

The chart below shows the number of applications completed in each of the past three fiscal years.



(ii) Nature of applications

The applications requested a variety of exemptive relief. Approximately 20% of the applications were for orders not to be a reporting issuer. Applications for exemptions from the CD requirements, the prospectus and registration requirements, and the take-over bid and issuer bid requirements were also common. Each of these represented approximately 10% of the applications completed.

We monitor the nature of relief sought to determine whether there are any routine or frequently occurring issues. Where appropriate, we have proposed amendments to our requirements to eliminate the need for exemptive relief or have addressed issues in frequently asked questions or other notices.

For example, relief from the business acquisition report (BAR) requirements represented approximately 25% of the applications for relief from the CD requirements. When an issuer completes a significant acquisition of a business, it is required to file a BAR under NI 51-102. Since this requirement was implemented in 2004, we have been monitoring the nature of relief granted in respect of BAR requirements. This year, we made changes to NI 51-102, including significant changes to the BAR requirements, which came into effect on December 29, 2006.

The amendments include:

- eliminating the requirement for non-venture issuers to test significance at the 40% level
- requiring only one year of audited financial statements of the acquired business, with unaudited comparative information
- permitting incorporation by reference of previously filed financial statements of the acquired business
- introducing new exemptions from the interim financial statement requirements for the acquired business if certain criteria are met, and
- revising the significance tests in certain circumstances.

The amendments simplify the BAR requirements and codify certain exemptive relief applications. The amendments also streamline business acquisition reporting for issuers.

B. Current issues

(i) At-the-market prospectus distributions

We recently reviewed applications for exemptive relief to permit issuers and underwriters to make at-the-market (ATM) prospectus distributions in Canada.

An ATM distribution is essentially an offering of securities under a base shelf prospectus into an existing market, such as the TSX. It allows the issuer to sell securities through the TSX as if the issuer were an ordinary secondary market seller. As a practical matter, the ATM model collapses the distinction between the primary market and the secondary market.

Features of an ATM distribution

The following are the fundamental features of the proposed ATM distribution model:

- The issuer enters into an equity distribution agreement with an underwriter, under which the issuer may issue and sell equity securities of the issuer in accordance with Part 9 of National Instrument 44-102 *Shelf Distributions*.
- The issuer files a base shelf prospectus to qualify the distributions of securities through the TSX to purchasers under the ATM distributions.
- The underwriter, acting as agent, signs the prospectus.
- The prospectus is filed with the securities regulatory authorities, but is not physically delivered to the purchasers. The ATM distribution model is based on the concept of constructive delivery as delivery of the prospectus is not practicable in the circumstance as the issuer and the underwriter will generally be unaware of the identity of the purchasers.
- Whenever the issuer wants to raise money through an ATM distribution, the issuer places a sell order with the underwriter. The underwriter processes this sell order in the same manner as any other sell order and puts the order

into the ordinary order flow. In the case of the sale of a large block, this may include a special terms or over-the-counter trade.

- From the perspective of the issuer, the sale of newly issued securities from treasury into the secondary market is a primary offering and is a distribution qualified by prospectus.

Granting relief

To effect an ATM distribution, issuers and underwriters have sought relief from the following:

- the prospectus delivery requirement in section 71(1) of the *Securities Act* (Ontario) (the Act) with the result that the two-day right of withdrawal in section 71(2) of the Act does not apply, and
- certain prospectus requirements, such as the form requirements which prescribe language describing purchasers' statutory rights.

The requested relief was granted subject to the following conditions:

- **Registration.** All underwriters involved in the ATM distribution must be appropriately registered.
- **Modified prospectus certificate.** The issuer and the underwriter must sign a modified form of the prospectus certificate that brings the currency of the prospectus forward to the date of distribution.
- **Impact on statutory rights.** The prospectus must state that the purchasers' statutory rights for rescission or damages if the prospectus contains a misrepresentation remain unaffected by the non-delivery of the prospectus and the relief granted.
- **Monthly reporting.** The issuer must file monthly reports regarding the securities distributed under the ATM prospectus.
- **Quarterly reporting.** The issuer must also disclose details regarding the securities distributed under the ATM prospectus in its annual and interim financial statements and MD&A.
- **Limit on distributions.** The market value of equity securities distributed under the ATM prospectus cannot exceed 10% of the aggregate market value of the issuer's outstanding equity securities of the same class as the class of securities distributed.
- **Daily limits on securities distributed.** The number of equity securities that may be distributed under an ATM distribution agreement on any trading day cannot exceed 25% of the trading volume of the securities on the TSX on that day.
- **No over-allotment.** No underwriter or dealer distributing equity securities under the ATM prospectus can over-allot the securities or effect a transaction that is intended to stabilize or maintain the market price of the securities.

For an example of this relief, see *In the matter of Canetic Resources Trust, SG Americas Securities, LLC, FirstEnergy Capital Corp. and FIMAT Canada Inc.* dated July 24, 2007.

(ii) **Application to treat non-controlled entity as a subsidiary for purposes of section 2.24 of NI 45-106**

We have recently reviewed a number of applications for relief to permit an issuer to distribute securities to employees of a non-controlled entity in which the issuer has a significant equity investment.

In these applications, the filers have argued that the relief sought is similar to the exemption contained in section 2.24 of NI 45-106 (the employee exemption) for trades by an issuer in a security of the issuer to employees, executive officers, directors and consultants of the issuer or to persons with such a relationship (a specified relationship) with a related entity (as defined in section 2.22 of NI 45-106) of the issuer.

We believe that the concept of control is a fundamental aspect of the related entity definition and the employee exemption in general. Accordingly, the situations are not analogous.

The employee exemption reflects the value in promoting employee participation in, and ownership of, the employee's direct employer. We do not believe that it is in the public interest to permit exempt distributions of securities to employees of a non-controlled entity simply because the issuer has a significant equity investment.

Issuers making this type of application must demonstrate that the proposed recipients of the securities do not require the protection afforded by registrant involvement or the benefits of a prospectus and should not rely on the fact that they are employees.

(iii) *Becoming a reporting issuer in Ontario through a securities exchange take-over bid*

We have received applications where the filer is undertaking a securities exchange take-over bid of an offeree issuer. The filer is not a reporting issuer in a Canadian jurisdiction, but the structure of the take-over bid will result in the filer becoming a reporting issuer at different dates in different Canadian jurisdictions.

The relief requested is for the filer to be ordered to be a reporting issuer in all applicable Canadian jurisdictions on the same date. This will ensure that the securities of the filer issued under the securities exchange take-over bid are subject to the same resale treatment in all Canadian jurisdictions.

Securities issued under the securities exchange take-over bid are subject to a seasoning period under section 2.6 of NI 45-102, which deems the first trade in securities to be a distribution unless certain conditions are met. Section 2.11 of NI 45-102 provides an exemption from a seasoning period, provided that, among other things, the offeror was a reporting issuer on the date the securities of the offeree issuer were first taken up under the take-over bid.

The relief is needed so the issuer does not find itself with a four-month seasoning period in Ontario while the securities are freely tradeable elsewhere.

For examples of this relief, see *In the matter of James Richardson International Limited* dated March 28, 2007 and *In the matter of US Gold Canadian Acquisition Corporation* dated June 1, 2006.

5. Mergers and acquisitions activities

A. Significant regulatory hearings

The OSC held three significant mergers and acquisitions hearings in 2006 and 2007. These hearings addressed important aspects of the regulatory framework applicable to mergers and acquisitions in Ontario, including the treatment of minority shareholders in going private transactions, the determination of joint actor status and the circumstances under which the OSC may exercise its public interest jurisdiction.

(i) *Shareholder rights plans – Falconbridge Limited*

On June 27, 2006, the OSC held a hearing to determine whether to cease trade a shareholder rights plan or poison pill implemented by Falconbridge Limited (Falconbridge) so as to permit Xstrata plc (Xstrata), which had made an unsolicited insider bid for Falconbridge, to acquire shares tendered under its bid.

The purpose of the rights plan was to protect a friendly transaction negotiated by Falconbridge with Inco Limited (Inco) prior to the launch by Xstrata, on May 18, 2006, of its hostile bid for Falconbridge. At the time Xstrata launched its bid, it owned almost 20% of the Falconbridge shares.

The main issue at the hearing was whether cease trading the Falconbridge rights plan would prematurely end the auction for Falconbridge by allowing Xstrata to block the Inco offer by acquiring as little as 5% of Falconbridge's shares, whether through exempt market purchases or taking up Falconbridge shares tendered under its bid.

In an order dated June 30, 2006, the OSC held that the rights plan would remain effective until the earlier of July 28, 2006 or Xstrata obtaining a majority of the shares tendered by independent Falconbridge shareholders. This decision effectively sustained the auction for another month.

The OSC issued its reasons on August 17, 2006. The OSC stressed that the decision to allow the rights plan to stay in place for an additional month was based on the credible risk that allowing Xstrata to acquire Falconbridge shares would end the auction prematurely. The OSC's reasons set out a general framework for analyzing shareholder rights plans and discuss the application of this analysis to these unique circumstances.

The OSC's reasons also provide guidance on the circumstances under which it may be prepared to exercise its public interest jurisdiction to deny a bidder the use of a statutory exemption that permits it to make acquisitions outside of a formal bid.

(ii) Taking out the minority – Sears Canada Inc.

The OSC held hearings relating to two applications that were received in connection with an unsolicited insider bid by Sears Holdings Corporation (Sears Holdings) for all the shares of Sears Canada Inc. (Sears Canada).

The first application was filed by dissident shareholders of Sears Canada. It alleged a number of irregularities in the conduct of the bid by Sears Holdings. The application raised the following significant issues:

- whether Sears Holdings had provided two bank shareholders with collateral benefits by modifying its bid to accommodate their tax planning objectives in exchange for their support of the second step business combination
- whether Sears Holdings had provided another shareholder with a collateral benefit by agreeing to release the shareholder from any litigation claims
- whether Sears Holdings was acting jointly or in concert with its financial adviser and an affiliate of the financial adviser such that Sears Canada shares held by the financial adviser and its affiliate should be excluded from approval of the second step business combination, and
- whether the Sears Holdings bid was otherwise conducted in an abusive fashion.

The second application that the OSC considered dealt with the conduct of the dissident shareholders. Sears Holdings alleged that the dissident shareholders had violated securities law requirements or otherwise acted contrary to the public interest by failing to report their collective ownership of Sears Canada shares at a time when they were joint actors and by acting in concert to manipulate the share price of Sears Canada.

The OSC issued its decision and reasons in respect of the two applications on August 8, 2006. With respect to the first application, the panel found that Sears Holdings had conferred prohibited collateral benefits upon the banks and the shareholder that had received the litigation release. However, the OSC concluded that there was no evidence that the financial adviser to Sears Holdings and its affiliate had acted jointly or in concert with Sears Holdings in connection with the bid.

The OSC was troubled by Sears Holdings' approach to disclosure about its bid and emphasized that disclosure obligations should focus on whether information was material to a tendering decision and not just technical compliance with the law. Finally, the OSC panel held that certain elements of Sears Holdings' conduct were coercive and abusive to the minority shareholders of Sears Canada and the capital markets generally.

The OSC issued an order cease-trading the bid, subject to conditions. The order effectively excluded the shares held by the three supporting shareholders from the minority approval required for the second step business combination under OSC Rule 61-501 *Insider Bids, Issuer Bids, Business Combination and Related Party Transactions* (OSC Rule 61-501).

The OSC dismissed the second application by Sears Holdings regarding the conduct of the dissident minority shareholders. However, the OSC noted that in appropriate circumstances, the use of swaps to avoid disclosure obligations by parking securities would constitute abusive conduct justifying the use of its public interest jurisdiction.

The Ontario Divisional Court dismissed an appeal from the OSC decision on October 11, 2006.

(iii) Joint actors in business combinations – Sterling Centrecorp Inc.

This hearing involved a management-led acquisition of Sterling Centrecorp Inc. (Sterling). The application to the OSC was made under sections 104 and 127 of the Act. The application dealt with the issue of whether, under the circumstances, the shares held by certain shareholders of Sterling had to be excluded from the minority approval required under OSC Rule 61-501 on the basis that they were joint actors with the insider group of officers and directors of Sterling (that intended to take the issuer private).

The insiders collectively owned approximately 35.3% of the issued and outstanding Sterling shares. They entered into support agreements with 15 security holders of Sterling (Supporting Shareholders) who controlled, in the aggregate, approximately 37.8% of the securities of Sterling. As a result, the transaction was effectively guaranteed to receive the necessary minority approval required under OSC Rule 61-501. However, the filers, who were shareholders of Sterling that had made an unsolicited take-over bid for all of the securities of Sterling, alleged that the Supporting Shareholders were joint actors with the insiders and that their votes should be excluded from the minority for the purposes of approval of the transaction by a majority of the minority.

The going private transaction was approved at Sterling's annual and special meeting of shareholders on April 30, 2007. The hearing proceeded on May 17, 2007.

Following the hearing, the OSC issued an order stating its finding that none of the Supporting Shareholders, other than David Kosoy (who had initially been a part of the insider group seeking to acquire Sterling) and a company controlled by Mr. Kosoy, were joint actors under OSC Rule 61-501. Accordingly, the OSC ordered pursuant to sections 104 and 127 of the Act, that Sterling had to correct the record of the votes cast at the shareholders meeting to exclude from the calculation all of the votes attached to the common shares and other securities of Sterling held by Mr. Kosoy and his company. The application was otherwise dismissed.

The OSC issued its reasons on May 17, 2007. The OSC's reasons discuss the interpretation of joint actors under OSC Rule 61-501 and the circumstances under which parties to a support agreement could be considered to be joint actors with an acquirer.

6. Insider reporting

The Branch's insider reporting group is responsible for administering insider reporting requirements under the Act. Our objective is to facilitate transparent, timely and complete insider reporting.

A. Common issues on SEDI

(i) General

Many insiders and their agents file insider reports on SEDI that do not correctly report their transactions in the manner required by Form 55-102F2 *Insider Report* and other applicable securities law. For example, an insider may report the exercise of an option without also reporting the acquisition of the underlying common shares received on exercise of the option and the subsequent sale of those shares.

Other frequently occurring errors include:

- insiders placing a successful order to buy or sell securities with a broker, but not reporting the trade until they receive a confirmation slip or account statement from the broker after the 10-day reporting period
- insiders buying securities in a private placement, but not reporting the purchase until they receive certificates representing the securities from the issuer or its transfer agent after the 10-day reporting period, or
- insiders failing to report securities over which they have or share control or direction (e.g. securities owned by a corporation controlled by the insider or securities held by a trust of which the insider is a trustee).

For additional guidance, see CSA Staff Notice 55-308 *Questions on Insider Reporting* and previous Branch reports.

(ii) Insider profiles

We have noted a number of frequently occurring errors related to insider and issuer profiles on SEDI and remind them of the following:

- **Individuals must use their residential address.** Insiders who are individuals may not use the issuer's address in their insider profile. They must use their residential address because the insider reporting obligation is imposed on the insider, not the issuer. Using the issuer's address also makes it difficult for us to contact insiders who have left the issuer. See item 4.2.4 of CSA Staff Notice 55-310 *Questions and Answers on the System for Electronic Disclosure by Insiders (SEDI)* (CSA Staff Notice 55-310) and the requirements of Form 55-102F1 *Insider Profile* (Form 55-102F1).
- **Use correct category of holdings.** Whenever an insider creates an insider profile, SEDI will prompt the insider to indicate how it holds the securities. For example, the insider can hold the securities directly or indirectly, or it can have control or direction over the securities. For guidance, see section 4.2.9 of CSA Staff Notice 55-310.
- **When to file an amended issuer profile supplement.** Issuers must file an amended issuer profile supplement on SEDI immediately after:
 - a new class of security is issued
 - there is a change in the designation of any security
 - any security has ceased to be outstanding and is not subject to issuance at a future date, or
 - there is any other change in the information disclosed in the issuer profile supplement.

B. Late fees and late fee waivers

Insiders have a legal obligation to file an insider report within 10 days of any change in their holdings (unless an exemption is available). We remind insiders that OSC Rule 13-502 *Fees* (OSC Rule 13-502) imposes a fee for the late filing of an insider report. The fee is \$50 per day, per insider, per issuer, to a maximum of \$1,000.

The purpose of the fee is to encourage timely reporting by insiders. We do not view the late filing fee as a penalty or sanction imposed by a regulatory authority. Consequently, these fees do not trigger disclosure requirements under item 10.2 of Form 51-102F2, item 7.2.1 of Form 51-102F5 *Information Circular*, or under the prospectus rules.

(i) When the late fee does not apply

The OSC does not charge late fees if the issuer's head office is located in British Columbia, Manitoba or Quebec because each of these jurisdictions charges late fees to insiders of those issuers.

(ii) Requesting a fee waiver

Insiders who file an application under OSC Rule 13-502 for a waiver of the late filing fee should note the following:

- The application must include the insider's name, the issuer's name, the SEDI invoice number and detailed reasons why the late fee should be waived.
- Late fee waivers may be granted for filing errors such as a typographical error in the transaction date.

In general, we will not waive late fees for insider reports if:

- the insider or its agent misunderstand the 10-day reporting requirement (e.g., reporting within 10 business days rather than 10 calendar days as required)
- delays are caused by vacations or business trips
- the insider and its agent or broker miscommunicate (e.g., broker fails to provide the insider with the details of a trade)
- the late filing results from an administrative error by the insider or its filing agent, or
- the insider is unfamiliar with its legal obligations.

Please refer any questions you may have about insider reporting to:

Julie Erion, Supervisor, Insider Reporting
Telephone: (416) 593-8154
Email: jerion@osc.gov.on.ca

7. Service standards and procedural matters

We are committed to delivering dependable, prompt and high quality services.

A. How we performed this year

When an issuer files an offering document with us and we are the principal regulator, we aim to complete our review within 30 working days. During the 2007 fiscal year, we met this standard 92% of the time. This is unchanged from the previous year.

When an issuer files an application for exemptive relief with us and we are the principal regulator, we aim to complete our review within 40 working days. During the 2007 fiscal year, we met this standard for 85% of the applications completed. This is a 5% increase from the previous year when we met this standard for 80% of the applications completed.

In the majority of cases where we did not meet our service standard, we failed to do so because:

- we did not receive a timely response from the filer
- the application was for a novel or complex issue, or
- the filer gave us incomplete or inaccurate information.

B. How you can help us improve our service

You can help us improve our service by:

- giving us complete and accurate information
- responding to our requests in a timely manner
- understanding and complying with our deadlines
- appreciating that complex or unusual matters require more time
- recognizing that we cannot provide legal advice, and
- understanding you may not always get the result you want.

(i) Prospectus filings

We continue to see certain deficiencies that can cause unnecessary delays in issuing a receipt on a preliminary prospectus or prospectus and often result in additional communication among us, issuers and/or their advisors.

Accordingly, we remind issuers and their advisors to ensure the following:

- red herrings on a preliminary prospectus comply with legal requirements
- details of prior discussions with us are set out in the cover letter
- all documents incorporated by reference are filed with each jurisdiction on the date the short form preliminary prospectus is filed
- activity fees and participation fees are paid as required
- prospectus certificates on preliminary and final prospectuses comply with applicable requirements
- the qualification certificates and the auditor's comfort and consent letters refer to the correct name and date of the preliminary or final prospectuses
- fees are attached to the correct filing and fee category, and
- blacklined documents are filed as correspondence and not as amendments on SEDAR.

(ii) What to include in applications for exemptive relief

Each year, we receive and review applications for exemptive relief that contain deficiencies. These deficiencies often delay the processing of the application and may consequently delay the granting of the requested relief.

In particular, filers and their advisors are reminded of the following:

- **Clearly set out the relief sought in the application.** The application should clearly set out the relief sought, why the relief is needed (e.g., if there is a provision the filer would like to rely on but cannot, explain why the filer cannot rely on the it), the filer's submissions regarding the policy reasons for granting the relief and how the key facts support granting the relief.
- **Include the reasons for confidentiality during review period.** Requests for confidentiality during the review process should set out reasons for the request.
- **Include the reasons for confidentiality post-decision.** Requests for confidentiality after the relief has been granted should be set out in a separate heading in the application letter and in the draft decision document. Filers should explain why it would be appropriate to have confidentiality post-decision. A date for lifting a grant of confidentiality should also be included in the draft decision document.

C. Other procedural matters

(i) When long form timing applies to short form prospectuses

Issuers are reminded that, in accordance with section 5.3(2) of NP 43-201, when a proposed distribution by way of a short form prospectus is too complex to be reviewed adequately within short form prospectus time frames, we may apply long form timing.

The following scenarios, among others, may give rise to long form timing:

- The issuer is proposing, or has recently completed, a significant acquisition of an issuer, business or property and the issuer is filing a significant amount of new material at the time of filing the preliminary prospectus. The acquired business in this case is often the main operating business of the issuer going forward.
- The issuer is proposing, or has recently completed, a significant restructuring, amalgamation or takeover.
- The issuer's CD record, in combination with the short form prospectus, appears to be deficient in a material respect.
- The offering is otherwise novel or complex.

Issuers are encouraged to consider the above guidance when structuring their transactions. Issuers may want to consider the pre-filing procedures set out in Part 9 of NP 43-201 and in Part A7 of Appendix A of proposed NI 11-102.

(ii) Credit support undertakings

We remind issuers of guaranteed non-convertible debt securities, preferred shares and cash settled derivatives that section 4.2(b)(ii) of NI 44-101 requires them to deliver to the securities regulators an undertaking of the issuer to file the CD documents of the credit supporter for as long as the securities being distributed are issued and outstanding.

The credit support undertaking must be:

- in a form acceptable to the securities regulators, and
- delivered no later than the filing of the short form prospectus.

This requirement applies if disclosure about the credit supporter is required to be included in the short form prospectus under section 12.1 of Form 44-101F1. Under the exemptions in sections 13.2 and 13.3 of Form 44-101F1, consolidating summary financial information must generally be included in the prospectus, including line item disclosure regarding the subsidiary credit supporter.

We will ask for a credit support undertaking if the subsidiary credit supporter is exempt from the requirements of section 12.2 under section 13.2 or 13.3 of Form 44-101F1. We will also ask the issuer to file the subsidiary credit supporter's full CD documents.

(iii) Who to contact

For more information about cease trade orders and filing of CD documents, please contact:

Ann Mankikar, Supervisor, Financial Examiners
Telephone: (416) 593-8281
Email: amankikar@osc.gov.on.ca

For more information about prospectus filings, please contact:

For preliminary receipts:

Merle Shiwbhajan, Review Officer
Telephone: (416) 593-8239
Email: mshiwbhajan@osc.gov.on.ca

Moses Seer, Administrative Support Clerk
Telephone: (416) 593-3684
Email: mseer@osc.gov.on.ca

For final receipts:

Fareeza Baksh, Selective Review Officer
Telephone: (416) 593-8062
Email: fbaksh@osc.gov.on.ca

For more information about applications for exemptive relief, please contact:

David Mattacott, Applications Administrator
Telephone: (416) 593-8325
Email: dmattacott@osc.gov.on.ca

We remind issuers and their advisors that requests or notices relating to prospectus or exempt distributions that do not take the form of an exemptive relief or waiver application should be sent to the attention of the Applications Administrator of the Branch. These include:

- a request under section 38(3) of the Act for the written permission of the Director to make a representation regarding the listing of a security on a stock exchange or quoted on any quotation and trade reporting system, and
- a prior written notice to the OSC provided under section 2.42(2) of NI 45-102 of a trade by an issuer in a security of an issuer held by it in accordance with the terms and conditions of a security previously issued by the issuer.

8. Questions

Please refer any questions you may have to:

Contact Centre
Ontario Securities Commission
20 Queen Street West, Suite 1900, Box 55
Toronto, Ontario M5H 3S8
Telephone: (416) 593-8314
Email: inquiries@osc.gov.on.ca

Lisa Enright, Assistant Manager
Telephone: (416) 593-3686
Email: lenright@osc.gov.on.ca

Jo-Anne Matear, Assistant Manager
Telephone: (416) 593-2323
Email: jmatear@osc.gov.on.ca

Ritu Kalra, Senior Accountant
Telephone: (416) 593-8063
Email: rkalra@osc.gov.on.ca

Diana Bold, Legal Counsel
Telephone: (416) 593-3680
Email: dbold@osc.gov.on.ca

November 1, 2007

1.1.3 Notice of Commission Approval – Material Amendments to CDS Rules Relating to Failure-to-Receive in CCP Services

CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

MATERIAL AMENDMENTS TO CDS RULES

FAILURE-TO-RECEIVE IN CCP SERVICES

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDS Clearing and Depository Services Inc. (CDS), on October 30, 2007, the Commission approved amendments filed by CDS to its rules relating to failure-to-receive in CCP services. The rule amendments will permit an automatic interest claim to be made for a CCP “fail-to-receive” and the fail mark to be calculated; give CDS the power to impose a fee on participants in “fail-to-receive” situations; and make the CDS Rules consistent with respect to suspending a participant due to a failure-to-deliver situation. A copy and description of these amendments were published for comment on April 13, 2007 at (2007) 30 OSCB 3669. No comment letters were received.

1.3 News Releases

1.3.1 OSC Report Highlights Corporate Finance Activities

**FOR IMMEDIATE RELEASE
November 1, 2007**

**OSC REPORT HIGHLIGHTS
CORPORATE FINANCE ACTIVITIES**

TORONTO – The Ontario Securities Commission (OSC) released Staff Notice 51-706 *Corporate Finance Branch Report 2007* today summarizing the operational activities of the Corporate Finance Branch for the 2007 fiscal year.

The Corporate Finance Branch of the OSC is responsible for regulating 4,100 reporting issuers in Ontario and overseeing compliance with the province’s securities laws in the public and exempt markets. The annual branch report highlights the results of a number of initiatives, including a new approach to continuous disclosure (CD) reviews, reviews of prospectuses, rights offerings and applications for exemptive relief, merger & acquisitions activity and insider reporting for the fiscal year. The report also provides an update on current service levels, and suggests ways they can be improved.

“It is important for us to provide transparent and effective guidance to our issuers on how they can better prepare their filings and comply with current securities regulations,” said Corporate Finance Director Margo Paul. “Our annual branch report is an excellent self-assessment tool for issuers and provides a benchmark to measure their level of regulatory compliance against their peers.”

This year, the OSC began focusing CD reviews along industry lines. Over 400 targeted and issue-oriented reviews were conducted between April 1, 2006 and March 31, 2007. Industry specialization allows the OSC to gain a greater understanding of the specific issues and concerns of each industry, and identify key risk areas such as accounting and general disclosure issues.

In addition, the OSC reviewed over 580 prospectuses and rights offering circulars, and more than 450 applications for exemptive relief were processed. The report outlines key issues identified during reviews of applications and offerings.

The report also focuses on important aspects of the regulatory framework highlighted during significant mergers and acquisitions hearings held in 2006/07. These hearings addressed issues related to the treatment of minority shareholders in going private transactions, the determination of joint actor status and the OSC’s public interest jurisdiction.

Staff Notice 51-706 *Corporate Finance Branch Report 2007* is available in the Rules, Policies & Notices section of the OSC website www.osc.gov.on.ca.

For Media Inquiries: Wendy Dey
Director, Communications
& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

For Investor Inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4 Notices from the Office of the Secretary

1.4.1 Global Partners Capital et al.

**FOR IMMEDIATE RELEASE
October 24, 2007**

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

AND

**IN THE MATTER OF
GLOBAL PARTNERS CAPITAL,
WS NET SOLUTION, INC.,
HAU WAI CHEUNG, CHRISTINE PAN,
GURDIP SINGH GAHUNIA**

TORONTO – Following a hearing held today in the above noted matter, the Commission ordered that:

- (1) pursuant to section 127(8) that the Temporary Order is extended to the end of Tuesday, January 22, 2008; and
- (2) the Hearing is adjourned to Tuesday, January 22, 2008 at 2:30 p.m.

A copy of the Order dated October 24, 2007 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
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& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.2 Jose L. Castaneda

FOR IMMEDIATE RELEASE
October 26, 2007

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

AND

**IN THE MATTER OF
JOSE L. CASTANEDA**

TORONTO – Following a hearing held today, the Commission issued an Order in the above named matter which provides that this matter is adjourned to be spoken to on January 16, 2008 at 10:00 a.m. or on such date as directed by the Commission.

A copy of the Order dated October 26, 2007 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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& Public Affairs
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Laurie Gillett
Manager, Public Affairs
416-595-8913

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

1.4.3 FactorCorp Inc. et al.

FOR IMMEDIATE RELEASE
October 26, 2007

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

AND

**IN THE MATTER OF
FACTORCORP INC.,
FACTORCORP FINANCIAL INC.,
AND MARK IVAN TWERDUN**

TORONTO – Following a hearing on October 26, 2007 in the above noted matter, the Commission ordered, pursuant to section 127 and 144 of the Act, that the Temporary Order, as varied, shall continue for the period expiring on December 6, 2007, unless further extended by the Commission.

A copy of the Order, is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.4 Mega-C Power Corporation et al.

FOR IMMEDIATE RELEASE
October 26, 2007

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

AND

IN THE MATTER OF
MEGA-C POWER CORPORATION, RENE PARDO,
GARY USLING, LEWIS TAYLOR SR.,
LEWIS TAYLOR JR., JARED TAYLOR,
COLIN TAYLOR AND 1248136 ONTARIO LIMITED

TORONTO – Following a hearing on October 23, 2007 to consider a Request for Adjournment by Gary Usling in the above named matter, the Commission adjourned the matter to November 5, 2007 at 10:00 a.m. in the Large Hearing Room to permit Mr. Usling to retain counsel.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.5 Sulja Bros. Building Supplies, Ltd. (Nevada) et al.

FOR IMMEDIATE RELEASE
October 31, 2007

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

AND

IN THE MATTER OF
SULJA BROS. BUILDING SUPPLIES, LTD. (NEVADA),
SULJA BROS. BUILDING SUPPLIES LTD.,
KORE INTERNATIONAL MANAGEMENT INC.,
PETAR VUCICEVICH AND ANDREW DeVRIES

TORONTO – Following a hearing held today, the Commission issued an Order in the above noted matter continuing the Temporary Order until January 22, 2008.

A copy of the Order dated October 31, 2007 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Peru Copper Inc. - s. 1(10)

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

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

October 25, 2007

McCarthy Tétrault LLP

P.O. Box 10424, Pacific Centre
Suite 1300, 777 Dunsmuir Street
Toronto, ON V7Y 1K2

Attention: C. Sena Byun

Dear Sirs/Mesdames:

Re: Peru Copper Inc. (the “Applicant”) - application for an order not to be a reporting issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick and Newfoundland and Labrador (the “Jurisdictions”)

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

As the Applicant has represented to the Decision Makers that,

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
- the Applicant is applying for relief not to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

- 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.

“Erez Blumberger”
Manager, Corporate Finance
Ontario Securities Commission

2.1.2 Rally Energy Corp. - s. 1(10)

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

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

October 24, 2007

Osler Hoskin & Harcourt LLP

2500 Trans Canada Tower
450 - 1 Street SW
Calgary, AB T2P 5H1

Attention: Heidi Wong

Dear Madam:

**Re: Rally Energy Corp. (the Applicant) -
Application to Cease to be a Reporting Issuer
under the securities legislation of Alberta,
Saskatchewan, Manitoba, Ontario and Nova
Scotia (the Jurisdictions)**

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
4. the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

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

Relief requested granted on the 24th day of October, 2007.

2.1.3 Sabretooth Resources Inc. - s. 1(10)(b)

Relief requested granted on the 24th day of September, 2007.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

“Blaine Young”
Associate Director, Corporate Finance
Alberta Securities Commission

Ontario Statutes

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

Citation: Sabretooth Resources Inc., 2007 ABASC 708

September 24, 2007

Stikeman Elliott LLP

4300 Bankers Hall West
888 - 3rd Street SW
Calgary, AB T2P 5C5

Attention: Kathy Estey

Dear Madam:

Re: Sabretooth Resources Inc. (the Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Ontario and Québec (the Jurisdictions)

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
4. the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

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

2.1.4 Aur Resources Inc. - s. 1(10)

"Erez Blumberger"
Manager, Corporate Finance
Ontario Securities Commission

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

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

October 26, 2007

Lang Michener LLP
Brookfield Place, P.O. Box 747
181 Bay Street, Suite 2500
Toronto, Ontario
M5J 2T7

Attention: Hellen Siwanowicz

Dear Sirs/Mesdames:

Re: Aur Resources Inc. (the "Applicant") - application for an order not to be a reporting issuer under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that,

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
- the Applicant is applying for relief not to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- 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.

2.1.5 Altrinsic Global Advisors, LLC - s. 7.1(1) of NI 33-109 Registration Information

Application pursuant to section 7.1 of NI 33-109 that the Applicant be relieved from the Form 33-109F requirements in respect of certain of its nominal officers. The exempted officers are without significant authority over any part of the Applicant's operations and have no connection with its Ontario operation. The Applicant is still required to submit 33-109 F4s on behalf of its directing minds, who are certain Executive Officers, and its Registered Individuals, who are those officers involved in the Ontario business activities.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 147.

Rules Cited

National Instrument 33-109 Registration Information.

October 25, 2007

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

AND

**IN THE MATTER OF
ALTRINSIC GLOBAL ADVISORS, LLC**

**DECISION
(Subsection 7.1(1) of National Instrument 33-109)**

UPON the application (the **Application**) of Altrinsic Global Advisors, LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an exemption pursuant to subsection 7.1(1) of National Instrument 33-109 - *Registration Information (NI 33-109)* from the requirement in subsection 2.1(c) and section 3.3 of NI 33-109 that the Applicant submit a completed Form 33-109F4 for each non-registered individual of the Applicant in connection with the Applicant's registration as a dealer in the category of limited market dealer (**LMD**);

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

AND UPON the Applicant having represented to the Director that:

1. The Applicant is a limited liability company formed under the laws of the State of Delaware of the United States of America. The head office of the Applicant is located at 100 First Stamford Place, 6th Floor East, Stamford, CT 06902.
2. The Applicant is registered under the Act as an international adviser and intends to maintain such registration. The Applicant is also registered as an adviser with the U.S. Securities and Exchange

Commission under the *Investment Advisers Act of 1940*.

3. The Applicant carries on business as an adviser in the United States, providing investment advice through managed accounts and investment funds.
4. The Applicant has approximately 7 members that will have responsibilities that include trading in securities in Ontario. The Applicant does not have a board of directors.
5. The Applicant intends to apply to the Commission for registration under the Act as a dealer in the category of LMD, primarily for the purpose of engaging in the distribution of units of a pooled fund managed by the Applicant.
6. Pursuant to NI 33-109, a LMD is required to submit, in accordance with National Instrument 31-102 - *National Registration Database (NI 31-102)*, a completed Form 33-109F4 for each non-registered individual of the Applicant, including all officers who have not applied to become registered individuals of the Applicant under subsection 2.2(1) of NI 33-109.
7. All individuals who intend to trade in securities in Ontario on behalf of the Applicant will register as registered individuals in accordance with the registration requirement under section 25(1) of the Act and the requirements of NI 31-102 by submitting a Form 33-109F4 completed with all the information required for a registered individual.
8. The Applicants remaining members will be Non-Registered Individuals, as defined in NI 33-109. Of the Applicant's Non-Registered Individuals many would not reasonably be considered to be directors or officers from a functional point of view. These individuals (the **Nominal Officers**) are not in charge of a principal business unit, division or any operational function of the Applicant and, in any event, will not be involved in or have oversight of the Applicant's dealer activities in Ontario. For purposes of reporting to securities regulatory authorities the Applicant considered only its portfolio managers to be analogous to officers (the **Executive Officers**) which would include a total of 3 people.
9. The Applicant seeks relief from the requirement to submit Form 33-109F4s for the Nominal Officers. The Applicant will submit Form 33-109F4s on behalf of each Executive Officer completed with all the information required for a non-registered individual. The Applicant will also submit a Form 33-109F4 for the designated compliance officer under the Applicant's proposed Non-Resident LMD registration (the **Compliance Officer**). The Compliance Officer will monitor and supervise the Ontario trading activities of the Applicant with respect to compliance with Ontario securities laws

and any conditions of the Applicant's registration as a limited market dealer in Ontario.

10. In the absence of the requested exemptive relief, subsection 2.1(c) of NI 33-109 would require that in conjunction with its proposed LMD registration application, the Applicant submit a completed Form 33-109F4 for each of its non-registered individuals which would include its Nominal Officers and any new Nominal Officers, rather than limiting this filing requirement to the much smaller number of Executive Officers and the Designated Compliance Officer. The information contained in the filed Form 33-109F4 would also need to be monitored on a constant basis to ensure that notices of change were submitted in accordance with the requirements of section 5.1 of NI 33-109.
11. Given the limited scope of the Applicant's proposed activities in Ontario and the number of Nominal Officers, none of whom will have any involvement in the Applicant's Ontario activities, the preparation and filing of Form 33-109F4s on behalf of each Nominal Officer would achieve little or no regulatory purpose, while imposing an unwarranted administrative and compliance burden on the Applicant.

AND WHEREAS the Director is satisfied that it would not be prejudicial to the public interest to make the requested Order on the basis of the terms and conditions proposed;

IT IS ORDERED pursuant to section 7.1 of NI 33-109 that the Applicant is exempt from the requirement in subsection 2.1(c) of NI 33-109 and section 3.3 of NI 33-109 to submit a completed Form 33-109F4 for each of its non-registered individuals who are Nominal Officers not involved in its LMD business in Ontario, provided that at no time will the Nominal Officers include any Executive Officer or Designated Compliance Officer, or other officer who will be involved in, or have oversight of, the Applicant's LMD activities in Ontario in any capacity.

"David M. Gilkes"
Manager, Registrant Regulation
Ontario Securities Commission

2.1.6 NewWest Gold Corporation - s. 1(10)

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – application for an order that the issuer is not a reporting issuer.

Applicable Ontario Statutory Provisions

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

October 29, 2007

Cassels Brock & Blackwell LLP

2100 Scotia Plaza,
40 King Street West
Toronto, ON M5H 3C2

Attention: Jennifer Campbell

Dear Sirs/Mesdames:

Re: NewWest Gold Corporation (the "Applicant") - application for an order not to be a reporting issuer under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Nova Scotia, New Brunswick and Newfoundland and Labrador (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that,

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
- the Applicant is applying for relief not to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- 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.

"Erez Blumberger"
Manager, Corporate Finance
Ontario Securities Commission

2.1.7 MMC Energy, Inc. - MRRS Decision

Headnote

MRRS - Relief from prospectus requirements in connection with the first trade of common shares outside Canada - Issuer made privately placed common shares to Canadian residents in May 2006 - Exemption from prospectus requirements for trades outside Canada not available as at the time of the distribution the conditions of the exemption were not met - Percentage of shareholders resident in Canada and shares held by Canadian residents subsequently became *de minimis*.

Applicable Legislative Provisions

Securities Act (Ontario), ss. 74(1), 53(1).
National Instrument 45-102 Resale of Securities, s. 2.14.

Citation: MMC Energy, Inc., 2007 ABASC 745

October 19, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, ONTARIO AND SASKATCHEWAN
(THE JURISDICTIONS)

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
MMC ENERGY, INC. (THE FILER)

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption (the **Requested Relief**) from prospectus requirements for the first trade of common shares of the Filer distributed to purchasers resident in the Jurisdictions under available "accredited investor" exemptions in connection with a private placement completed in May, 2006 (the **Private Placement**).
2. Under the Mutual Reliance Review System for Exemptive Relief Applications (the **MRRS**):
 - (a) the Alberta Securities Commission is the principal regulator for this application; and

- (b) this MRRS decision document evidences the decision of each Decision Maker (the **Decision**).

Interpretation

3. Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this Decision unless they are otherwise defined in this Decision.

Representations

4. This Decision is based on the following facts represented by the Filer:
 - (a) The Filer is a Delaware corporation whose shares are listed on the NASD Over-the-Counter Bulletin Board (the **OTC BB**) in the United States and the Deutsche Borse in Germany.
 - (b) The Filer is not a reporting issuer in any jurisdiction in Canada and currently has no intention of becoming a reporting issuer.
 - (c) In the Private Placement, 4,525,000 common shares (the **Common Shares**) were sold to Canadian residents (the **Canadian Private Placement Shares**) out of a total offering of 12,000,966 Common Shares.
 - (d) In the absence of an order granting relief, the first trade of the Canadian Private Placement Shares by a resident of the Jurisdictions will be deemed to be a distribution pursuant to section 2.6 of National Instrument 45-102 *Resale of Securities (NI 45-102)* unless, among other things, the Filer has been a reporting issuer for 4 months immediately preceding the trade in one of the jurisdictions set forth in Appendix B to NI 45-102.
 - (e) Section 2.14 of NI 45-102 provides an exemption from section 2.6 of NI 45-102 in respect of a distribution of securities if, at the date of a distribution, residents of Canada did not own more than 10% of the outstanding securities of the class distributed and did not represent more than 10% of the number of holders of securities of that class.
 - (f) Immediately following the Private Placement Canadian residents held in the aggregate approximately 10.65% of the then-outstanding Common Shares. The Filer is unable to determine the number of beneficial holders of Common

shares at that time, but 98 of the 165 registered holders of Common Shares (approximately 59%) were Canadian residents. Accordingly, the exemption under section 2.14 is unavailable in respect of the Canadian Private Placement Shares.

- (g) Using reasonable efforts the Filer determined that as at July 12, 2007, 243 residents of Canada (representing 12.17% of the total) were beneficial holders of Common Shares and Canadian residents held approximately 8.73% of the total common shares issued and outstanding.
- (h) No market currently exists in Canada for the Common shares and none is expected to develop.
- (i) The Filer is subject in the United States to the reporting obligations of the 1934 Act. Documents filed with the SEC will be available electronically through EDGAR.
- (j) The Filer has filed a registration statement with the United States Securities and Exchange Commission with respect to the Common Shares issued pursuant to the Private Placement and such registration statement was declared effective April 5, 2007.

Decision

- 5. 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.
- 6. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that:
 - (a) the trade is made through an exchange, or a market, outside of Canada; and
 - (b) at the date of the trade the Filer is not a reporting issuer in any jurisdiction of Canada.

“Glenda A. Campbell”, QC
Alberta Securities Commission

“Stephen R. Murison”
Alberta Securities Commission

2.1.8 NYLIFE Distributors LLC - s. 6.1(1) of NI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees

Applicant registered as an international dealer exempted from the electronic funds transfer requirement pursuant to subsection 6.1(1) of National Instrument 31-102 – National Registration Database and activity fee contemplated under section 4.1 of Ontario Securities Commission Rule 13-502 – Fees waived in respect of this discretionary relief, subject to certain conditions.

Rules Cited

National Instrument 31-102 – National Registration Database (2007) 30 OSCB 5430, s. 6.1.
Ontario Securities Commission Rule 13-502 – Fees (2003) 26 OSCB 867, ss. 4.1, 6.1.

October 26, 2007

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

AND

**IN THE MATTER OF
NYLIFE DISTRIBUTORS LLC**

DECISION

(Subsection 6.1(1) of National Instrument 31-102 – National Registration Database and Section 6.1 of Ontario Securities Commission Rule 13-502 – Fees)

UPON the Director having received the application of NYLIFE Distributors LLC (the **Applicant**) for an order pursuant to subsection 6.1(1) of National Instrument 31-102 – *National Registration Database (NI 31-102)* granting the Applicant relief from the electronic funds transfer requirement contemplated under NI 31-102 and for relief from the activity fee requirement contemplated under section 4.1 of Ontario Securities Commission Rule 13-502 – **Fees (Rule 13-502)** in respect of this discretionary relief;

AND UPON the Director having considered the application and the recommendation of the staff of the Ontario Securities Commission (the **Commission**);

AND UPON the Applicant having represented to the Director as follows:

- 1. The Applicant is organized as a limited liability company under the laws of the State of Delaware in the United States. The head office of the Applicant is located in Parsippany, New Jersey, USA.
- 2. The Applicant is not a reporting issuer in any province or territory of Canada. The Applicant is registered under the Act as an international dealer.

3. NI 31-102 requires that all registrants in Canada enrol with CDS INC. (**CDS**) and use the national registration database (**NRD**) to complete certain registration filings. As part of the enrolment process, registrants are required to open an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit (the **EFT Requirement**).
4. The Applicant currently relies on a third party agent with a commercial banking account in Canada to pay its fees. For business reasons the Applicant no longer wishes to rely on such agent, however the Applicant anticipates encountering difficulties in setting up a Canadian based bank account for purposes of fulfilling the EFT Requirement.
5. The Applicant confirms that it is not registered, and does not intend to register in another category to which the EFT Requirement applies and that Ontario is the only jurisdiction in which it is registered.
6. Staff of the Canadian Securities Administrators has indicated that, with respect to applications from international dealers and international advisers (or applicants in equivalent categories of registration) for relief from the EFT Requirement, it is prepared to recommend waiving the fee normally required to accompany applications for discretionary relief (the **Application Fee**).
7. For Ontario registrants, the requirement for payment of the Application Fee is set out in section 4.1 of Rule 13-502.

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

IT IS THE DECISION of the Director, pursuant to subsection 6.1(1) of NI 31-102 that the Applicant is granted an exemption from the EFT Requirement for so long as the Applicant:

- (a) makes acceptable alternative arrangements with CDS for the payment of NRD fees and makes such payment within ten (10) business days of the date of the NRD filing or payment due date;
- (b) pays its participation fee under the Act to the Commission by cheque, draft, money order or other acceptable means at the time of filing its application for annual renewal, which shall be no later than the first day of December in each year;
- (c) pays any applicable activity fees, or other fees that the Act requires it to pay to the Commission, by cheque, draft, money

order or other acceptable means at the appropriate time; and

- (d) is not registered in any other Canadian jurisdiction in another category to which the EFT Requirement applies;

PROVIDED THAT the Applicant submits a similar application in any other Canadian jurisdiction where it becomes registered as an international dealer, international adviser or in an equivalent registration category;

AND IT IS THE FURTHER DECISION of the Director, pursuant to section 6.1 of Rule 13-502, that the Application Fee will be waived in respect of the application for this Decision.

“David M. Gilkes”
Manager, Registrant Regulation
Ontario Securities Commission

2.1.9 Prism Medical Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption from issuer bid requirements – issuer conducting issuer bid using modified “dutch auction” procedure under which all shares deposited at prices above the purchase price will be returned to the shareholder instead of being taken up and paid for on a pro rata basis – shareholders who tender above the purchase price are not prepared to sell at the purchase price suffer no prejudice if their shares are not taken up and paid for, as returning their shares respects their intentions – shareholders who are prepared to sell at the purchase price are treated equally as their shares are taken up pro rata.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 95, 104(2)(c) and Form 33.

October 22, 2007

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, NOVA SCOTIA,
NEWFOUNDLAND AND LABRADOR AND
NEW BRUNSWICK (the “Jurisdictions”)

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
PRISM MEDICAL LTD. (the “Filer”)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that, in connection with the proposed purchase by the Filer of a portion of its outstanding common shares (“Shares”) pursuant to an issuer bid (the “Offer”), the Filer be exempt from the requirements in the Legislation (the “Requested Relief”):

- (a) to take up and pay for securities proportionately according to the number of securities deposited by each securityholder; and

- (b) to provide disclosure in the issuer bid circular (the “Circular”) of such proportionate take-up and payment; and
- (c) to state the number of securities sought under the Offer (the “Number of Securities Requirement”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

“Shareholders” means, collectively, holders of Shares; and

“TSXV” means TSX Venture Exchange.

Representations

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

1. The Filer is a reporting issuer in each of the Jurisdictions. It is not in default of any requirement of the Legislation and is not on the list of defaulting reporting issuers maintained pursuant to such Legislation, where applicable.
2. The Filer was incorporated under the *Business Corporations Act* (Ontario) by articles of incorporation dated February 15, 1996.
3. The authorized capital of the Filer consists of an unlimited number of Shares, of which approximately 6 million were issued and outstanding as at September 24, 2007.
4. The Shares are listed and posted for trading on the TSXV.
5. To the best of the Filer’s knowledge, the only Shareholders that hold more than 10% of the Shares are Mr. L. Lamont Gordon (as to approximately 14%) and Mr. Clive Ecroyd, an officer and director of the Filer (as to approximately 10%). In addition, Yellow Point Equity Partners Limited Partnership holds \$5,450,000 principal amount of the Filer’s subordinated convertible debentures which are convertible into Shares representing approximately 18.4% of the Shares on a fully-diluted basis.

6. As at September 13, 2007, the last day on which Shares were traded on the TSXV before the Offer was announced, the closing price of the Shares on the TSXV was \$2.90 and on such date the outstanding Shares had an aggregate market value of approximately \$17,400,000, based on such closing price.
7. The Filer is conducting the Offer pursuant to a modified Dutch auction procedure (the "**Dutch Auction**"), as follows:
- (a) the Circular specifies that the maximum amount that the Filer will spend pursuant to the Offer is \$4,000,000 (the "**Specified Amount**");
 - (b) the Circular specifies the range of prices within which the Filer is prepared to purchase such Shares (the "**Price Range**");
 - (c) each Shareholder wishing to tender to the Offer has the right either to:
 - (i) specify the lowest price within the Price Range at which such Shareholder is willing to sell its tendered Shares (an "**Auction Tender**"); or
 - (ii) not specify a price but elect to be deemed to have tendered the Shares purchased at the Purchase Price (determined according to subparagraph 8(e) below) (a "**Purchase Price Tender**");
 - (d) the aggregate dollar amount the Filer will spend pursuant to the Offer will remain variable until the Purchase Price is determined and the prorating is calculated in accordance with the procedures outlined on subparagraph 8(h) below;
 - (e) the price per Share (the "**Purchase Price**") for the Shares purchased pursuant to the Offer will be the lowest price that will enable the Filer to purchase the maximum number of Shares that may be purchased with the Specified Amount, and it will be determined based upon the number of Shares tendered and not withdrawn pursuant to an Auction Tender at each price within the Price Range and tendered and not withdrawn pursuant to a Purchase Price Tender, with each Purchase Price Tender being considered a tender at the lowest price within the Price Range for the purpose of calculating the Purchase Price;
 - (f) all Shares tendered at prices above the Purchase Price will be returned to the appropriate Shareholders;
 - (g) all Shares tendered at or below the Purchase Price will be taken up and paid for at the Purchase Price, subject to proration as described under subparagraph (h) below;
 - (h) if the aggregate Purchase Price for Shares validly tendered to the Offer and not withdrawn exceeds the Specified Amount, the Filer will purchase the Shares tendered at or below the Purchase Price on a pro rata basis;
 - (i) if the Offer is under-subscribed by the initial expiration date but all the terms and conditions thereof have been complied with except those waived by the Filer, the Filer may extend the Offer for at least 10 days, in which case the Legislation would require the Filer to first take up and pay for all Shares deposited and not withdrawn. All Shares tendered at that time and not withdrawn will be taken up and paid for at the Purchase Price, which would also be the price applicable for the Offer during the extended bid period; and
 - (j) by the time any extended bid period is over, the Offer may be over-subscribed, in which case the Filer intends to pro-rate only among the tendered Shares received during the extension and after the original expiration date.
8. Prior to the initial expiry of the Offer, all information regarding the number of Shares tendered and the prices at which such Shares are tendered will be kept confidential by the depositary under the Offer, and the depositary will be directed by the Filer to maintain such confidentiality until the Purchase Price has been determined.
9. Since the Offer is for less than all the Shares, if the number of Shares tendered to the Offer exceeds the Specified Amount worth of Shares, the Legislation would require the Filer to take up and pay for deposited Shares proportionately, according to the number of Shares deposited by each Shareholder. In addition, the Legislation would require the Filer to disclose in the Circular that the Filer would, if Shares tendered to the Offer exceeded the Specified Amount worth of Shares, take up such Shares proportionately according to the number of Shares tendered by each Shareholder. The Filer cannot comply with the Number of Securities Requirement because it cannot specify the number of Shares it will acquire

pursuant to the procedure described in paragraph 8 above.

10. The Circular:

- (a) discloses the mechanics for the take-up of and payment for, or the return of, Shares as described in paragraph 8 above;
- (b) explains that, by tendering Shares at the lowest price in the Price Range or under a Purchase Price Tender, a Shareholder can reasonably expect that the Shares so tendered will be purchased at the Purchase Price, subject to proration as described in paragraph 8 above; and
- (c) except to the extent exemptive relief is granted by the Decision Makers, contains the disclosure prescribed by the Legislation for issuer bids.

Decision

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.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that Shares deposited under the Offer and not withdrawn are taken up and paid for, or returned to Shareholders, in the manner described in representation 8.

“Harold P. Hands”
Commissioner
Ontario Securities Commission

“Suresh Thakrar”
Commissioner
Ontario Securities Commission

2.1.10 Scotia Securities Inc. and Scotia Capital Inc. - MRRS Decision

Headnote

Mutual reliance review system for exemptive relief applications – Exemptions from the mutual fund related party prohibitions to allow mutual funds to make purchase, sell and continue to hold securities of DundeeWealth Inc., an issuer in which a person or company who is a substantial security holder of the mutual funds, their management company or their distribution company, has a significant interest. – Fund governance mechanism is required to regularly review and approve the holdings, purchases or sales of the securities of DundeeWealth Inc. to ensure that such transactions have been made in the best interests of the mutual funds. – In the event of a takeover bid for DundeeWealth Inc., the fund governance mechanism will provide a recommendation on whether the portfolio advisor’s proposed course of action in relation to a bid achieves a fair and reasonable result for the investment fund. – Relief contains sunset clause and will terminate on November 1, 2007, at which time the mutual funds will be fully subject to National Instrument 81-107.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 110(2)(a)(i), 111(2)(c)(ii), 111(3), 113.

October 25, 2007

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA,
SASKATCHEWAN, QUEBEC, NOVA SCOTIA,
NEW BRUNSWICK AND NEWFOUNDLAND
AND LABRADOR
(the “Jurisdictions”)**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
SCOTIA SECURITIES INC. (“Scotia Securities”)
AND SCOTIA CAPITAL INC. (“Scotia Capital”)
(collectively, the “Filers”)**

MRRS DECISION DOCUMENT

Background

The securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from the Filers in respect of the mutual funds for which one or more of the Filers acts as trustee, manager or portfolio advisor (individually a “Fund” and collectively, the “Funds”) for a decision (the “Decision”)

under the securities legislation of the Jurisdictions (the "Legislation") that the provision prohibiting a mutual fund from knowingly making or holding an investment in an issuer in which any person or company who is a substantial security holder of the mutual fund, its management company or its distribution company, has a significant interest (the "Investment Restrictions") shall not apply to investments by the Funds in securities of DundeeWealth Inc. ("Dundee") (the "Requested Relief").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this Decision unless they are otherwise defined in this Decision.

Representations

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

- 1. Each Fund is an open-end mutual fund trust established or continued under the laws of the Province of Ontario. Units of each Fund are qualified for distribution to the public under a simplified prospectus and annual information form filed in each of the Jurisdictions.
- 2. Scotia Securities is a corporation established under the laws of the Province of Ontario and is the trustee and manager of certain of the Funds (the "Scotia Mutual Funds"). Scotia Securities also acts as principal distributor of the Scotia Mutual Funds and, accordingly, is a "distribution company" within the meaning of the Legislation.
- 3. Scotia Securities is registered as a dealer in the category of mutual fund dealer (or the equivalent) in all the Jurisdictions. Scotia Securities is a member of the Mutual Fund Dealers Association of Canada.
- 4. Scotia Capital is a corporation established under the laws of the Province of Ontario and is the trustee and manager of certain of the Funds (the "Pinnacle Funds"). Scotia Capital also acts as portfolio manager of certain of the Funds and so it is a "management company", within the meaning of the Legislation, of those Funds in respect of which it provides portfolio advisory services.
- 5. Scotia Capital is registered as a dealer in Ontario in the category of investment dealer and is registered under the equivalent category in the

other Jurisdictions. Scotia Capital is a member of the Investment Dealers Association of Canada.

- 6. Each of Scotia Securities and Scotia Capital is a subsidiary of Scotiabank and accordingly each is an affiliate of the other. Scotiabank is a substantial security holder of each of Scotia Securities and Scotia Capital within the meaning of the Legislation.
- 7. Dundee is a TSX listed corporation existing under the laws of Ontario.
- 8. Several of the Funds currently hold securities of Dundee, including each Fund that has an investment objective of tracking the S&P/TSX Composite Index (an "Index Fund").
- 9. On September 28, 2007, Scotiabank purchased an interest in Dundee, which has resulted in Scotiabank holding over 10 percent of the outstanding equity securities of Dundee. Accordingly, Scotiabank will have a significant interest in Dundee within the meaning of the Legislation.
- 10. Pursuant to the Legislation, the Funds are prohibited from making or holding an investment in any issuer in which any person or company who is a substantial security holder of the Fund, its management company or its distribution company, has a significant interest. As a result of the relationship described above, the Funds are therefore prohibited from making or holding an investment in securities of Dundee.
- 11. Absent the prohibitions described above, an investment in securities of Dundee would be consistent with the investment objectives of certain of the Funds, and, in the case of an Index Fund, would be required by the investment objectives of the Index Fund as Dundee is currently a constituent security within the S&P/TSX Composite Index.
- 12. Each of Scotia Securities and Scotia Capital has appointed an independent board of advisors (the "Board of Advisors") that currently oversees all transactions in, and holdings of, securities of Scotiabank pursuant to exemptive relief previously granted by the Decision Makers.
- 13. The role and duties of the Board of Advisors is disclosed in the current simplified prospectus of the Funds.
- 14. Effective November 1, 2007, each of the Funds will have a functioning independent review committee as required pursuant to National Instrument 81-107 ("NI 81-107"), which will approve all transactions in, and holdings of, Dundee securities.

15. In the interim period between the closing of the Purchase and the implementation of the NI 81-107 regime, it is proposed that the Board of Advisors will review and approve all transactions in, and holdings of, Dundee securities by the Funds.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make this Decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that:

1. any purchase of Dundee securities by the Funds is made on an exchange on which the securities of Dundee are listed and traded;
2. no later than the time a Fund files its annual financial statements, the manager of any Fund which has traded in Dundee securities since September 28, 2007, will file on SEDAR the particulars of the investment;
3. the manager of the Fund has appointed a Board of Advisors to review the Funds' purchases, sales and continued holdings of Dundee securities;
4. the Board of Advisors has at least three members, each of whom is independent from and none of whom has a material relationship with the manager of any of the Funds, the Funds themselves, or an entity related to any manager, as those terms are defined in NI 81-107; more particularly, each member of the Board of Advisors shall be independent of:
 - (a) Scotiabank,
 - (b) Dundee,
 - (c) Scotia Securities,
 - (d) Scotia Capital,
 - (e) any portfolio advisor of the Funds, or
 - (f) any associate or affiliate of Scotiabank, Dundee, Scotia Securities, Scotia Capital or any portfolio advisor of the Funds;
5. the Board of Advisors has a written charter describing its mandate, responsibilities and function, and the standard of care which, at a minimum, sets out the applicable conditions of this Decision;
6. the members of the Board of Advisors exercise their powers and discharge their duties honestly, in good faith and in the best interests of investors in the Funds and, in doing so, exercise the degree

of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;

7. none of the Funds nor any manager of any of the Funds indemnifies a member of the Board of Advisors against costs, charges or expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the person in respect of any civil, criminal, administrative, investigative or other proceeding in which the member is involved because of being or having been a member unless,
 - (a) the member acted honestly and in good faith, with a view to the best interests of the investment fund; and
 - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the member had reasonable grounds for believing that the individual's conduct was lawful;
8. none of the Funds incurs the costs of any portion of liability insurance that insures a member of the Board of Advisors for a liability for loss unless the conditions in clauses (a) and (b) of the previous paragraph are satisfied;
9. the Board of Advisors reviews the Funds' purchases, sales and continued holdings of Dundee securities regularly;
10. the Board of Advisors forms the opinion after reasonable inquiry that the decisions made on behalf of each Fund by the Fund's portfolio advisor to purchase, sell or continue to hold Dundee securities, as the case may be, are or continue to be, in the best interests of the Fund and:
 - (a) represent the business judgment of the Fund's portfolio advisor, uninfluenced by considerations other than the best interests of the Fund,
 - (b) have been made free from any influence by Scotiabank or Dundee and without taking into account any consideration relevant to Scotiabank or Dundee or any associate or affiliate of Scotiabank or Dundee, and
 - (c) do not exceed the limitations of applicable legislation;
11. the determination made by the Board of Advisors pursuant to paragraph 10 above is included in detailed written minutes provided to the manager of the relevant Fund;

12. in the event that the securities of Dundee become the subject of a takeover bid:
- (a) prior to a Fund's portfolio advisor making a final determination in respect of any offer for the securities of Dundee held by a Fund, it will seek the recommendation of the Board of Advisors as to whether, in the Board of Advisor's opinion after reasonable inquiry, the proposed action achieves a fair and reasonable result for the Fund;
 - (b) the portfolio advisor must consider the recommendation of the Board of Advisors;
 - (c) if the Fund's portfolio advisor decides to proceed in a manner that is inconsistent with the recommendation of the Board of Advisors:
 - (i) the portfolio advisor must notify the Board of Advisors in writing before proceeding with its decision; and
 - (ii) the Filer will file on SEDAR a report describing the proposed course of action, the recommendation of the Board of Advisors and the portfolio advisor's reasons for proceeding against the Board of Advisor's recommendation;
13. the recommendation made by the Board of Advisors pursuant to paragraph 12 above is included in detailed written minutes provided to the manager of the relevant Fund;
14. in respect of any Fund, within 30 days after the end of each month in which the Fund's portfolio advisor purchases or sells securities of Dundee on behalf of the Fund, a Filer will file on SEDAR:
- (a) reports disclosing:
 - (i) the name of each Fund that purchased or sold during the month,
 - (ii) the date of each purchase and sale,
 - (iii) the volume weighted average price paid or received for the securities of Dundee by each Fund on a given date, and
 - (iv) whether the purchase, sale or holding was determined by the Board of Advisors to not comply with paragraph 10 above and, if so, why the purchase, sale or holding was either completed, continued or not liquidated notwithstanding the Board of Advisors' determination;
 - (b) a certificate of the relevant Fund's portfolio advisor certifying that:
 - (i) at the time of each trade, the trade represented the business judgment of the portfolio advisor of the Fund uninfluenced by considerations other than the best interest of the Fund and was, in fact, in the best interests of the Fund,
 - (ii) the trades were made free from any influence by Scotiabank or Dundee or any affiliate or associate thereof and without taking any consideration relevant to Scotiabank or Dundee or any associate or affiliate thereof, and
 - (iii) the trades were not part of a series of transactions aiming to support or otherwise influence the price of the securities of Dundee; and
 - (c) a certificate by each member of the Board of Advisors certifying that after reasonable inquiry the member formed the opinion that the policies and procedures referred to in paragraph 5 above are adequate and effective to ensure compliance with the conditions of this Decision and that the decision made on behalf of each Fund by the Fund's portfolio advisor to purchase or sell securities of Dundee for the Fund and the purchase or sale by the Fund:
 - (i) was made in compliance with the conditions of this Decision;
 - (ii) represented the business judgment of the portfolio advisor uninfluenced by considerations other than the best interests of the Fund; and
 - (iii) was, in fact, in the best interests of the Fund;
15. the Board of Advisors advises the Decision Makers in writing of:

- (a) any determination by it that the condition in paragraph 10 has not been satisfied with respect to any purchase, sale or holding of securities of Dundee,
- (b) any determination by it that any other condition of the relief requested hereunder has not been satisfied,
- (c) any action it has taken or proposes to take following the determinations referred to above, and
- (d) any action taken, or proposed to be taken, by Scotia Securities, Scotia Capital or any portfolio advisor of the Funds in response to the determinations referred to above;

16. the nature of this relief is disclosed in a press release; and

17. this Decision will terminate on November 1, 2007.

"Wendell S. Wigle"
Commissioner
Ontario Securities Commission

"David L. Knight"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Steve Theofanis - NI 45-106 Prospectus and Registration Exemptions, s. 1(1)(v) "accredited investor"

Headnote

Application for recognition as an accredited investor pursuant to paragraph (v) of the definition of accredited investor in section 1.1 of National Instrument 45-106 - Prospectus and Registration Exemptions – Applicant meets the proficiency requirements to be registered as both a security adviser and an investment counsel and portfolio manager pursuant to Ontario Securities Commission Rule 31-502 - Proficiency Requirements for Registrants – Applicant could satisfy the definition of an accredited investor for the purposes of National Instrument 45-106 - Prospectus and Registration Exemptions if Applicant were to apply for registration as an adviser, or as a registered representative of a registered adviser under the Securities Act (Ontario) and immediately thereafter surrender such registration on the basis that the Applicant would be a former representative – Applicant recognized as an accredited investor under National Instrument 45-106 - Prospectus and Registration Exemptions provided – Recognition expires in two years.

Applicable Legislative Provisions

National Instrument 45-106 Prospectus and Registration Exemptions.

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

AND

**IN THE MATTER OF
NATIONAL INSTRUMENT 45-106 – PROSPECTUS
AND REGISTRATION EXEMPTIONS
(the Instrument)**

AND

**IN THE MATTER OF
STEVE THEOFANIS**

**RECOGNITION ORDER
(PARAGRAPH (v) OF THE DEFINITION OF
"ACCREDITED INVESTOR" IN
SECTION 1.1. OF THE INSTRUMENT)**

UPON the application (the **Application**) of Mr. Steve Theofanis (the **Applicant**) filed with the Ontario Securities Commission (the **Commission**) for recognition as an accredited investor pursuant to paragraph (v) of the definition of "accredited investor" in section 1.1 of the Instrument;

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

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

“James E. A. Turner”
Ontario Securities Commission

1. The Applicant is currently a Managing Director, Private Fixed Income at Sun Life Assurance Company of Canada (**Sun Life**). Sun Life is a financial intermediary regulated by the Office of the Superintendent of Financial Institutions (Canada). The Applicant holds the Chartered Financial Analyst designation as well as a Masters of Business Administration;
2. The Applicant filed the Application with the Commission on August 22, 2006 requesting recognition by the Commission as an “accredited investor”;
3. Paragraphs (d) and (e) of the definition of “accredited investor” in section 1.1 of the Instrument include advisers and representatives or former representatives thereof;
4. In Ontario, OSC Rule 31-502 *Proficiency Requirements for Registrants* (the **Rule**) sets out the requisite proficiency requirements for dealers and advisers. Part 3 of the Rule sets out the proficiency requirements for advisers;
5. The Applicant meets the proficiency requirements to be registered as both a security adviser pursuant to paragraph 3.1(1)(b) of the Rule and an investment counsel and portfolio manager pursuant to paragraph 3.2(1)(b) of the Rule;
6. The Applicant is not required to be registered under the Act as an adviser or dealer in order to carry out his duties as a Managing Director, Private Fixed Income at Sun Life;
7. The Applicant submits that the Applicant could satisfy the definition of an “accredited investor” for the purposes of the Instrument if the Applicant were to apply for registration as an adviser, or as a registered representative of a registered adviser, in the categories of “securities adviser” or “investment counsel” and “portfolio manager” under the Act, and, then, immediately thereafter surrender such registration, but still continue to satisfy the definition of an accredited investor, on the basis of paragraphs (d) and (e) of the definition of “accredited investor” in section 1.1 of the Instrument on the basis that the Applicant would be a former representative;

“Suresh Thakrar”
Ontario Securities Commission

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

NOW THEREFORE the Commission recognizes the Applicant as an accredited investor under the Instrument provided that this recognition order expires two years from the date of this order, unless earlier renewed.

DATED October 16, 2007.

2.2.2 Global Partners Capital et al. - ss. 127(1),
127(8)

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

AND

**IN THE MATTER OF
GLOBAL PARTNERS CAPITAL,
WS NET SOLUTION, INC.,
HAU WAI CHEUNG, CHRISTINE PAN,
GURDIP SINGH GAHUNIA**

**ORDER
Section 127(1) and 127(8)**

WHEREAS on October 10, 2007, the Ontario Securities Commission (the "Commission") issued a Temporary Order pursuant to section 127(5) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") that: (i) all trading by the Respondents, their officers, directors, representatives and/or agents in the securities of Asia Pacific Energy, Inc., Golden Apple Oil and Gas, Inc., China Gold Corp., Energy Finders, Inc. and Premier Information Management, Inc. shall cease; and (ii) that the Respondents cease trading in all securities (the "Temporary Order");

AND WHEREAS the Commission ordered that the Temporary Order shall take effect immediately and expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on October 12, 2007 the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on October 24, 2007 at 10 a.m. or as soon thereafter as the hearing can be held;

AND WHEREAS Staff of the Commission ("Staff") attempted to serve all of the Respondents a certified copy of the Temporary Order and the Notice of Hearing at all known postal addresses as well as electronic mail addresses as evidenced by the affidavit of Muriel Carson sworn October 23, 2007, filed with the Commission in the Evidence Brief of Staff;

AND WHEREAS Staff served Global Partners Capital, WS Net Solution, Inc., Hau Wai Cheung and Christine Pan, and attempts to serve Gurdip Singh Gahunia have been unsuccessful;

AND WHEREAS Staff served an additional notice on Global Partners Capital, WS Net Solution, Inc., Hau Wai Cheung and Christine Pan that the hearing time was moved from 10 a.m. to 1 p.m. on October 24, 2007, as evidenced by the affidavit of Muriel Carson sworn October 23, 2007, filed with the Commission in the Evidence Brief of Staff;

AND WHEREAS the Commission held a hearing on October 24, 2007 and none of the Respondents attended before the Commission;

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest pursuant to section 127(5) of the Act;

AND WHEREAS satisfactory information has not been provided to the Commission within the fifteen (15) day period pursuant to section 127(8) of the Act;

AND WHEREAS the Commission was advised that Hau Wai Cheung and Christine Pan are consenting to the extension of the Temporary Order until January 22, 2008;

IT IS HEREBY ORDERED pursuant to section 127(8) that the Temporary Order is extended to the end of Tuesday, January 22, 2008;

AND IT IS FURTHER ORDERED that the hearing is adjourned to Tuesday, January 22, 2008 at 2:30 p.m.

Dated at Toronto this 24th day of October, 2007

"James E. A. Turner"

2.2.3 Jose L. Castaneda - s. 127

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

AND

IN THE MATTER OF
JOSE L. CASTANEDA

ORDER
(Section 127)

WHEREAS a temporary cease trade order was issued against the Respondent on June 7, 2005 and extended on June 20, 2005 until the hearing is concluded and a decision of the Commission is rendered or until the Commission considers appropriate;

AND WHEREAS on June 20, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") accompanied by a Statement of Allegations issued by Staff of the Commission pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended (the "Act") in respect of Jose L. Castaneda (the "Respondent");

AND WHEREAS the pre-hearing conference for this matter scheduled for January 11, 2006, was adjourned with the consent of both parties to February 27, 2006, at 10:00 a.m.;

AND WHEREAS the matter was spoken to on February 27, 2006, at 10:00 a.m., at which time the Respondent requested and Staff consented to the adjournment of this matter until April 13, 2006 at 10:00 a.m., to allow counsel for the Respondent an opportunity to review the disclosure previously provided by Staff;

AND WHEREAS the matter was spoken to on April 13, 2006, at which time a hearing was scheduled for May 30, 2006, in order for the Respondent to bring an application to adjourn the section 127 and 127.1 hearing until the conclusion of the section 122 proceedings;

AND WHEREAS the matter was spoken to on May 30, 2006, at which time the matter was adjourned to July 25, 2006 in order for the Respondent to bring an application to adjourn the section 127 and 127.1 hearing until the conclusion of the section 122 proceedings;

AND WHEREAS on July 25, 2006 the matter was rescheduled to July 26, 2006;

AND WHEREAS on July 26, 2006, the matter was adjourned to December 5-7, 2006 at 10 a.m. to proceed with the section 127 and 127.1 hearing;

AND WHEREAS the Respondent was charged with two counts of fraud over \$5,000 and two counts of theft over \$5,000 under the *Criminal Code of Canada* that

involve some of the same complainants as the sections 122, 127 and 127.1 proceedings under the Act;

AND WHEREAS on October 30, 2006, the Ontario Court of Justice set a trial date of May 22-24, 2007 for the Respondent in relation to the section 122 proceedings;

AND WHEREAS on November 30, 2006, the Respondent requested that the section 127 and 127.1 hearings scheduled for December 5-7, 2006 be vacated and the matter adjourned until May 28, 2007 by which time the section 122 proceedings in the Ontario Court of Justice would be complete;

AND WHEREAS on May 10, 2007, the Respondent pled guilty in the Ontario Court of Justice in relation to the section 122 proceedings;

AND WHEREAS on October 24, 2007 the Respondent was found guilty to both charges in the section 122 proceedings and a single charge of fraud over \$5,000 under the *Criminal Code of Canada* by a judge of the Ontario Court of Justice;

AND WHEREAS the sentencing hearing of the Respondent in the Ontario Court of Justice has been adjourned until January 14, 2008;

AND WHEREAS the Respondent wishes to adjourn the section 127 and 127.1 hearing until the conclusion of the section 122 proceedings;

AND WHEREAS Staff consent to the adjournment request;

IT IS HEREBY ORDERED that this matter is adjourned to be spoken to on January 16, 2008 at 10:00 a.m. or on such date as directed by the Commission;

DATED at Toronto this 26th day of October , 2007.

"Wendell S. Wigle"

"Suresh Thakrar"

2.2.4 FactorCorp Inc. et al. - ss. 127, 144

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

AND

IN THE MATTER OF
FACTORCORP INC.,
FACTORCORP FINANCIAL INC.,
AND MARK IVAN TWERDUN

TEMPORARY ORDER
(Sections 127 and 144 of the Act)

WHEREAS FactorCorp Inc. ("FactorCorp") is an Ontario corporation registered under Ontario securities law as a Limited Market Dealer ("LMD");

AND WHEREAS, FactorCorp Financial Inc. ("FactorCorp Financial") is an Ontario corporation that is not a reporting issuer and is not registered with the Commission;

AND WHEREAS Mark Twerdun ("Twerdun") is the controlling shareholder and sole director and officer of both FactorCorp and FactorCorp Financial;

AND WHEREAS the Commission issued an order on July 6, 2007 (the "Temporary Order");

AND WHEREAS on July 27, 2007 the Commission varied the Temporary Order and ordered pursuant to subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (as amended) (the "Act") that:

- (a) pursuant to paragraph 127(1)2, all trading in any securities by and of the respondents cease except that Twerdun is permitted to trade, in his name only, in securities that have not been issued by FactorCorp or FactorCorp Financial, for his own account or for the account of a registered retirement savings plan or registered retirement income fund (as defined in the *Income Tax Act* (Canada)) in which he has legal and beneficial ownership and interest; and
- (b) pursuant to paragraph 127(1)3 of the Act, but subject to paragraph (a) above, all exemptions contained in Ontario securities law do not apply to the respondents; and
- (c) pursuant to paragraph 127(1)1 of the Act, the following terms and conditions are imposed on the registration of FactorCorp and Twerdun, effective immediately:

(i) Twerdun, FactorCorp and any company controlled, directly or indirectly, by Twerdun, and FactorCorp including but not limited to FactorCorp Financial, are prohibited from making repayments and participating in or acquiescing to any act, directly or indirectly, in furtherance of a redemption of securities of FactorCorp and FactorCorp Financial;

(ii) Twerdun and FactorCorp are prohibited from transferring their controlling interest in any company including but not limited to FactorCorp Financial; and

(iii) Twerdun and FactorCorp shall cause FactorCorp and FactorCorp Financial to retain a monitor (the "Monitor"), selected by Staff, by 5:00 p.m. Eastern Time on August 1, 2007. The Monitor's primary objective will be to review the business, operations and affairs of FactorCorp Financial, FactorCorp and any company controlled, directly or indirectly, by Twerdun, FactorCorp and FactorCorp Financial involved with the issuance of securities and related proceeds. The Monitor shall be retained on terms to be established by Staff.

AND WHEREAS by Orders dated August 27, 2007 and September 26, 2007, the Commission Ordered that, pursuant to subsection 127(6) and 144 of the Act, the Temporary Order, as varied on July 27, 2007, be extended and shall expire on October 26, 2007, unless further extended by the Commission;

AND WHEREAS on August 1, 2007 KPMG Inc. ("KPMG") was appointed Monitor by FactorCorp and FactorCorp Financial pursuant to the Temporary Order, as varied;

AND WHEREAS by Order of the Superior Court of Justice dated October 17, 2007, KPMG was appointed Receiver and Manager (the "Receiver") over the assets, undertakings and properties of FactorCorp and FactorCorp Financial;

AND WHEREAS the Commission has considered the 5th and 7th status updates of the Monitor, as redacted pursuant to the confidentiality Order of the Superior Court of Justice dated October 5, 2007, filed, and the submissions of the parties;

AND WHEREAS the Commission is of the opinion that it is in the public interest to continue the Temporary Order, as varied on July 27, 2007, save and except for the provisions applying to FactorCorp and FactorCorp Financial and the requirement for a Monitor in part (c)(iii), for the period expiring on December 6, 2007, unless further extended by the Commission;

IT IS ORDERED that the Temporary Order, as varied on July 27, 2007, be continued for the period expiring on December 6, 2007, unless further extended by the Commission, as follows:

- (a) pursuant to paragraph 127(1)2, all trading in any securities by Twerdun cease except that Twerdun is permitted to trade, in his name only, in securities that have not been issued by FactorCorp or FactorCorp Financial, for his own account or for the account of a registered retirement savings plan or registered retirement income fund (as defined in the *Income Tax Act* (Canada)) in which he has legal and beneficial ownership and interest; and
- (b) pursuant to paragraph 127(1)3 of the Act, but subject to paragraph (a) above, all exemptions contained in Ontario securities law do not apply to Twerdun; and
- (c) pursuant to paragraph 127(1)1 of the Act, the following terms and conditions are imposed on the registration of Twerdun, effective immediately:
 - (i) Twerdun, and any company controlled, directly or indirectly, by him, are prohibited from making repayments and participating in or acquiescing to any act, directly or indirectly, in furtherance of a redemption of securities of FactorCorp and FactorCorp Financial without the prior written consent of the Receiver; and
 - (ii) Twerdun is prohibited from transferring his controlling interest in any company including but not limited to FactorCorp and FactorCorp Financial.

DATED at Toronto this 26th day of October, 2007.

“Robert L. Shirriff”

“Suresh Thakrar”

2.2.5 Altrinsic Global Advisors, LLC - s. 218 of the Regulation

Application for an order, pursuant to section 218 of the Regulation, exempting the Applicant from the requirement in section 213 of the Regulation that the Applicant be incorporated, or otherwise formed or created, under the laws of Canada or a province or territory of Canada, for the Applicant to be registered under the Act as a dealer in the category of limited market dealer

Regulation Cited

R.R.O. 1990, Regulation 1015, am. to O. Reg. 500/06, ss. 213, 218.

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

AND

**IN THE MATTER OF
R.R.O. 1990, REGULATION 1015,
AS AMENDED (the Regulation)**

AND

**IN THE MATTER OF
ALTRINSIC GLOBAL ADVISORS, LLC**

**ORDER
(Section 218 of the Regulation)**

UPON the application (the **Application**) of Altrinsic Global Advisors, LLC, (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 218 of the Regulation, exempting the Applicant from the requirement in section 213 of the Regulation that the Applicant be incorporated, or otherwise formed or created, under the laws of Canada or a province or territory of Canada, in order for the Applicant to be registered under the Act as a dealer in the category of limited market dealer (**LMD**);

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company governed by the laws of the State of Delaware of the United States of America. The head office of the Applicant is located at 100 First Stamford Place, 6th Floor East, Stamford, CT 06902, USA.
2. The Applicant is registered under the Act as an international adviser and intends to maintain such registration. The Applicant is also registered as an adviser with the U.S. Securities and Exchange Commission under the *Investment Advisers Act of 1940* (the **IAA**).
3. The Applicant carries on business as an adviser in the United States, providing investment advice through managed accounts and investment funds.
4. The Applicant intends to apply to the Commission for registration under the Act as a dealer in the category of LMD, primarily for the purpose of engaging in the distribution of units of a pooled fund managed by the Applicant.
5. Section 213 of the Regulation provides that a registered dealer that is not an individual must be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.
6. The Applicant is not resident in Canada and does not require a separate Canadian company in order to carry out its proposed limited market dealer activities in Ontario. It is more efficient and cost-effective to carry out those activities through the existing company.
7. Without the relief requested the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of limited market dealer as it is not a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

AND UPON being satisfied that to make this order would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to section 218 of the Regulation, and in connection with the registration of the Applicant as a dealer under the Act in the category of a LMD, section 213 of the Regulation shall not apply to the Applicant for a period of three years, provided that:

1. The Applicant appoints an agent for service of process in Ontario.
2. The Applicant shall provide to each client resident in Ontario a statement in writing disclosing the non-resident status of the Applicant, the Applicant's jurisdiction of residence, the name and address of the agent for service of process of the Applicant in Ontario, and the nature of risks to clients that legal rights may not be enforceable.
3. The Applicant will not change its agent for service of process in Ontario without giving the Commission 30 days' prior notice of such change by filing a new Submission to Jurisdiction and Appointment of Agent for Service of Process.
4. The Applicant and each of its registered directors, officers, or partners irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial, and administrative tribunals of Ontario and any administrative proceedings in Ontario, in any proceedings arising out of or related to or concerning its registration under the Act or its activities in Ontario as a registrant.
 - (a) Securities, funds, and other assets of the Applicant's clients in Ontario will be held as follows:
 - (i) by the client; or
 - (ii) by a custodian or sub-custodian:
 - (A) that meets the guidelines prescribed for acting as a sub-custodian of the portfolio securities of a mutual fund in Part 6 of National Instrument 81-102 - Mutual Funds;
 - (B) that is:
 - (1) subject to the agreement announced by the Bank for International Settlements (BIS) on July 1, 1988 concerning international convergence of capital measurement and capital standards; or
 - (2) exempt from the requirements of paragraph 3.7(1)(b)(ii) of OSC Rule 35-502 -- Non Resident Advisers; and
 - (C) if such securities, funds and other assets are held by a custodian or sub-custodian that is the Applicant or an affiliate of the Applicant, that custodian holds such securities, funds and other assets in compliance with the requirements of the Regulation.
5. The Applicant will inform the Director immediately upon the Applicant becoming aware:
 - (a) that it has ceased to be registered in the United States as an adviser under the IAA;
 - (b) of its registration in any other jurisdiction not being renewed or being suspended or revoked;
 - (c) that it is the subject of a regulatory proceeding or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority;
 - (d) that the registration of its salespersons or officers who are registered in Ontario have not been renewed or have been suspended or revoked in any Canadian or foreign jurisdiction; or
 - (e) that any of its salespersons or officers who are registered in Ontario are the subject of a regulatory proceeding or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority in any Canadian or foreign jurisdiction.
6. The Applicant will pay the increased compliance and case assessment costs of the Commission due to the Applicant's location outside Ontario, including the cost of hiring a third party to perform a compliance review on behalf of the Commission.

Decisions, Orders and Rulings

7. The Applicant will make its books and records outside Ontario, including electronic records, readily accessible in Ontario, and will produce physical records for the Commission within a reasonable time if requested.
8. If the laws of the jurisdiction in which the Applicant's books and records are located prohibit production of the books and records in Ontario without the consent of the relevant client the Applicant shall, upon a request by the Commission:
 - (a) so advise the Commission; and
 - (b) use its best efforts to obtain the client's consent to the production of the books and records.
9. The Applicant will, upon the Commission's request, provide a representative to assist the Commission in compliance and enforcement matters.
10. The Applicant and each of its registered directors, officers, or partners will comply, at the Applicant's expense, with requests under the Commission's investigation powers and orders under the Act in relation to the Applicant's dealings with Ontario clients, including producing documents and witnesses in Ontario, submitting to audit or search and seizure process or consenting to an asset freeze, to the extent such powers would be enforceable against the Applicant if the Applicant were resident in Ontario.
11. If the laws of the Applicant's jurisdiction of residence that are otherwise applicable to the giving of evidence or production of documents prohibit the Applicant or the witnesses from giving the evidence without the consent or leave of the relevant client or any third party, including a court of competent jurisdiction, the Applicant shall:
 - (a) so advise the Commission; and
 - (b) use its best efforts to obtain the client's consent to the giving of the evidence.
12. The Applicant will maintain appropriate registration and regulatory organization membership, in the jurisdiction of its principal operations, and if required, in its jurisdiction of residence.

October 26, 2007

"Robert L. Shirriff"
Commissioner
Ontario Securities Commission

"H. Lorne Morphy"
Commissioner
Ontario Securities Commission

2.2.6 JPY Holdings Ltd. - s. 144

Headnote

Application by an issuer for a revocation of a cease trade order issued by the Commission - cease trade order issued because the issuer had failed to file certain annual and interim financial statements and management's discussion and analysis of financial condition and results of operations as required by Ontario securities law - defaults subsequently remedied and the issuer is otherwise not in default of Ontario Securities law - cease trade order revoked.

Statutes Cited

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

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

AND

**IN THE MATTER OF
JPY HOLDINGS LTD. ("JPY")**

**ORDER
(Section 144)**

WHEREAS the securities of JPY are subject to a temporary cease trade order dated June 6, 2003 made pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further order dated June 18, 2003 made pursuant to subsection 127(8) of the Act (collectively, the "**Cease Trade Order**") ordering that trading in securities of JPY cease until the Cease Trade Order is revoked by the Ontario Securities Commission (the "**Commission**");

AND WHEREAS JPY has applied to the Commission pursuant to section 144 of the Act (the "Application") for a revocation of the Cease Trade Order;

AND WHEREAS JPY has represented to the Commission that:

1. JPY was incorporated under the laws of the Province of British Columbia on May 13, 1985 and was continued under the laws of the Province of Ontario on June 29, 1993.
2. JPY is a reporting issuer under the securities legislation of the provinces of British Columbia, Alberta and Ontario.
3. The authorized share capital of JPY consists of an unlimited number of common shares (the "**Common Shares**") and an unlimited number of first preference shares (the "**First Preference Shares**"). As at October 15, 2007, 8,269,659 Common Shares were issued and outstanding and nil First Preference Shares were issued and outstanding.

4. The Common Shares were listed and posted for trading on the NEX Board of the TSX Venture Exchange (the "**NEX**") and were delisted effective March 30, 2005 following JPY's failure to pay required fees.
5. The Cease Trade Order was issued as a result of JPY's failure to file its audited annual financial statements and Management's Discussion and Analysis ("**MD&A**") for the year ended December 31, 2002 (the "**2002 Financial Documents**") and its unaudited interim financial statements and MD&A for the three months ended March 31, 2003 (the "**Q1 2003 Financial Documents**").
6. The British Columbia Securities Commission also issued a cease trade order (the "**BC CTO**") dated June 3, 2003 relating to JPY's failure to file the 2002 Financial Documents and the Q1 2003 Financial Documents.
7. The Alberta Securities Commission also issued a cease trade order (the "**Alberta CTO**") dated September 12, 2003 relating to JPY's failure to file the 2002 Financial Documents and the Q1 2003 Financial Documents. JPY has applied to have each of the BC CTO and the Alberta CTO revoked.
8. Subsequent to the issuance of the Cease Trade Order, JPY filed its unaudited interim financial statements and MD&A for the six months ended June 30, 2003 (the "**Q2 2003 Financial Documents**") but failed to file its audited annual financial statements and MD&A for the year ended December 31, 2003 and its unaudited interim financial statements and MD&A for the nine months ended September 30, 2003 (the "**2003 Financial Documents**" and the "**Q3 2003 Financial Documents,**" respectively), its audited annual financial statements and MD&A for the year ended December 31, 2004 as well as all unaudited interim financial statements and MD&A for such period (the "**2004 Financial Documents**" and the "**2004 Interim Financial Documents,**" respectively), its audited annual financial statements and MD&A for the year ended December 31, 2005 as well as all unaudited interim financial statements and MD&A for such period (the "**2005 Financial Documents**" and the "**2005 Interim Financial Documents,**" respectively), its audited annual financial statements and MD&A for the year ended December 31, 2006 as well as all unaudited interim financial statements and MD&A for such period (the "**2006 Financial Documents**" and the "**2006 Interim Financial Documents,**" respectively), and its unaudited interim financial statements and MD&A for the three months ended March 31, 2007 and for the six months ended June 30, 2007 (collectively, the "**2007 Interim Financial Documents**").

9. On October 15, 2003, JPY filed the 2002 Financial Documents, the Q1 2003 Financial Documents and the Q2 2003 Financial Documents. JPY subsequently filed the Q3 2003 Financial Documents, the 2003 Financial Documents and the 2004 Interim Financial Documents.
10. On October 5, 2007, JPY filed with the Commission the 2004 Financial Documents, the 2005 Financial Documents, the 2006 Financial Documents and the Interim 2007 Financial Documents on SEDAR together with the required chief executive officer and chief financial officer certifications for such periods as required by Multilateral Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.
11. JPY held an annual and special meeting of its shareholders (the "**Meeting**") on September 27, 2007, at which it sought (a) the election of directors, (b) the appointment of auditors, and (c) approval to continue under the *Canada Business Corporations Act*. The Meeting was adjourned to October 4, 2007, at which time the 2004 Financial Documents, the 2005 Financial Documents, the 2006 Financial Documents and the Interim 2007 Financial Documents were placed before the shareholders. In connection with the Meeting, JPY filed on SEDAR and mailed to its shareholders a notice of meeting and management information circular.
12. The SEDAR and SEDI profiles of JPY are up to date.
13. JPY has paid all outstanding participation fees, filing fees and late fees which are owing to the Commission.
14. Except for its failure to file the 2005 Interim Financial Documents and the 2006 Interim Financial Documents together with the required chief executive officer and chief financial officer certifications for such periods, to the best of its knowledge, JPY is not in default of any requirements of the Act or the rules and regulations made thereunder.

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

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

IT IS ORDERED, pursuant to section 144 of the Act, that the Cease Trade Order be and is hereby revoked.

DATED at Toronto this 29 day of October, 2007.

"Erez Blumberger"
Manager, Corporate Finance
Ontario Securities Commission

2.2.7 Sulja Bros. Building Supplies, Ltd. (Nevada) et al.

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

AND

**IN THE MATTER OF
SULJA BROS. BUILDING SUPPLIES, LTD. (NEVADA),
SULJA BROS. BUILDING SUPPLIES LTD.,
KORE INTERNATIONAL MANAGEMENT INC.,
PETAR VUCICEVICH AND ANDREW DeVRIES**

ORDER

WHEREAS on December 22 2006, the Ontario Securities Commission (the "Commission") ordered pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that immediately for a period of 15 days from the date thereof: (a) all trading in securities of Sulja Bros. Building Supplies, Ltd. (Nevada) ("Sulja Nevada") cease; and (b) any exemptions in Ontario securities law do not apply to the Respondents (the "Temporary Order");

AND WHEREAS on December 27, 2006, the Commission issued a Notice of Hearing and Statement of Allegations in this matter;

AND WHEREAS on January 8, 2007 the Temporary Order was extended to March 23, 2007;

AND WHEREAS on March 23, 2007 the Temporary Order was extended to July 5, 2007;

AND WHEREAS on July 5, 2007 the Temporary Order was extended to September 7, 2007;

AND WHEREAS on September 7, 2007, the Temporary Order was extended to October 31, 2007;

AND WHEREAS the Respondents Sulja Nevada, Sulja Bros. Building Supplies Ltd. ("Sulja Ontario"), Kore International Management Inc. ("Kore"), Petar Vucicevich ("Vucicevich") and DeVries, having notice of the hearing, did not appear before the Commission to oppose the continuation of the Temporary Order;

AND WHEREAS the Respondents Sulja Nevada, Sulja Ontario, Kore and Vucicevich gave written consent to the adjournment of the hearing to January 2008;

AND WHEREAS Staff represents that DeVries was contacted by telephone and consented to adjournment of the hearing to January 2008, and that the Respondents do not oppose the continuation of the Temporary Order;

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

IT IS ORDERED THAT:

1. The Temporary Order is continued to January 22, 2008.

DATED at Toronto this 31st day of October, 2007.

“James E. A. Turner”

“Suresh Thakrar”

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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 |
|-------------------|-------------------------|-----------------|-------------------------|----------------------|
| JPY Holdings Ltd. | June 06, 2003 | June 18, 2003 | June 18,2003 | October 29, 2003 |

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 |
|--------------|----------------------------------|-----------------|-------------------------|-----------------------|--------------------------------|
| | | | | | |

* No Updates 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 |
|-------------------------------|----------------------------------|-----------------|-------------------------|-----------------------|--------------------------------|
| AldeaVision Solutions Inc. | 03 May 07 | 16 May 07 | 16 May 07 | | |
| Argus Corporation Limited | 25 May 04 | 03 Jun 04 | 03 Jun 04 | | |
| CoolBrands International Inc. | 30 Nov 06 | 13 Dec 06 | 13 Dec 06 | | |
| Fareport Capital Inc. | 13 Jul 07 | 26 Jul 07 | 26 Jul 07 | | |
| Hip Interactive Corp. | 04 Jul 05 | 15 Jul 05 | 15 Jul 05 | | |
| HMZ Metals Inc. | 03 Apr 06 | 14 Apr 06 | 17 Apr 06 | | |
| IMAX Corporation | 03 Apr 07 | 16 Apr 07 | 16 Apr 07 | | |
| iPerceptions inc. | 06 Sept 07 | 19 Sept 07 | 19 Sept 07 | | |
| VVC Exploration Corporation | 04 Jun 07 | 15 Jun 07 | 15 Jun 07 | | |
| Tudor Corporation Ltd. | 03 Oct 07 | 15 Oct 07 | 16 Oct 07 | | |

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

| Transaction Date | # of Purchasers | Issuer/Security | Total Pur. Price (\$) | # of Securities Distributed |
|--------------------------|-----------------|---|-----------------------|-----------------------------|
| 09/25/2007 | 16 | ABC Mining Ventures Inc. - Common Shares | 1,260,000.00 | 7,000,000.00 |
| 10/03/2007 | 32 | Action Minerals Inc. - Common Shares | 200,750.00 | 2,007,500.00 |
| 10/03/2007 | 32 | Alhambra Resources Ltd. - Units | 7,000,000.50 | 4,666,667.00 |
| 10/12/2007 | 2 | Allen-Vanguard Corporation - Warrants | 0.00 | 464,726.00 |
| 09/18/2007 | 3 | Altima Resources Ltd. - Common Shares | 200,000.00 | 800,000.00 |
| 09/11/2007 | 35 | AMADOR GOLD CORP. - Non-Flow Through Units | 636,250.00 | 2,545,000.00 |
| 12/15/2005 to 07/26/2007 | 2 | Angel Capital Engine (ACE) Ltd. - Preferred Shares | 1,011,138.00 | N/A |
| 10/09/2007 | 1 | AngloGold Ashanti Limited - American Depository Shares | 1,746,400.00 | 40,000.00 |
| 10/09/2007 | 327 | Anthony Henday Construction Limited Partnership - Limited Partnership Units | 16,350,000.00 | 327.00 |
| 09/24/2007 | 7 | Arctic Star Diamond Corp. - Non-Flow Through Units | 390,000.00 | 1,650,000.00 |
| 09/30/2007 | 31 | Arrow Energy Ltd. - Units | 2,000,070.25 | 5,714,487.00 |
| 10/01/2007 | 5 | Augen Gold Corp. - Common Shares | 225,000.00 | 450,000.00 |
| 10/09/2007 | 1 | Avaning Inc. - Preferred Shares | 750,000.00 | 750,000.00 |
| 10/04/2007 | 2 | Barron Building Redux Ltd. - Units | 170,000.00 | 17.00 |
| 09/17/2007 | 1 | Baseline Oil & Gas Corp. - Notes | 1,988,351.35 | N/A |
| 09/27/2007 | 12 | BroadShift Inc. - Notes | 1,200,000.00 | N/A |
| 09/14/2007 to 09/27/2007 | 107 | C & C Energy Canada Ltd. - Common Shares | 12,498,608.00 | 6,315,971.00 |
| 10/10/2007 | 39 | Cell-Loc Location Technologies Inc. - Units | 1,500,000.00 | 8,823,531.00 |
| 10/04/2007 | 33 | Celtic Minerals Ltd. - Flow-Through Shares | 7,500,000.00 | 6,000,000.00 |
| 10/03/2007 | 24 | Central Uranium Corporation - Common Shares | 1,115,000.00 | 1,115,000.00 |
| 10/12/2007 | 1 | Chrysler Lease Trust - Notes | 78,666,939.39 | N/A |
| 09/14/2007 | 1 | Citigroup Funding Inc. - Notes | 20,586,000.00 | N/A |
| 10/03/2007 to 10/12/2007 | 23 | CMC Markets Canada Inc. - Contracts for Differences | 262,475.00 | 23.00 |
| 10/06/2007 | 3 | Cooper Pacific Mortgage Investment Corporation - Common Shares | 150,000.00 | 150,000.00 |

Notice of Exempt Financings

| Transaction Date | # of Purchasers | Issuer/Security | Total Pur. Price (\$) | # of Securities Distributed |
|--------------------------|------------------------|---|------------------------------|------------------------------------|
| 10/04/2007 | 100 | Duvernay Oil Corp. - Common Shares | 43,100,000.00 | 1,000,000.00 |
| 10/05/2007 | 10 | Eurasian Minerals Inc. - Common Shares | 2,800,000.00 | 2,097,500.00 |
| 10/02/2007 | 4 | Explor Resources inc. - Common Shares | 16,711.00 | 51,419.00 |
| 08/10/2007 | 1 | Friedman Fleischer & Lowe Capital Partners III, L.P. - Limited Partnership Interest | 158,040,000.00 | N/A |
| 10/09/2007 | 1 | FTI Consulting, Inc. - Common Shares | 2,481,000.00 | 50,000.00 |
| 10/01/2007 to 10/05/2007 | 14 | General Motors Acceptance Corporation of Canada, Limited - Notes | 4,087,608.18 | 4,087,608.18 |
| 10/09/2007 to 10/12/2007 | 24 | General Motors Acceptance Corporation of Canada, Limited - Notes | 7,074,393.27 | 7,074,393.27 |
| 05/01/2006 to 05/10/2006 | 8 | Golden Gate Funds LP - Limited Partnership Units | 267,564.92 | 2,675.65 |
| 06/01/2006 to 06/26/2006 | 10 | Golden Gate Funds LP - Limited Partnership Units | 474,618.11 | 4,746.18 |
| 07/04/2006 to 07/27/2006 | 12 | Golden Gate Funds LP - Limited Partnership Units | 245,983.61 | 2,459.84 |
| 09/01/2006 to 09/29/2006 | 5 | Golden Gate Funds LP - Limited Partnership Units | 394,129.38 | 3,941.29 |
| 10/03/2006 to 10/27/2006 | 11 | Golden Gate Funds LP - Limited Partnership Units | 298,215.56 | 2,982.16 |
| 11/06/2006 to 11/29/2006 | 16 | Golden Gate Funds LP - Limited Partnership Units | 436,986.38 | 4,369.86 |
| 12/05/2006 to 12/21/2006 | 4 | Golden Gate Funds LP - Limited Partnership Units | 62,000.00 | 620.00 |
| 01/02/2007 to 01/25/2007 | 6 | Golden Gate Funds LP - Limited Partnership Units | 87,600.00 | 876.00 |
| 02/05/2007 to 02/27/2007 | 4 | Golden Gate Funds LP - Limited Partnership Units | 73,050.86 | 730.51 |
| 03/02/2007 to 03/23/2007 | 8 | Golden Gate Funds LP - Limited Partnership Units | 117,075.00 | 1,170.75 |
| 04/02/2007 to 04/30/2007 | 4 | Golden Gate Funds LP - Limited Partnership Units | 53,412.19 | 534.12 |
| 05/11/2007 | 1 | Golden Gate Funds LP - Limited Partnership Units | 15,000.00 | 150.00 |
| 04/11/2006 to 04/25/2006 | 5 | Golden Gate Funds LP - Units | 88,964.28 | 889.64 |
| 08/01/2006 to 08/30/2006 | 12 | Golden Gate Funds LP - Units | 1,056,619.72 | 10,566.20 |
| 12/11/2006 | 2 | Gowest Amalgamated Resources Ltd. - Common Shares | 0.00 | 100,000.00 |
| 09/28/2007 | 50 | GWR Resources Inc. - Flow-Through Shares | 3,250,000.00 | N/A |
| 10/12/2007 | 1 | Houston Lake Mining Inc. - Flow-Through Shares | 750,000.00 | 1,071,427.00 |

Notice of Exempt Financings

| Transaction Date | # of Purchasers | Issuer/Security | Total Pur. Price (\$) | # of Securities Distributed |
|--------------------------|------------------------|---|------------------------------|------------------------------------|
| 08/15/2007 to 09/21/2007 | 1 | HydraLogic Systems Inc. - Units | 4,112,499.60 | 5,375,000.00 |
| 07/13/2006 | 2 | IGW Capital Ltd. - Bonds | 139,000.00 | 1,390.00 |
| 08/13/2006 | 7 | IGW Capital Ltd. - Bonds | 230,500.00 | 2,305.00 |
| 08/24/2006 | 2 | IGW Capital Ltd. - Bonds | 200,000.00 | 2,000.00 |
| 09/12/2006 | 4 | IGW Capital Ltd. - Bonds | 55,400.00 | 754.40 |
| 09/26/2006 | 3 | IGW Capital Ltd. - Bonds | 112,400.00 | 1,124.40 |
| 10/17/2006 to 10/20/2006 | 5 | IGW Capital Ltd. - Bonds | 457,500.00 | 4,575.40 |
| 09/18/2007 to 09/26/2007 | 20 | IGW Real Estate Investment Trust - Units | 1,042,976.80 | 1,005,830.00 |
| 10/09/2007 | 1 | iLOOKabout Holdings Inc. - Common Shares | 5,040.00 | 8,400.00 |
| 10/09/2007 | 11 | ING Summit Finance Trust - Debentures | 100,000,000.00 | N/A |
| 10/12/2007 | 2 | InterRent Real Estate Investment Trust - Units | 5,090,000.00 | 1,000,000.00 |
| 09/26/2007 | 25 | Killick Capital Corp. - Common Shares | 227,750.00 | 2,277,500.00 |
| 09/28/2007 to 10/03/2007 | 36 | Kodiak Energy Inc. - Common Shares | 13,495,010.00 | 2,756,000.00 |
| 09/30/2007 | 13 | Lydian Resource Company - Units | 250,000.00 | 250,000.00 |
| 07/01/2007 | 1 | Magenta II Mortgage Investment Corporation - Common Shares | 6,988.48 | 6,988.48 |
| 10/01/2007 | 2 | Magenta Mortgage Investment Corporation - Common Shares | 300,000.00 | 300,000.00 |
| 10/01/2007 | 2 | Maple Tree Holdings, L.P. - Units | 875,000.00 | 878,237.00 |
| 10/11/2007 | 2 | Medicure Inc. - Units | 15,999,999.45 | 13,913,043.00 |
| 09/28/2007 | 1 | Melford International Terminal Inc. - Preferred Shares | 10,552,500.00 | 5,250,000.00 |
| 09/28/2007 | 17 | Messina Minerals Inc. - Common Shares | 7,140,000.00 | N/A |
| 10/03/2007 | 34 | Momentum Healthware, Inc. - Units | 2,000,000.00 | N/A |
| 10/01/2007 | 1 | Morgan Stanley Real Estate Special Situations III Employee Fund L.P. - Limited Partnership Interest | 200,160.00 | N/A |
| 09/20/2007 to 10/05/2007 | 19 | Nebu Resources Inc. - Flow-Through Shares | 229,500.00 | 1,530,000.00 |
| 09/25/2007 to 10/16/2007 | 24 | Nelson Financial Group Ltd. - Notes | 1,340,000.00 | 24.00 |
| 09/24/2007 | 17 | Neo Exploration Inc. - Common Shares | 917,001.00 | 307,467.00 |
| 10/04/2007 | 14 | New Millennium Capital Corp. - Common Shares | 4,999,999.61 | 1,612,903.00 |
| 10/10/2007 | 18 | Newcastle Minerals Ltd. - Flow-Through Shares | 347,180.00 | 1,507,286.00 |

Notice of Exempt Financings

| Transaction Date | # of Purchasers | Issuer/Security | Total Pur. Price (\$) | # of Securities Distributed |
|--------------------------|------------------------|--|------------------------------|------------------------------------|
| 10/12/2007 | 6 | NexgenRx Inc. - Debentures | 2,000,000.00 | 2,000,000.00 |
| 10/12/2007 to 10/15/2007 | 20 | Nordex Explosives Ltd. - Common Shares | 850,000.00 | 1,307,692.00 |
| 10/01/2007 | 5 | North American Financial Group Inc. - Debt | 192,000.00 | 35.00 |
| 10/09/2007 | 61 | Obsidian Longbow Limited Partnership - Units | 912,500.00 | 365.00 |
| 10/01/2007 | 2 | Parish Capital Europe I, L.P. Incorporated - Limited Partnership Interest | 21,193,500.00 | N/A |
| 10/09/2007 | 8 | Pinnacle Mines Ltd. - Flow-Through Shares | 2,000,000.00 | 4,000,000.00 |
| 09/25/2007 | 12 | Pioneering Technology Inc. - Units | 507,000.00 | 7,800,000.00 |
| 10/05/2007 | 14 | Platinex Inc. - Units | 542,700.00 | N/A |
| 10/05/2007 | 3 | Real Equity Limited Partnership 1 - Limited Partnership Units | 2,498,000.00 | 2,498.00 |
| 10/05/2007 | 21 | Real Equity Registered Investments Ltd. - Bonds | 1,088,000.00 | 10,880.00 |
| 10/05/2007 | 21 | Real Equity Registered Investments Ltd. - Common Shares | 1,088.00 | 10,880.00 |
| 09/21/2007 | 4 | Red Mile Resources Fund No. 4 - Limited Partnership Units | 4,198,040.00 | 3,619.00 |
| 10/02/2007 | 7 | Rhone 2007 Oil & Gas Strategic Limited Partnership - Limited Partnership Units | 1,310,000.00 | 52,400.00 |
| 10/02/2007 to 10/04/2007 | 5 | Rocmec Mining Inc. - Flow-Through Shares | 1,668,614.00 | N/A |
| 09/28/2007 | 4 | Ross River Minerals Inc. - Common Shares | 19,999.98 | 142,857.00 |
| 10/05/2007 | 1 | Sabina Silver Corporation - Common Shares | 26,000.00 | 20,000.00 |
| 09/07/2007 to 10/02/2007 | 38 | Safeguard Real Estate Investment Fund IV Limited Partnership - Limited Partnership Units | 3,300,000.00 | 66.00 |
| 10/10/2007 to 10/15/2007 | 30 | Selkirk Metals Corp. - Flow-Through Shares | 10,920,000.00 | 3,780,000.00 |
| 09/28/2007 | 2 | Sextant Strategic Opportunities Hedge Fund LP - Units | 75,000.00 | 2,544.50 |
| 10/10/2007 | 2 | Skyharbour Resources Ltd. - Common Shares | 5,500.00 | 50,000.00 |
| 10/04/2007 | 35 | The Royal Bank of Scotland plc - Notes | 600,000,000.00 | 7.00 |
| 10/04/2007 | 8 | Tom Exploration Inc. - Units | 54,000.00 | 540,000.00 |
| 10/11/2007 | 23 | Tumi Resources Limited - Units | 504,000.00 | 700,000.00 |
| 10/01/2007 | 7 | Tyhee Development Corp. - Flow-Through Shares | 84,825.00 | 188,500.00 |
| 10/01/2007 | 1 | Vontobel International Equity Fund - Investment Trust Interests | 19,800,000.00 | 1.00 |
| 09/29/2007 | 5 | Walton International Group Inc. - Notes | 360,000.00 | N/A |
| 10/11/2007 | 1 | Windsor Auto Trust - Notes | 87,576,807.48 | N/A |

Notice of Exempt Financings

| Transaction Date | # of Purchasers | Issuer/Security | Total Pur. Price (\$) | # of Securities Distributed |
|-------------------------|------------------------|-------------------------------------|------------------------------|------------------------------------|
| 09/27/2007 | 1 | YIELDPLUS Income Fund - Trust Units | 53,630,543.60 | 4,445,726.00 |

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Altius Minerals Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 25, 2007
Mutual Reliance Review System Receipt dated October 25, 2007

Offering Price and Description:

\$50,400,000.00 - 1,800,000 Common Shares Price: \$28.00 per Share

Underwriter(s) or Distributor(s):

Haywood Securities Inc.
BMO Nesbitt Burns Inc.

Promoter(s):

-

Project #1171898

Issuer Name:

B2Gold Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 29, 2007

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

Genuity Capital Markets
Canaccord Capital Corporation
GMP Securities L.P.

Promoter(s):

Roger Richer
Tom Garagan
Dennis Stansbury

Project #1172791

Issuer Name:

Criterion Buyback Achievers Select Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated October 24, 2007
Mutual Reliance Review System Receipt dated October 25, 2007

Offering Price and Description:

Offering Class H, Class F, Class I, Class U, Class P, Class Q, Class X, Class Y and Class Z Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

Criterion Investments Limited

Project #1171847

Issuer Name:

Exent Technologies Ltd.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 23, 2007
Mutual Reliance Review System Receipt dated October 24, 2007

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

GMP Securities L.P.
Canaccord Capital Corporation
Genuity Capital Markets G.P.
Raymond James Ltd.

Promoter(s):

-

Project #1171239

Issuer Name:

Heritage Oil Corporation
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated October 25, 2007
Mutual Reliance Review System Receipt dated October 25, 2007

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

JPMorgan Cazenove Limited
Canaccord Capital Corporation

Promoter(s):

-

Project #1171916

Issuer Name:

High River Gold Mines Ltd.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 24, 2007
Mutual Reliance Review System Receipt dated October 24, 2007

Offering Price and Description:

\$100,130,000.00 - 32,300,000 Units Price: \$ 3.10 per Units

Underwriter(s) or Distributor(s):

GMP Securities L.P.
CIBC World Markets Inc.
Cormark Securities Corp.
Dundee Securities Corporation

Promoter(s):

-

Project #1171346

Issuer Name:

Innergex Renewable Energy Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.

Promoter(s):

-

Project #1172315

Issuer Name:

Jov India China Fund
Jov Winslow Global Green Growth Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectuses dated October 23, 2007
Mutual Reliance Review System Receipt dated October 24, 2007

Offering Price and Description:

Series A, F and I Units

Underwriter(s) or Distributor(s):

MGI Securities Inc.

Promoter(s):

JovFunds Management Inc.

Project #1171105

Issuer Name:

Newalta Income Fund
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

\$100,000,000.00 - 7.0% Convertible Unsecured
Subordinated Debentures Price: \$1,000 per Debenture

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
Orion Securities Inc.

Promoter(s):

-

Project #1172585

Issuer Name:

Orezone Resources Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
J.P. Morgan Securities Canada Inc.
Cancord Capital Corporation
Raymond James Ltd.

Promoter(s):

-

Project #1172408

Issuer Name:

Oroco Resource Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 29, 2007

Offering Price and Description:

\$4,400,000.00 - 8,000,000 Units Price: \$0.55 per Unit

Underwriter(s) or Distributor(s):

PI Financial Corp.

Promoter(s):

-

Project #1172786

Issuer Name:

RBC Dominion Securities U.S. Focus List Portfolio
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated October 25, 2007
Mutual Reliance Review System Receipt dated October 29, 2007

Offering Price and Description:

Series A and F Shares

Underwriter(s) or Distributor(s):

First Defined Portfolio Management Co.

Promoter(s):

First Defined Portfolio Management Co;

Project #1172556

Issuer Name:

Saxon Global Small Cap Fund
Saxon Microcap Fund
Saxon U.S. Small Cap Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectuses dated October 26, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

Investor Series, B-Series, Advisor Series, F-Series Units

Underwriter(s) or Distributor(s):

MD Management Limited

Promoter(s):

Saxon Funds Management Limited

Project #1172266

Issuer Name:

SEMAFO INC.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated October 29, 2007
Mutual Reliance Review System Receipt dated October 29, 2007

Offering Price and Description:

\$24,975,000.00 - 18,500,000 Common Shares Price: \$1.35 per Common Share

Underwriter(s) or Distributor(s):

Westwind Partners Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc.
Haywood Securities Inc.

Promoter(s):

-

Project #1172943

Issuer Name:

Sentry Select Global Real Estate Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 30, 2007

Offering Price and Description:

\$ * - * Units Price: \$10.00 per Listed Unit and \$10.00 per Class F Unit (Minimum Purchase: 200 Listed Units or 500 Class F Units)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Blackmont Capital Inc.
Wellington West Capital Inc.
Berkshire Securities Inc.
Desjardins Securities Inc.
Laurentian Bank Securities Inc.
Research Capital Corporation
Richardson Partners Financial Limited

Promoter(s):

Sentry Select Capital Corp.

Project #1173746

Issuer Name:

Shoal Point Energy Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated October 24, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

Minimum Offering: \$13,000,000.00; Maximum Offering: \$20,000,000.00 - at least * Units \$ * consisting of one Common Share and one-half of one Common Share Purchaser Warrant and/or Flow-Through Common Shares and 19,883,260 Common Shares and 6,168,715 Underlying Warrants issuable upon the exercise of previously issued Special Warrants Price: \$ * Per Unit and \$ * Per Flow-Through Share

Underwriter(s) or Distributor(s):

Kingsdale Capital Markets Inc.

Promoter(s):

George langdon
John Wright

Project #1172029

Issuer Name:

Source Exploration Corporation
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated October 24, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

\$3,000,000.00 - 7,500,000 Common Shares Price: \$0.40 per Common Share

Underwriter(s) or Distributor(s):

Wolverton Securities Ltd.

Promoter(s):

Robert S. Tyson
Project #1172132

Issuer Name:

Stem Cell Therapeutics Corp.
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

\$10,500,000.00 - 30,000,000 Units Price: \$0.35 per Unit

Underwriter(s) or Distributor(s):

Dundee Securities Corporation
J.F. Mackie & Company Ltd.
Fraser Mackenzie Ltd.
Loewen, Ondaatje, McCutcheon Ltd.
Research Capital Corporation

Promoter(s):

-

Project #1172620

Issuer Name:

Acker Finley Canada Focus Fund
Principal Regulator - Ontario

Type and Date:

Amendment No. 1 dated October 4th, 2007 to the Amended and Restated Simplified Prospectus and Annual Information Form dated July 13th, 2007, amending and restating the Simplified Prospectus and Annual Information Form dated May 18th, 2007.
Mutual Reliance Review System Receipt dated October 29, 2007

Offering Price and Description:

Mutual Fund Securities Net Asset Value

Underwriter(s) or Distributor(s):

Acker Finley Asset Management Inc.

Promoter(s):

-

Project #1084248

Issuer Name:

Automodular Corporation
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated October 25, 2007
Mutual Reliance Review System Receipt dated October 25, 2007

Offering Price and Description:

\$12,000,000.00 - 6,000,000 Common Shares Price: \$2.00 per Common Share

Underwriter(s) or Distributor(s):

GMP Securities L.P.
Canaccord Capital Corporation

Promoter(s):

-

Project #1169464

Issuer Name:

Bank of Nova Scotia, The
Scotiabank Subordinated Notes Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated October 24, 2007
Mutual Reliance Review System Receipt dated October 25, 2007

Offering Price and Description:

\$1,000,000,000.00 - 5.25% Trust Subordinated Notes due November 1, 2017

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
Merrill Lynch Canada Inc.
Desjardins Securities Inc.
J.P. Morgan Securities Canada Inc.
Laurentian Bank Securities Inc.

Promoter(s):

-

Project #1168233/1168231

Issuer Name:

Carlaw Capital II Corp.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 29, 2007
Mutual Reliance Review System Receipt dated October 30, 2007

Offering Price and Description:

\$300,000.00 or 1,500,000 Common Shares PRICE: \$0.20 per Common Share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Amar Bhalla
Project #1161898

Issuer Name:

EPCOR Utilities Inc.
Principal Regulator - Alberta

Type and Date:

Final Short Form Base Shelf Prospectus dated October 24, 2007

Mutual Reliance Review System Receipt dated October 25, 2007

Offering Price and Description:

\$1,000,000,000.00 - Medium Term Note Debentures (unsecured)

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.

Promoter(s):

-

Project #1166954

Issuer Name:

Etruscan Resources Inc.
Principal Regulator - Nova Scotia

Type and Date:

Final Short Form Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

\$35,100,000.00 - 11,700,000 Units Price: \$3.00 per Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
Cormark Securities Inc.

Promoter(s):

-

Project #1169644

Issuer Name:

Faircourt Gold Income Corp.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 30, 2007
Mutual Reliance Review System Receipt dated October 30, 2007

Offering Price and Description:

Each Unit consists of one Class A Share and one-half of a Warrant for one Class A Share Maximum Offering:

10,000,000 units (\$100,000,000.00) Minimum Offering:

2,000,000 units (\$20,000,000.00)

Minimum Subscription: 100 units (\$1,000)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Blackmont Capital Inc.
Desjardins Securities Inc.
Richardson Partners Financial Limited
Wellington West Capital Inc.

Promoter(s):

Faircourt Asset Management Inc.

Project #1155919

Issuer Name:

Series A, Series B, Series F and Series O Units (unless otherwise indicated) of:
Fidelity Canadian Disciplined Equity Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity Canadian Growth Company Fund
Fidelity Canadian Large Cap Fund
Fidelity Canadian Opportunities Fund
Fidelity Dividend Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity Special Situations Fund
Fidelity True North Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity American Disciplined Equity Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity American Opportunities Fund
Fidelity American Value Fund
Fidelity Growth America Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity Small Cap America Fund
Fidelity AsiaStar Fund
Fidelity China Fund
Fidelity Emerging Markets Fund
Fidelity Europe Fund
Fidelity Far East Fund
Fidelity Global Disciplined Equity Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity Global Dividend Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity Global Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity Global Opportunities Fund
Fidelity Global Real Estate Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity International Disciplined Equity Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity International Value Fund
Fidelity Japan Fund
Fidelity Latin America Fund
Fidelity NorthStar Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity Overseas Fund
Fidelity Focus Consumer Industries Fund
Fidelity Focus Financial Services Fund
Fidelity Focus Health Care Fund
Fidelity Focus Natural Resources Fund
Fidelity Focus Technology Fund
Fidelity Focus Telecommunications Fund
Fidelity Canadian Asset Allocation Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity Canadian Balanced Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity Monthly Income Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity Global Asset Allocation Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity Global Monthly Income Fund (also offering Series T5, T8, S5 and S8 Units)
Fidelity ClearPath 2005 Portfolio (also offering Series T5, T8, S5 and S8 Units)
Fidelity ClearPath 2010 Portfolio (also offering Series T5, T8, S5 and S8 Units)
Fidelity ClearPath 2015 Portfolio

Fidelity ClearPath 2020 Portfolio
Fidelity ClearPath 2025 Portfolio
Fidelity ClearPath 2030 Portfolio
Fidelity ClearPath 2035 Portfolio
Fidelity ClearPath 2040 Portfolio
Fidelity ClearPath 2045 Portfolio
Fidelity ClearPath Income Portfolio (also offering Series T5, T8, S5 and S8 Units)
Fidelity Canadian Bond Fund
Fidelity Canadian Money Market Fund (also offering Series C and Series D Units)
Fidelity Canadian Short Term Bond Fund
Fidelity American High Yield Fund
Fidelity American High Yield Currency Neutral Fund
Fidelity U.S. Money Market Fund (Series A and Series B Units only)
Fidelity Global Bond Fund
Fidelity Global Bond Currency Neutral Fund
Fidelity Income Trust Fund
Fidelity Monthly High Income Fund (also offering Series T8 and Series S8 Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated October 26, 2007
Mutual Reliance Review System Receipt dated October 29, 2007

Offering Price and Description:

Mutual fund trust units at net asset value

Underwriter(s) or Distributor(s):

Fidelity Investments Canada ULC
Fidelity Investments Canada Limited

Promoter(s):

-

Project #1151911

Issuer Name:

frontierAlt 2007 Energy & Precious Metals Flow Through LP
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 29, 2007
Mutual Reliance Review System Receipt dated October 30, 2007

Offering Price and Description:

Maximum Offering: \$30,000,000.00 (1,200,000 Units @ \$25/unit); Minimum Offering: \$3,500,000.00 (140,000 Units @ \$25/unit)

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
TD Securities Inc.
Dundee Securities Corporation
National Bank Financial Inc.
Scotia Capital Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Richardson Partners Financial Limited
Wellington West Capital Inc.

Promoter(s):

Frontieralt Energy & Precious Metals Inc.
Frontieralt Capital Corporation

Project #1156267

Issuer Name:

Glacier Credit Card Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Shelf Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

Up to \$3,000,000,000.00 - Credit Card Asset-Backed Notes

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
TD Securities Inc.

Promoter(s):

CANADIAN TIRE BANK

Project #1169551

Issuer Name:

Goldbard Capital Corporation
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 25, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

Minimum Offering: \$500,000.00 (2,500,000 Common Shares); Maximum Offering: \$1,500,000.00 (7,500,000 Common Shares) Price: \$0.20 per Common Share

Underwriter(s) or Distributor(s):

Jennings Capital Inc.

Promoter(s):

Jesse Kaplan

Project #1148992

Issuer Name:

IMRIS Inc.
Principal Regulator - Manitoba

Type and Date:

Final Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

\$40,000,002.00 - 6,666,667 Common Shares Price: \$6.00 per Common Share

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Canaccord Capital Corporation
GMP Securities L.P.

Promoter(s):

H. David Graves

Project #1160507

Issuer Name:

ING Canada Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Base Shelf Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 30, 2007

Offering Price and Description:

\$1,000,000,000.00:
Debt Securities
Class A Shares
Common Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1168767

Issuer Name:

International Royalty Corporation
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated October 29, 2007
Mutual Reliance Review System Receipt dated October 30, 2007

Offering Price and Description:

\$63,000,000.00 - 10,000,000 common shares Price: \$6.30 per Offered Share

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
Haywood Securities Inc.
Raymond James Ltd.

Promoter(s):

-

Project #1170015

Issuer Name:

NovaBay Pharmaceuticals, Inc.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 24, 2007
Mutual Reliance Review System Receipt dated October 24, 2007

Offering Price and Description:

U.S.\$20,000,000.00 - 5,000,000 Shares Price: U.S.\$4.00 per Share

Underwriter(s) or Distributor(s):

Dundee Securities Corporation
Desjardins Securities Inc.
Blackmont Capital Inc.

Promoter(s):

-

Project #1051403

Issuer Name:

Series A Shares (unless otherwise indicated) of:
Northwest Short Term Corporate Class
Northwest Canadian Equity Corporate Class
Northwest Canadian Dividend Corporate Class
Northwest Growth and Income Corporate Class
Northwest U.S. Equity Corporate Class
Northwest EAFE Corporate Class
Northwest Global Equity Corporate Class
Northwest Global Growth and Income Corporate Class
Northwest Specialty Equity Corporate Class
Northwest Specialty Innovations Corporate Class
Northwest Quadrant Balanced Growth Corporate Class Portfolio
(Series A Shares and Series F Shares)
Northwest Quadrant Growth Corporate Class Portfolio
(Series A Shares and Series F Shares)
Northwest Quadrant Global Growth Corporate Class Portfolio
(Series A Shares and Series F Shares)
Northwest Quadrant Global Equity Corporate Class Portfolio
(Series A Shares and Series F Shares)
Northwest Quadrant All Equity Corporate Class Portfolio
(Series A Shares and Series F Shares)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated October 26, 2007
Mutual Reliance Review System Receipt dated October 30, 2007

Offering Price and Description:

Series A Shares and Series F Shares @ Net Asset Value

Underwriter(s) or Distributor(s):

Northwest Mutual Funds Inc.

Promoter(s):

Northwest Mutual Funds Inc.

Project #1161943

Issuer Name:

Advisor Series Units and Series F Units of :
RBC DS NORTH AMERICAN FOCUS FUND
RBC DS CANADIAN FOCUS FUND
RBC DS INTERNATIONAL FOCUS FUND
RBC DS BALANCED GLOBAL PORTFOLIO
RBC DS GROWTH GLOBAL PORTFOLIO
RBC DS ALL EQUITY GLOBAL PORTFOLIO
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated October 26, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

Advisor Series Units and Series F Units

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

Promoter(s):

RBC Asset Management Inc.
RBC Dominion Securities Inc.

Project #1160408

Issuer Name:

RBC Premium \$U.S. Money Market Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 26, 2007

Offering Price and Description:

Series A and Series F Units @ Net Asset Value

Underwriter(s) or Distributor(s):

Royal Mutual Funds Inc.

Royal Mutual Funds Inc.

Promoter(s):

RBC Asset Management Inc.

Project #1165240

Issuer Name:

Russell Canadian Equity Pool (Class A, B, E, F and O Units) (formerly Sovereign Canadian Equity Pool)
Russell US Equity Pool (Class A, B, E, F and O Units) (formerly Sovereign US Equity Pool)
Russell Overseas Equity Pool (Class A, B, E, F and O Units) (formerly Sovereign Overseas Equity Pool)
Russell Global Equity Pool (Class A, B, E, F and O Units) (formerly Sovereign Global Equity Pool)
Russell Emerging Markets Equity Pool (Class A, B, E, F and O Units) (formerly Sovereign Emerging Markets Equity Pool)
Russell Fixed Income Pool (Class A, B, E, F and O Units) (formerly Sovereign Canadian Fixed Income Pool)
Russell Core Plus Fixed Income Pool (Class A, B, E, F and O Units)
Russell Money Market Pool (Class A, B, E, F and O Units) (formerly Sovereign Money Market Pool)
Sovereign Diversified Monthly Income Portfolio (Class E-5, E-7, F-5, F-7, I-5 and I-7 Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated October 24, 2007
Mutual Reliance Review System Receipt dated October 25, 2007

Offering Price and Description:

Class A, B, E, F and O Units

Underwriter(s) or Distributor(s):

Russell Investments Canada Limited
Frank Russell Canada Limited

Promoter(s):

Russell Investments Canada Limited

Project #1160937

Issuer Name:

Sceptre Private Client Canadian Equity Portfolio
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated October 26, 2007
Mutual Reliance Review System Receipt dated October 29, 2007

Offering Price and Description:

Mutual Fund Securities @ Net Asset Value

Underwriter(s) or Distributor(s):

Legg Mason Canada Inc.

Promoter(s):

Sceptre Investment Counsel Limited

Project #1161413

Issuer Name:

TD Managed Income Portfolio (Investor Series, Premium Series, H-Series and K-Series Units)
TD Managed Income & Moderate Growth Portfolio (Investor Series, Premium Series, H-Series and K-Series Units)
TD Managed Balanced Growth Portfolio (Investor Series, Premium Series, H-Series and K-Series Units)
TD Managed Aggressive Growth Portfolio (Investor Series and Premium Series Units)
TD Managed Maximum Equity Growth Portfolio (Investor Series and Premium Series Units)
TD FundSmart Managed Income Portfolio (Investor Series, Premium Series, H-Series and K-Series Units)
TD FundSmart Managed Income & Moderate Growth Portfolio (Investor Series, Premium Series, H-Series and K-Series Units)
TD FundSmart Managed Balanced Growth Portfolio (Investor Series, Premium Series, H-Series and K-Series Units)
TD FundSmart Managed Aggressive Growth Portfolio (Investor Series and Premium Series Units)
TD FundSmart Managed Maximum Equity Growth Portfolio (Investor Series and Premium Series Units)
TD Managed Index Income Portfolio (Investor Series and e -Series Units)
TD Managed Index Income & Moderate Growth Portfolio (Investor Series and e -Series Units)
TD Managed Index Balanced Growth Portfolio (Investor Series and e -Series Units)
TD Managed Index Aggressive Growth Portfolio (Investor Series and e -Series Units)
TD Managed Index Maximum Equity Growth Portfolio (Investor Series and e -Series Units)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated October 29, 2007
Mutual Reliance Review System Receipt dated October 30, 2007

Offering Price and Description:

Mutual fund units at net asset value

Underwriter(s) or Distributor(s):

TD Investment Services Inc.
TD Investment Services Inc. (for Investor Series and Premium Series units only)
TD Investment Services Inc. (for Investor Series and Premium Series units)
TD Investment Services Inc. (for Investor Series and e-Series units)

Promoter(s):

TD Asset Management Inc.

Project #1158428

Issuer Name:

TD Managed Income Portfolio (Advisor Series and T-Series Units)

TD Managed Income & Moderate Growth Portfolio (Advisor Series and T-Series Units)

TD Managed Balanced Growth Portfolio (Advisor Series and T-Series Units)

TD Managed Aggressive Growth Portfolio (Advisor Series Units)

TD Managed Maximum Equity Growth Portfolio (Advisor Series Units)

TD FundSmart Managed Income Portfolio (Advisor Series and T-Series Units)

TD FundSmart Managed Income & Moderate Growth Portfolio (Advisor Series and T-Series Units)

TD FundSmart Managed Balanced Growth Portfolio (Advisor Series and T-Series Units)

TD FundSmart Managed Aggressive Growth Portfolio (Advisor Series Units)

TD FundSmart Managed Maximum Equity Growth Portfolio (Advisor Series Units)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated October 29, 2007

Mutual Reliance Review System Receipt dated October 30, 2007

Offering Price and Description:

Mutual fund units at net asset value

Underwriter(s) or Distributor(s):

TD Investment Services Inc. (for Investor Series and Premium Series units only)

TD Investment Services Inc. (for Investor Series and Premium Series units)

Promoter(s):

TD Asset Management Inc.

Project #1158437

Partners In Planning Financial Services Ltd.

Promoter(s):

Titan Funds Incorporated

Project #1082908

Issuer Name:

Toronto Hydro Corporation

Principal Regulator - Ontario

Type and Date:

Amendment #1 dated October 19, 2007 to the Short Form

Base Shelf Prospectus dated January 13, 2006

Mutual Reliance Review System Receipt dated October 24, 2007

Offering Price and Description:

\$1,000,000,000.00 - DEBENTURES

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

Promoter(s):

-

Project #869935

Issuer Name:

Akela Pharma Inc.

Type and Date:

Preliminary Short Form Prospectus dated October 12th, 2007

Withdrawn on October 26th, 2007

Offering Price and Description:

US\$ * - * Common Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1168117

Issuer Name:

Titan Balanced Growth Portfolio

Titan Aggressive Equity Portfolio

Titan Balanced Income Portfolio

Titan Balanced Portfolio

Titan Conservative Portfolio

Titan Growth Portfolio

Principal Regulator - Ontario

Type and Date:

Amendment #1 dated October 17, 2007 to the Simplified Prospectuses and Annual Information Forms dated June 8, 2007

Mutual Reliance Review System Receipt dated October 30, 2007

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Issuer Name:

Bioscript Inc.

Principal Jurisdiction - Ontario

Type and Date:

Preliminary Short Form Prospectus dated October 5th, 2007

Withdrawn on October 26th, 2007

Offering Price and Description:

\$6,000,000.00 - 12,000,000 Units Price: \$0.50 per Unit

Underwriter(s) or Distributor(s):

Evergreen Capital Partners Inc.

Promoter(s):

-

Project #1166053

Chapter 12

Registrations

12.1.1 Registrants

| Type | Company | Category of Registration | Effective Date |
|--|---|--|------------------|
| Name Change | From: GMP Private Client L.P. To: GMP Private Client L.P. / GMP Gestion Privee S.E.C. | Investment Dealer | October 11, 2007 |
| Consent to Suspension (Rule 33-501 - Surrender of Registration) | DelMar Investments Inc. | Limited Market Dealer | October 11, 2007 |
| New Registration | Bennington Investment Management Inc. | Investment Counsel & Portfolio Manager | October 24, 2007 |
| Change of Category | Gentree Asset Management Inc. | From: Limited Market Dealer, Investment Counsel & Portfolio Manager To: Limited Market Dealer, Investment Counsel & Portfolio Manager, and Commodity Trading Manager | October 25, 2007 |
| New Registration | Duncan Stewart Asset Management Inc. | Limited Market Dealer, Investment Counsel & Portfolio Manager | October 26, 2007 |
| Change of Category | Altrinsic Global Advisors, LLC | From: International Adviser (Investment Counsel & Portfolio Manager) To: Limited Market Dealer and International Adviser (Investment Counsel & Portfolio Manager) | October 29, 2007 |
| New Registration | Setter Capital Inc. | Limited Market Dealer | October 30, 2007 |
| New Registration | Wells Capital Management, Inc. | International Adviser (Investment Counsel & Portfolio Manager) | October 30, 2007 |

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to CCP Fails to Receive

CDS Clearing and Depository Services Inc. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

CCP FAILS TO RECEIVE

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

On April 13, 2007, CDS published a Notice and Request for Comments in respect of proposed amendments to CDS Participant Rules relating to Failures-to-Receive in the CCP Services. A "fail-to-receive" occurs when the delivering participant has the required securities available for delivery but the receiving participant is unable to settle on value date [because the participant has insufficient funds, line of credit or aggregated collateral value ("ACV")]. In a trade-for-trade situation, the delivering participant can make an interest claim against the receiving participant for compensation for the loss of the use of funds. In the CCP services, there is no direct relationship between the delivering participant and the receiving participant so a direct interest claim by the delivering participant cannot be made against the receiving participant. The proposed Rule amendments permitted an automatic interest claim to be made for a CCP "fail-to-receive".

The CDSX® system will automatically identify each CCP "fail-to-receive" and will calculate the applicable fail mark. A fail mark is an amount that is collected by CDS from the fail-to-receive participant and distributed to the corresponding delivering participant.

The Procedures marked for the amendments may be accessed at the CDS website at:

<http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open>

[en français: <http://www.cds.ca/cdsclearinghome.nsf/Pages/-FR-Documentation?Open>]

Description of Proposed Amendments

The proposed amendments add a description of the new process to Chapter 10 to the *CDS Trade and Settlement Procedures User Guide*, outline the calculation used to ascertain the fail mark in the CDS User Guide entitled *Participating in CDS Services*, and add the "Fails-to-Receive Mark Details Report" to the CDS User Guide entitled *CDS Reporting Procedures*.

The proposed amendments to CDS Procedures provide participants with the procedures and process consequential to the proposed Rule Amendments. In particular, the proposed amendments will detail the formula for calculating the fail mark assessed to Participants. This fail mark will reflect the cost of funds with reference to published interest rates used in the industry. In addition the proposed amendments will detail the circumstances in which participants will be charged a fee for a failure-to-receive.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments; they are consequential amendments intended to implement a material rule that has been published for comment pursuant to CDS's Rule Protocol.

C. EFFECTIVE DATE OF THE RULE

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the OSC Recognition and Designation Order, as amended 1 November, 2006, and *Annexe A ("Protocole d'examen et d'approbation des Règles de Services de Dépôt et de Compensation CDS Inc. par l'Autorité des marchés financiers")* of AMF Decision 2006-PDG-0180, made effective on 1 November, 2006, CDS has determined that these amendments will be effective on **November 5, 2007**.

D. QUESTIONS

Questions regarding this notice may be directed to:

Tony Hoffmann
Legal Counsel
The Canadian Depository for Securities Limited
85 Richmond Street West,
Toronto, Ontario, M5H 2C9

Telephone: 416-365-3768 ; Fax: 416-365-1984
e-mail: attention@cds.ca

JAMIE ANDERSON
Managing Director, Legal

13.1.2 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to CDS Reporting Procedures

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

CDS REPORTING PROCEDURES

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

CDS periodically makes available new reports for use by its Participants and makes changes to the retention periods for certain reports. The proposed amendments are made as a matter of course.

The Procedures marked for the amendments may be accessed at the CDS website at:

<http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open>

[en français: <http://www.cds.ca/cdsclearinghome.nsf/Pages/-FR-Documentation?Open>]

Description of Proposed Amendments

The proposed amendments to the *CDS Reporting Procedures* User Guide are as follows:

- The addition of section 16.32 (Domestic Index Receipt Report) This report lists the number of component shares and standard index shares that the participant will deliver to or receive from CNS on trade date+3 days.
- The amendment, at section 22.2, of the retention period for the Issuer Code Warning Report from 7 years to 35 days; it was determined that the 7 year retention period was not required. The information contained in this report is non-transactional in nature and the reduction in the retention period was made to ensure consistency with current CDS practice in the treatment of those informational reports provided on a daily basis.
- The amendment, at section 23.9, of the note accompanying the description of the Unsettled Non-Exchange Trade Report – Post-BNS to clarify the contents of that report.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments; they are matters of a technical nature in routine operating procedures and administrative practices relating to the settlement services.

C. EFFECTIVE DATE OF THE RULE

Pursuant to Appendix A (“Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC”) of the OSC Recognition and Designation Order, as amended 1 November, 2006, and *Annexe A (“Protocole d’examen et d’approbation des Règles de Services de Dépôt et de Compensation CDS Inc. par l’Autorité des marchés financiers”)* of AMF Decision 2006-PDG-0180, made effective on 1 November, 2006, CDS has determined that these amendments will be effective on **November 5, 2007**.

D. QUESTIONS

Questions regarding this notice may be directed to:

Tony Hoffmann
Legal Counsel
The Canadian Depository for Securities Limited
85 Richmond Street West,
Toronto, Ontario, M5H 2C9

Telephone: 416-365-3768 ; Fax: 416-365-1984
e-mail: attention@cds.ca

JAMIE ANDERSON
Managing Director, Legal

13.1.3 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to Report Management System Procedures

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

REPORT MANAGEMENT SYSTEM PROCEDURES

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

The proposed amendments to the CDS Reporting Procedures provide for the addition of sorting and filtering features for existing reports.

The Procedures marked for the amendments may be accessed at the CDS website at:

<http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open>

[en francais: <http://www.cds.ca/cdsclearinghome.nsf/Pages/-FR-Documentation?Open>]

The systems changes associated with the proposed procedure amendments were inadvertently made effective on 2007 October 01 prior to the submission of the proposed amendments to CDS's regulatory authorities (Autorité des marchés financiers ["AMF"], Ontario Securities Commission ["OSC"], and the Bank of Canada, collectively "Regulatory Authorities") and CDS's Strategic Development Review Committee. As the proposed procedure amendments are of a technical nature and that retracting the implemented systems changes could have a negative impact on the system generally, CDS decided in consultation with its Regulatory Authorities to retain the systems changes and submit the procedure amendments for review in accordance with the standard practice.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments. They concern matters of a technical nature in routine operating procedures and administrative practices related to the settlement services.

C. EFFECTIVE DATE OF THE RULE

CDS made these amendments effective on 2007 October 01.

D. QUESTIONS

Questions regarding this notice may be directed to:

Tony Hoffmann
Legal Counsel

The Canadian Depository for Securities Limited
85 Richmond Street West,
Toronto, Ontario, M5H 2C9

Telephone: 416-365-3768 ; Fax: 416-365-1984
e-mail: attention@cds.ca

JAMIE ANDERSON
Managing Director, Legal

13.1.4 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures Relating to Domestic Securities Buy-In Procedures

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

DOMESTIC SECURITIES BUY-IN PROCEDURES

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

CDS currently coordinates the submission of buy-in related activities (replacement trades) on the TSX with CDS as the clearing organization. Where a security is traded only on another exchange or on a non-exchange basis, however, CDS is unable to coordinate such buy-in activities.

In the course of regular review, CDS became aware of ambiguity in the Participant procedures in relation to the treatment of exchange and non-exchange buy-in related activities. The proposed amendments address this ambiguity and ensure that Participants are aware that where a security is not listed or traded on the TSX, the buy-in activities for such security are, and have always been, the responsibility of the Participant.

The Procedures marked for the amendments may be accessed at the CDS website at:

<http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open>

[en français: <http://www.cds.ca/cdsclearinghome.nsf/Pages/-FR-Documentation?Open>]

Description of Proposed Amendments

The proposed amendments to section 9.5 of the CDS User Guide entitled *Trade and Settlement Procedures* clarify that a buy-in related to a security that is not listed and traded on the TSX is the responsibility of the Participant as CDS is unable to coordinate and execute such buy-in transactions.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments; they are matters of a technical nature in routine operating procedures and administrative practices related to the settlement services.

C. EFFECTIVE DATE OF THE RULE

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the OSC Recognition and Designation Order, as amended 1 November, 2006, and *Annexe A ("Protocole d'examen et d'approbation des Règles de Services de Dépôt et de Compensation CDS Inc. par l'Autorité des marchés financiers")* of AMF Decision 2006-PDG-0180, made effective on 1 November, 2006, CDS has determined that these amendments will be effective on **November 5, 2007**.

D. QUESTIONS

Questions regarding this notice may be directed to:

Tony Hoffmann
Legal Counsel
The Canadian Depository for Securities Limited
85 Richmond Street West,
Toronto, Ontario, M5H 2C9

Telephone: 416-365-3768 ; Fax: 416-365-1984
e-mail: attention@cds.ca

JAMIE ANDERSON
Managing Director, Legal

13.1.5 Notice and Request for Comment – Material Amendments to CDS Procedures Relating to Issuer Buy-Back Procedures

CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS[®])

MATERIAL AMENDMENTS TO CDS PROCEDURES

ISSUER BUY-BACK PROCEDURES

REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED AMENDMENTS

CDS proposes to amend the CDS Participant procedures to require participants to submit securities for cancellation, on a timely basis, purchased under an issuer buy-back programme.

The proposed amendments to the *CDSX Procedures and User Guide* clarify the procedure to be followed when a security to be withdrawn is for the purpose of a buy-back (s. 7.3). Further the proposed amendments add subsections 8.16 and 8.16.1 to the same guide. These sections outline the procedures by which Participants report issuer buy-backs through CDSX[®] and the subsequent withdrawal of securities. These transactions are reported to CDSX on a non-exchange transaction basis.

B. NATURE AND PURPOSE OF THE PROPOSED AMENDMENTS

CDS, through its nominee CDS & Co., is the registered shareholder of securities deposited at CDS. As the registered owner of such securities, CDS receives entitlement payments on certain corporate action events. CDS in turn distributes these entitlement payments to its participants and the participants distribute the entitlements to their clients who are the beneficial holders of the securities.

Unfortunately, CDS continues to experience a significant number of occurrences where the entitlement payment it receives is less than the expected payment calculated on the basis of its registered holding of securities. This typically occurs when an issuer has undertaken a buy-back programme and the issuer has elected to treat purchased securities as having been cancelled (notionally on its books) even though these securities have not been officially cancelled in the share register.

Under an issuer buy-back programme, a participant reports purchases made to the issuer on trade date. These trades do not settle until settlement date (i.e. trade date plus three business days). Even after the trade has settled, the securities generally remain in the participant's account at CDS, as the common practice is for participants to wait until the end of the week or month to bulk up the purchases in order to reduce associated fees. The participant then processes a withdrawal of the securities from CDSX, and the securities are cancelled by the issuer's agent, reducing the total number of outstanding securities.

However, an issuer may treat the securities as effectively cancelled on trade date, even though the CDS account ledgers and the records maintained by the issuer's transfer agent continue to show that the securities are outstanding. In many instances the transfer agent may not be aware that a buy-back programme is in place, and is not notified that securities have been repurchased. If the issuer declares an entitlement in the time period between trade date and the withdrawal of the securities, the issuer often calculates the entitlement payment on the assumption that the repurchased securities are cancelled. However, the transfer agent's register of securities, and the CDSX ledgers which are daily reconciled with the register, show all of the securities as outstanding and do not reflect the buy-back securities as cancelled.

Therefore the amount of the entitlement actually paid does not reflect the entitlement due for all of the outstanding securities held by CDS as the registered holder. Thus if the issuer pays the entitlement calculated on the basis of the reduced number of securities, CDS receives an entitlement payment that cannot be reconciled with its total holdings. The transfer agent does not have the information needed to enable a speedy reconciliation of the discrepancy. CDS must expend considerable time and effort to reconcile the discrepancy between its own records and the entitlement payment. If CDS delays the payment of the entitlement while attempting to reconcile the discrepancy, this causes disruptions to all participants and their clients. If circumstances arose in which the discrepancy could not be resolved on the payable date, then it is possible that the payment to all participants could be delayed, resulting in interest and other costs to the industry. To minimize disruption to the industry, the distribution of entitlements must take place quickly and efficiently on payable date.

To ensure proper processing of entitlements, the transfer agent's records must reflect the cancellation of the repurchased securities as soon as possible, and CDS ledgers must balance with the transfer agent records. The issuer should not adjust entitlement payments until the repurchased securities have been cancelled.

Furthermore, the inaccurate depiction of the total number of outstanding securities for a particular issuer skews holders of record reports. This would have a negative impact on the financial community at large. For example, making a determination of rights under a class action lawsuit would be complicated by overstatement of securities within the system.

To address this problem, CDS proposes procedures to require participants acting for an issuer on a buy-back programme to ensure that such securities are cancelled on a timely basis. Participants that postpone the process to effect timely cancellation of bought-back shares will be considered in breach of the CDS Rules. CDS intends to impose a fee to encourage compliance with the new procedures. The fee would be comparable to the late payment exchange fee, currently set at \$500.

CDS cannot impose compliance requirements on issuers via CDS Rules as the Rules only apply to participants. Notwithstanding that limitation, CDS hopes its participants and other market participants will explain the need for rapid and accurate processing of entitlements to issuers. If the new procedures do not achieve the objective of receiving accurate entitlement payments, CDS will need to consider other remedies. For instance, CDS may have a claim against an issuer when CDS is shown as the registered holder of a certain number of securities, but the entitlement is paid on only part of those securities.

C. IMPACT OF THE PROPOSED AMENDMENTS

C.1 Competition

All industry participants using CDSX will be subject to consistent requirements, so that there will be no competitive advantage or disadvantage.

C.2 Risks and Compliance Costs

This proposal will assist issuers in meeting their own statutory obligations. As a matter of corporate law, issuers should not hold their own securities. Therefore, securities purchased for the account of the issuer must be cancelled immediately on receipt, to ensure compliance with respective corporate legislation. Adherence to the new procedures will enhance compliance with statutory obligations.

C.3 Comparison to International Standards – (a) Committee on Payment and Settlement Systems of the Bank for International Settlements, (b) Technical Committee of the International Organization of Securities Commissions, and (c) the Group of Thirty

There is no indication that these international organizations have addressed the matter of reconciling entitlement distributions during an issuer buy-back programme.

D. DESCRIPTION OF THE PROCEDURE DRAFTING PROCESS

D.1 Development Context

The Toronto Stock Exchange issued a staff notice on August 29, 2006 reminding issuers of the need to ensure that bought-back securities are cancelled in a timely manner. Notwithstanding such notice, the issuer buy-back problem continues to negatively affect the financial community. As such, additional measures are required.

D.2 Procedure Drafting Process

CDS Procedures are drafted by CDS personnel based on direction from CDS business units. Where a request for a systems change, update, or new service is initiated by CDS's Strategic Development Review Committee (the "SDRC" - a committee comprised of CDS product development personnel and members of the Participant community), these procedural changes are made in consultation with the SDRC and other interested Participants. Once drafted, CDS Procedure amendments are reviewed and approved by CDS's Strategic Development Review Committee.

D.3 Issues Considered

The primary issues addressed have been (i) the importance of reconciling issuers' registers of securities, (ii) the growing problem of delay and expense in reconciling entitlement payments with CDS and transfer agent records, and (iii) the disruption that any delay in entitlement processing would cause to all industry participants and their clients. It is recognized that the new procedure will require some additional back office processing, and potentially a slight increase in the fees paid for withdrawals, by the participants acting for issuers on a buy-back programme. It was determined that these costs would be minor, would affect all participants engaged in that business in a similar fashion, and are minor in comparison to the disruption to all industry participants and to CDS caused by the problem of reconciling entitlement payments with securities registers that have not been updated on a current basis. CDS has requested that transfer agents assess their fee structure in regards to processing the cancellations of securities.

D.4 Consultation

Within CDS, the issue of reconciling entitlement payments to the register, and the proposed procedures, have been reviewed by the Debt and Equity Sub-Committee of CDS's SDRC as well as by the SDRC itself. The SDRC is a committee comprised of CDS participant representatives and determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS.

Transfer agents have also expressed concerns about the problems of reconciling registers during buy-back of securities by issuers. Transfer agents have stressed the importance of ensuring that the records they maintain for the issuer are as current and accurate as possible.

D.5 Alternatives Considered

As an alternative to the present proposed amendments to CDS Procedures, changes to the CDS Participant Rules were also considered. The proposal to amend the CDS Participant Rules involved introducing a requirement that Participants who are acting on behalf of an issuer in a buy-back scenario immediately submit any securities received in this context for cancellation. Participants would be required to submit a withdrawal transaction for this purpose. It was determined that the buy-back process as outlined in the procedures would be more cost effective, as they permit the bulking of withdrawals in the CDS CUID.

As noted, the Toronto Stock Exchange has reminded issuers of their obligations in respect of cancellation of securities involved in a normal course buy-back. Transfer agents have also indicated their concerns about the process. CDS has worked with industry committees to request voluntary compliance with the need for timely cancellation of such securities. The introduction of mandatory requirements under the procedures has been proposed due to the failure of such voluntary measures to achieve a sufficient level of compliance to avoid disruptions to the entitlement distribution system.

D.6 Implementation Plan

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act*. The Autorité des marchés financiers has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act*. The Ontario Securities Commission, the Autorité des marchés financiers and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

The amendments to Participant Procedures may become effective upon approval of the amendments by the Recognizing Regulators following public notice and comment.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS

With the exception of the creation of a dedicated CUID to allow for the buy-back process, the proposed procedural amendments do not require any change to CDSX or to any CDS systems.

E.2 CDS Participants

The proposed procedural amendments should not require changes to participants' technological systems. Participants will need to implement new back office practices to ensure submissions for cancellations are made on an immediate rather than a delayed basis.

E.3 Other Market Participants

Other market participants will not be affected by the proposed amendments. Transfer agents will process cancellations in the normal course.

F. COMPARISON TO OTHER CLEARING AGENCIES

There is no indication that other clearing agencies have addressed the matter of reconciling entitlement distributions during an issuer buy-back programme.

G. PUBLIC INTEREST ASSESSMENT

CDS has determined that the proposed amendments are not contrary to the public interest.

H. COMMENTS

Comments on the proposed amendments should be in writing and delivered by **December 3, 2007** to:

Tony Hoffmann
Legal Counsel
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Fax: 416-365-1984
e-mail: attention@cds.ca

Copies should also be provided to the Autorité des marchés financiers and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

M^e Anne-Marie Beaudoin
Directrice du secrétariat
Autorité des marchés financiers
800, square Victoria, 22nd floor
PO box 246, tour de la Bourse
Montréal (Québec) H4Z 1G3

Fax: (514) 873-7455
e-mail: consultation-en-cours@lautorite.gc.ca

Cindy Petlock
Manager, Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario, M5H 3S8

Fax: 416-595-8940
e-mail: cpetlock@osc.gov.on.ca

CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED PROCEDURE AMENDMENTS

Appendix "A" contains text of current CDS Participant Procedures marked to reflect proposed amendments as well as text of these procedures reflecting the adoption of the proposed amendments.

JAMIE ANDERSON
Managing Director, Legal

APPENDIX "A"

PROPOSED PROCEDURE AMENDMENT

| Text of CDS Participant Procedures marked to reflect proposed amendments | Text CDS Participant Procedures reflecting the adoption of proposed amendments |
|---|--|
| <p>7.3 Requesting security withdrawals</p> <p>...</p> <p><u>For issuer buy-back securities, the participant may enter a withdrawal request or a trade transaction to report their issuer buy-back positions to the transfer agent and CDS. This will cancel the shares in the transfer agent register. For more information on trade transactions, see Issuer buy-backs on page 190.</u></p> <p><u>To request a security withdrawal for issuer buy-backs, the participant must enter PURCHASED FOR CANCELLATION in the MEMO field of the withdrawal. This entry identifies to the transfer agent that the participant wishes to remove the participant security position in CDSX and subsequently cancel the shares in the transfer agent register. The transfer agent will not issue a certificate for release to the participant for these requests, and the shares will be cancelled immediately. If PURCHASED FOR CANCELLATION is not entered in the MEMO field, then a certificate will be issued. For BEO issues, the trade process must be followed. For more information, see Issuer buy-backs on page 190.</u></p> <p><u>If a withdrawal or trade transaction is not processed prior to record date, CDS will, upon reconciliation with the transfer agent, charge the non-reporting participant a fee of \$500 (issuer buy-backs not reported).</u></p> <p><u>[**NOTE**: The following text will be added to the instructions related to the 'MEMO' field in section 7.3 on page 120 of the CDSX Procedures and User Guide].</u></p> <p><u>For issuer buy-back security withdrawals, enter PURCHASED FOR CANCELLATION (CDS transfer agent requirement). A certificate is not returned to the participant. Entries for issuer buy-back security withdrawals cannot be completed for BEO issues</u></p> <p>...</p> | <p>7.3 Requesting security withdrawals</p> <p>...</p> <p>For issuer buy-back securities, the participant may enter a withdrawal request or a trade transaction to report their issuer buy-back positions to the transfer agent and CDS. This will cancel the shares in the transfer agent register. For more information on trade transactions, see Issuer buy-backs on page 190.</p> <p>To request a security withdrawal for issuer buy-backs, the participant must enter PURCHASED FOR CANCELLATION in the MEMO field of the withdrawal. This entry identifies to the transfer agent that the participant wishes to remove the participant security position in CDSX and subsequently cancel the shares in the transfer agent register. The transfer agent will not issue a certificate for release to the participant for these requests, and the shares will be cancelled immediately. If PURCHASED FOR CANCELLATION is not entered in the MEMO field, then a certificate will be issued. For BEO issues, the trade process must be followed. For more information, see Issuer buy-backs on page 190.</p> <p>If a withdrawal or trade transaction is not processed prior to record date, CDS will, upon reconciliation with the transfer agent, charge the non-reporting participant a fee of \$500 (issuer buy-backs not reported).</p> <p>[**NOTE**: The following text will be added to the instructions related to the 'MEMO' field in section 7.3 on page 120 of the CDSX Procedures and User Guide].</p> <p>For issuer buy-back security withdrawals, enter PURCHASED FOR CANCELLATION (CDS transfer agent requirement). A certificate is not returned to the participant. Entries for issuer buy-back security withdrawals cannot be completed for BEO issues</p> <p>...</p> |
| <p>8.16 Issuer buy-backs</p> <p><u>Non-exchange trade transactions for issuer buy-back positions are reported to CDS through a CDS-controlled internal CUID, the CDS issuer buy-back positions account (XDSP). CDS and the transfer agent use this CUID to account for the buy-back transactions and to assist in the reconciliation of entitlement events set up in CDSX.</u></p> <p><u>Once a dealer has reported a buy-back to the issuer, the dealer delivers the trade to the XDSP CUID within CDSX using a non-exchange trade transaction. CDS confirms the trade and then processes the withdrawal prior to the corresponding record date.</u></p> | <p>8.16 Issuer buy-backs</p> <p>Non-exchange trade transactions for issuer buy-back positions are reported to CDS through a CDS-controlled internal CUID, the CDS issuer buy-back positions account (XDSP). CDS and the transfer agent use this CUID to account for the buy-back transactions and to assist in the reconciliation of entitlement events set up in CDSX.</p> <p>Once a dealer has reported a buy-back to the issuer, the dealer delivers the trade to the XDSP CUID within CDSX using a non-exchange trade transaction. CDS confirms the trade and then processes the withdrawal prior to the corresponding record date.</p> |

| Text of CDS Participant Procedures marked to reflect proposed amendments | Text CDS Participant Procedures reflecting the adoption of proposed amendments |
|--|---|
| <p><u>Issuer buy-back transactions should be processed by participants immediately and should not be accumulated on record date periods. This ensures that the holdings for the transfer agents and CDS are in balance.</u></p> <p><u>Note: The trade transaction must be processed by the participant to the XDSP CUID prior to the record date. If it is not processed prior to this date, CDS will, upon reconciliation with the transfer agent, charge the non-reporting participant a fee of \$500 (issuer buy-backs not reported).</u></p> <p>...</p> <p>8.16.1 Entering issuer buy-backs</p> <p><u>To enter a non-exchange trade transaction for issuer buy-back positions:</u></p> <ol style="list-style-type: none"> <u>1. Determine the position needed to deliver buy-back positions to the XDSP CUID.</u> <u>2. Set up a free delivery trade in CDSX to deliver the quantity to the XDSP CUID. Set up the trade with the following:</u> <ul style="list-style-type: none"> <u>• Settlement control indicator to Y (settle)</u> <u>• Price to \$0.00.</u> <p><u>Once the position is available in the ledger, the trade is available for settlement. CDS will then confirm the trade, and the position settles. The withdrawal transaction is entered by CDS after the trade transaction has been completed and the ledger resides in the CDS Issuer Buy-back Account.</u></p> <p><u>Participants may also use the security withdrawal function to report issuer buy-back positions to CDS. This ensures that the proper requirements for the issuer buy-back positions are identified in the withdrawal request. The security withdrawal function cannot be used on issues that are BEO at CDS. Issuer buy-backs of BEO issues must be completed using the trade process. For more information, see Requesting security withdrawals on page 118.</u></p> | <p>Issuer buy-back transactions should be processed by participants immediately and should not be accumulated on record date periods. This ensures that the holdings for the transfer agents and CDS are in balance.</p> <p>Note: The trade transaction must be processed by the participant to the XDSP CUID prior to the record date. If it is not processed prior to this date, CDS will, upon reconciliation with the transfer agent, charge the non-reporting participant a fee of \$500 (issuer buy-backs not reported).</p> <p>...</p> <p>8.16.1 Entering issuer buy-backs</p> <p>To enter a non-exchange trade transaction for issuer buy-back positions:</p> <ol style="list-style-type: none"> 1. Determine the position needed to deliver buy-back positions to the XDSP CUID. 2. Set up a free delivery trade in CDSX to deliver the quantity to the XDSP CUID. Set up the trade with the following: <ul style="list-style-type: none"> • Settlement control indicator to Y (settle) • Price to \$0.00. <p>Once the position is available in the ledger, the trade is available for settlement. CDS will then confirm the trade, and the position settles. The withdrawal transaction is entered by CDS after the trade transaction has been completed and the ledger resides in the CDS Issuer Buy-back Account.</p> <p>Participants may also use the security withdrawal function to report issuer buy-back positions to CDS. This ensures that the proper requirements for the issuer buy-back positions are identified in the withdrawal request. The security withdrawal function cannot be used on issues that are BEO at CDS. Issuer buy-backs of BEO issues must be completed using the trade process. For more information, see Requesting security withdrawals on page 118.</p> |

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Chapter 25

Other Information

25.1 Approvals

25.1.1 Northwater Fund Management Inc. - s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager for approval to act as trustee of mutual funds to be established and managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

October 5, 2007

McCarthy Tetrault LLP

Box 48, Suite 4700
Toronto Dominion Bank Tower
Toronto, ON M5K 1E6

Attention: Ronald Schwass

Dear Sirs/Mesdames:

**Re: Northwater Fund Management Inc.
Application for approval to act as trustee
pursuant to clause 213(3)(b) of the *Loan and
Trust Corporations Act (Ontario)* (the “LTCA”)
Application No. 2007/0805**

Further to your application dated September 28, 2007 (the “Application”) filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that assets of the Liquidating Trust (the “Fund”) will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction or a bank listed in Schedule I, II or III of the Bank Act (Canada) or an affiliate of such bank or trust company, the Ontario Securities Commission (the “Commission”) makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Fund for which the Applicant acts as manager, the securities of which will be offered pursuant to a prospectus exemption.

Yours truly,

“Harold P. Hands”

“James E. A. Turner”

25.2 Exemptions

25.2.1 GrowthWorks Canadian Fund Ltd. and GrowthWorks Commercialization Fund Ltd. - OSC Rule 41-502 Prospectus Requirements for Mutual Funds, s. 5.2 and Part 11

Headnote

Exemption from the requirement to include financial statements in the prospectus provided that the prospectus incorporates by reference such statements. – Section 5.2 and Part 11 of Ontario Securities Commission Rule 41-502 Prospectus Requirements for Mutual Funds.

Applicable Legislative Provisions

Ontario Securities Commission Rule 41-502 Prospectus Requirements for Mutual Funds, s/ 5.2 and Part 11.

October 23, 2007

Irwin, White & Jennings
Barristers & Solicitors

Attention: John McLeod

Dear Sirs/Mesdames:

**Re: GrowthWorks Canadian Fund Ltd. and
GrowthWorks Commercialization Fund Ltd.(the
“Funds”)
Exemptive Relief Application under Part 11 of
OSC Rule 41-502 Prospectus Requirements for
Mutual Funds (“Rule 41-502”)
Application No. 2007/0813, Pre-file No. 2356 ,
SEDAR Project No’s. 1162879 and 1165088**

By letters dated September 27, 2007 and October 2, 2007 (the “Application”), you applied on behalf of the Funds to the Director of the Ontario Securities Commission (the “Director”) pursuant to Part 11 of Rule 41-502 for an exemption to allow the Funds not to include in their prospectuses the financial statements (the “Financial Statements”) set out in Section 5.2 of Rule 41-502, including annual financial statements, and interim financial statements (the “Requested Relief”).

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for each Fund’s prospectus provided that the prospectus incorporates by reference the Financial Statements.

Other Information

Yours very truly,

"Vera Nunes"
Assistant Manager
Investment Funds

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