

The Ontario Securities Commission

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

The Ontario Securities Commission

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Chapter 1

Notices / News Releases

1.1 Notices

SCHEDULED OSC HEARINGS

1.1.1 Current Proceedings Before The Ontario Securities Commission

FEBRUARY 8, 2008

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
 Ontario Securities Commission
 Cadillac Fairview Tower
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Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

February 13, 2008 **FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun**

10:00 a.m. s. 127

M. Mackewn in attendance for Staff

Panel: RLS/ST

February 15, 2008 **Land Banc of Canada Inc., LBC Midland I Corporation, Fresno Securities Inc., Richard Jason Dolan, Marco Lorenti and Stephen Zeff Freedman**

s. 127

H. Craig in attendance for Staff

Panel: PJL/ST

February 19, 2008 **Jose Castaneda**

s. 127 and 127.1

H. Craig in attendance for Staff

Panel: WSW/ST

February 22, 2008 **Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony**

s. 127 and 127.1

H. Craig in attendance for Staff

Panel: JEAT

February 26, 2008 **MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric**

s. 127 & 127(1)

D. Ferris in attendance for Staff

Panel: TBA

February 27, 2008 10:00 a.m.	John Alexander Cornwall, Kathryn A. Cook, David Simpson, Jerome Stanislaus Xavier, CGC Financial Services Inc. and First Financial Services	March 28, 2008 10:00 a.m.	Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton and Peter Y. Atkinson
	s. 127 and 127.1		s.127
	S. Horgan in attendance for Staff		J. Superina in attendance for Staff
	Panel: RLS/DLK/MCH		Panel: LER/MCH
March 4, 2008 2:30 p.m.	Sunwide Finance Inc., Sun Wide Group, Sun Wide Group Financial Insurers & Underwriters, Wi-Fi Framework Corporation, Bryan Bowles, Steven Johnson, Frank R. Kaplan and George Sutton	March 28, 2008 10:00 a.m.	Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries
	s. 127		s. 127 & 127.1
	C. Price in attendance for Staff		J. S. Angus in attendance for Staff
	Panel: JEAT/MCH		Panel: JEAT/ST
March 5, 2008 10:00 a.m.	Swift Trade Inc. and Peter Beck	March 28, 2008 11:00 a.m.	Saxon Financial Services, Saxon Consultants, Ltd., International Monetary Services, FXBridge Technology, Meisner Corporation, Merchant Capital Markets, S.A., Merchant Capital Markets, MerchantMarx et al
	s. 127		s. 127(1) & (5)
	S. Horgan in attendance for Staff		S. Horgan in attendance for Staff
	Panel: JEAT		Panel: JEAT/CSP
March 25, 2008 10:00 a.m.	Xi Biofuels Inc., Biomaxx Systems Inc., Ronald David Crowe and Vernon P. Smith	March 31, 2008 10:00 a.m.	Rex Diamond Mining Corporation, Serge Muller and Benoit Holemans
	s. 127		s. 127 & 127(1)
	M. Vaillancourt in attendance for Staff		J. Corelli in attendance for Staff
	Panel: JEAT		Panel: WSW/DLK/KJK
March 25, 2008 10:00 a.m.	Xiiva Holdings Inc. carrying on Business as Xiiva Holdings Inc., Xi Energy Company, Xi Energy and Xi Biofuels	March 31, 2008 10:00 a.m.	Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton
	s. 127(1) & 127(5)		s. 127
	M. Vaillancourt in attendance for Staff		H. Craig in attendance for Staff
	Panel: JEAT		Panel: TBA

<p>March 31, 2008 2:00 p.m.</p>	<p>Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman</p> <p>s. 127(7) and 127(8)</p> <p>M. Boswell in attendance for Staff</p> <p>Panel: JEAT</p>	<p>May 27, 2008 2:30 p.m.</p>	<p>Borealis International Inc., Synergy Group (2000) Inc., Integrated Business Concepts Inc., Canavista Corporate Services Inc., Canavista Financial Center Inc., Shane Smith, Andrew Lloyd, Paul Lloyd, Vince Villanti, Larry Haliday, Jean Breau, Joy Statham, David Prentice, Len Zielke, John Stephan, Ray Murphy, Alexander Poole, Derek Grigor and Earl Switenky</p> <p>s. 127 and 127.1</p> <p>Y. Chisholm in attendance for Staff</p> <p>Panel: WSW/DLK</p>
<p>April 2, 2008 10:00 a.m.</p>	<p>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.</p> <p>s. 127 and 127.1</p> <p>Y. Chisholm in attendance for Staff</p> <p>Panel: TBA</p>	<p>June 24, 2008 2:30 p.m.</p>	<p>David Watson, Nathan Rogers, Amy Giles, John Sparrow, Leasesmart, Inc., Advanced Growing Systems, Inc., The Bighub.com, Inc., Pharm Control Ltd., Universal Seismic Associates Inc., Pocketop Corporation, Asia Telecom Ltd., International Energy Ltd., Cambridge Resources Corporation, Nutrione Corporation and Select American Transfer Co.</p> <p>s. 127 and 127.1</p> <p>P. Foy in attendance for Staff</p> <p>Panel: TBA</p>
<p>April 7, 2008 2:30 p.m.</p>	<p>Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)</p> <p>s.127 and 127.1</p> <p>D. Ferris in attendance for Staff</p> <p>Panel: TBA</p>	<p>July 14, 2008 10:00 a.m.</p>	<p>Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>
<p>May 5, 2008 10:00 a.m.</p>	<p>John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir</p> <p>S. 127 & 127.1</p> <p>I. Smith in attendance for Staff</p> <p>Panel: TBA</p>	<p>November 3, 2008 10:00 a.m.</p>	<p>Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited</p> <p>s. 127</p> <p>E. Cole in attendance for Staff</p> <p>Panel: TBA</p>
<p>May 5, 2008 10:00 a.m.</p>	<p>Norshield Asset Management (Canada) Ltd., Olympus United Group Inc., John Xanthoudakis, Dale Smith and Peter Kefalas</p> <p>s.127</p> <p>P. Foy in attendance for Staff</p> <p>Panel: WSW/DLK</p>		

TBA	Yama Abdullah Yaqeen s. 8(2) J. Superina in attendance for Staff Panel: TBA	<u>ADJOURNED SINE DIE</u> Global Privacy Management Trust and Robert Cranston Andrew Keith Lech S. B. McLaughlin
TBA	Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell s. 127 J. Waechter in attendance for Staff Panel: TBA	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
TBA	Frank Dunn, Douglas Beatty, Michael Gollogly s.127 K. Daniels in attendance for Staff Panel: TBA	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
TBA	Shane Suman and Monie Rahman s. 127 & 127(1) K. Daniels in attendance for Staff Panel: TBA	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 Global Partners Capital, WS Net Solution, Inc., Hau Wai Cheung, Christine Pan, Gurdip Singh Gahunia
TBA	Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels s. 127 and 127.1 D. Ferris in attendance for Staff Panel: JEAT/ST	
TBA	Stanton De Freitas s. 127 and 127.1 P. Foy in attendance for Staff Panel: JEAT/ST	

1.1.2 CSA Staff Notice 13-315 (Revised) - Securities Regulatory Authority Closed Dates 2008

**CANADIAN SECURITIES ADMINISTRATORS'
STAFF NOTICE 13-315 (REVISED)
SECURITIES REGULATORY AUTHORITY CLOSED
DATES 2008***

The Canadian Securities Administrators have currently in place a mutual reliance review system (MRRS) for prospectuses (including long form, short form and mutual fund prospectuses), prospectus amendments, waiver applications and pre-filings. It is described in National Policy 43-201 *Mutual Reliance Review System for Prospectuses* (NP 43-201).

The principal regulator will only issue a MRRS decision document evidencing the receipt of non-principal regulators that are open on the date of the MRRS decision document. The principal regulator will issue a MRRS decision document evidencing the receipt of the remaining non-principal regulators on the next day that they are open. These procedures are described in section 7.8 of NP 43-201.

On March 17, 2008, National Policy 11-202 *Process for Prospectus Reviews in Multiple Jurisdictions* (NP 11-202) will become effective and NP 43-201 will be rescinded. Under NP 11-202, a filer that receives a receipt from the principal regulator will be deemed to have a receipt in each passport jurisdiction where the prospectus was filed. However, the principal regulator's receipt will only evidence that the OSC has issued a receipt if the OSC is open on the date of the principal regulator's receipt and has indicated that it is "clear for final". If the OSC is not open on the date of the principal regulator's receipt, the principal regulator will issue a second receipt that evidences that the OSC has issued a receipt on the next day that the OSC is open.

A dealer may solicit expressions of interest in a non-principal jurisdiction only after a receipt has been issued by that jurisdiction. In addition, an issuer may distribute its securities in the non-principal jurisdiction only at that time.

The following is a list of the closed dates of the securities regulatory authorities for 2008. These dates should be noted by issuers in structuring their affairs.

1. Saturdays and Sundays (all)
2. Tuesday January 1, 2008 (all)
3. Wednesday January 2 (QC)
4. Monday February 18 (AB, SK, ON, MB)
5. Friday February 22 (YT)
6. Monday March 17 (NL)
7. Friday March 21 (all)

8. Monday March 24 (all except AB, SK, ON, NL)
9. Monday April 21 (NL)
10. Monday May 19 (all)
11. Monday June 23 (NT, NL)
12. Tuesday June 24 (QC)
13. Monday June 30 (SK)
14. Tuesday July 1 (all)
15. Wednesday July 9 (NU)
16. Monday July 14 (NL)
17. Monday August 4 (all except QC, NL, PE, YT)
18. Wednesday August 6 (NL**)
19. Friday August 15 (PE)
20. Monday August 18 (YT)
21. Monday September 1 (all)
22. Monday October 13 (all)
23. Tuesday November 11 (all except AB, ON, QC)
24. Wednesday December 24 (QC)
25. Wednesday December 24 after 12:00 p.m. (AB, NS, PE, NL, NB); after 1:00 p.m. (BC, MB)
26. Thursday December 25 (all)
27. Friday December 26 (all)
28. Wednesday December 31 (QC)
29. Wednesday December 31 after 12:00 p.m. (NB, NL); after 1:00 p.m. (BC)
30. Thursday January 1, 2009 (all)
31. Friday January 2, 2009 (QC)

* Bracketed information indicates those jurisdictions that are closed on the particular date.

** Weather permitting, otherwise observed on the first following acceptable weather day, such determination made on morning of holiday.

February 8, 2008

1.3 News Releases

1.3.1 Canadian Regulators Harmonize Take-Over Bid and Issuer Bid Rules

**FOR IMMEDIATE RELEASE
February 1, 2008**

**CANADIAN REGULATORS HARMONIZE
TAKE-OVER BID AND ISSUER BID RULES**

Calgary - The Canadian Securities Administrators (CSA) today announced the implementation of harmonized national take-over bid and issuer bid requirements to provide greater certainty and clarity to this area of securities regulation. At the same time, the CSA has also adopted general guidance for the conduct of take-over and issuer bids.

“Take-over and issuer bids are an important aspect of our capital markets and the harmonized bid requirements further ensure that a common set of rules are applicable across Canada,” said Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec).

Ontario has achieved harmonization of the bid requirements through amendments to Part XX of the *Securities Act* (Ontario) and Ontario Securities Commission Rule 62-504 *Take-Over Bids and Issuer Bids*, which are now in force.

Most CSA jurisdictions will immediately implement the harmonized requirements through the adoption of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* (MI 62-104). It is expected that Saskatchewan will adopt MI 62-104 later this month and that Prince Edward Island, Yukon, and Nunavut will adopt MI 62-104 later this year.

The new bid requirements can be found on the websites of various CSA members.

The CSA, the council of the securities regulators of Canada’s provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

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1.3.2 Youth Invited to Take Part in the 'Financial Fitness Challenge' Contest

FOR IMMEDIATE RELEASE
February 4, 2008

YOUTH INVITED TO TAKE PART IN THE 'FINANCIAL FITNESS CHALLENGE' CONTEST

Montreal - Canadian youth are invited to get financially fit through an interactive scholarship contest sponsored by the Canadian Securities Administrators (CSA). The contest, the "Financial Fitness Challenge", which runs from February 4 to February 29, 2008, engages youth aged 15 – 21 with a quiz, games, tips and interactive simulations. The goal is for youth to learn the importance of saving and investing money for their future, ultimately aiming to make smart money management 'cool' for an increasingly web-savvy generation.

Part of the CSA's mandate is to improve the financial literacy of youth. Over 12,000 youth participated in the contest and registered for a chance to win last year and while only 33% were very interested in personal finance before completing the online challenge, 62% said they were very interested in personal finance after participating in the challenge. "Young people have a thirst for learning about saving and investing information, especially at an age where they hold their first part-time or summer jobs," said Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec).

The contest features exciting interactive games such as 'Snapshot Shopping' a game where players are given \$200 of virtual money to purchase a number of necessities and luxuries. The game uses humour – and our Canadian love affair with hockey – to teach the importance of balancing financial needs versus wants. Other games, "warm ups" include 'The Tradeoffs', an overview of different types of investments, 'A Little Goes a Long Way', a compound interest simulator, and 'Budget Breakaway', a student-focused budget calculator.

The quiz, which is available at FinancialFitnessChallenge.ca, features questions and facts about budgeting, saving and investing, in a format directly focused on the experience of students. Thirteen entries, one from each province and territory, will be randomly selected from eligible quiz participants to win a \$750 scholarship.

Teachers are encouraged to use the Challenge as a fun and informative learning tool. "The modules and worksheets are entertaining and instructional," said St-Gelais. "In fact, 91% of teachers we surveyed have told us that they plan to use the materials in their classrooms." Teachers can go to www.financialfitnesschallenge.ca/teachers to check out the Teacher Resource Centre, download classroom materials and enter a contest to win a gift certificate or a \$1000 grand prize.

The CSA, the council of securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets. Their mandate is to protect investors from unfair or fraudulent practices through regulation of the securities industry. Part of this protection is educating investors about the risk, responsibilities and rewards of investing.

For more information on the Financial Fitness Challenge and contest, visit www.FinancialFitnessChallenge.ca.

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1.4 Notices from the Office of the Secretary

1.4.1 MRS Sciences Inc. et al.

**FOR IMMEDIATE RELEASE
January 30, 2008**

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

AND

**IN THE MATTER OF
MRS SCIENCES INC.
(FORMERLY MORNINGSIDE CAPITAL CORP.),
AMERICO DEROSA, RONALD SHERMAN,
EDWARD EMMONS AND IVAN CAVRIC**

TORONTO – The Commission issued an Order today adjourning the above named matter to February 26, 2008 at 10:00 a.m.

A copy of the Order dated January 30, 2008 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

Carolyn Shaw-Rimmington
Assistant Manager,
Public Affairs
416-593-2361

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

1.4.2 Shallow Oil & Gas Inc. et al.

FOR IMMEDIATE RELEASE
January 31, 2008

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

AND

**IN THE MATTER OF
SHALLOW OIL & GAS INC., ERIC O'BRIEN,
ABEL DA SILVA, GURDIP SINGH GAHUNIA
also known as MICHAEL GAHUNIA, and
ABRAHAM HERBERT GROSSMAN
also known as ALLEN GROSSMAN**

TORONTO – Following a hearing held today, the Commission ordered that the Temporary Order is extended to March 31, 2008, and the Hearing is adjourned to Monday, March 31, 2008, at 2:00 p.m.

A copy of the Order dated January 31, 2008 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 FUN Technologies 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).

January 30, 2008

Osler, Hoskin & Harcourt LLP

Box 50, 1First Canadian Place
Toronto, Ontario
M5X 1B8

Attn: Jeremy Fraiberg

Dear Mr. Fraiberg:

Re: FUN Technologies Inc. (the “Applicant”) – application to not be a reporting issuer under the securities legislation of Alberta, Saskatchewan, Ontario, Québec and New Brunswick (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 not be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

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

jurisdictions in Canada in which it is currently a reporting issuer; and

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

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

“Erez Blumberger”
Manager, Corporate Finance
Ontario Securities Commission

2.1.2 Selient 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).

January 30, 2008

Fasken Martineau DuMoulin S.E.N.C.R.L., S.R.L.

66 Wellington Street West
Suite 4200, Toronto Dominion Bank Tower
Box 20, Toronto-Dominion Centre
Toronto, ON M5K 1N6

Dear Sir/Madam:

Re: Selient Inc. (the “Applicant”) – Application to Cease to be a Reporting Issuer under the securities legislation of Quebec, Ontario and Alberta (“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:

- 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 Regulation 21-101 respecting Marketplace Operation;
- 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
- 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.

“Marie-Christine Barrette”
Chef du service de l’information financière
Autorité des marchés financiers

2.1.3 Bank of Nova Scotia and BNS Capital Trust - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Trust permitted to issue non-convertible trust capital securities using a short form prospectus – Relief granted from certain eligibility requirements enabling an issuer to file a short form prospectus, subject to certain conditions – Relief also granted from earnings coverage disclosure requirements and certain requirements relating to documents incorporated by reference.

Confidentiality of application and decision document granted for a limited period of time.

Applicable Ontario Statutory Provisions

National Instrument 44-101 Short Form Prospectus Distributions, ss. 2.3, 2.3(d), 8.1.

December 19, 2007

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, MANITOBA,
NEW BRUNSWICK, NEWFOUNDLAND AND
LABRADOR, NORTHWEST TERRITORIES,
NOVA SCOTIA, NUNAVUT,
ONTARIO, PRINCE EDWARD ISLAND, QUÉBEC,
SASKATCHEWAN AND YUKON
(the “Jurisdictions”)**

AND

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

AND

**IN THE MATTER OF
THE BANK OF NOVA SCOTIA AND
BNS CAPITAL TRUST**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the “Decision Maker” and, collectively, the “Decision Makers”) in each of the Jurisdictions has received an application (the “Application”) from The Bank of Nova Scotia (the “Bank”) and BNS Capital Trust (the “Trust”) (collectively, the “Filers”) for a decision (the “Requested Relief”), pursuant to the securities legislation of the Jurisdictions (the “Legislation”), that:

- A. the Trust be exempted from the following requirements of the Legislation in connection with offerings of non-convertible Scotia BaTS (as defined herein):

- (i) the requirements of Part 2, with the exception of section 2.8, of National Instrument 44-101 *Short Form Prospectus Distributions* ("NI 44-101"), which sets forth the eligibility requirements to enable an issuer to file a prospectus in the form of a short form prospectus; and
 - (ii) the disclosure requirements in Item 6 (Earnings Coverage Ratios) and Item 11 (Documents Incorporated by Reference), with the exception of Item 11.1(1)5, of Form 44-101F1 of NI 44-101 ("Form 44-101F1") in respect of the Trust;
- B. the Trust is qualified to file a prospectus in the form of a short form prospectus in accordance with NI 44-101; and
- C. the Application and this MRRS decision document be held in confidence by the Decision Makers, subject to certain conditions.

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.

Representations

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

The Bank

- 1. The Bank is a Schedule 1 chartered bank subject to the provisions of the *Bank Act* (Canada). The head office of the Bank is located at 1709 Hollis Street, Halifax, Nova Scotia B3J 1W1 and the Bank's corporate headquarters and executive offices are located at Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1.
- 2. The authorized share capital of the Bank consists of an unlimited number of: (i) common shares ("Bank Common Shares"); and (ii) preferred shares without nominal or par value ("Bank Preferred Shares").
- 3. The Bank Common Shares are listed on the Toronto Stock Exchange and the New York Stock Exchange.

- 4. The Bank is a reporting issuer, or the equivalent, in each of the Jurisdictions and is not in default of any requirement of the Legislation.
- 5. The Bank is qualified to use the short form prospectus system provided under NI 44-101.

The Trust

- 6. The Trust is a trust established under the laws of the Province of Ontario by Montreal Trust Company of Canada (the "Trustee"), as trustee, pursuant to an amended and restated declaration of trust dated March 1, 2000 (the "Declaration of Trust").
- 7. The beneficial interests of the Trust are divided into two classes of units, issuable in series, designated as Scotiabank Trust Securities ("Scotia BaTS") and Special Trust Securities ("Special Trust Securities") and, collectively with the Scotia BaTS, the "Trust Securities").
- 8. The Trust was established solely for the purpose of effecting offerings of Trust Securities in order to provide the Bank with a cost-effective means of raising capital for Canadian bank regulatory purposes by means of: (i) creating and selling the Trust Securities; and (ii) acquiring and holding assets which may consist of: (a) undivided co-ownership interests in one or more pools of Canada Mortgage and Housing Corporation ("CMHC") insured first mortgages on residential property situated in Canada; (b) certain mortgage-backed securities; (c) CMHC-insured first mortgages on residential property; and (d) to the extent that the assets of the Trust are not invested in the assets referred to above in (a), (b) or (c), money and certain debt obligations that are qualified investments under the *Income Tax Act* (Canada) for trusts governed by certain deferred income plans (collectively, "Trust Assets"). The Trust does not, and will not, carry on any operating activity other than in connection with such offerings.

- 9. The Trust is a reporting issuer, or the equivalent, in each of the Jurisdictions and is not in default of any requirement of the Legislation.
- 10. On May 11, 2001, the Decision Makers granted an MRRS decision document to the Bank and the Trust (the "Continuous Disclosure Relief") exempting the Trust from most of the continuous disclosure requirements under the Legislation upon certain conditions, including that the Bank provide its financial statements to holders of Scotia BaTS and file its financial statements and Annual Information Form ("AIF") on the Trust's SEDAR profile.

11. The Trust completed a public offering of Scotia BaTS – Series 2000-1 pursuant to a prospectus dated March 28, 2000.
12. The Trust proposes to undertake a public offering of Scotia BaTS – Series 2008-1 in early 2008 (the “Offering”).

Scotia BaTS – Series 2008-1

13. Holders of Scotia BaTS – Series 2008-1 will be entitled to receive fixed, semi-annual non-cumulative distributions (each, an “Indicated Yield”) on the basis described below (the “Distributions”). Each semi-annual payment date for the Indicated Yield in respect of the Scotia BaTS – Series 2008-1 (a “Distribution Date”) will be either a “Regular Distribution Date” or a “Distribution Diversion Date”. A Distribution Date will be a “Distribution Diversion Date”, with the result that the Indicated Yield will not be paid in respect of the Scotia BaTS – Series 2008-1 but, instead, the Trust will pay the net distributable funds of the Trust to the Bank as holder of the Special Trust Securities if: (i) the Bank has failed in the period to be described in the prospectus for the Offering (the “Prospectus”) to declare regular dividends on the Bank Preferred Shares; or (ii) no Bank Preferred Shares are then outstanding and the Bank has failed in the period to be described in the Prospectus to declare regular dividends on the Bank Common Shares. In all other cases, a Distribution Date will be a Regular Distribution Date, in which case holders of Scotia BaTS – Series 2008-1 will be entitled to receive the Indicated Yield and the Bank, as holder of the Special Trust Securities, will be entitled to receive the net distributable income, if any, of the Trust remaining after payment of the Indicated Yield. The Bank Preferred Shares and the Bank Common Shares are hereinafter collectively referred to as the “Bank Dividend Restricted Shares”.
14. Under a share exchange agreement to be entered into among the Bank, the Trust and a party acting as exchange trustee (the “Series 2008-1 Share Exchange Agreement”), the Bank will agree, for the benefit of holders of Scotia BaTS – Series 2008-1, that in the event that the Trust fails on any Regular Distribution Date to pay the Indicated Yield on the Scotia BaTS – Series 2008-1 in full, the Bank will not pay dividends on the Bank Dividend Restricted Shares until a specified period of time has elapsed, unless the Trust first pays such Indicated Yield (or the unpaid portion thereof) to holders of Scotia BaTS – Series 2008-1. Accordingly, it is in the interest of the Bank to ensure, to the extent within its control, that the Trust complies with its obligation to pay the Indicated Yield on each Regular Distribution Date.

15. Pursuant to the terms of the Scotia BaTS – Series 2008-1 and the Series 2008-1 Share Exchange Agreement, the Scotia BaTS – Series 2008-1 will be automatically exchanged, without the consent of the holder, for a new series of newly issued Non-cumulative Bank Preferred Shares (the “New Series of Bank Preferred Shares”) upon the occurrence of certain stated events relating to the solvency of the Bank or actions taken by the Superintendent of Financial Institutions (the “Superintendent”) in respect of the Bank.
16. The New Series of Bank Preferred Shares will not be convertible into Bank Common Shares.
17. The Trust may, subject to regulatory approval, on a date to be described in the Prospectus that is more than 10 years after the issue date for the Scotia BaTS – Series 2008-1 and on any Distribution Date thereafter, redeem the Scotia BaTS – Series 2008-1. The price payable in respect of any such redemption will include an early redemption compensation component (such price being the “Early Redemption Price”) in the event of a redemption of Scotia BaTS – Series 2008-1 prior to a date to be specified in the Prospectus (the “Early Redemption Date”). The price payable in all other cases will be \$1,000 per Scotia BaTS – Series 2008-1 together with any unpaid Indicated Yield thereon (the “Redemption Price”).
18. The Bank will covenant under the Series 2008-1 Share Exchange Agreement, that the Bank will maintain direct ownership of 100% of the outstanding Special Trust Securities. Subject to regulatory approval, the Scotia BaTS – Series 2008-1 will constitute Tier 1 capital of the Bank.
19. As long as any Scotia BaTS – Series 2008-1 are outstanding and are held by any person other than the Bank, the Trust may only be terminated with the approval of the Bank as holder of the Special Trust Securities and with the approval of the Superintendent: (i) upon the occurrence of a Special Event (to be defined in the Prospectus) prior to a date to be specified in the Prospectus; or (ii) for any reason on a date to be specified in the Prospectus or any other Distribution Date thereafter. Holders of each series of outstanding Trust Securities will rank *pari passu* in the distribution of the property of the Trust in the event of a termination of the Trust after the discharge of any creditor claims. As long as any Scotia BaTS – Series 2008-1 are outstanding and held by any person other than the Bank, the Bank will not approve the termination of the Trust unless the Trust has sufficient funds to pay the Early Redemption Price in the case of a termination prior to the Early Redemption Date, or the Redemption Price in the case of a termination at any other time.

20. The Scotia BaTS – Series 2008-1 will be non-voting except in limited circumstances and Special Trust Securities will entitle the holder thereof to vote.

21. Except to the extent that Distributions are payable to holders of Scotia BaTS – Series 2008-1, and other than in the event of a termination of the Trust (as set forth in the Declaration of Trust), holders of Scotia BaTS – Series 2008-1 will have no claim or entitlement to the income of the Trust or its assets.

22. Pursuant to an administration agreement entered into between the Trustee and the Bank, as amended and restated, the Trustee has delegated to the Bank certain of its obligations in relation to the administration of the Trust. The Bank, as administrative agent, provides advice and counsel with respect to the administration of the day-to-day operations of the Trust and other matters as may be requested by the Trustee from time to time.

23. The Trust may, from time to time, issue further series of Scotia BaTS, the proceeds of which would be used to acquire additional Trust Assets.

24. It is expected that the Scotia BaTS – Series 2008-1 will receive an approved rating from an approved rating organization, as defined in NI 44-101.

25. At the time of the filing of any prospectus in connection with offerings of Scotia BaTS (including the Offering):

- (i) the Scotia BaTS will be non-convertible within the meaning of NI 44-101;
- (ii) the prospectus will be prepared in accordance with the short form prospectus requirements of NI 44-101, except as varied by this decision or as permitted by the Legislation;
- (iii) the Trust will comply with all of the filing requirements and procedures set out in NI 44-101 except as varied by this decision or as permitted by the Legislation;
- (iv) the prospectus will incorporate by reference the documents that would be required to be incorporated by reference under Item 11 of Form 44-101F1 if the Bank were the issuer of such securities;
- (v) the Bank will satisfy the criteria in section 2.2 of NI 44-101 if the word “issuer” is replaced with “Bank”;

(vi) the prospectus disclosure required by Item 11 (other than Item 11.1(1)5) of Form 44-101F1 in respect of the Trust will be addressed by incorporating by reference the Bank’s public disclosure documents referred to in paragraph 25(iv) above; and

(vii) the Continuous Disclosure Relief, as amended, supplemented or replaced from time to time, is in effect.

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:

- (i) the Trust and the Bank, as applicable, comply with paragraph 25 above;
- (ii) the Bank remains the direct or indirect beneficial owner of all of the outstanding Special Trust Securities;
- (iii) the Bank, as holder of the Special Trust Securities, will not propose changes to the terms and conditions of any outstanding Scotia BaTS offered and sold pursuant to a short form prospectus of the Trust filed under this decision that would result in such Scotia BaTS being exchangeable for securities other than Bank Preferred Shares;
- (iv) the Trust is not required to, and does not, file its own AIF and annual financial statements in a Jurisdiction;
- (v) the Trust has minimal assets, operations, revenues or cash flows other than those related to the issuance, administration and repayment of the Trust Securities;
- (vi) the Trust issues a news release and files a material change report in accordance with Part 7 of NI 51-102, as amended, supplemented or replaced from time to time, in respect of any material change in the affairs of the Trust that is not also a material change in the affairs of the Bank;
- (vii) the Trust is an electronic filer under NI 13-101;
- (viii) the Trust is a reporting issuer in at least one jurisdiction of Canada;

- (ix) the Trust has filed with the securities regulatory authority in each jurisdiction in which it is a reporting issuer all periodic and timely disclosure documents that it is required to have filed in that jurisdiction: (i) under all applicable securities legislation; (ii) pursuant to an order issued by the securities regulatory authority; or (iii) pursuant to an undertaking to the securities regulatory authority; and
- (x) the securities to be distributed: (i) have received an approved rating on a provisional basis; (ii) are not the subject of an announcement by an approved rating organization, which the Trust is or ought reasonably to be aware, that the approved rating given by the organization may be downgraded to a rating category that would not be an approved rating; and (iii) have not received a provisional or final rating lower than an approved rating from any approved rating organization.

The further decision of the Decision Makers under the Legislation is that the Application and this decision shall be held in confidence by the Decision Makers until the earlier of the date that a preliminary short form prospectus is filed in respect of the offering of Scotia BaTS – Series 2008-1 and January 31, 2008.

"Jo-Anne Matear"
Assistant Manager

2.1.4 Trident Performance Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption from National Instrument 81-106 Investment Fund Continuous Disclosure granted to permit a fund that uses specified derivatives to calculate its NAV twice a month subject to certain conditions – relief needed from the requirement that an investment fund that uses specified derivatives must calculate its NAV daily.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 14.2(3)(b), 17.1.

January 31, 2008

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, 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
TRIDENT PERFORMANCE CORP.
(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 (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that exempts the Filer from the requirement contained in section 14.2(3)(b) of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) to calculate the Filer's net asset value (**NAV**) at least once every business day (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 defined in this decision.

REPRESENTATIONS

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

The Filer

1. The Filer is a corporation established under the laws of Ontario. The Filer's manager is CI Investments Inc. (the **Manager**). The head office of the Manager is located in Toronto, Ontario.

The Offering

2. The Filer will make an offering (the **Offering**) to the public, on a best efforts basis, of Class A shares (**Class A Shares**), Class A share purchase warrants (**Class A Warrants**), Class F shares (**Class F Shares**) and Class F share purchase warrants (**Class F Warrants**) in each of the provinces of Canada.
3. The Class A Shares and Class A Warrants are expected to be listed and posted for trading on the Toronto Stock Exchange (the **TSX**). An application for conditional listing approval has been made by the Filer to the TSX.
4. Each Class A Warrant entitles the holder to purchase one Class A Share at the Subscription price of \$10.25 (the **Subscription Price**) per Class A Share on or before 4:00 p.m. (Toronto time) on a Monthly Redemption Date (as defined below) on or before February 28, 2011 (the **Expiry Time**). Each Class F Warrant entitles the holder to purchase one Class F Share at the Subscription Price on or before 4:00 p.m. on a Monthly Redemption Date on or before the Expiry Time.
5. The Filer's investment objective is to provide tax-efficient risk-adjusted long term rates of return by obtaining exposure to an investment portfolio which may consist of equity and fixed income securities, commodities and currencies, and derivative instruments which provide exposure to any or all of the foregoing or to general or specific market indices (the "**Global Macroeconomic Portfolio**").
6. The Global Macroeconomic Portfolio will be acquired and held by Trident Performance Trust (the **Trust**). The Trust will be an investment trust established under the laws of Ontario by CI Investments Inc. as trustee (the **Trustee**).

7. The net proceeds of the Offering will be invested in a portfolio of common shares of Canadian public companies (the **Common Share Portfolio**). The Filer also will enter into one or more forward purchase and sale agreements (collectively, the **Forward Agreement**) with one or more Canadian chartered banks or affiliates thereof (collectively, the **Counterparty**) which will provide the Filer with exposure to the returns of the Global Macroeconomic Portfolio.
8. Under the Forward Agreement, the Counterparty will agree to pay to the Filer on or about February 28, 2018 (the **Forward Date**), as the purchase price for the Common Share Portfolio, an amount equal to 100% of the redemption proceeds that would be paid by the Trust to holders of a reference number of units of the Trust.
9. The Filer will partially settle the Forward Agreement prior to the Forward Date in order to fund redemptions of Class A Shares and Class F Shares (collectively, **Shares**) and for the payment of expenses of the Filer. Prior to the Forward Date, the Filer also may increase its exposure under the Forward Agreement from time to time when proceeds from the exercise of Class A Warrants or Class F Warrants (collectively, **Warrants**) are used by the Filer to purchase additional securities for the Common Share Portfolio.
10. The Counterparty has, and will have at all times, an approved credit rating under National Instrument 81-102 *Mutual Funds*. In the event that the Counterparty ceases to have an approved credit rating, the terms of the Forward Agreement will permit the Filer to terminate the Forward Agreement.
11. Shares will be redeemable on the last day of each month (each a **Monthly Redemption Date**). A holder of Shares of the Filer (a **Shareholder**) who properly surrenders a Share for redemption at least 20 business days prior to a Monthly Redemption Date will receive on or before the 15th business day following such Monthly Redemption Date payment of the Monthly Redemption Price per Class A Share or Monthly Redemption Price per Class F Share (as applicable and defined below) for such Share calculated by reference to the price at which Class A Shares are trading on the TSX (subject to the Filer's right to suspend redemptions in certain circumstances).
12. The **Monthly Redemption Price per Class A Share** is the amount, if any, equal to the lesser of:
 - (a) 94% of the weighted average trading price of the Class A Shares on the TSX during the 15 trading days preceding the

applicable Monthly Redemption Date, and

- (b) the closing market price of the Class A Shares on the principal market on which the Class A Shares are quoted for trading on the applicable Monthly Redemption Date,

less any costs associated with the redemption including, without limitation, if the Manager determines that it is not practicable or necessary for the Filer to partially settle the Forward Agreement to fund such redemption, the aggregate of all brokerage fees, commissions and other transaction costs that the Manager estimates would have resulted from such a partial settlement (**Redemption Costs**).

- 13. The **Monthly Redemption Price per Class F Share** is the amount, if any, equal to the product of the Monthly Redemption Price per Class A Share and a fraction (i) the numerator of which is the most recently calculated net asset value per Class F Share and (ii) the denominator of which is the most recently calculated net asset value per Class A Share.

- 14. Commencing in 2009, Shares also may be surrendered for redemption on December 31 in each year (a **December Redemption Date**). A Shareholder who properly surrenders a Share for redemption at least 20 business days prior to a December Redemption Date will receive on or before the 15th business day following such December Redemption Date payment of the Redemption Price per Class A Share or Redemption Price per Class F Share (as applicable and defined below) for such Share calculated by reference to the net asset value of the Share (subject to the Filer's right to suspend redemptions in certain circumstances).

- 15. The **Redemption Price per Class A Share** is the amount which is equal to:

- (a) the net asset value per Class A Share as at the December Redemption Date, less
- (b) any applicable Redemption Costs,

provided that, at the sole option of the Manager for the purposes of calculating the Redemption Price per Class A Share, the Manager may value any security in the Common Share Portfolio and, for the purposes of valuing the Forward Agreement, any security to which the Filer has direct or indirect exposure by reason of the Forward Agreement, in either case which is listed or traded on a stock exchange (or if more than one, on the stock exchange where the security primarily trades, as determined by the Manager) by taking the volume weighted average trading

price of the security on such exchange during the three most recent trading days of such exchange ending on and including such December Redemption Date or, lacking any sales during such period or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the fair market value as determined by the Manager shall be used), all as reported by any means in common use. For the purposes of calculating the Redemption Price per Class A Share, the diluted net asset value per Class A Share will be used (calculated in the manner described below) if the diluted net asset value per Class A Share is calculated on such December Redemption Date.

- 16. The **Redemption Price per Class F Share** is the amount which is equal to:

- (a) the net asset value per Class F Share as at the December Redemption Date, less
- (b) any costs associated with the redemption including, without limitation, if the Manager determines that it is not practicable or necessary for the Filer to partially settle the Forward Agreement to fund such redemption, the aggregate of all brokerage fees, commissions and other transaction costs that the Manager estimates would have resulted from such a partial settlement,

provided that, at the sole option of the Manager for the purposes of calculating the Redemption Price per Class F Share, the Manager may value any security in the Common Share Portfolio and, for the purposes of valuing the Forward Agreement, any security to which the Filer has direct or indirect exposure by reason of the Forward Agreement, in either case which is listed or traded on a stock exchange (or if more than one, on the stock exchange where the security primarily trades, as determined by the Manager) by taking the volume weighted average trading price of the security on such exchange during the three most recent trading days of such exchange ending on and including such December Redemption Date or, lacking any sales during such period or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the fair market value as determined by the Manager shall be used), all as reported by any means in common use. For the purposes of calculating the Redemption Price per Class F Share, the diluted net asset value per Class F Share will be used (calculated in the manner described below) if the diluted net asset

value per Class F Share is calculated on such December Redemption Date.

17. Holders of Class A Shares will have the opportunity to trade their Class A Shares on a daily basis on the TSX. Similarly, holders of Class F Shares can convert their Class F Shares into Class A Shares at no charge to the investor and will therefore have the opportunity to trade their resulting Class A Shares on a daily basis on the TSX.

NAV Calculation

18. Under clause 14.2(3)(b) of NI 81-106, an investment fund that is a reporting issuer and that uses or holds permitted derivatives, such as the Filer intends to do, must calculate its net asset value per security on a daily basis.
19. The Filer intends to calculate its NAV, net asset value per Class A Share and net asset value per Class F Share twice per month, namely on each Valuation Date. A Valuation Date is the second Friday of each month and each Monthly Redemption Date and December Redemption Date.
20. If such calculation results in a net asset value per Class A Share that is greater than \$10.00 on any Valuation Date that Class A Warrants are outstanding, the Filer also will calculate a diluted net asset value per Class A Share by:
- (a) adding the total number of Class A Warrants then outstanding to the total number of Class A Shares then outstanding, and
 - (b) adding to the net asset value attributable to the Class A Shares the product of such number of outstanding Class A Warrants and \$10.00.

Similarly, if the Filer's net asset value calculation results in a net asset value per Class F Share that is greater than \$10.15 on any Valuation Date that Class F Warrants are outstanding, the Filer also will calculate a diluted net asset value per Class F Share by:

- (c) adding the total number of Class F Warrants then outstanding to the total number of Class F Shares then outstanding, and
 - (d) adding to the net asset value attributable to the Class F Shares the product of such number of outstanding Class F Warrants and \$10.15.
21. The preliminary prospectus of the Filer discloses, and the (final) prospectus of the Filer will disclose,

that the net asset value per Class A Share and net asset value per Class F Share and, when calculated, the diluted net asset value per Class A Share and diluted net asset value per Class F Share, will be provided by the Manager to the public upon request and will further disclose that such values will be accessible to the public through the internet at www.ci.com, together with an explanation of the difference between the net asset value per Share and diluted net asset value per Share calculations.

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:

- (a) the final prospectus of the Filer discloses that the net asset value per Share and, when calculated, the diluted net asset value per Share, will be provided by the Manager to the public on request and further discloses that the net asset value per Share and, when calculated, the diluted net asset value per Share, together with an explanation of the difference between the net asset value per Share and diluted net asset value per Share calculations, is accessible to the public on the internet at www.ci.com;
- (b) the Class A Shares remain listed on the TSX; and
- (c) the Filer calculates its net asset value per Class A Share and net asset value per Class F Share at least twice a month.

"Vera Nunes"
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

2.1.5 Aspreva International Ltd. (formerly Galenica Canada Ltd.) - s. 1(10)

"Michael Brown"
Assistant 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).

February 4, 2008

Blake, Cassels & Graydon LLP
595 Burrard Street, P.O. Box 49314,
Suite 2600, Three Bentall Centre
Vancouver, ON V7X 1L3

Attention: Olen Aasen

Dear Mr. Aasen:

Re: Aspreva International Ltd. (formerly Galenica Canada Ltd.) (the "Applicant") - application to not be a reporting issuer under the securities legislation of Alberta, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, 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 to not be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

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

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

2.1.6 Buffalo Gold Minerals 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).

January 31, 2008

Miller Thomson LLP

Robson Court, 1000-840 Howe Street
Vancouver, BC V6Z 2M1

Attention: Mouane Sengsavang

Dear Sirs/Mesdames:

Re: Buffalo Gold Minerals Inc. (the "Applicant") - application to not be a reporting issuer under the securities legislation of Alberta, Saskatchewan, Ontario and Quebec (the "Jurisdictions")

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

As the Applicant has represented to the Decision Makers that:

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

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

2.1.7 Golden China Resources 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.

Ontario Statutes

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

January 31, 2008

Stikeman Elliott LLP

5300 Commerce Court
199 Bay Street
Toronto, ON M5L 1B9

Attention: Carl Calandra

Dear Mr. Calandra:

Re: Golden China Resources Corporation (the "Applicant") – application to not be a reporting issuer under the securities legislation of Ontario and Alberta (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 not 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 to not 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

2.1.8 SouthernEra Diamonds 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).

February 1, 2008

SouthernEra Diamonds Inc.

c/o Fasken Martineau DuMoulin LLP
66 Wellington Street West
Suite 3600, Toronto-Dominion Bank Tower
Box 20, Toronto Dominion Centre
Toronto, Ontario, M5K 1N6

Attention: Bradley A. Freelan

Dear Mr. Freelan:

Re: SouthernEra Diamonds Inc. (the "Applicant") - application to not be a reporting issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia 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 to not be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

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

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

“Erez Blumberger”
Manager, Corporate Finance
Ontario Securities Commission

2.1.9 Rolling Thunder Exploration Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer is not a reporting issuer.

Applicable Ontario Statutory Provisions

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

Citation: Rolling Thunder Exploration Ltd., 2008 ABASC 54

February 4, 2008

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

AND

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

AND

**IN THE MATTER OF
ROLLING THUNDER EXPLORATION LTD.
(the Filer)**

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authorities or regulators (the **Decision Makers**) in the Jurisdictions have received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer be deemed to have ceased to be a reporting issuer in the Jurisdictions.
2. Under the Mutual Reliance Review System for Exemptive Relief Applications
 - (a) the Alberta Securities Commission is the principal regulator for this application; and
 - (b) this MRRS decision document evidences the decision of the Decision Makers.

Interpretation

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

Representations

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

(a) The Filer is incorporated under the laws of the Province of Alberta and has a head office in Calgary, Alberta.

(b) On June 26, 2007, Action Energy Inc. (**Action**) entered into an arrangement agreement with the Filer to acquire all of the issued and outstanding shares of the Filer by way of a plan of arrangement pursuant to section 193 of the *Business Corporations Act* (Alberta) (the **Arrangement**). The Arrangement closed on August 30, 2007. The Filer continued to be a reporting issuer in British Columbia and the Jurisdictions upon completion of the Arrangement.

(c) A management information circular dated July 25, 2007 and filed on SEDAR on July 31, 2007 with respect to the Arrangement was mailed to all shareholders of the Filer (the **Shareholders**) on July 31, 2007. Pursuant to the Arrangement, among other things, the following steps occurred:

(i) each holder of class A shares of the Filer (**Rolling Thunder Class A Shares**) elected to receive either 0.333 of a common share of Action or \$1.15 cash per Rolling Thunder Class A Share (up to a maximum aggregate cash amount of \$8,556,640); and

(ii) each holder of class B shares of the Filer (**Rolling Thunder Class B Shares**) elected to receive either 2.899 common shares of Action or \$10.00 cash per Rolling Thunder Class B Share (up to a maximum aggregate cash amount of \$1,443,360).

(d) In connection with the Arrangement, Action became the beneficial holder of all the issued and outstanding Rolling Thunder Class A Shares and Rolling Thunder Class B Shares of the Filer.

(e) The outstanding securities of the Filer, including debt securities, are all beneficially owned by Action and, therefore, are beneficially owned, directly or indirectly, by fewer than 15 security

holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada.

(f) The Filer is currently not in default of any of its obligations under the Legislation other than being in default of its continuous disclosure obligations under the securities legislation in the Jurisdictions due to the Filer's failure to file its interim financial statements and management's discussion & analysis related thereto for the period ended September 30, 2007 and the certifications required by NI 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* as required to be filed under the Legislation on or before November 29, 2007 (the **Documents**).

(g) Other than the failure to file the Documents, the Filer is not in default of any requirements of the Legislation.

(h) No securities of the Filer are currently traded on a marketplace (as defined in National Instrument 21-101 *Marketplace Operation*).

(i) The Filer has no current intention to seek public financing by way of an offering of securities.

(j) The Filer ceased to be a reporting issuer under the securities legislation of British Columbia on December 21, 2007 pursuant to the procedure set forth in BC Instrument 11-502 – *Voluntary Surrender of Reporting Issuer Status*.

(k) The Filer seeks an order deeming the Filer to have ceased to be a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer.

Decision

5. The Decision Maker 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 Maker under the Legislation is that the Filer is deemed to have ceased to be a reporting issuer.

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

2.1.10 Optimum General 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).

January 31, 2008

Optimum Général Inc.

425, De Maisonneuve Boulevard West
Suite 1500
Montréal (Québec)
H3A 3G5

Dear Sir/Madam:

Re: Optimum General Inc. (the “Applicant”) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick and Newfoundland and Labrador (“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:

- 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 *Regulation 21-101 respecting Marketplace Operation*;
- 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
- 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.

“Marie-Christine Barrette”
Chef du service de l’information financière
Autorité des marchés financiers

2.1.11 Trinidad Energy Services Income Trust and Trinidad Drilling Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - exemption granted from the requirement to include financial statements in an information circular for a corporate entity participating in an arrangement with a trust - the information circular will be sent to the trust's unitholders in connection with a proposed internal reorganization that will result in the corporate entity (which is currently a subsidiary of the trust) owning all of the existing assets of the trust and assuming all of the existing liabilities of the trust - the arrangement does not contemplate the acquisition of any additional operating assets or the disposition of any operating assets.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 9.1, 13.1.
Form 51-102F5 Information Circular, s. 14.2.

Citation: Trinidad Energy Services Income Trust and Trinidad Drilling Ltd., 2008 ABASC 43

January 25, 2008

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, 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
TRINIDAD ENERGY SERVICES INCOME TRUST
(THE TRUST) AND TRINIDAD DRILLING LTD.
(TRINIDAD)

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 Trust and Trinidad for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the Trust and Trinidad be exempt from the requirements of item 14.2 of Form 51-102F5 *Information Circular* of National Instrument 51-102 *Continuous Disclosure*

Obligations (NI 51-102) to include in an information circular of the Trust (**Information Circular**) in connection with a proposed arrangement (**Proposed Arrangement**) the financial statements in respect of a certain entity whose securities are being changed, exchanged, issued or distributed in connection with a restructuring transaction, and an entity that would result from a restructuring transaction, in a management information circular sent in connection with a meeting of securityholders of the Trust at which a restructuring transaction will be considered (the **Financial Statement Requirement**).

2. Under the Mutual Reliance Review System for Exemptive Relief Applications:
- (a) the Alberta Securities Commission is the principal regulator for the Trust; and
 - (b) this MRRS decision document evidences the decision of each Decision Maker.

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 Trust and Trinidad:
- (a) The Trust is an open-end unincorporated investment trust formed under the laws of the Province of Alberta pursuant to a trust indenture dated August 1, 2002 and the first supplemental trust indenture dated December 31, 2003, between the Trust, Trinidad and Valiant Trust Company, as trustee of the Trust (such trust indenture and first supplemental trust indenture are collectively referred to herein as the **Trust Indenture**).
 - (b) The Trust is a reporting issuer in each of the Provinces of Canada where such status exists and is not in default of its obligations as a reporting issuer.
 - (c) The authorized capital of the Trust includes an unlimited number of trust units (**Units**) which may be issued pursuant to the Trust Indenture. As at the date hereof, 83,615,790 Units are issued and outstanding. The Units are listed and posted for trading on the Toronto Stock Exchange (the **TSX**) under the symbol TDG.UN.

- (d) Pursuant to a trust indenture (**Debenture Indenture**) dated July 5, 2007 among the Trust, Trinidad and Valiant Trust Company, as trustee under the Debenture Indenture (**Debenture Trustee**), the Trust issued 7.75% convertible unsecured subordinated debentures (**Debentures**) in the principal amount of \$354,337,340, which amount is still outstanding as of the date hereof.
- (e) The Trust currently holds its operating assets through several direct and indirect subsidiaries, including Trinidad. The Trust and its subsidiaries are collectively referred to herein as the "**Trinidad Entities**".
- (f) Trinidad is a corporation amalgamated and subsisting pursuant to the laws of the Province of Alberta.
- (g) Trinidad is not currently a reporting issuer in any jurisdiction of Canada. However, if the Proposed Arrangement is completed, Trinidad will be a reporting issuer in each of the Provinces of Canada where such status exists.
- (h) The authorized capital of Trinidad consists of an unlimited number of common shares (**Trinidad Shares**) and an unlimited number of preferred shares issuable in series. All of the outstanding common shares of Trinidad are held by the Trust. Trinidad has also issued three series of exchangeable shares (**Exchangeable Shares**) in the capital of Trinidad which are exchangeable for Units. As at the date hereof, there are 300,599 Exchangeable Shares of Trinidad issued and outstanding to persons other than the Trinidad Entities exchangeable into 403,341 Units. Holders of Units (**Unitholders**) and holders of exchangeable shares (**Exchangeable Shareholders**) are collectively referred to herein as "**Trinidad Securityholders**".
- (i) In connection with the Proposed Arrangement, Trinidad will apply to have the Trinidad Shares listed and posted for trading on the TSX.
- (j) The Proposed Arrangement is being undertaken to reorganize the Trust and its subsidiaries following the enactment by the federal government of new rules in respect of the tax treatment of specified investment flow-through trusts. Pursuant to the Proposed Arrangement, the Trust and its subsidiaries will be reorganized into a public oil and gas services corporation that will retain the name "Trinidad Drilling Ltd." and will own, directly or indirectly, all of the existing assets and assume all of the existing liabilities of the Trust.
- (k) The Proposed Arrangement requires the approval of a majority of not less than two thirds of the votes cast by Unitholders and Exchangeable Shareholders (excluding Exchangeable Shares held by the Trust or one of its affiliates) voting together as a single class in person or proxy at a meeting. Unitholders and Exchangeable Shareholders will have the right to dissent to the Proposed Arrangement and to be paid the fair value of their securities in respect of which they dissent.
- (l) Pursuant to the Proposed Arrangement: (i) the Units will be exchanged on a one-for-one basis into Trinidad Shares; (ii) the Exchangeable Shares will be exchanged into a number of Trinidad Shares equal to the number of Units that would otherwise be issued on exchange from the applicable series of Exchangeable Shares; and (iii) Trinidad will assume all covenants and obligations of the Trust under the Debenture Indenture in respect of the Debentures.
- (m) The rights of Trinidad Securityholders and Debentureholders in respect of Trinidad following the Proposed Arrangement will be substantially equivalent to the rights the Trinidad Securityholders and Debentureholders currently have in respect of the Trust and Trinidad, as applicable, and their relative interest in and to the business carried on by subsidiaries of the Trust will not be affected by the Proposed Arrangement.
- (n) The only securities that will be distributed to Trinidad Securityholders pursuant to the Arrangement will be Trinidad Shares.
- (o) Following completion of the Proposed Arrangement, neither the number of issued and outstanding securities held by the Trinidad Securityholders (other than to give effect to the exchange ratios of the Exchangeable Shares) nor the relative holdings of the securities by the Trinidad Securityholders will be altered as a result of the completion of the Arrangement and the existing operating assets will continue to be owned by the Trinidad Entities.

- (p) The Proposed Arrangement does not contemplate the acquisition of any additional operating assets or the disposition of any existing operating assets.
- (q) While changes to the consolidated financial statements of the Trinidad Entities will be required to reflect the organizational structure of the Trinidad Entities following the Proposed Arrangement, the financial position of Trinidad will be largely the same as reflected in the Trust's audited annual consolidated financial statements most recently filed or required to have been filed under Part 4 of NI 51-102 prior to the date of the Information Circular and the unaudited interim consolidated financial statements of the Trust most recently filed or required to have been filed under Part 4 of NI 51-102, if any, prior to the date of the Information Circular. In particular, the entity that exists both before and subsequent to the Proposed Arrangement would be substantially the same given the fact that the assets and liabilities of the enterprise, from both an accounting perspective and an economic perspective, are not changing based on the Proposed Arrangement. However, as the tax structure will be changing from that of an income trust to a corporation, the tax advantages of the income trust structure would be lost. As a result, the only reconciling items would be with respect to both the current and future income tax due to the elimination of the deduction for the interest on certain promissory notes between the Trust and subsidiaries of the Trust. This would therefore require these entities to use tax pools to shield their taxability therefore creating a future income tax liability and to the extent that the income could not be shielded by tax pools, it would trigger cash taxes.
- (r) The Information Circular of the Trust in respect of which relief is required is to be sent to Trinidad Securityholders in connection with a special meeting of Trinidad Securityholders to be held on March 10, 2008, and any adjournment thereof, at which Trinidad Securityholders will vote on the Proposed Arrangement.
- (s) Sections 14.2(c) and (d) of Form 51-102F5 requires that the Information Circular include financial information sufficient to enable a reasonable securityholder to form a reasoned judgment concerning the nature and effect of the Proposed Arrangement (including financial statement disclosure) for Trinidad prescribed by the form of the prospectus that Trinidad would be eligible to use for a distribution of securities in the Jurisdiction.
- (t) Pursuant to Section 4.1 of OSC Rule 41-501 *General Prospectus Requirements (OSC Rule 41-501)*, the Trust would be required to include the following annual financial statements of Trinidad in the Information Circular:
- (i) statements of income, retained earnings and cash flows for each of the three most recently completed financial years ended more than 90 days before the date of the Information Circular; and
 - (ii) a balance sheet as at:
 - A. the last day of the most recently completed financial year ended more than 90 days before the date of the Information Circular; and
 - B. the last day of the immediately preceding financial year.
- (u) The financial statements of the Trust are reported on a consolidated basis, which includes the financial results for Trinidad and all other subsidiaries of the Trust. Trinidad does not report its financial results independently from the consolidated financial statements of the Trust. The financial information relating to Trinidad prior to the Proposed Arrangement is not relevant to the consideration of the approval of the Proposed Arrangement, as the financial results of Trinidad will not impact the effectiveness of the reorganization being completed pursuant to the Proposed Arrangement.
- (v) Management of the Trust and Trinidad (**Management**), in consultation with the Trust's auditors, has determined that because the Proposed Arrangement will result in a reorganization of entities under common control, with no resultant change in beneficial ownership of the assets and liabilities of the enterprise, from both an accounting perspective and an economic perspective, no acquisition

will occur as a result of the Proposed Arrangement and therefore the significant acquisition financial statement disclosure requirements found in Part 6 of OSC Rule 41-501 are inapplicable.

(w) The Proposed Arrangement will be a reorganization undertaken without dilution to the Trinidad Securityholders or additional debt or interest expense.

(x) The financial statements of the Trust are reported on a consolidated basis, which includes the financial results for Trinidad and all other subsidiaries of the Trust. Trinidad does not report its financial results independently from the consolidated financial statements of the Trust. Historical consolidated financial statements for Trinidad, if prepared, would not include the accounts of the Trust. Management, after consulting with the Trust's auditors, believes that this would be misleading, since there are transactions between Trinidad and the Trust that eliminate when consolidation is performed at the Trust level. To present a consolidated set of financial statements for Trinidad, which would exclude the accounts of the Trust, would present the effects of only one side of the financing activities between Trinidad and the Trust. This would result in large amounts of intra-group interest expense being reflected on the Trinidad consolidated financial statements, which would present a confusing (and potentially misleading) picture of financial performance.

(y) The Information Circular will contain prospectus level disclosure in accordance with applicable securities legislation for Trinidad (other than the financial statement disclosure required by the Financial Statement Requirement) and will contain sufficient information to enable a reasonable securityholder to form a reasoned judgment concerning the nature and effect of the Proposed Arrangement, including:

(i) the information in section 4.(q) of this decision document;

(ii) qualitative disclosure on how the tax position of Trinidad following the completion of the Proposed Arrangement will differ from the existing tax position of the Trust; and

(iii) disclosure on how the retained cash flows of Trinidad following the completion of the Proposed Arrangement will differ from the existing cash flows of the Trust.

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 Financial Statement Requirement for Trinidad will not apply to the Information Circular.

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

2.2 Orders

2.2.1 MRS Sciences Inc. et al. - s. 127(1)

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

AND

**IN THE MATTER OF
MRS SCIENCES INC.
(FORMERLY MORNINGSIDE CAPITAL CORP.),
AMERICO DEROSA, RONALD SHERMAN,
EDWARD EMMONS AND IVAN CAVRIC**

**ORDER
SUBSECTION 127(1)**

WHEREAS a Notice of Hearing was issued on November 30, 2007 against MRS Sciences Inc., Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric;

WHEREAS Staff have served MRS Sciences Inc., Americo DeRosa, Edward Emmons and Ivan Cavric as evidenced by the affidavits of service filed as Exhibits;

AND WHEREAS on December 21, 2007, Staff advised that they attempted but not yet served the Notice of Hearing issued November 30, 2007 and the Statement of Allegations dated November 29, 2007 on Ronald Sherman as evidenced by the affidavits of attempted service filed as an Exhibit;

AND WHEREAS on December 21, 2007, counsel for Ivan Cavric advised that he also appeared as agent for MRS Sciences Inc., Americo DeRosa, and Edward Emmons;

AND WHEREAS on December 21, 2007, Staff and counsel for Ivan Cavric and agent for MRS Sciences Inc., Americo DeRosa and Edward Emmons consented to an adjournment of this matter to January 31, 2008 at 10:00 a.m.;

AND WHEREAS on January 4, 2008, five volumes of Staff's disclosure were couriered to counsel for Ivan Cavric;

AND WHEREAS on January 16, 2008, counsel for Ivan Cavric confirmed that he was also acting on behalf of Edward Emmons and Americo DeRosa;

AND WHEREAS on January 18, 2008, Staff provided volumes 1 and 2 of Staff's disclosure to counsel for Edward Emmons and Americo DeRosa;

AND WHEREAS on January 23, 2008, Staff provided volumes 3, 4 and 5 of Staff's disclosure and a second copy of volumes one to five of Staff's disclosure to counsel for Edward Emmons and Americo DeRosa;

AND WHEREAS Staff require additional time to effect service of the Notice of Hearing, Statement of Allegations and Commission order dated December 21, 2007 on Ronald Sherman;

AND WHEREAS Staff of the Commission and counsel for Ivan Cavric, Americo DeRosa and Edward Emmons consent to an adjournment of this matter to February 26, 2008 at 10:00 a.m. to speak to this matter;

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

IT IS ORDERED that the matter is adjourned to February 26, 2008 at 10:00 a.m.

Dated at Toronto this 30th day of January, 2008.

"James E.A. Turner"

2.2.2 Shallow Oil & Gas Inc. 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
SHALLOW OIL & GAS INC., ERIC O'BRIEN,
ABEL DA SILVA, GURDIP SINGH GAHUNIA,
also known as MICHAEL GAHUNIA, and
ABRAHAM HERBERT GROSSMAN
also known as ALLEN GROSSMAN**

**ORDER
(Sections 127(1) & 127(8))**

WHEREAS on January 16, 2008 the Ontario Securities Commission ("the Commission") issued a Temporary Order pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that: (i) all trading in securities by Shallow Oil & Gas Inc. ("Shallow Oil") shall cease and that all trading in Shallow Oil securities shall cease; and, (ii) Eric O'Brien ("O'Brien"), Abel Da Silva ("Da Silva"), Gurdip Singh Gahunia, also known as Michael Gahunia ("Gahunia"), and Abraham Herbert Grossman, also known as Allen Grossman ("Grossman"), cease trading in all securities (the "Temporary Order");

AND WHEREAS on January 16, 2008, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on January 18, 2008 the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on January 30, 2008 at 2:00 p.m.;

AND WHEREAS Staff of the Commission ("Staff") have served all of the respondents with copies of the Temporary Order and a Notice of Hearing as evidenced by the two Affidavits of Wayne Vanderlaan sworn on January 24 and 29, 2008, and the two Affidavits of Diana Page both sworn on January 21, 2008, and filed with the Commission;

AND WHEREAS a hearing to extend the Temporary Order was held on January 30, 2008 at 2:00 p.m. before Vice-Chair Turner and Staff and Grossman appeared;

AND WHEREAS Shallow Oil, O'Brien, Da Silva, and Gahunia did not appear;

AND WHEREAS Grossman contested the extension of the Temporary Order;

AND WHEREAS the hearing for the extension of the Temporary Order was adjourned to January 31, 2008 at 10:00 a.m. to be heard before a panel of Commissioners (the "Panel");

AND WHEREAS the Panel considered the evidence and submissions before it;

AND WHEREAS pursuant to subsection 127(8) satisfactory information has not been provided to the Commission by Grossman within the fifteen (15) day period following the issue of the Temporary Order;

AND WHEREAS pursuant to subsection 127(5) of the Act the Commission is of the opinion that, in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest;

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

IT IS HEREBY ORDERED pursuant to subsection 127(8) that the Temporary Order is extended to March 31, 2008; and

IT IS FURTHER ORDERED that the Hearing is adjourned to Monday, March 31, 2008, at 2:00 p.m.

DATED at Toronto this 31st of January, 2008.

"James E.A. Turner"

"David L. Knight"

2.2.3 Aberdeen Asset Management Asia Limited - s. 147

Headnote

Application for an order, pursuant to section 147 of the Act, for an exemption from the requirement in section 139 of Regulation 1015 made pursuant to the Act that the Applicant deliver its audited annual financial statements to the Commission by no later than 90 days following the end of its 2007 financial year.

Statute Cited

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

Regulation Cited

R.R.O. 1990, Regulation 1015, am. to O.Reg. 500/06, s. 139.

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

AND

**IN THE MATTER OF
ABERDEEN ASSET MANAGEMENT ASIA LIMITED**

**ORDER
(Subsection 147 of the Act)**

UPON the application (the **Application**) of Aberdeen Asset Management Asia Limited (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 147 of the Act for an exemption from the requirement in section 139 of Regulation 1015 made pursuant to the Act (the **Regulation**) that the Applicant deliver its audited annual financial statements to the Commission by no later than 90 days following the end of its 2007 financial year;

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

AND UPON the Applicant having represented that:

1. The Applicant is registered with the Commission as a non-Canadian adviser.
2. The Applicant's financial year end is September 30.
3. The Applicant's local authority, the Monetary Authority of Singapore, requires the Applicant to file its audited annual financial statements no later than five months after its financial year end, that is, on or before February 29, 2008.

4. Although the Applicant had impressed upon its auditors, Messrs. KPMG, the need to complete the Applicant's audited annual financial statements for the period ended September 30, 2007 (the **2007 Financial Statements**) by December 31, 2007, that was not possible because Aberdeen Asset Management PLC, the Applicant's holding company, was sorting out the issue of recharge of share based payment at the group level, which resulted in the delay of finalising the audited accounts of the Applicant.

5. The Applicant filed the 2007 Financial Statements with the Commission on January 25, 2008.

AND WHEREAS the Commission is satisfied that it would not be prejudicial to the public interest to make the requested Order on the proposed basis,

IT IS ORDERED pursuant to section 147 of the Act that the Applicant is exempt from the requirement in section 139 of the Regulation that the Applicant deliver the 2007 Financial Statements to the Commission by December 31, 2007, given that the Applicant delivered the 2007 Financial Statements to the Commission on January 25, 2008.

DATED this 1st day of February, 2008

"David Knight"
Commissioner
Ontario Securities Commission

"James E.A. Turner"
Commissioner
Ontario Securities Commission

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Swift Trade Inc. - s. 26(3)

**IN THE MATTER OF
THE RENEWAL OF REGISTRATION OF SWIFT TRADE INC.**

**OPPORTUNITY TO BE HEARD BY THE DIRECTOR
SECTION 26(3) OF THE SECURITIES ACT**

Date of decision: February 5, 2008

Director: Marrienne Bridge, CA
Manager, Compliance
Ontario Securities Commission (OSC)

Written submissions by: Donna Leitch
Assistant Manager, Registrant Regulation
for the staff of the OSC

Simon Romano, Stikeman Elliott LLP
for Swift Trade Inc. (Swift Trade)

Overview

1. On December 7, 2007, OSC Registrant Regulation staff advised Swift Trade that it recommended that Swift Trade's limited market dealer (LMD) registration be renewed on a month-to-month basis beginning January 2008. During each month, staff will assess the fitness of Swift Trade for registration. Swift Trade's registration will be renewed monthly unless it is notified otherwise by staff in the first five business days of the month. Staff's recommendation is based on the allegations set out in the Statement of Allegations dated December 7, 2007 (Statement of Allegations).
2. Pursuant to section 26(3) of the *Securities Act* (Ontario) (Act), Swift Trade is entitled to an opportunity to be heard before a decision is made on the proposed terms and conditions. Swift Trade asked for an opportunity to be heard in writing. My decision is based on staff's written submissions set out in the memorandum dated January 2, 2008 of Donna Leitch, Assistant Manager, Registrant Regulation and the written submissions of Simon Romano, Stikeman Elliott LLP on behalf of Swift Trade dated January 16, 2008.
3. I have set out some general background to this matter first, then a summary of staff's and Swift Trade's submissions, and concluding with my decision and reasons.

Enforcement Notice of Hearing and Statement of Allegations

4. On December 7, 2007, OSC Enforcement staff issued a Notice of Hearing (Notice of Hearing) in the Matter of Swift Trade and Peter Beck (Respondents). Staff sought a Commission order that, among other things, suspended, restricted or terminated the registration of the Respondents. The Notice of Hearing set a January 18, 2008 hearing date. That date was subsequently adjourned to March 5, 2008. The full text of the Notice of Hearing is available on the OSC's website.
5. The full text of the Statement of Allegations issued by Enforcement staff is also available on the OSC's website. For ease of reference and to the extent relevant to my decision, a brief summary of the Statement of Allegations is included here.

Summary of the Statement of Allegations

Incorporation and operations of Swift Trade

6. In 2003, Swift Trade Securities Inc. transferred its operations into Swift Trade. Since 2003, Swift Trade has provided software and an electronic trading platform that links its clients' traders through its affiliated U.S. dealer, Biremis Corp, with access to U.S. markets. All trades in U.S. markets for all Swift Trade clients are executed by Swift Trade head office through its affiliated U.S. dealer, Biremis Corp.
7. Trieme Corporation (Trieme) was incorporated for the sole purpose of trading securities on its own behalf. Peter Beck (Beck) is the sole shareholder and beneficial owner of Trieme. Barka Co. Ltd. (Barka) was incorporated in Cyprus on January 22, 2004 for the sole purpose of trading securities on its own behalf.
8. Beck is the co-founder and president of Swift Trade and he owns 70.5% of BRMS Holdings Inc., which owns 100% of Swift Trade. Beck has been registered with the OSC since 1998. Since 2002, he has been registered as a director and trading officer of Swift Trade. From November 2004 to August 2006, Beck was designated as the compliance officer for Swift Trade.
9. In 2006, Swift Trade had approximately 55 corporate accredited investor clients. All of the clients, except one, were incorporated internationally. Each client hired independent contractor traders (Traders) to trade the client's capital using the Swift Trade software and electronic trading platform. In total, there are approximately 2,000 Traders executing trades on behalf of Swift Trade clients worldwide. None of these Traders are registered with the OSC. In 2006, Barka employed approximately 1,100 Traders on its behalf, making it Swift Trade's largest client.

Staff review and examinations

10. Registration and Compliance staff conducted a compliance field review of Swift Trade in August 2006. The purpose of the review was to gain an understanding of Swift Trade's operations, business model, clients and employees. Following that review, Beck and others were examined under oath by Registration staff under section 31 of the Act. Beck was also examined under oath by Enforcement staff in December 2006.

Misrepresentations to staff

11. Staff allege that Beck made statements regarding the beneficial ownership of Barka and by implication, Swift Trade's operations, that, in material respects, at the time and in light of the circumstances under which they were made, were misleading or untrue, and/or Beck failed to state facts that were required to be stated or that were necessary to make the statements not misleading.
12. Staff's allegations are more fully set out in the Statement of Allegations.

Staff submissions

Overview

13. Staff argue that the allegations in the Statement of Allegations, if true, call into question Beck's integrity and ongoing fitness for registration. If proven true, the conduct would be sufficient to conclude that Beck is not suitable for registration and that his ongoing registration is objectionable on public interest grounds.
14. It is staff's understanding that Swift Trade is strictly a proprietary trading organization and that it is functionally dependent on Beck. To the extent that Beck is unsuitable for registration, staff is of the view that Swift Trade itself is also unsuitable for registration and that its registration is also objectionable on public interest grounds.
15. In light of the allegations against the Respondents set out in the Statement of Allegations, staff recommended that Swift Trade's registration as an LMD be renewed on a month-to-month basis.

Suitability for registration generally

16. Subsection 25(1) of the Act generally requires that any person or company that trades in securities or advises others in securities investments be registered in the relevant category. A Registrant is in a position to provide valuable services to the public, both in the form of direct services to individual investors and as part of the larger system that provides the public with the benefits of fair and efficient capital markets. A registrant also has a corresponding capacity to do material harm to investors and to the public at large. Determining whether an applicant should be registered is thus an

important component of the OSC's mandate. As well, as noted in numerous decisions by the Commission, other securities commissions and the courts, registration is a privilege, not a right.

17. Subsection 26(1) of the Act states that unless it appears to the Director that a registrant is not suitable for renewal of registration or that a proposed renewal of registration is objectionable, the Director shall renew the applicant's registration. Therefore, the question for me to determine as Director in this matter is whether Swift Trade, as applicant for renewal of registration, is suitable for renewal of registration and/or whether Swift Trade's renewal of registration is objectionable.
18. The meanings of "suitable" and "objectionable" for the purposes of section 26 of the Act are not set out in securities law. However, the Commission has over time and in a number of previous Director's decisions, articulated three fundamental criteria for determining suitability for registration:
- **Integrity**, which includes honesty and good faith, particularly in dealings with clients, and compliance with Ontario securities laws
 - **Competence**, which includes prescribed proficiency and knowledge of the requirements of Ontario securities laws and
 - **Financial solvency**, which is considered relevant because it is an indicator of a firm's capacity to fulfill its obligations and can be an indicator of the risk that an individual will engage in self-interested activities at the expense of clients.

The criterion at issue here is integrity.

Objectionable

19. Subsection 26(1) draws a distinction between the Director's determination whether:
- an applicant is suitable for registration or
 - it is objectionable to permit the applicant to be registered.
20. Staff argues that the determination that something is "objectionable" must be with reference to the public interest mandate of the Commission set out in section 1.1 of the Act:
- to provide protection to investors from unfair, improper or fraudulent practices and
 - to foster fair and efficient capital markets and confidence in capital markets.
21. In most cases, the determination of whether conduct is objectionable will coincide with the determination of whether it is also suitable based on the criteria set out above. However, the Director has the power to determine that it is objectionable to approve a renewal application on broader public interest grounds, regardless of the determination of suitability.

Relevance of past conduct

22. In the *Charko* case (*Re Charko* (1992), 15 OSCB 3989), the Commission said that "[in] assessing fitness for registration, the Director must necessarily place a strong reliance on an applicant's past behaviour". As well, it stated that "[s]uitability includes the totality of... [a Registrant's]... past and present".
23. In the *Mithras* case (*Re Mithras Management Ltd.*, (1990) 13 OSCB 1600), the Commission stated that "... the role of this Commission is to protect the public interest by removing from the capital markets... those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those markets... We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest by having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be..."

Suitability of Beck and Swift Trade

24. Staff is recommending that Swift Trade's registration as an LMD be renewed on a month-to-month basis. The recommendation is made on the basis that if the allegations in the Statement of Allegations are proven true, Beck's conduct is sufficient to conclude that he is not suitable for registration due to a lack of integrity.

25. As indicated in *Charko* and *Mithras*, the Director must necessarily place a strong reliance on an applicant's past behaviour in assessing fitness for registration and must protect the public interest by removing from the capital markets those whose conduct in the past leads to the conclusion that their conduct in the future may well be detrimental to the integrity of the capital markets.
26. Staff alleges that Beck made representations to it under oath that are alleged to have been misleading or untrue. Staff also submits that the nature of the allegations are, in and of themselves, sufficient to conclude that Beck is not suitable for registration due to a lack of integrity.
27. It is staff's understanding that Swift Trade is functionally dependent on Beck. It is also staff's understanding that Beck is the majority shareholder of Swift Trade. As a result, to the extent that Beck is considered unsuitable for registration, Swift Trade is also unsuitable for registration.

Registration objectionable

28. The Director also has the ability to determine whether a proposed renewal of registration is objectionable on broader public interest grounds, regardless of the suitability determination. Staff submits that if the allegations in the Statement of Allegations are proven true, the renewal of registration of Swift Trade is objectionable on public interest grounds.

Terms and conditions recommended and not denial of registration

29. Depending on the degree to which an applicant for renewal of registration fails to satisfy the suitability criteria, Registration staff will often recommend terms and conditions tailored to the suitability concerns specific to the individual applicant. Less often, staff will recommend the denial of registration altogether because of the extent or persistence of an applicant's failure to satisfy the suitability criteria.
30. Staff argues that the allegations against Swift Trade and Beck demonstrate a disregard for Ontario securities laws. However, the allegations (although serious) have not been considered by the Commission and the Commission has not made a determination as to their merit. As such, staff recommends that Swift Trade's registration as an LMD be renewed on a month-to-month basis pending the Commission making its determination.

Swift Trade submissions

Overview

31. The Respondents argue that staff's allegations are without merit. They also argue that the allegations will be fully considered at the resulting enforcement hearing where the Commission is being asked to consider making an order suspending, restricting, terminating or imposing terms and conditions on the registration of one or both of them. As a result, they argue that there is no basis for, and no legitimate regulatory purpose served by, the implementation of the proposed terms and conditions.
32. The proposed terms and conditions will have material adverse effects on Swift Trade and its customers and will be fundamentally unfair to the Respondents as they result in a form of remedy before any determination of wrongful conduct. They argue that allegations of improper conduct should not be used to support a request for a remedy in the registration context.

Selected additional background

33. Swift Trade provided some additional background on the company's operations. To the extent the information is directly relevant to the matter at hand, I have summarized it in this Decision.
34. Swift Trade developed a unique technology based business model that allows its customers to trade electronically on a very cost effective basis on securities markets around the world. Swift Trade's customers focus on a large number of small volume, computer-monitored trades in liquid stocks, engaging in rapid purchases and sales, without overnight position risk. Trades are routed by Biremis through other registered dealers.
35. Swift Trade has two clients with links to Canada – Trieme and Barka. Trieme engages part time trading personnel to process trades on its behalf on markets around the world using Swift Trade's computer system. Barka engages full time trading personnel (including 200 Ontario residents) to process trades on its behalf on markets around the world using Swift Trade's computer system.

Submissions on proposed terms and conditions

36. Swift Trade's submissions on why the proposed terms and conditions are unreasonable are:

- The Statement of Allegations relates solely to Beck's alleged conduct. There are no grounds to implicate Swift Trade.
- The proposed month to month registration renewal term gives Swift Trade and Beck an unreasonably short period of time to restructure or sell the Swift Trade business.
- The enforcement proceedings, which explicitly address registration concerns, are sufficient to address Registration staff concerns.
- Registration staff do not have any basis for proposing month to month renewal of registration, nor has any analysis or explanation for the terms and conditions been provided.
- The existence alone of the Statement of Allegations does not justify the imposition of the proposed terms and conditions. This decision is a quasi-judicial process and the Commission (in the enforcement proceedings) is a statutory decision maker vested with discretion to be exercised in the public interest. Therefore, it is not appropriate for me to simply rely on the Statement of Allegations in imposing the requested terms and conditions.
- The proposed terms and conditions effectively preempt the ability of Swift Trade to challenge the loss of its registration if it is not renewed in any particular month. This is because the terms and conditions do not allow for a separate opportunity to be heard at that time. This leaves Swift Trade in the untenable position of having to reapply for registration, a process that takes many months. The result is fundamentally unfair and inappropriate. To suspend a registration, staff should use section 127 of the Act. To refuse to renew a registration, staff should use section 26(3) of the Act. Using terms and conditions in this manner violates the "doctrine of fairness" or "duty to act fairly". This is a well established concept under administrative law. The Supreme Court has clearly indicated that natural justice requires that the procedures before any tribunal be fair in the circumstances, and that procedural protection be equally afforded to judicial, quasi-judicial and administrative proceedings. It has also clearly indicated that a person that is adversely affected should be told of the case against him and be afforded a fair opportunity of answering it. The courts place emphasis on the duty of fairness as it applies to an administrative tribunal with the power to grant a licence. The decisions of such a tribunal can determine the livelihood of a person. As such, the administrative body has the duty to act fairly by bringing to the attention of the party whose livelihood may be jeopardized by the facts at issue and the alleged breaches and afford the party the opportunity to be heard. The proposed terms and conditions are designed to deny Swift Trade this fundamental right to procedural protection.
- If the Commission decides not to take action to limit Swift Trade's registration as part of the enforcement proceedings, it is inappropriate for Registration staff to be in a position to create the same result through the proposed terms and conditions.
- Persons engaged by Barka who rely on Swift Trade to earn a living, and the employees of Swift Trade itself, will be materially adversely impacted by the abrupt forced closure of Swift Trade's operations.
- Swift Trade's business is not functionally dependent on Beck and can function successfully without him because it is primarily based on sophisticated technology.
- Swift Trade's business model does not cause material harm to individual investors or to the public at large. Swift Trade does not have any individual clients in Canada. It provides services solely to accredited investors.

Decision

37. After having reviewed the written submissions provided, it is my decision that Swift Trade should be subject to the terms and conditions proposed by staff with the addition of the following paragraph:

"2. Swift Trade Inc. shall be granted an opportunity to be heard by the Director before the Director makes any decision not to renew Swift Trade Inc.'s registration."

38. If the Respondents are found not guilty by the Commission in the enforcement matter, I direct staff to immediately remove the terms and conditions, as amended, on Swift Trade's registration. I understand that this is staff's normal

practice. However, that practice was not explicitly set out in the terms and conditions as recommended or in the accompanying letter.

Reasons

39. The question for me to determine is whether Swift Trade, as applicant for renewal of registration, is suitable for renewal of registration and/or whether Swift Trade's renewal of registration is objectionable. I concur with staff's position that the nature of the allegations set out in the Statement of Allegations are, in and of themselves, sufficient to conclude that Beck is not suitable for registration at this time due to a lack of integrity. In *Re Michalik* (2007), 30 OSCB, 6717, the Commission said that "terms and conditions ought to be imposed only where an applicant otherwise meets the standard for registration but circumstances are deemed to require additional safeguards". I have not come to the conclusion that Swift Trade does not currently meet the standard for registration (nor was I asked to by staff), rather the fact that there are serious allegations against the Respondents requires the safeguard of month-to-month assessment of fitness for registration to protect the public interest.
40. Swift Trade's counsel questioned whether Swift Trade should be subject to terms and conditions in circumstances where the alleged conduct issues appear to relate only to Beck. Regardless of whether Swift Trade is functionally dependent on Beck as argued by staff, Beck is the co-founder, President, majority shareholder, director, trading officer and, for a large part of the company's history, the compliance officer of Swift Trade. As well, Beck attended the staff examinations in his capacity as a representative of Swift Trade. It is clear to me that Beck is the directing mind behind Swift Trade. As a result, questions surrounding Beck's integrity apply equally to Swift Trade and I find that (absent the terms and conditions, as amended, confirmed by this decision):
- Swift Trade is not suitable for registration due to a lack of integrity and
 - the renewal of registration of Swift Trade is objectionable on public interest grounds.
41. It was also argued that it was not appropriate for me to simply rely on the Statement of Allegations in making my determination on the proposed terms and conditions. With respect, I disagree. The allegations in the Statement of Allegations are serious and, if proven, demonstrate that neither Beck or Swift Trade are suitable for renewal of registration at this time and that their registration would be objectionable. My opinion is that it is appropriate for me (with the safeguard provided by the amendment to the terms and conditions) to rely on the Statement of Allegations in making a determination regarding whether Swift Trade's registration should be renewed. The arguments relating to the Statement of Allegations are more properly heard by the Commission as part of the enforcement process. I do not intend to, and will not as part of these reasons, assess whether the allegations in the Statement of Allegations are correct or true.
42. In my view, my decision on the last argument is consistent with the principles in the decision in *Coughlan v. WMC International Ltd.* [2000] O.J. No. 5109. I am not making an assumption on whether the allegations in the Statement of Allegations are true. Rather, I have made my decision simply on the existence of the enforcement proceedings and the possibility that the allegations may be true.
43. Swift Trade's counsel also took the position that it was inappropriate for Registration staff to be in a position to create the same result as the Commission was being asked to take as part of the enforcement proceeding. With respect, I disagree with this assertion. The terms and conditions on Swift Trade's registration do not create the same result as the Commission has been asked to take. The Commission will make a determination on the merits of the Statement of Allegations. The terms and conditions make no such determination whatsoever. In fact, they make no substantive change with respect to Swift Trade's ongoing business. All they do is change the duration of registration from a one year interval to one month intervals.
44. Our 1991 Annual Report stated in part that "[the Registrant Regulation] section administers a registration system which is intended to ensure that all Applicants under the [Act]... meet appropriate standards of integrity, competence and financial soundness". As well, I refer to the Director's Decision in the matter of Leng Wilson Ng (*Re Ng* (2003), 25 OSCB 5485) which states that "Staff submitted that the standard of proof for determining suitability under section 26 is different than that for proceedings under section 127. The difference in the standard is consistent with [the] difference in the scope of the sections. I agree with Staff that the Director must only find that the applicant appears to be unsuitable and that is a different standard than section 127". As Director, I have limited power under section 26 of the Act to grant, renew or impose terms and conditions on registration based on suitability of the applicant or whether the registration is objectionable. The Commission has much broader powers including the ability to review this decision and make such other decision as the Commission considers proper.

February 5, 2008

"Marriane Bridge"

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
The Helical Corporation Inc	22 Jan 08	01 Feb 08	01 Feb 08	
Gray Wolf Capital Corporation	31 Jan 08	12 Feb 08		
FMF Capital Group Ltd.	23 Jan 08	04 Feb 08	04 Feb 08	

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
ESI Entertainment Systems Inc.	31 Jan 08	13 Feb 08			
Cenit Corporation	31 Jan 08	13 Feb 08			

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		
Peace Arch Entertainment Group Inc.	13 Dec 07	24 Dec 07	24 Dec 07		
TS Telecom Ltd.	06 Dec 07	19 Dec 07	19 Dec 07		

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
Mint Technology Corp.	03 Jan 08	16 Jan 08	16 Jan 08		
Knightscope Media Corp.	04 Jan 08	17 Jan 08	17 Jan 08	05 Feb 08	

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	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/01/2007 to 12/31/2007	2	Acuity All Cap 30 Canadian Equity Fund - Units	10,980,026.31	385,455.48
01/01/2007 to 12/31/2007	2	Acuity Canadian Equity Fund - Units	3,950,414.80	155,507.08
01/01/2007 to 12/31/2007	3	Acuity Canadian Small Cap Fund - Units	5,034,795.35	301,329.76
01/01/2007 to 12/31/2007	3	Acuity Canadian Small Cap Fund - Units	5,034,795.35	301,329.76
01/01/2007 to 12/31/2007	1	Acuity Clean Environmental Equity Fund - Units	1,791,287.24	94,614.99
01/01/2007 to 12/31/2007	3	Acuity Dividend Fund - Units	11,812,942.37	1,029,941.58
01/01/2007 to 12/31/2007	2	Acuity EAFE Equity Fund - Units	3,231,798.93	331,108.26
01/01/2007 to 12/31/2007	2	Acuity Fixed Income Fund - Units	7,673,688.20	707,571.30
01/01/2007 to 12/31/2007	6	Acuity Global Dividend Fund - Units	5,561,918.76	580,856.75
01/01/2007 to 12/31/2007	3	Acuity Global Equity Fund - Units	4,702,340.31	516,994.33
01/01/2007 to 12/31/2007	4	Acuity Global High Income Fund - Units	9,451,524.11	1,018,676.27
01/01/2007 to 12/31/2007	3	Acuity High Income Fund - Units	8,427,709.62	550,957.33
01/01/2007 to 12/31/2007	1	Acuity Natural Resource Fund - Units	1,120,205.97	80,065.81
01/01/2007 to 12/31/2007	1	Acuity Pure Canadian Equity Fund - Units	6,029,053.08	586,932.41
01/01/2007 to 12/31/2007	1	Acuity Social Value Balanced Fund - Units	2,665,230.92	157,343.38
01/01/2007 to 07/31/2007	1	Acuity Social Values Canadian Equity Fund - Units	2,664,430.92	144,460.43

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Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/01/2007 to 12/31/2007	1	Acuity Social Values Canadian Equity Fund - Units	2,664,430.92	144,460.43
01/01/2007 to 12/31/2007	2	Acuity Social Values Global Equity Fund - Units	1,954,604.53	217,150.03
01/01/2007 to 12/31/2007	2	AIC Corporate Fund Inc. - AIC Diversified Science & Technology Corporate Class - Options	101,593.34	NA
01/01/2007 to 12/31/2007	1	AIC Corporate Fund Inc. - AIC Value Corporate Class - Options	6,159.41	NA
01/07/2007 to 12/31/2007	2	AIC Diversified Science & Technology Fund - Options	679,094.91	NA
01/01/2007 to 12/31/2007	4	AIC Global Financial Split Corp. - Options	368,839.41	NA
01/01/2007 to 12/31/2007	4	AIC Global Premium Dividend Income Fund - Options	591,606.24	NA
01/01/2007 to 12/31/2007	1	AIC Value Fund - Options	95,014.05	NA
01/01/2007 to 12/31/2007	3	AIC World Financial Infrastructure Income and Growth Fund - Options	115,300.34	NA
01/25/2008	1	Avaning Inc. - Preferred Shares	100,000.00	100,000.00
01/25/2008	50	Big Deal Games Inc. - Units	2,100,000.00	2,100.00
10/09/2007	1	Bison Prime Mortgage Fund - Units	150,000.00	15,000.00
01/02/2007 to 11/01/2007	2	Bridgewater Pure Alpha Fund II, Ltd. - Units	350,817,066.00	338,358.51
01/24/2008	4	Canadian Imperial Bank of Commerce - Common Shares	1,500,000,000.00	23,904,380.00
10/05/2007 to 01/08/2008	8	CardioComm Solutions Inc. - Units	2,365,276.14	NA
01/25/2008	9	CardioMetabolics Inc. - Units	520,000.00	1,040,000.00
01/01/2007 to 11/23/2007	11	Centaur Balanced Fund - Units	3,092,640.28	NA
01/01/2007 to 11/23/2007	13	Centaur Bond Fund - Units	1,495,921.97	NA
01/01/2007 to 11/23/2007	12	Centaur Canadian Equity Fund - Units	1,404,352.29	NA
01/01/2007 to 11/23/2007	8	Centaur International (EAFE) Fund - Units	404,452.42	NA

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Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/01/2007 to 11/23/2007	19	Centaur Money Market Fund - Units	68,801,263.21	NA
01/01/2007 to 11/23/2007	10	Centaur Small Cap Fund - Units	163,041.48	NA
01/01/2007 to 11/23/2007	10	Centaur US Equity Fund - Units	446,017.49	NA
01/21/2008 to 01/25/2008	14	CMC Markets Canada Inc. - Contracts for Differences	101,000.00	14.00
05/18/2007	3	CMS Education Asset Fund, L.P. - Limited Partnership Units	1,850,000.00	1.85
10/26/2007 to 12/20/2007	4	CMS Value Real Estate Fund II, L.P./CMS Value Real Estate Fund II-Q, L.P. - Limited Partnership Unit	1,000,000.00	1.00
03/30/2007 to 05/31/2007	5	CMS/GenNX360 Capital Fund, L.P. - Limited Partnership Units	1,900,000.00	1.90
12/28/2007	1	CMS/Pegasus Partners IV, L.P. - Limited Partnership Unit	250,000.00	0.25
08/15/2007	1	CMS/PRC Holdings IV, L.P. - Limited Partnership Unit	500,000.00	0.50
06/05/2007	2	CMS/PRM Investors, L.P. and CMS/PRM Investors Q, L.P. - Limited Partnership Unit	280,000.00	0.28
08/30/2007	2	CMS/Specialty Finance Fund, L.P./CMS Specialty Finance Q, L.P. - Limited Partnership Unit	250,000.00	0.25
01/14/2008	4	CoolIT Systems Inc. - Common Shares	550,000.00	110,000.00
01/01/2007 to 12/31/2007	3	Copernican British Banks Fund - Options	4,499,175.46	NA
01/01/2007 to 12/31/2007	3	Copernican International Financial Split Corp. - Options	2,894,242.30	NA
01/01/2007 to 12/31/2007	3	Copernican International Premium Dividend Fund - Options	1,292,266.21	NA
01/01/2007 to 12/31/2007	4	Copernican World Banks Income and Growth Trust - Units	636,390.23	NA
01/01/2007 to 12/31/2007	5	Copernican World Banks Split Inc. - Options	2,332,455.10	NA
01/01/2007 to 12/31/2007	5	Copernican World Financial Infrastructure Trust - Options	493,763.65	NA
08/29/2007 to 12/28/2007	309	Cumberland Global Fund - Units	34,782,774.00	3,452,783.90

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Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/04/2007 to 12/28/2007	191	Cumberland Opportunities Fund - Units	7,560,000.00	731,629.79
12/11/2007	1	DFA International Small Cap Value Portfolio of DFA Investment Dimensions Group Inc - Common Shares	7,452,582.39	335,098.13
10/17/2007	4	Diaphonics Inc. - Debentures	1,000,000.00	NA
01/02/2007 to 12/31/2007	83	Diversified Private Trust - Units	15,365,719.87	2,026,837.62
01/15/2007 to 06/15/2007	4	Duncan Ross Equity Fund - Units	20,199.00	NA
01/18/2007 to 09/06/2007	3	Duncan Ross Pooled Trust - Units	855,000.00	NA
04/13/2007 to 04/19/2007	1	Emerging Markets Value Portfolio of DFA Investment Dimensions Group Inc - Common Shares	10,545,521.01	255,951.01
01/01/2007 to 12/31/2007	7	Equity International Investment Trust - Units	33,107,461.00	18,810.07
01/01/2007 to 12/31/2007	2	European Premium Dividend Fund - Options	178,296.08	NA
01/01/2007 to 12/31/2007	3	ExxonMobil Canada Ltd. Master Trust - Units	63,020,575.73	4,243,694.00
01/01/2007 to 07/31/2007	3	Feira Canadian Equity Multi Style Fund - Units	850,000.00	68,727.50
01/01/2007 to 12/31/2007	11	Fiera Active Fixed Income Fund - Units	123,350,455.00	12,138,786.71
01/01/2007 to 12/31/2007	6	Fiera Alpha Beta Fund - Units	20,291,560.00	1,824,673.93
01/01/2007 to 12/31/2007	56	Fiera Balanced Fund - Units	26,269,772.00	2,276,602.72
01/01/2007 to 12/31/2007	12	Fiera Canadian Bond Fund - Units	54,947,104.00	1,409,057.83
01/01/2007 to 12/31/2007	3	Fiera Canadian Equity Ethical Fund - Units	24,483,312.00	1,473,484.32
01/01/2007 to 12/31/2007	10	Fiera Canadian Equity Fund - Units	11,012,535.00	823,732.59
01/01/2007 to 12/31/2007	7	Fiera Canadian Equity Value Fund - Units	12,649,549.00	718,470.00

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Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/01/2007 to 12/31/2007	131	Fiera Capital North American Market Neutral Pooled Fund - Units	127,357,445.00	12,893,652.05
01/01/2007 to 12/31/2007	2	Fiera Global Equity Diversified Fund - Units	10,250,000.00	898,347.63
01/01/2007 to 12/31/2007	4	Fiera Income Trust Fund - Units	2,558,606.00	250,971.90
01/01/2007 to 12/31/2007	28	Fiera International Equity Diversified Fund - Units	112,220,193.00	5,513,765.00
01/01/2007 to 12/31/2007	48	Fiera International Equity Fund - Units	52,665,659.00	3,241,283.10
01/01/2007 to 12/31/2007	14	Fiera Money Market Fund - Units	24,118,096.00	NA
01/01/2007 to 12/31/2007	136	Fiera North American Market Neutral Fund - Units	161,276,890.00	16,127,688.99
01/01/2007 to 12/31/2007	5	Fiera North American Market Neutral Fund II - Units	50,419,124.00	5,041,912.45
01/01/2007 to 12/31/2007	186	Fiera Private Wealth Income Fund - Units	54,245,100.00	4,963,948.38
01/01/2007 to 12/31/2007	1	Fiera Private Wealth Opportunities Fund - Units	150,000.00	8,477.79
01/01/2007 to 12/31/2007	21	Fiera Short-Term Investment Fund - Units	12,951,312.00	474,606.97
01/01/2007 to 12/31/2007	5	Fiera Tactical Fixed Income Fund - Units	28,707,788.00	2,898,036.41
01/01/2007 to 12/31/2007	2	Fiera U.S. Equity Ethical Q Fund - Units	83,861,085.00	8,554,549.60
01/01/2007 to 12/31/2007	65	Fiera U.S. Equity Fund - Units	11,609,040.00	2,749,277.08
01/01/2007 to 12/31/2007	8	Fiera U.S. Equity Q Fund - Units	13,201,653.00	165,902.36
01/21/2008	2	Forests Pacific Biochemicals Corporation - Preferred Shares	28,000.00	18,667.00
01/18/2008	13	Fresco Microchip Inc. - Preferred Shares	7,186,003.37	8,145,663.00
01/17/2008	12	GBS Gold International Inc. - Units	8,100,000.00	6,000,000.00
01/01/2007 to 12/31/2007	4	Global Banks Premium Income Trust - Options	547,775.98	NA

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Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/01/2007 to 12/31/2007	3	Global Intrepid - Canada Fund - Units	183,127,957.00	1,560,201.41
01/01/2007 to 12/31/2007	2	Global Intrepid - Canada Taxable Fund - Units	233,545,630.00	2,340,818.66
01/14/2008 to 01/23/2008	6	Global Trader Europe Limited - Contracts for Differences	45,951.50	20,535.00
01/02/2007 to 12/31/2007	23	Growth and Income Private Trust - Units	4,885,342.35	257,614.99
01/02/2007 to 09/28/2007	8	Gryphon Balanced Fund - Units	97,090,019.31	8,148,027.29
09/28/2007	2	Gryphon Canadian Equity Fund - Units	40,561,672.17	4,056,167.22
01/02/2007 to 12/06/2007	3	Gryphon EAFE Fund - Units	1,041,100.00	65,504.01
01/04/2007 to 12/10/2007	6	HSBC Short Term Investment Fund - Units	13,419,274.36	1,336,864.00
01/01/2007 to 12/31/2007	232	IAFM Bond Fund - Units	6,835,612.00	29,280.00
01/01/2007 to 12/31/2007	133	IAFM Canadian Equities Fund - Defensive - Units	2,931,962.00	25,653.00
01/01/2007 to 12/31/2007	96	IAFM Canadian Equities Fund - Quality - Units	1,722,973.00	5,597.00
01/01/2007 to 12/31/2007	202	IAFM Money Market Fund - Units	7,623,680.00	10,452.00
01/01/2007 to 12/31/2007	106	IAFM Preferred Shares Fund - Units	2,247,624.00	19,059.00
10/01/2007	1	ILF Ltd. - Common Shares	694,330.00	700.00
01/12/2007 to 12/28/2007	4	Integra Acadian Global Equity Fund - Units	170,462,627.08	15,010,024.97
07/30/2007	1	Integra Canadian Fixed Income Plus Fund - Units	13,000,000.00	1,304,880.25
01/08/2007 to 12/31/2007	6	Integra Conservative Allocation Fund - Units	965,752.14	70,713.71
01/02/2007 to 12/31/2007	8	Integra Diversified Fund - Units	123,650,424.40	3,118,054.10
09/04/2007 to 12/31/2007	16	Integra Equity Fund - Units	2,840,797.35	160,627.35

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Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
02/14/2007 to 07/30/2007	2	Integra Global Market Neutral Fund - Units	4,029,988.61	35,431.43
01/04/2007 to 12/31/2007	11	Integra Growth Allocation Fund - Units	2,475,872.26	173,413.30
03/27/2007 to 07/30/2007	2	Integra Newton Global Bond Fund - Units	5,149,697.72	528,274.90
11/30/2007 to 12/07/2007	1	Integra Newton Global Equity Fund - Units	90,000,000.00	8,901,928.05
01/02/2007 to 12/31/2007	11	Integra Strategic Allocation Fund - Units	8,031,299.55	509,394.70
01/01/2007 to 12/31/2007	4	International Financial Income and Growth Trust - Options	171,103.97	NA
04/13/2007 to 04/19/2007	1	International Small Cap Value Portfolio of DFA Investment Dimensions Group Inc - Common Shares	8,201,708.70	306,663.87
01/29/2007 to 03/30/2007	2	INVESCO International Equity Fund - Units	1,488,530.01	127,734.97
08/28/2007	1	INVESCO Structured Core U.S. Equity Fund - Units	350,000.00	39,308.18
01/01/2007 to 12/31/2007	86	Jarislowsky International Pooled Fund - Units	135,302,925.80	4,945,077.31
01/01/2007 to 12/31/2007	97	Jarislowsky Special Equity Fund - Units	80,726,496.00	3,083,844.46
01/01/2007 to 12/31/2007	64	Jarislowsky, Fraser Balanced Fund - Units	238,233,947.53	14,414,540.60
01/01/2007 to 12/31/2007	23	Jarislowsky, Fraser Bond Fund - Units	45,632,687.78	4,303,880.93
01/01/2007 to 12/31/2007	54	Jarislowsky, Fraser Canadian Equity Fund - Units	398,475,643.69	10,478,661.79
01/01/2007 to 12/31/2007	29	Jarislowsky, Fraser Global Balanced Fund - Units	25,775,314.41	2,175,387.82
01/01/2007 to 12/31/2007	4	Jarislowsky, Fraser Global Equity Fund - Units	2,418,837.78	223,281.49
01/01/2007 to 12/31/2007	18	Jarislowsky, Fraser U.S. Equity Fund - Units	32,250,410.34	3,685,498.80
01/15/2008	3	Kingwest U.S. Equity Portfolio - Units	24,032,899.92	1,901,803.44
01/02/2007 to 12/31/2007	26	Lincluden Private Trust - Units	5,630,537.04	303,582.51

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Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/31/2008	4	Maxim Resources Inc. - Units	92,000.00	308,000.00
01/01/2007 to 12/31/2007	4	MB Balanced Fund - Units	2,132,811.58	172,471.85
01/01/2007 to 07/31/2007	18	MB Balanced Growth Fund - Units	77,101,714.50	5,339,549.06
01/01/2007 to 12/31/2007	5	MB Canadian Equity Growth Fund - Units	1,961,161.97	19,592.10
01/01/2007 to 12/31/2007	12	MB Canadian Equity Value Fund - Units	4,352,246.08	322,869.74
01/01/2007 to 12/31/2007	5	MB Canadian Equity (Core) Fund - Units	4,300,000.00	313,298.94
01/01/2007 to 12/31/2007	30	MB Fixed Income Fund - Units	23,252,243.55	414,669.03
01/01/2007 to 12/31/2007	4	MB Fixed Income Plus Fund - Units	1,050,000.00	112,883.66
01/01/2007 to 12/31/2007	18	MB Global Equity Fund - Units	14,392,255.70	985,668.01
01/01/2007 to 12/31/2007	15	MB Global Equity Value Fund - Units	5,641,500.00	485,576.20
01/01/2007 to 12/31/2007	7	MB International Equity Growth Fund - Units	5,780,267.12	661,075.75
01/01/2007 to 12/31/2007	34	MB Money Market Fund - Units	18,571,208.62	1,857,120.86
01/01/2007 to 12/31/2007	11	MB Private Balanced Fund - Units	3,084,164.81	268,763.43
01/01/2007 to 12/31/2007	4	MB Short Term Fixed Income Fund - Units	1,600,000.00	164,574.41
05/03/2007 to 12/31/2007	1088	McLean & Partners Private Global Balanced Pool - Units	123,261,090.3 1	12,073,597.55
05/17/2007 to 12/31/2007	978	McLean & Partners Private Global Dividend Growth Pool - Units	152,708,556.8 2	15,463,478.19
07/31/2007 to 11/07/2007	2	MFS International Equity Fund - Units	111,719,170.0 0	NA
01/25/2008	2	Minera Andes Inc. - Units	2,589,000.65	290,323.00
01/25/2008	2	Minera Andes Inc. - Units	5,425,000.00	3,500,000.00

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Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
11/01/2007 to 11/29/2007	4	Miralta Capital L.P. - Units	1,450,000.00	1,450.00
01/01/2007 to 12/31/2007	33	Mortgage Investment Corporation of Eastern Ontario - Common Shares	4,681,682.99	468,168.30
01/11/2008	40	Nayarit Gold Inc. - Units	2,273,000.00	5,682,500.00
01/16/2008 to 01/25/2008	21	Nelson Financial Group Ltd. - Notes	908,000.00	21.00
01/01/2007 to 12/31/2007	1	New Star EAFE Fund - Trust Units	1,560,000.00	45,421.21
01/31/2007 to 12/31/2007	5	Niagara Discovery Fund - Units	549,885.00	56,270.44
01/31/2007 to 12/31/2007	10	Niagara Legacy Class B Fund - Units	2,729,933.14	196,661.83
08/07/2007	1	PCJ Canadian Equity Fund - Trust Units	1,500,000.00	126,381.77
08/07/2007	1	PCJ Canadian Small Cap Fund - Trust Units	500,000.00	31,611.36
11/14/2007	4	Penfold Capital Acquisition II Corporation - Common Shares	67,500.00	675,000.00
10/01/2007 to 12/12/2007	141	Priviti Energy Limited Partnership 2007 - Units	20,855,000.00	4,171.00
01/23/2008	1	Protecode Incorporated - Preferred Shares	750,000.00	2,054,502.00
01/01/2007 to 12/31/2007	400	RBC Dexia Short-Term Investment Fund I - Units	7,080,679,054.42	NA
01/01/2007 to 12/31/2007	33	RBC Dexia Short-Term Investment Fund II - Units	602,606,969.76	NA
01/28/2008	6	Redbourne Realty Fund I Limited Partnership - Units	8,880,884.00	8,880.88
01/28/2008	6	Redbourne Realty Fund Inc. - Common Shares	22,618,876.00	22,618.88
02/01/2008	9	ReneSola Ltd. - American Depository Shares	26,066,100.00	2,017,500.00
01/01/2007	1	Robeco-Saga Capital International, Ltd. - Common Shares	3,479,196.41	1,997.78
01/01/2007 to 12/31/2007	1037	Romspen Mortgage Investment Fund - Units	90,816,040.00	NA
01/01/2007 to 12/16/2007	44	Roundtable Conservative Equity Fund - Units	9,017,827.11	778,856.26

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Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/01/2007 to 12/16/2007	136	Roundtable Opportunities Fund - Units	31,416,659.60	2,069,534.53
01/01/2007 to 12/31/2007	38	Sceptre Pooled Investment Fund- Balanced Section - Units	122,507,245.11	1,079,027.82
01/01/2007 to 12/31/2007	4	Sceptre Pooled Investment Fund- Bond Section - Units	6,643,759.10	12,079.51
01/01/2007 to 12/31/2007	8	Sceptre Pooled Investment Fund- Canadian Equity Section - Units	42,749,789.54	154,337.60
01/01/2007 to 12/31/2007	5	Sceptre Pooled Investment Fund- EFT Section - Units	20,995,127.79	65,301.06
01/01/2007 to 12/31/2007	3	Sceptre Pooled Investment Fund- Equity Section - Units	1,178,782.91	1,552.86
01/01/2007 to 12/31/2007	8	Sceptre Pooled Investment Fund- Foreign Equity Section - Units	161,680,514.70	1,607,922.78
01/01/2007 to 12/31/2007	7	Sceptre Pooled Investment Fund- Money Market Section - Units	8,779,427.22	65,186.82
01/01/2007 to 12/31/2007	7	Sceptre Pooled Investment Fund- Small Cap Section - Units	50,295,324.38	410,965.19
02/01/2007 to 06/01/2007	182	Sceptre Small Cap Opportunities Fund - Units	28,878,753.51	2,653,237.77
01/15/2008	3	Sea Dragon Energy Inc. - Debentures	535,401.00	2.00
01/29/2008	1	Seafield Resources Ltd. - Common Shares	360,000.00	1,028,571.00
01/04/2007 to 12/07/2007	3	SEAMARK Pooled Balanced Fund - Units	6,045,930.48	369,743.61
01/04/2007 to 12/07/2007	3	SEAMARK Pooled Balanced Fund - Units	6,045,930.48	369,743.61
08/14/2007 to 08/27/2007	2	SEAMARK Pooled Canadian Bond Fund - Units	450,000.00	42,505.26
01/03/2007 to 08/07/2007	4	SEAMARK Pooled Canadian Equity Fund - Units	875,070.77	34,377.23
01/03/2007 to 12/04/2007	3	SEAMARK Pooled Foreign Equity Fund - Units	984,026.76	84,867.83
06/06/2007	1	SEAMARK Pooled International Equity Fund - Units	700,000.00	30,392.50
02/15/2007 to 12/21/2007	5	SEAMARK Pooled Money Market Fund - Units	6,522,790.48	652,279.05

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Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
02/09/2007 to 12/21/2007	52	Sextant Strategic Opportunities Hedge Fund LP - Units	5,849,867.49	NA
01/11/2008	3	Sextant Strategic Opportunities Hedge Fund LP - Units	175,000.00	5,202.80
01/18/2008	1	Sextant Strategic Opportunities Hedge Fund LP - Units	150,000.00	4,502.00
05/30/2007 to 12/20/2007	3	SLI Bond Pooled Fund - Units	29,602,681.76	295,553.09
05/30/2007	1	SLI Canadian Small Cap Equity Pooled Fund - Units	5,000,000.00	50,000.00
05/30/2007	1	SLI Canadian Value Equity Pooled Fund - Units	5,000,000.00	50,000.00
05/30/2007 to 12/20/2007	3	SLI Capped Canadian Equity Pooled Fund - Units	18,891,784.84	189,261.72
05/30/2007 to 12/20/2007	2	SLI Diversified Pooled Fund - Units	2,873,829.00	28,877.65
05/30/2007 to 12/20/2007	3	SLI International Equity Pooled Fund - Units	10,489,343.75	109,937.09
05/30/2007 to 12/20/2007	3	SLI Monry Market Pooled Fund - Units	12,828,081.78	128,200.37
05/30/2007 to 12/20/2007	3	SLI U.S. Equity Pooled Fund - Units	18,661,731.86	192,631.89
01/17/2008	1	SLM Student Loan Trust 2008NA - Notes	20,600,000.00	NA
01/31/2007 to 12/31/2007	216	Sprott Bull/Bear RSP Fund - Units	11,612,532.35	NA
01/31/2007 to 12/31/2007	3	Sprott Hedge Fund LP - Units	2,070,503.94	NA
01/31/2007 to 12/31/2007	400	Sprott Hedge Fund LP II - Units	98,754,348.52	NA
01/31/2007 to 12/31/2007	236	Sprott Opportunities Hedge Fund LP - Units	46,687,363.62	NA
01/31/2007 to 12/31/2007	291	Sprott Opportunities RSP Fund - Units	12,854,990.75	NA
10/31/2007 to 12/31/2007	123	Sprott Small Cap Hedge Fund - Units	12,142,919.57	NA
01/01/2007 to 12/31/2007	7	Sprucegrove Global Pooled Fund - Units	90,199,248.40	4,810,908.65

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Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/01/2007 to 12/31/2007	10	Sprucegrove Global Pooled Fund (Pension) - Units	274,751,134.00	10,107,755.53
01/01/2007 to 12/31/2007	18	Sprucegrove International Pooled Fund - Units	512,634,486.38	3,894,845.30
01/01/2007 to 12/31/2007	8	Sprucegrove Special International Pooled Fund - Units	79,045,496.55	553,113.52
01/18/2008	14	Stealth Minerals Limited - Units	82,100.00	821,000.00
01/01/2007 to 08/01/2007	1	StoneWater Capital Asia (Ex-Japan) LLC - Units	5,685,400.00	NA
04/01/2007 to 07/01/2007	1	StoneWater Capital Offshore Ltd - Units	500,000.00	25,000.00
07/01/2007 to 10/01/2007	1	StoneWater Capital Offshore Ltd - Units	750,000.00	NA
01/25/2008	2	The Governor and Company of the Bank of Ireland - Notes	125,000,000.00	2.00
01/01/2007 to 12/31/2007	198	The GS+A Bond Index Fund A - Units	64,924,466.19	657,525.13
01/01/2007 to 12/31/2007	938	The GS+A EAFE Fund - Units	175,984,847.37	1,621,925.59
01/01/2007 to 12/31/2007	997	The GS+A Equity Hedge Fund - Units	215,026,687.70	1,704,769.79
01/01/2007 to 12/31/2007	355	The GS+A Fixed Income Fund - Units	145,855,587.42	1,518,808.51
01/01/2007 to 12/31/2007	806	The GS+A High Yield Hedge Fund - Units	110,170,279.30	1,011,317.47
01/01/2007 to 12/31/2007	698	The GS+A Income Trust Hedge Fund - Units	194,659,555.23	1,182,963.28
01/01/2007 to 12/31/2007	495	The GS+A RRSP Fund - Units	23,688,358.09	8,952,113.90
01/12/2007 to 12/31/2007	602	The GS+A Top 15 Fund - Units	88,526,111.47	784,924.99
01/01/2007 to 12/31/2007	332	The GS+A US Equity Fund - Units	45,311,403.67	414,275.39
04/30/2007 to 12/31/2007	41	The McElvaine Investment Trust - Trust Units	4,333,763.48	150,490.12
12/21/2007	12	Tirex Resources Ltd. - Common Shares	3,012,501.25	1,095,455.00

Notice of Exempt Financings

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/01/2007 to 12/01/2007	30	Tower Growth Fund - Units	2,635,735.00	292,815.00
01/07/2007 to 12/01/2007	18	Tower Hedge Fund L.P. - Units	1,550,076.00	168,399.14
01/01/2007 to 08/01/2007	8	Tower Income Fund - Units	342,128.52	38,420.01
12/20/2007	43	Trelawney Resources Inc. - Common Shares	1,374,000.00	13,740,000.00
01/03/2007 to 12/21/2007	1	Trimark Canadian Bond Fund - Units	16,045,904.94	1,518,298.36
01/05/2007 to 03/07/2007	1	Trimark Canadian Resources Fund - Units	26,462.69	1,215.09
02/21/2007 to 04/20/2007	1	Trimark Discovery Fund - Units	30,702.69	5,411.06
03/07/2007 to 11/02/2007	1	Trimark Fund - Units	939,829.16	20,510.53
02/15/2007 to 12/24/2007	1	Trimark Global Endeavour Fund - Units	12,196,754.51	128,847.85
01/03/2007 to 12/31/2007	1	Trimark Select Canadian Growth Fund - Units	1,797,789.19	102,336.52
01/02/2007 to 12/31/2007	1	Trimark Select Growth Fund - Units	6,363,175.50	259,355.90
01/01/2007 to 10/01/2007	20	Triumph Aggressive Opportunities Fund L.P. - Units	6,100,000.00	6,100.00
01/01/2007 to 12/01/2007	20	Triumph Capital Appreciation Fund L.P. - Units	13,850,000.00	13,850.00
01/01/2007 to 12/31/2007	70	UBS (Canada) American Equity Fund Series A - Units	35,940,549.77	NA
01/01/2007 to 12/31/2007	67	UBS (Canada) American Equity Fund Series B - Units	3,594,295.59	NA
01/01/2007 to 12/31/2007	66	UBS (Canada) Bond Fund - Units	184,627,426.79	NA
01/01/2007 to 12/31/2007	2	UBS (Canada) Canada Plus Equity Fund - Units	7,414,392.38	NA
01/01/2007 to 12/31/2007	82	UBS (Canada) Canadian Equity Fund Series A - Units	232,184,451.23	NA
01/01/2007 to 12/31/2007	63	UBS (Canada) Canadian Equity Fund Series B - Units	1,388,464.81	NA

Notice of Exempt Financings

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/01/2007 to 12/31/2007	98	UBS (Canada) Cash in Action Fund - Units	439,658,859.74	NA
01/01/2007 to 12/31/2007	40	UBS (Canada) Diversified Fund - Units	32,647,202.88	NA
01/01/2007 to 12/31/2007	185	UBS (Canada) Global Allocation Fund - Series A - Units	86,683,284.35	NA
01/01/2007 to 12/31/2007	59	UBS (Canada) Global Allocation Fund - Series B - Units	26,109,498.31	NA
01/01/2007 to 12/31/2007	2	UBS (Canada) Global Bond Fund - Units	2,197,460.78	NA
01/01/2007 to 12/31/2007	21	UBS (Canada) Global Equity Fund - Units	82,535,319.47	NA
01/01/2007 to 12/31/2007	167	UBS (Canada) International Equity Fund Series A - Units	49,616,412.98	NA
01/01/2007 to 12/31/2007	66	UBS (Canada) International Equity Fund Series B - Units	2,913,994.07	NA
01/01/2007 to 12/31/2007	101	UBS (Canada) Money Market Fund - Units	1,085,842,328.83	NA
01/01/2007 to 12/31/2007	10	UBS (Canada) Small Cap Fund - Units	21,824,526.71	NA
01/01/2007 to 12/31/2007	27	UBS (Canada) U.S. Equity Core Fund - Units	19,675,845.98	NA
01/01/2007 to 12/31/2007	36	UBS (Canada) U.S. Growth Equity Fund - Units	19,445,806.37	NA
12/19/2007	1	U.S. Core Equity 2 Portfolio of DFA Investment Dimensions Group Inc. - Common Shares	32,397,078.43	2,807,372.48
04/13/2007 to 04/19/2007	1	U.S. Small Cap Value Portfolio of DFA Investment Dimensions Group Inc. - Common Shares	15,233,284.48	430,670.41
12/31/2007	42	Vortaloptics, Inc. - Common Shares	956,504.53	1,811,898.00
10/01/2007	38	West Face Capital Long Term Opportunities Limited Partnership - Units	133,095,000.00	NA
01/14/2008	1	Westboro Mortgage Investment Corp. - Preferred Shares	350,000.00	35,000.00
10/01/2007 to 12/01/2007	6	WFC Opportunities Trust - Units	46,405,000.00	NA
05/31/2007 to 10/05/2007	71	Wolverine Exploration Inc. - Common Shares	514,400.00	16,430,000.00

Notice of Exempt Financings

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price (\$)	No. of Securities Distributed
01/07/2008	41	Yankee Hat Minerals Ltd. - Units	586,000.00	390,667.00
11/01/2007 to 12/01/2007	1	Zweig-DiMenna International Limited - Units	3,724,021.00	NA
05/01/2007	1	Zweig-DiMenna Natural Resources Ltd. - Units	2,373,459.00	NA

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Central Gold-Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated January 30, 2008
Mutual Reliance Review System Receipt dated January 30, 2008

Offering Price and Description:

US\$ * - * Units
Price: US\$ * per Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

Promoter(s):

-

Project #1211774

Issuer Name:

Eminence Capital II Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary CPC Prospectus dated January 28, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

\$300,000.00 to \$600,000.00 - 1,500,000 to 3,000,000
Common Shares Price: \$0.20 per Common Share

Underwriter(s) or Distributor(s):

Raymond James Ltd.

Promoter(s):

-

Project #1212137

Issuer Name:

Central Gold-Trust
Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary Short Form Prospectus dated January 31, 2008
Mutual Reliance Review System Receipt dated February 1, 2008

Offering Price and Description:

US\$10,518,550.00 - 287,000 Units
Price: US\$36.65 per Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

Promoter(s):

-

Project #1211774

Issuer Name:

GolfLogix Systems Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated January 29, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

\$2,000,000.00 - 4,000,000 Units
Price: \$0.50 per Unit

Underwriter(s) or Distributor(s):

Bolder Investment Partners, Ltd.

Promoter(s):

Carl Clift
Allan Thompson

Project #1211565

Issuer Name:

Dioro Exploration NL
Principal Regulator - British Columbia

Type and Date:

Preliminary Prospectus dated January 31, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

\$50,000,000.00 - * Shares and \$ * Share Purchase
Warrants Issuable upon Conversion of * Subscription
Receipts Price: \$1.60 per Subscription Receipt

Underwriter(s) or Distributor(s):

Cormark Securities Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
Thomas Weisel Partners Canada Inc.

Promoter(s):

-

Project #1212445

Issuer Name:

Greater Toronto Airports Authority
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Base Shelf Prospectus dated
January 31, 2008
Mutual Reliance Review System Receipt dated February 1,
2008

Offering Price and Description:

\$2,000,000,000.00 - Medium-Term Notes (Secured)

Underwriter(s) or Distributor(s):

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

Promoter(s):

-

Project #1212407

Issuer Name:

Humber Capital Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary CPC Prospectus dated February 4, 2008
Mutual Reliance Review System Receipt dated February 5,
2008

Offering Price and Description:

\$1,500,000.00 -7,500,000 Common Shares
Price: \$0.20 per Common Share

Underwriter(s) or Distributor(s):

National Bank Financial Inc.

Promoter(s):

-

Project #1213284

Issuer Name:

InterOil Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Base Shelf Prospectus dated
January 30, 2008
Mutual Reliance Review System Receipt dated January 31,
2008

Offering Price and Description:

\$* -1,510,588 Common Shares and 517,777 Series A
Preferred Shares
Price: \$ * per Common Shares and \$ * per Preferred Share

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1212101

Issuer Name:

IPICO Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated January 31, 2008
Mutual Reliance Review System Receipt dated January 31,
2008

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

Wellington West Capital Markets Inc.
Desjardins Securities Inc.

Promoter(s):

-

Project #1212221

Issuer Name:

ITOK Capital Corp.
Principal Regulator - Ontario

Type and Date:

Preliminary CPC Prospectus dated February 4, 2008
Mutual Reliance Review System Receipt dated February 5,
2008

Offering Price and Description:

\$300,000.00 - 1,000,000 Common Shares
Price: \$0.30 per Common Share

Underwriter(s) or Distributor(s):

Research Capital Corporation

Promoter(s):

Sinclair Stevens

Project #1213141

Issuer Name:

Kingsmill Capital Ventures II Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary CPC Prospectus dated February 1, 2008
Mutual Reliance Review System Receipt dated February 4,
2008

Offering Price and Description:

Minimum Offering: \$750,000.00 or 3,750,000 Common
Shares; Maximum Offering: \$1,000,000.00 or 5,000,000
Common Shares Price: \$0.20 per Common Share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

David Mitchell
Ilja Troitschanski
Project #1212738

Issuer Name:

Podium Capital Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary CPC Prospectus dated February 4, 2008
Mutual Reliance Review System Receipt dated February 4, 2008

Offering Price and Description:

\$700,000.00 to \$1,000,000.00 - 2,333,334 to 3,333,334
Common Shares Price: \$0.30 per Common Share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Kevin Reed

Project #1213008

Issuer Name:

Pristine Power Inc.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated January 31, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

Haywood Securities Inc.

Cormark Securities Inc.

Promoter(s):

-

Project #1212417

Issuer Name:

Silver Wheaton Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated January 31, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

\$1,566,000,000.00 - 108,000,000 Common Shares Price:
\$14.50 per Common Share

Underwriter(s) or Distributor(s):

Macquarrie Capital Markets Canada Ltd.

Genuity Capital Markets

GMP Securities L.P.

CIBC World Market Inc.

National Bank Financial Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

Canaccord Capital Corporation

Merrill Lynch Canada Inc.

Promoter(s):

-

Project #1212462

Issuer Name:

Aeroquest International Limited
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated January 30, 2008
Mutual Reliance Review System Receipt dated January 30, 2008

Offering Price and Description:

\$20,000,001.00 (6,666,667 Common Shares) Price: \$3.00
per Common Share

Underwriter(s) or Distributor(s):

Jennings Capital Inc.

J.F. Mackie & Company Ltd.

National Bank Financial Inc.

Promoter(s):

-

Project #1208838

Issuer Name:

Brompton 2008 Flow-Through LP
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated January 31, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

\$50,000,000.00 (MAXIMUM OFFERING)
2,000,000 LIMITED PARTNERSHIP UNITS

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

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.

Berkshire Securities Inc.

Research Capital Corporation

Richardson Partners Financial Limited

Wellington West Capital Inc.

Blackmont Capital Inc.

Desjardins Securities Inc.

IPC Securities Corporation

Promoter(s):

Brompton Flow-Through Management Limited

Brompton Funds Management Limited

Project #1200247

Issuer Name:

Claymore Canadian Financial Monthly Income ETF
(formerly Canadian Financial Income Fund)
Claymore Equal Weight Banc & Lifeco ETF
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated January 29, 2008
Mutual Reliance Review System Receipt dated January 31,
2008

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Claymore Investments, Inc.

Promoter(s):

-

Project #1205939

Issuer Name:

Connor, Clark & Lunn 2008 Flow-Through Limited
Partnership
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated January 30, 2008
Mutual Reliance Review System Receipt dated January 31,
2008

Offering Price and Description:

Maximum Offering: \$50,000,000.00 (2,000,000 Units)

Minimum Offering: \$7,500,000.00 (300,000 Units)

Price: \$25.00 per Unit

Minimum Purchase: \$5,000.00 (200) Units

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

BMO Nesbitt Burns Inc.

RBC Dominion Securities Inc.

Richardson Partners Financial Limited

Scotia Capital Inc.

National Bank Financial Inc.

TD Securities Inc.

Canaccord Capital Corporation

Dundee Securities Corporation

GMP Securities L.P.

Raymond James Ltd.

Wellington West Capital Inc.

Berkshire Securities Inc.

HSBC Securities (Canada) Inc.

Promoter(s):

Connor, Clark & Lunn Capital Markets Inc.

Connor, Clark & Lunn 2008 Flow-Through Management
Corp.

Project #1200699

Issuer Name:

Covington Venture Fund Inc.

Type and Date:

Final Prospectus dated January 30, 2008

Received on January 31, 2008

Offering Price and Description:

Class A Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1200910

Issuer Name:

Criterion Diversified Commodities Currency Hedged Fund

Principal Regulator - Ontario

Type and Date:

Amended and Restated Final Prospectus dated January
21, 2008

Mutual Reliance Review System Receipt dated February 1,
2008

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

Criterion Investments Limited

Project #1095170

Issuer Name:

C.A. Bancorp Canadian Realty Finance Corporation
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated January 31, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

Maximum: \$90,000,000.00 (3,600,000 Preferred Shares, Series 1)

Price: \$25.00 per Preferred Share

Minimum Purchase: \$2,500.00 (100 Preferred Shares)

Underwriter(s) or Distributor(s):

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

Promoter(s):

C.A. Bancorp Inc.

Project #1201660

Issuer Name:

Front Street Flow-Through 2008-I Limited Partnership
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated January 24, 2008
Mutual Reliance Review System Receipt dated January 30, 2008

Offering Price and Description:

\$200,000,000.00 (maximum offering - 8,000,000 Units @ \$25/Unit

\$10,000,000.00 (minimum offering - 400,000 Units @ \$25/Unit

Underwriter(s) or Distributor(s):

National Bank Financial Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Canaccord Capital Corporation
Scotia Capital Inc.
TD Securities Inc.
Richardson Partners Financial Ltd.
Tuscarora Capital Inc.
Raymond James Ltd.
MGI Securities Inc.

Promoter(s):

Front Street Capital Management General Partner VI Corp.

Project #1200780

Issuer Name:

Galena International Resources Ltd.
Principal Regulator - British Columbia

Type and Date:

Final CPC Prospectus dated January 28, 2008
Mutual Reliance Review System Receipt dated January 30, 2008

Offering Price and Description:

\$1,500,000.00 - 7,500,000 Common Shares Price: \$0.20 per Common Share

Underwriter(s) or Distributor(s):

PI Financial Corp.

Promoter(s):

Randy C. Turner

Project #1202885

Issuer Name:

GCH Capital Partners Inc.
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated January 31, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

\$1,000,000.00 - 2,500,000 common shares Price: \$0.40 per common share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Gerri Greenham

Project #1196440

Issuer Name:

GE Capital Canada Funding Company
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated January 25, 2008 to Final Short Form Base Shelf Prospectus dated March 20, 2007
Mutual Reliance Review System Receipt dated February 1, 2008

Offering Price and Description:

\$10,000,000,000.00 Medium Term Notes (unsecured)
Unconditionally guaranteed as to principal, premium (if any),

interest and certain other amounts by
GENERAL ELECTRIC CAPITAL CORPORATION

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

TD Securities Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

Promoter(s):

-

Project #1062267

Issuer Name:

Golden Star Resources Ltd.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated January 31, 2008
Mutual Reliance Review System Receipt dated February 5, 2008

Offering Price and Description:

Up to 32,722,513 Common Shares Issuable upon the Exercise of the US\$125,000,000.00 Aggregate Principal Amount of 4.0% Convertible Senior Unsecured Debentures due November 30, 2012

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
UBS Securities Canada Inc.

Promoter(s):

-

Project #1201103

Issuer Name:

Harmony Americas Small Cap Equity Pool
Harmony Balanced and Income Portfolio
Harmony Balanced Growth Portfolio
Harmony Balanced Portfolio
Harmony Canadian Equity Pool
Harmony Canadian Fixed Income Pool
Harmony Conservative Portfolio
Harmony Growth Plus Portfolio
Harmony Growth Portfolio
Harmony Maximum Growth Portfolio
Harmony Money Market Pool
Harmony Overseas Equity Pool
Harmony U.S. Equity Pool
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated January 31, 2008
Mutual Reliance Review System Receipt dated February 4, 2008

Offering Price and Description:

Wrap Series Units, Embedded Series Units and Series T Units

Underwriter(s) or Distributor(s):

AGF Fund Inc.
AGF Funds Inc.

Promoter(s):

-

Project #1201199

Issuer Name:

Horizons Advantaged Equity Fund Inc.

Type and Date:

Final Prospectus dated January 29, 2008
Received on January 30, 2008

Offering Price and Description:

CLASS A SHARES, SERIES III

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1200643

Issuer Name:

Imperial Canadian Bond Pool
Imperial Canadian Dividend Income Pool
Imperial Canadian Dividend Pool
Imperial Canadian Equity Pool
Imperial Canadian Income Trust Pool
Imperial Emerging Economies Pool
Imperial Global Equity Income Pool
Imperial International Bond Pool
Imperial International Equity Pool
Imperial Money Market Pool
Imperial Overseas Equity Pool
Imperial Registered International Equity Index Pool
Imperial Registered U.S. Equity Index Pool
Imperial Short-Term Bond Pool
Imperial U.S. Equity Pool
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated January 30, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

Class A Units @ Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

Canadian Imperial Bank of Commerce

Project #1187800

Issuer Name:

Meritas Balanced Portfolio Fund
Meritas Canadian Bond Fund
Meritas International Equity Fund
Meritas Jantzi Social Index Fund
Meritas Money Market Fund
Meritas Monthly Dividend and Income Fund
Meritas U.S. Equity Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated January 30, 2008
Mutual Reliance Review System Receipt dated February 1, 2008

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Meritas Financial Inc.

Promoter(s):

-

Project #1199403

Issuer Name:

MRF 2008 Resource Limited Partnership
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated January 31, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

Maximum Offering: \$100,000,000.00 (4,000,000 Units)

Minimum Offering: \$20,000,000.00 (800,000 Units)

Price: \$25.00 per Unit

Minimum Subscription: \$2,500.00 (100 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.
Berkshire Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Wellington West Capital Inc.
Blackmont Capital Inc.
Middlefield Capital Corporation
Desjardins Securities Inc.
Research Capital Corporation

Promoter(s):

Middlefield Fund Management Limited
Middlefield Group Limited

Project #1200432

Issuer Name:

MSP 2008 Resource Limited Partnership
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated January 29, 2008
Mutual Reliance Review System Receipt dated January 30, 2008

Offering Price and Description:

-

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.
HSBC Securities (Canada) Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Raymond James Ltd.
Berkshire Securities Inc.
Blackmont Capital Inc.
IPC Securities Corporation
Richardson Partners Financial Limited
Wellington West Capital Inc.

Promoter(s):

MSP 2008 GP Inc.
Mackenzie Financial Corporation

Project #1200989

Issuer Name:

Nebu Resources Inc.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated January 29, 2008
Mutual Reliance Review System Receipt dated January 30, 2008

Offering Price and Description:

\$2,625,000.00 (Minimum) 5,000,000 Flow-Through Units and 4,500,000 Units; \$3,775,000.00 (Maximum) 8,000,000 Flow-Through Units and 5,500,000 Units Price per Unit: \$0.25 Price per Flow-Through Unit: \$0.30

Underwriter(s) or Distributor(s):

Northern Securities Inc.

Promoter(s):

R. Brian Murray
Project #1167717

Issuer Name:

RBC Private U.S. Small Cap Equity Pool
Principal Regulator - Ontario

Type and Date:

Amendment #3 dated January 25, 2008 to Final Simplified Prospectus and Annual Information Form dated August 24, 2007

Mutual Reliance Review System Receipt dated February 1, 2008

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

RBC Asset Management Inc.
RBC Asset Management Inc.
The Royal Trust Company

Promoter(s):

RBC Asset Management Inc.
Project #1130122

Issuer Name:

Tova Ventures Inc.
Principal Regulator - Ontario

Type and Date:

Final CPC Prospectus dated January 28, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

\$200,000.00 - 2,000,000 Common Shares (the "Common Shares") at \$0.10 per Common Share

Underwriter(s) or Distributor(s):

Bolder Investments Partners Ltd.

Promoter(s):

Alan Friedman
Rael Diamond
David Schmidt
Darren Holden
Project #1200816

Issuer Name:

Schwabo Capital Corporation
Principal Regulator - Ontario

Type and Date:

Final CPC Prospectus dated January 25, 2008
Mutual Reliance Review System Receipt dated January 30, 2008

Offering Price and Description:

\$225,000.00 - 1,500,000 COMMON SHARES (\$0.15 per Common Share)

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Zoran Arandjelovic
Project #1194662

Issuer Name:

Trident Performance Corp.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated January 31, 2008
Mutual Reliance Review System Receipt dated January 31, 2008

Offering Price and Description:

Maximum Offering Class A Units: \$100,000,000.00 (10,000,000 Units)

Minimum Offering Class A Units: \$20,000,000.00 (2,000,000 Units)

Maximum Offering Class F Units: \$20,000,000.00 (2,000,000 Units)

Each Class A Unit consisting of one Class A Share and one Class A Warrant to acquire one Class A Share

Each Class F Unit consisting of one Class F Share

and one Class F Warrant to acquire one Class F Share

Price: \$10.00 per Class A Unit

Minimum Purchase: 200 Class A Units

Price: \$10.00 per Class F Unit

Minimum Purchase: 200 Class F Units

Underwriter(s) or Distributor(s):

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

Promoter(s):

CI Investments Inc.
Project #1203972

Issuer Name:

The Business, Engineering, Science & Technology Discoveries Fund Inc.

Type and Date:

Final Prospectus dated January 22, 2008
Received on January 30, 2008

Offering Price and Description:

CLASS A SHARES, SERIES I,
CLASS A SHARES, SERIES II AND CLASS A SHARES,
SERIES III

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1201336

Issuer Name:

Troy Resources NL
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated January 30, 2008
Mutual Reliance Review System Receipt dated February 1, 2008

Offering Price and Description:

C\$22,001,200.00 - 8,462,000 Shares Price: C\$2.60 per Share

Underwriter(s) or Distributor(s):

Scotia Capital Inc.
Macquarie Capital Markets Canada Ltd.
National Bank Financial Inc.
RBC Dominion Securities Inc.

Promoter(s):

-

Project #1195850

Issuer Name:

Golden Star Resources Ltd.
Principal Jurisdiction - Ontario

Type and Date:

Preliminary Short Form Prospectus dated December 17th, 2007

Withdrawn on February 4th, 2008

Offering Price and Description:

\$9,224,700.00 - 3,170,000 Common Shares
Price: 2.10 per Common Share

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1198579

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Colby Cooper Capital Inc.	Limited Market Dealer	January 31, 2008
Consent to Suspension (Rule 33-501 - Surrender of Registration)	QFS Financial Services Ltd.	Mutual Fund Dealer	February 1, 2008
New Registration	Lehman Brothers Asset Management Inc.	International Adviser (Investment Counsel & Portfolio Manager)	February 4, 2008
New Registration	Lehman Brothers Asset Management LLC	International Adviser (Investment Counsel & Portfolio Manager)	February 4, 2008
Consent to Suspension (Rule 33-501 - Surrender of Registration)	Majorica Asset Management Corporation	Limited Market Dealer, Investment Counsel and Portfolio Manager	February 4, 2008

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Notice and Request for Comments - Application for Recognition of New Regco

NOTICE AND REQUEST FOR COMMENTS APPLICATION FOR RECOGNITION OF NEW REGCO

A. Background

The Investment Dealers Association of Canada (IDA) and Market Regulation Services Inc. (RS) have agreed to combine their regulatory activities into a single organization, known at this time as New Regco. The IDA and RS have applied for New Regco to be recognized as a self-regulatory organization (SRO) in Alberta, British Columbia, Manitoba, Newfoundland and Labrador, New Brunswick, Nova Scotia, Ontario, Saskatchewan and Québec (Recognizing Regulators). Both the IDA and RS are currently recognized as SROs in certain of these jurisdictions.

The Recognizing Regulators are publishing for comment the application for recognition of New Regco (Application) and the following related documents:

1. Draft recognition order – In its Application, New Regco has responded to each of the recognition criteria proposed by the Recognizing Regulators (attached to the draft order as Schedule 1 to Appendix A). Following the comment process and resolution of all outstanding issues, each Recognizing Regulator expects to issue a substantially similar order recognizing New Regco with terms and conditions.
2. Oversight program – The Recognizing Regulators intend to establish an oversight program for New Regco outlined under a Memorandum of Understanding (MOU). The MOU includes a protocol for the review and approval of rules, policies and other similar instruments and the performance of periodic oversight reviews of New Regco.

B. Recognition of New Regco

New Regco has responded to each of the following recognition criteria in its application:

1. Governance
2. Public Interest
3. Conflicts of Interest
4. Fees
5. Access
6. Financial Viability
7. Capacity to Perform Regulatory Functions
8. Capacity and Integrity of Systems
9. Rules
10. Disciplinary Matters
11. Information Sharing and Regulatory Cooperation

C. Comment Process

We are seeking comments on all aspects of New Regco's Application and related documents. You are asked to provide your comments in writing and to send them on or before March 10, 2008 to:

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M5H 3S8
E-mail: jstevenson@osc.gov.on.ca

Please also send your submission to the Autorité des marchés financiers as follows:

M^e Anne-Marie Beaudoin
Secrétaire de l'Autorité
Autorité des marchés financiers
800, square Victoria, 22^e étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
Courrier électronique: consultation-en-cours@lautorite.qc.ca

The confidentiality of submissions cannot be maintained because securities legislation in certain provinces requires that a summary of written comments received during the comment period be published.

Following the comment period, staff of the Recognizing Regulators will consider the comments received on the Application and the related documents. If staff of the Recognizing Regulators are satisfied that New Regco meets the criteria for recognition, they will recommend that New Regco be recognized as an SRO. Recognition will take the form of a recognition order with terms and conditions generally in the form attached to this notice.

If you have questions, you may contact:

Susan Greenglass
Ontario Securities Commission
(416) 593-8140

Tracey Stern
Ontario Securities Commission
(416) 593-8167

Antoinette Leung
Ontario Securities Commission
(416) 595-8901

Mark Wang
British Columbia Securities Commission
(604) 899-6658

Doug MacKay
British Columbia Securities Commission
(604) 899-6609

Ashlyn D'Aoust
Alberta Securities Commission
(403) 355-4347

Elaine Lanouette
Autorité des marchés financiers
(514) 395-0337 (ext. 4356)

Normand Bergeron
Autorité des marchés financiers
(514) 395-0337 (ext. 4321)

SRO Notices and Disciplinary Proceedings

Doug Brown
Manitoba Securities Commission
(204) 945-0605

Barbara Shourounis
Saskatchewan Financial Services Commission
(306) 787-5842

Andrew Nicholson
New Brunswick Securities Commission
(506) 658-3021

Nick Pittas
Nova Scotia Securities Commission
(902) 424-6859

December 21, 2007

VIA EMAIL AND COURIER

Alberta Securities Commission
4th Floor, Stock Exchange Tower
300 5th Avenue S.W.
Calgary, AB T2P 3C4

Attn: Ashlyn D'Aoust

British Columbia Securities Commission
12th Floor, Pacific Centre, P.O. Box 10142
701 West Georgia Street
Vancouver, BC V7Y 1L2

Attn: Mark Wang and Doug MacKay

Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5

Attn: Doug Brown

Newfoundland and Labrador Securities Commission
2nd Floor, West Block
Confederation Building
St. John's, NF A1B 4J6

Attn: Winston Morris

New Brunswick Securities Commission
85 Charlotte Street
Suite 300
Saint John, NB E2L 2J2

Attn: Andrew Nicholson

Nova Scotia Securities Commission
Joseph Howe Building, 2nd Floor
1690 Hollis Street
Halifax, NS B3J 2P8

Attn: Nick Pittas

Ontario Securities Commission
20 Queen Street West
P.O. Box 55, Suite 1903
Toronto, ON M5H 3S8

Attn: Susan Greenglass,
Tracey Stern, and
Antoinette Leung

Saskatchewan Financial Services Commission
6th Floor
1919 Saskatchewan Drive
Regina, SK S4P 3V7

Attn: Barbara Shourounis

Autorité des marchés financiers
800, Square Victoria, 22^e étage
C.P. 246, Tour de la Bourse
Montréal, QC H4Z 1G3

Attn: Elaine Lanouette,
Normand Bergeron and
Jacinthe Bouffard

Dear Sirs/Mesdames:

Re: Application for Recognition of New Regco ("New Regco")

Introduction

This letter sets out the joint application of the Investment Dealers Association of Canada ("**IDA**") and Market Regulation Services Inc. ("**RS**") on behalf of New Regco to the Alberta, British Columbia, Manitoba, Newfoundland and Labrador, New Brunswick, Nova Scotia, and Ontario Securities Commissions, the Saskatchewan Financial Services Commission and the Autorité des marchés financiers, which are collectively the members of the Canadian Securities Administrators ("**CSA**") with jurisdiction, to recognize New Regco as a self-regulatory organization ("**SRO**"). This application responds to the criteria established by the CSA for such recognition, as well as our ongoing discussions with the CSA about the proposed combination of RS and the IDA. New Regco also intends to become a regulation service provider ("**RSP**") pursuant to criteria published in National Instrument 23-101.

A draft consolidated Recognition Order is attached as Appendix A.

Background

Subject to relevant CSA recognition, IDA Board and RS Board (and shareholder) approval, it is proposed to consolidate the regulatory activities of the IDA and RS in New Regco, a new SRO which will acquire/assume the assets, liabilities and responsibilities of the IDA and RS. The objective of combining the IDA and RS is to improve the quality and effectiveness of self-regulation, thereby enhancing investor protection, fair and efficient markets and reducing systemic risks.

Full details of the proposed combination and the reasons it is being proposed are contained in the IDA Information Circular dated November 15, 2007. A copy of the Information Circular is posted on the IDA's website (www.ida.ca). The IDA's members overwhelmingly approved the proposed combination at a special meeting on December 17, 2007.

Corporate Governance

New Regco will be incorporated as a non-share capital corporation under Part II of the *Corporations Act* (Canada). It will be a membership-based organization – each of the IDA and TSX Inc. (“**TSX**”) will effectively give up their ownership rights in RS. The Letters Patent of New Regco (attached to the IDA Information Circular) specify that its objects are to regulate as a self-regulatory organization in respect of persons who are or were formerly (i) Dealer Members of New Regco, (ii) members, users or subscribers of or to marketplaces for which New Regco is a RSP, (iii) the respective representatives of any of the foregoing and (iv) other persons subject to the jurisdiction of New Regco in order to protect investors, foster investor confidence and enhance the fairness, integrity and efficiency of Canadian capital markets. The initial By-law of New Regco is attached to the IDA Information Circular.

New Regco will have two classes of members, each class having equal voting rights and voting together. Dealer Members will be investment dealers registered under applicable Canadian securities legislation that are accepted for membership by the Board. All IDA members will become Dealer Members. Marketplace Members will be each marketplace that is a recognized exchange, quotation and trade reporting system (“**QTRS**”) or registered alternative trading system (“**ATS**”) for the purposes of National Instrument 21-101 which executes agreements for New Regco to be their RSP (a “**Regulated Market**”). An ATS will qualify as both a Dealer Member and Marketplace Member but shall only be entitled to one vote on any vote by Members. (Dealer Members and Marketplace Members are collectively referred to as the “**Members**”).

New Regco Board of Directors

New Regco's By-law establishes a Board of Directors of 15 directors, comprising the President and CEO of New Regco, 5 individuals representing Dealer Members (each a “**Dealer Director**”), 2 individuals representing Marketplace Members (each a “**Marketplace Director**”) and 7 Independent Directors. The definition in the By-law of “**Independent Director**” is a director who is not (a) an officer (other than the Chair or any Vice-Chair) or an employee of New Regco; (b) a partner, director, officer, employee or person acting in a similar capacity of: (i) a Marketplace Member, or (ii) a Dealer Member, or (iii) an associate or affiliate of a Marketplace Member or a Dealer Member; or (c) an associate of a partner, director, officer, employee or person acting in a similar capacity of a Dealer Member or a Marketplace Member.

The Corporate Governance Committee (the composition of which is described below) will, in accordance with the By-law and considering the overall composition of the Board and its representation of the Canadian markets, recommend as nominees to serve as Directors those individuals that it considers qualified and desirable, recognizing the status of New Regco as an SRO in the various Canadian jurisdictions. It will also appoint qualified individuals to the Hearing Committee (from which disciplinary panels are appointed) on a similar basis.

The Corporate Governance Committee will consider all relevant factors in nominating directors to ensure that the composition of the Board: (a) complies with the requirements of New Regco's By-laws, (b) reflects the regional and other diversity of New Regco's stakeholders, (c) otherwise reflects, in the judgement of the Corporate Governance Committee, the appropriate balance of interests and perspectives of New Regco Members and stakeholders, and (d) addresses, in the judgement of the Corporate Governance Committee, potential conflicts of interest arising from any relationship between a New Regco Member and the New Regco directors. Without limiting the generality of the foregoing, the Corporate Governance Committee will consider, for each potential director:

- the business interests of entities with which the candidate is associated;
- ownership interests in New Regco Members held by entities with which the candidate is associated;
- the extent of overlap and/or integration of the boards and/or management between New Regco Members and entities with which the candidate is associated (for example, consideration of the extent to which there are common managers and/or directors as between the candidate's firm and an ATS); and

- contractual relationships between New Regco Members and entities with which the candidate is associated.

In addition, and in respect of Board nominees and persons appointed to advisory committees and the New Regco Hearing Committee, the Corporate Governance Committee will focus on qualities such as integrity, business judgement and acumen, capital markets expertise and, other relevant business, professional or board expertise, as well as ensuring that nominees are appropriate in recognition of the status of New Regco as a self-regulatory organization in the various Canadian jurisdictions.

The only exception to this selection process is that one of the two Marketplace Directors on the Board will be recommended for nomination by TSX. TSX will remain entitled to recommend for nomination a Marketplace Director so long as it is a Regulated Market and it and Marketplaces associated or affiliated with it maintain, in aggregate, not less than 40% Market Share (as determined under New Regco's By-law). During the term of its Regulation Services Agreement ("**TSX RSA**") and provided it meets the foregoing market share threshold, TSX will also be entitled to representation on the Finance and Audit Committee (described below).

As provided in the By-law, the Corporate Governance Committee will ensure through its nomination process that the Board includes at all times at least (a) one Director, who need not be a Marketplace Director, with particular experience and expertise in respect of public venture equity markets; and (b) one Director, who also need not be a Marketplace Director, who is a partner, director, officer, employee of a non-TSX associated or affiliated Marketplace or an associate or an affiliated entity thereof.

Directors will serve for staggered two year terms (with the terms of the initial Directors to be staggered in two and three year terms). With the exception of the President and CEO, Directors are restricted from serving more than four consecutive terms.

Subject to a transition period, if a non-Independent Director is added to (or removed from) the Board, an Independent Director will also be added (or removed) so that there are always an equal number of non-Independent and Independent Directors on the New Regco Board. The Corporate Governance Committee will recommend and the Board may appoint directors to fill vacancies that arise between annual Members' meetings.

The initial New Regco directors, proposed by the joint Steering Group of the IDA and RS Boards, are described in the IDA Information Circular, as is the manner in which the Chair will be selected.

The Corporate Governance Committee will periodically review the efficacy of New Regco's governance practices.

Board Committees

The Board of New Regco will initially appoint from its number three standing committees: the Corporate Governance Committee, the Finance and Audit Committee and the Human Resources and Pension Committee.

The mandate of the Corporate Governance Committee will be to identify and recommend to the Board qualified nominees for election to the Board of Directors, as described above, and to appoint qualified individuals to the Hearing Committee (from which disciplinary panels are appointed). The Corporate Governance Committee will be composed of not less than 5 directors, and may include the Chair of the New Regco Board. All of the members of the Corporate Governance Committee will be Independent Directors unless the Chair of the New Regco Board is a member and is not an Independent Director.

The mandate of the Finance and Audit Committee (to be composed of not less than 5 Directors, including the Chair of the Board and a minimum of 2 Independent Directors) will be to oversee the accounting and financial reporting processes of New Regco, including audits of its financial statements, and to ensure that overall resources are adequate to achieve the organization's various regulatory objectives. As stated above, during the term of the TSX RSA and provided that it meets the 40% market share threshold, TSX will be entitled to representation on the Finance and Audit Committee.

The mandate of the Human Resources and Pension Committee (to be composed of not less than 5 Directors, including the Chair of the Board) will be to ensure that New Regco employs or retains the right people to achieve its corporate objectives by adopting policies and practices and offering a compensation plan that is competitive, motivating and rewarding to the degree that it will attract and inspire a diverse work force that will enhance the professionalism and effectiveness of the organization.

District Councils

The existing District Council structure of the IDA will be adopted by New Regco, in order to ensure a mechanism for the engagement and representation of Dealer Members in each of the provinces. District Councils will continue their current roles, such as in granting exemptions from registration and other regulatory approvals and providing recommendations to the New Regco Board concerning new Dealer Member applications. The role of the District Councils will be refined to (i) reflect that they do not currently make rules (although they technically currently have the authority to do so) and (ii) ensure that District Councils continue to play a role in the recommendation to the Corporate Governance Committee of candidates for appointment to the

New Regco Hearing Committee. Resident hearing panel members will be appointed where required (e.g., Quebec) and, elsewhere, efforts will be made to achieve this result.

Advisory Committees

The existing advisory committees of RS and the IDA are being reviewed to determine which should be continued and whether their mandates should be revised. The National Advisory Committee (the “**NAC**”) will continue to be comprised of the District Council Chairs. The mandate of the NAC is to act as a forum for cooperation and consultation among the District Councils and to provide recommendations to the CEO concerning regulatory policy. The NAC is not a forum for the discussion of individual registration, membership or discipline cases. The IDA’s Compliance and Legal Section and the Financial Administrator Section will continue to be “open” membership committees (with each Dealer and Marketplace Member entitled to have one voting member in each Section), while all other advisory committees (the IDA’s Corporate Finance, Derivatives, Education and Proficiency, Fixed Income, Market Regulation and Retail Sales Committees and RS’ Rules Advisory Committee) will have appointed membership. Appointments to such advisory committees may also include non-Members.

Under the TSX RSA, TSX will be entitled to representation on the Market Regulation Committee. Other marketplaces will also be entitled to representation on that committee. TSX and other marketplaces will also be eligible for representation on other advisory committees, subject to the applicable eligibility and nomination process of New Regco.

Advisory committees will provide advice to staff of New Regco and report to the New Regco CEO. Each will be asked to conduct an annual “self-assessment” and the New Regco Board will conduct a biennial review of the overall advisory committee structure, to ensure that such committees are relevant and providing meaningful advice in a timely and effective manner.

Member Voting Rights

In respect of matters to be voted upon by Members (including the election of Directors), all Members will vote together and be entitled to one vote per Member. Amendments to New Regco’s Letters Patent or By-laws, creating a new class of members, amalgamation or plan of arrangement of New Regco or disposition of all or substantially all of its assets will require approval by a two-thirds vote of the Members.

Conflicts of Interest

The governance structure, the rule-making and policy development process, the Hearing Committee process, and the disciplinary panel structure will all reflect New Regco’s efforts to balance its public interest mandate and the views of its members and persons subject to its jurisdiction (“**Regulated Persons**”) as an SRO.

New Regco will have policies and procedures managing potential conflicts of interest of its officers, employees and members of its disciplinary panels, as reflected in a Code of Business Ethics and Conduct (the “**Code**”). New Regco will undertake a review of each division where regulatory decisions are made by staff and will identify specific risk areas associated with potential conflict of interest. The Code will contain policies dealing with potential conflicts of interest in those areas where employees are required to make decisions on behalf of New Regco as part of their regulatory responsibilities. In addition, internal policies and procedures of each division where employees exercise decision-making authority will contain more specific guidelines on how to comply with the Code. Generally, these deal with disclosure of any potential conflicts with Regulated Persons and the allocation of responsibilities among staff that minimizes potential conflicts arising. The Code will be approved by the New Regco Board and acknowledged by officers and employees initially and annually. The policies and procedures of New Regco will require that the Code be reviewed at least annually to ensure that it continues to appropriately meet its objectives.

New Regco will also have a written policy managing potential conflicts of interest of members of its Board, which will be acknowledged by directors initially and on an annual basis. This policy will be reviewed periodically to ensure that it continues to appropriately meet its objectives.

The foregoing structures and processes reflect the current approach of each of the IDA and RS in ensuring that conflicts of interest do not impair their respective regulatory mandates as SROs. The combination of RS and the IDA will result in the creation of an independent SRO and eliminate conflicts (perceived or real) that arise from the current RS ownership structure. However, it is recognized that there may be new potential “conflicts of interest” that could arise as a result of the combination of a member regulation SRO with a marketplace regulator. Balancing the interests of Dealer Members and Marketplace Members is reflected in the governance structure to be adopted, including the composition of the Board that will have representatives of all constituencies. This will provide a forum where competing interests can be identified and dealt with openly and in accordance with best corporate practices as described above. An example of the potential tensions between the two broad regulated groups will be the allocation of resources and costs. As described elsewhere in this application, the overriding principle of cost recovery and the adoption of a fair fee schedule should address these concerns. From the perspective of day to day regulatory operations of New Regco, an integrated and streamlined New Regco staff will work together and be aware of any tensions and be in a position to resolve them fairly. The adoption of the current separate Member and Marketplace regulatory requirements

of the IDA and RS, respectively, acknowledges that there may be separate interests affected in each regulatory area. The separate requirements will permit competing interests to be appropriately managed. Going forward, New Regco will be able to identify potential “conflicts” based on its experience and provide for them by governance changes or rule amendments.

Fees

Upon the creation of New Regco, the existing fee structures of RS (with respect to Marketplace Members) and the IDA (with respect to Dealer Members) will initially be maintained and administered by New Regco, with Members paying fees under the relevant fee structures. ATs will pay fees under both the IDA fee structure for Dealer Members and the RS fee structure for marketplaces, as is presently the case. Both fee models are intended to be neutral and based on cost recovery. New Regco will initiate two significant and related projects to determine the appropriate basis for its:

- (a) Cost allocation – principally a methodology for allocating costs between Dealer and Market regulation; and
- (b) Fee model – the methodology for apportioning fees between Dealer Members for Dealer regulation and between Marketplace Members for Market regulation.

New Regco is committed to initiating the cost allocation project immediately post-merger with a view to adopting an appropriate cost allocation methodology. In addition, it will initiate a project to develop a fee model for New Regco in the first fiscal year of the merger. Development of a new fee model will be a complex exercise and will likely require expert professional advice. Implementation of any such fee model will involve consultation with shareholders and will be subject to CSA review.

As described above, a priority project for New Regco will be to develop under a fair and transparent process an appropriate fee model for the integrated entity based on actual experience gained in performing member and market regulation functions in a combined structure. In this regard, the following principles will be applied:

- New Regco will have a fair, transparent and appropriate process for setting fees to be paid by its Members as approved by its Board of Directors.
- The fees paid by Dealer and Marketplace Members shall be imposed on a cost-recovery basis, to the extent practicable and on a best efforts basis, such that the cost of performing New Regco’s regulation function may be recovered from Members on an equitable basis.
- New Regco will ensure that the cost of providing other Marketplace services is paid for by the Marketplace which has contracted with New Regco for the provisions of such services.

RS has published two proposals related to its fee model between marketplaces for market regulation:

- RS Notice 2006-007 – *Proposed Allocation of Costs – First Group* (November 17, 2006): this notice described the allocation model approved by the RS Board for a series of direct charges to marketplaces to recover operational and capital costs caused by the introduction of new marketplaces; and
- RS Notice 2007-001 – *Proposed UMIR Regulation Fee Model* (January 12, 2007): this notice described a new “activity-based” model approved by the RS Board to recover RS’s costs of providing UMIR regulation services to marketplaces for which RS is the regulation services provider.

The public notice and comment period for each of these proposals has ended, and RS is pursuing approval of these proposals with its recognizing regulators. RS and New Regco intend to implement any proposals for which it receives regulatory approval.

Access

As with the fee model, the existing criteria for access to membership and the provision of regulation services will be preserved in New Regco, as will the process for obtaining such access. New Regco’s By-law provides that any decision with respect to a membership application is subject to review at the request of the applicant (or New Regco staff). Any changes to the criteria or process for obtaining access will be developed and implemented in a fair and transparent manner and subject to New Regco Board approval as well as CSA approval.

Dealers that are currently members of the IDA and Marketplaces for which RS is the regulation services provider will be Members of New Regco and no additional acceptance or approval requirements, other than compliance with the transitional processes described below, will be required to be met by such Dealers and Marketplaces.

Acceptance of Dealer Members for Membership

IDA members will be required to confirm their membership as Dealer Members in New Regco and attornment to its jurisdiction by an expedited membership application process, including a written form of attornment and acknowledgement as to the terms of their membership. Approved persons in respect of Dealer Members will become subject to the jurisdiction of New Regco without further action on their part. Section 3.5 of the By-law (a copy of which is attached as Schedule 3 to the IDA Information Circular) outlines the process for approval of new Dealer Members, which is substantially the same as that set out in the IDA's proposals to amend its application process, which were submitted for CSA approval in March 2007 and as have since been amended.

In view of the fact that the nature of the regulation of Dealer Members and the jurisdiction of New Regco over such Members will not change substantially from that of the IDA, a simplified and expedited application process to New Regco is appropriate.

Acceptance of Marketplace Members for Membership

The basis for membership of Marketplaces in New Regco, described below, reflects that of RS in that it arises by entering into a regulation services agreement ("**RSA**"). It is expected that existing RSAs will be assigned to, or restated in the name of, New Regco without renegotiation and will be a simple and expedited membership process corresponding to that applicable to Dealer Members.

It will likely be necessary for an ATS to enter into new agreements with its Access Persons if those agreements specify that RS is the beneficiary of the subscriber's covenants and there are no provisions in the agreement automatically extending the benefit of the agreement to New Regco. RS will work with the ATSs to identify situations in which new subscriber agreements are required and to develop a process that is as simple and streamlined as possible to obtain such new agreements.

Eligibility Status

A Marketplace is eligible to subscribe to be regulated by New Regco as its RSP so long as it is a recognized exchange, a QTRS or an ATS, as each is defined in National Instrument 21-101.

Contractual Conditions

To receive regulation services from New Regco, an eligible Marketplace must enter into an RSA with New Regco, which agreement shall include the following terms:

1. Marketplaces will retain New Regco to administer and enforce the market integrity rules adopted from time to time by New Regco. Marketplaces will require their members, users and subscribers, as the case may be ("**marketplace participants**") to comply with New Regco's market integrity rules as a condition of participation.
2. The rules, by-laws and contracts governing the access granted by the Marketplace to its marketplace participants shall provide that the marketplace participant, together with its present and former directors, officers and employees and various other related or affiliated entities, is subject to the jurisdiction of New Regco with respect to the administration and enforcement of New Regco's market integrity rules.
3. The Marketplace must have systems in place that meet New Regco requirements in respect of surveillance and reporting, including New Regco requirements relating to data feeds and the ability to give effect to any direction issued by New Regco with respect to the administration of New Regco's market integrity rules, including provision for trading halts, delays and suspensions.
4. Standard or usual contractual terms including: circumstances for cancellation of the RSA, transitional procedures, covenants, dispute resolution, notice, amendments, etc.
5. A term requiring receipt of approval of the RSA from the relevant securities regulatory authorities.
6. Provisions required by the applicable provisions of Part 7 of National Instrument 23-101 or other requirements established by the applicable securities regulatory authorities.

Financial Viability

New Regco will be a non-share capital, membership-based, not-for-profit corporation. As with RS and the IDA (as well as many of the provincial Securities Commissions), its financial model is based on the collection of fees from Members in order to recover the costs incurred in its regulatory activities.

At the outset, New Regco will acquire all of the assets (and assume all of the liabilities) of the IDA and RS, including the balances in the IDA Discretionary Fund and the RS Restricted Fund (which will be transferred to the New Regco Restricted Fund and used solely for prescribed purposes as described in the IDA Information Circular). The costs relating to the combination of RS and the IDA and start-up of New Regco are being borne, proportionately (on a 40%/60% basis), by the RS/IDA Restricted/Discretionary Funds.

Capacity to Perform Regulation Functions

Recognition Orders

The independence, mandate and obligations of New Regco will be prescribed as terms and conditions of its Recognition Order(s) and Delegation Rulings, based largely upon outstanding Recognition Orders granted to RS and the IDA. As with RS and the IDA, the relevant securities regulators' oversight is expected to include: approval of rules, periodic reporting and triennial oversight examinations, which will enable the relevant securities regulators to ensure that New Regco acts in a manner consistent with the public interest in carrying out its mandate as an SRO and RSP.

Regulation Services

New Regco will seek to protect investors, foster investor confidence and enhance the fairness and efficiency of Canadian capital markets through the provision of effective self-regulation of Members, their representatives and other persons subject to its jurisdiction. As a neutral, cost-effective and responsive SRO, New Regco will not discriminate between Members. New Regco will assume all of the regulatory responsibilities and perform all of the regulatory services currently being performed by RS and the IDA.

Under the applicable National Instruments, orders granted under the National Instruments by certain securities commissions, and its RSAs, RS has, and New Regco will have, jurisdiction over the trading conduct of subscribers of an ATS that are not Dealer Members ("Access Persons"). In April 2007, the provincial securities commissions in British Columbia, Alberta, Manitoba, Ontario and Quebec and RS published for comment a proposal to amend the ATS Rules and UMIR to extend RS's jurisdiction to include the trading conduct of individuals and firms who are provided with dealer-sponsored direct access to an exchange or ATS (other than pursuant to order execution accounts) without themselves being members of the exchange or subscribers to the ATS. To the extent that these proposals are implemented, New Regco will assume this jurisdiction as part of its market regulation function.

Transitional Jurisdiction

New Regco will assume jurisdiction over the conduct of Dealer Members and over the trading conduct of all members, users and subscribers of Marketplace Members for investigations or enforcement actions in progress at the time New Regco commences its regulatory activities. Dealer Members and Access Persons will be expected to attorn to the jurisdiction of New Regco for all purposes, including their actions while under IDA and/or RS jurisdiction before the combination. The IDA and RS will continue for a period of time (expected to be five years, as discussed below), in part to permit them to carry out disciplinary actions against persons subject to their jurisdiction prior to the combination.

The need to continue the IDA and RS for a period of time after the establishment of New Regco arises from the fact that the jurisdiction of New Regco to carry out enforcement actions (either new actions or continuing ones) against former IDA members and approved persons or against those formerly subject to the jurisdiction of RS cannot be assured except by the agreement or attornment of such members or persons. The concern does not likely arise for practical purposes to the extent that existing IDA members join New Regco (and approved persons continue in the employment of such members or other members subject to New Regco's jurisdiction) and Access Persons attorn to the jurisdiction of New Regco.

In order to avoid jurisdictional challenges in relation to violations occurring prior to the creation of New Regco, the IDA and RS will continue for a period of time. Five years is viewed as a reasonable period for any continuing proceedings to be completed or new proceedings to be initiated. However, the experience has been that occasionally proceedings take longer – particularly those that are important and in the public interest to pursue. Accordingly, the ability to impose a discretionary extension has been included if either of the IDA or RS Boards consider it necessary or desirable.

Subject to any major disciplinary proceedings arising that either the IDA or RS choose to pursue or continue, their respective funding requirements are expected to be insignificant. To the extent that more significant funding is required for such

proceedings, New Regco will provide the necessary funds. As between the IDA and RS, and among the Dealer and Marketplace Members of New Regco, such funding requirements would be taken into account in the fee models that will be developed and be the subject of the cost recovery principles described above.

Capacity and Integrity of Systems

New Regco will perform its Dealer Member regulation function using the systems currently used by the IDA, including those systems currently provided to the IDA by various external service providers. The existing service agreements between the IDA and its service providers will be assigned to New Regco.

New Regco will perform its market regulation function using the systems currently used by RS, including those systems currently provided to RS by TSX. New Regco and TSX intend to enter into a Technology Services Agreement (“TSA”) under which TSX will provide technology services to New Regco corresponding to those regulatory technology services provided to RS. The TSA has been enhanced and now contains added confidentiality and firewall provisions designed to ensure that personnel involved in the marketplace operations of TSX do not have access to confidential or proprietary information relating to New Regco or the other marketplaces for which New Regco is the RSP. Non-regulatory technology systems currently provided to RS by TSX (such as desktop computer support and e-mail) will not be provided to New Regco by TSX, but will be provided by a single supplier for all of New Regco personnel.

Capacity Planning and Management

New Regco will ensure that systems capacity planning is undertaken on a regular basis and system upgrades and storage and managed carefully. With respect to the market surveillance functions, New Regco will regularly forecast its expected data volumes and if necessary implement system changes. New Regco will also continue the work that RS has begun to provide automated monitoring of multiple marketplaces.

Development and Testing Methodologies

New Regco will use development and testing cycles that do not interfere with its operating systems. New Regco will regularly review and update its development and testing methodologies, either internally or through its service providers.

System Vulnerability

The level of exposure to threats and system vulnerability for New Regco will vary based on whether the system is critical or not. Sensitive regulatory data will be kept secure and confidential, within the organization and in relation to service providers. New Regco will ensure that all of its services providers will implement confidentiality and firewall provisions to ensure that service personnel involved do not have access to confidential or proprietary information relating to New Regco or marketplace activities.

Contingency Planning, Disaster Recovery & Business Continuity Plans

New Regco will have written contingency, business continuity and disaster recovery plans, which will include specific criteria for all critical system applications. All market surveillance systems will have full redundancy with two live sites running in parallel and personnel backup in other New Regco offices. The IDA is in the process of establishing a disaster recovery site in Vancouver managed by Quiettouch Inc., the IDA’s current datacentre and network services provider. It is expected that this site will be operational pre-merger.

RS had developed a comprehensive business continuity plan adapted for an influenza pandemic scenario. The IDA is currently working to develop a similar Influenza Pandemic Plan. This plan will be finalized before the end of this calendar year. New Regco will also adopt the format of the Pandemic Plan currently in use at RS, amalgamating the content from the IDA’s and RS’s plans, as appropriate.

Purpose of Rules

New Regco will, subject to the terms and conditions of the Recognition Order(s) and the jurisdiction and oversight of the relevant securities regulators, establish rules, regulations or policies: (i) to promote the protection of investors; (ii) to prevent fraudulent and manipulative acts and practices; (iii) to promote just and equitable principles of trade and the duty to act fairly, honestly and in good faith; (iv) to foster cooperation and coordination with persons or companies engaged in regulating, clearing, settling and processing information about, and facilitating transactions in, securities (v) to foster fair, equitable and ethical business practices; (vi) to ensure compliance with securities legislation and SRO rules; and (vii) to provide for appropriate discipline of those whose conduct it regulates.

New Regco’s rules will not unfairly discriminate among those subject to its regulation nor impose any unnecessary burden or constraint on competition or innovation.

Initially, it is the intention of New Regco to adopt and administer the regulatory requirements currently contained in the by-laws, rules, policies and regulations of the IDA and the Universal Market Integrity Rules (UMIR) (collectively, the "New Regco Rules"). Any proposal for amendment to the New Regco Rules would be submitted to the CSA for approval in accordance with the procedures established under a protocol between New Regco, as an SRO and RSP, and the applicable securities regulatory authorities.

Financial Statements

New Regco will provide to each jurisdiction recognizing it as an SRO audited annual financial statements within ninety days of its fiscal year end, as is the current practice of the IDA (and of the MFDA and CIPF). New Regco will also present to Members audited annual financial statements and the report of the auditors thereon.

Discipline Process

New Regco's rules for the discipline of persons or companies subject to its regulation are based on those of the IDA and RS. The process for disciplining Members and others will be fair, transparent and will provide for due process. Any reviewable decision by New Regco, including any disciplinary or enforcement decision, will be reviewable by the securities regulatory authority having appropriate jurisdiction.

Quebec Requirements

New Regco will comply fully with Section 69 of the act respecting the Autorité des marchés financiers.

There will be no change in the way New Regco conducts member regulation activity. New Regco will continue to conduct and supervise member compliance, analysis and enforcement activities by staff in Quebec. Initial IDA ComSet analysis will continue to be conducted in Toronto because one person has to assess all the submissions and decide where the matter should best be referred. All matters relating to individuals and firms in Quebec are and will continue to be referred to Montreal for case assessment.

RS Market Surveillance and Trade Review and Analysis are currently conducted by staff in Toronto. These activities should, for reasons of staff expertise, systems access and real-time response requirements, remain in Toronto. We would propose to establish a Market Surveillance team in Montreal if and when New Regco begins to regulate a market in Quebec. However, decisions relative to those activities that involve people or firms in Quebec will be taken by the Vice-President, Quebec.

Trade desk examinations will initially be carried on by bilingual staff in Toronto. There will be coordination and communications between Toronto and Montreal office staff in order to facilitate decisions concerning trade desk compliance reports being made by the Vice-President, Quebec. In addition, once the merger is completed, New Regco will begin to develop the trade desk examination expertise with the staff in Montreal.

Quebec focused market regulation enforcement files (investigations and prosecutions) will initially be carried on by staff in Toronto. All communication in the course of an investigation with individuals will be conducted in the language of their choice. There will be coordination and communication between Toronto and Montreal office staff in order to facilitate decisions concerning enforcement matters being made by the Vice-President, Quebec. All decisions concerning investigation and prosecution of market enforcement cases will be made by the Vice-President, Quebec and those cases will be presented by Quebec enforcement counsel (internal or external). In addition, once the merger is completed, New Regco will begin to develop market enforcement expertise with the staff in Montreal.

We plan to create a new position in the Montreal office following the merger so that there is an individual with market expertise located in the Quebec office to help coordinate and to manage the transfer of trade desk and market enforcement expertise and to help train Montreal staff.

The members of the hearing panels of New Regco in respect of matters involving Quebec residents will be from Quebec. Currently, RS already calls on hearing panel members who reside in Quebec, some of whom also work with the IDA.

Finally, in matters of registration, the delegation of authority to be sought from the AMF will confirm that section 69 of the Quebec securities legislation is being respected.

Information Sharing and Regulatory Cooperation

New Regco will provide all necessary notices and information to each jurisdiction recognizing New Regco as an SRO except as may be otherwise indicated in an applicable recognition order or directions provided by such jurisdictions.

SRO Notices and Disciplinary Proceedings

As specified in the draft Recognition Order(s), New Regco will be willing and able to cooperate, subject to applicable law, in sharing information with the relevant securities regulators and their staff and with other regulatory authorities and SROs responsible for the supervision or regulation of securities firms, markets and financial institutions.

Sincerely,

"Susan Wolburgh Jenah"

"Maureen Jensen"

Attachments:

Appendix A – Draft Recognition Order

BY-LAW NO. 1

being a General By-law of a new self-regulatory organization to be created as a result of the merger of the Investment Dealers Association of Canada and Market Regulation Services Inc. and provisionally referred to as New Regco

(hereinafter referred to as the “Corporation”)

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**ARTICLE 1
INTERPRETATION**

Section 1.1 Definitions

In this By-law, unless the context otherwise specifies or requires:

“**Act**” means the *Canada Corporations Act*, R.S.C. 1970, c. C-32 as from time to time amended and every statute that may be substituted therefor and, in the case of such substitution, any references in the By-laws to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes.

“**Associate**”, where used to indicate a relationship with any person, means:

- (a) any corporation of which such person beneficially owns, directly or indirectly, voting securities carrying more than ten percent (10%) of the voting rights attached to all voting securities of the corporation for the time being outstanding;
- (b) a partner of that person;
- (c) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity;
- (d) any relative of that person who resides in the same home as that person;
- (e) any person who resides in the same home as the person and to whom that person is married or with whom that person is living in a conjugal relationship outside of marriage; or
- (f) any relative of a person mentioned in clause (e) above, who has the same home as that person.

“**By-laws**” means this By-law and any other by-law of the Corporation from time to time in force and effect.

“**Board**” means the Board of Directors of the Corporation.

“**CDS**” means Canadian Depository for Securities Limited.

“**Chair**” means the Director elected by the Board to act as its chair.

“**CIPF**” means the Canadian Investor Protection Fund.

“**Corporation**” means New Regco.

“**Dealer Director**” means a Director, other than a Marketplace Director, who is a partner, director, officer, employee or a person acting in a similar capacity of:

- (a) a Dealer Member;
- (b) an Associate of a Dealer Member; or
- (c) an affiliated entity of a Dealer Member.

“**Dealer Member**” means a Member that is an investment dealer in accordance with securities legislation.

“**Director**” means a member of the Board.

“**District**” means a geographic area in Canada designated as a district of the Corporation by the Board, from time to time.

“**District Council**” means each of those Councils created in accordance with Article 10.

“**Indemnified Party**” means each Protected Party and any other person who has undertaken or is about to undertake any liability on behalf of the Corporation, or any entity controlled by it, which the Corporation determines to indemnify in respect of such liability and their respective heirs, executors, administrators, and estates and effects, respectively.

“Independent Director” means a Director who is not:

- (a) an officer (other than the Chair or any Vice-Chair) or an employee of the Corporation;
- (b) a person who qualifies as a Dealer Director or a Marketplace Director; or
- (c) an Associate of a partner, director, officer, employee or person acting in a similar capacity of a Dealer Member or Marketplace Member.

“Industry Agreement” means the agreement dated December 14, 2001 made between the Corporation and the CIPF, as the same may be amended or replaced from time to time.

“Letters Patent” means the letters patent of the Corporation and includes any supplementary letters patent.

“Marketplace” means a recognized exchange, a recognized quotation and trade reporting system or an alternative trading system, as each is defined in National Instrument 21-101.

“Marketplace Director” means a Director, other than a Dealer Director, who is a partner, director, officer, employee or person acting in a similar capacity of:

- (a) a Marketplace Member;
- (b) an Associate of a Marketplace Member; or
- (c) an affiliated entity of a Marketplace Member.

“Marketplace Member” means a Member that is a Marketplace.

“Market Share” means the proportion of trading activity of any particular Marketplace of the trading activity of all Marketplaces with respect to exchange-traded securities and foreign exchange-traded securities other than derivatives calculated as to one-third by trading value, one-third by trading volume and one-third by number of trades, all in the immediately preceding calendar year calculated in accordance with guidelines approved by the Board. In the event of a dispute as to the calculation, and following consideration by management and the Board of New Regco, the matter will be reported to the relevant members of the Canadian Securities Administrators (or any successor thereof).

“Member” means a person admitted to membership in the Corporation and who has not ceased, resigned or terminated membership in the Corporation in accordance with the provisions of Article 3.

“Non-Independent Director” means a Director who is neither the President nor an Independent Director.

“President” means the president and chief executive officer of the Corporation appointed in accordance with Section 8.3.

“Protected Party” means every current and former Director, officer, employee, committee member (whether a committee of the Board or other committee of the Corporation), and his or her heirs, executors, administrators, estate and effects or any other person acting on behalf of the Corporation.

“Regulated Persons” means persons who are or were formerly (i) Dealer Members, (ii) members, users or subscribers of or to Marketplaces for which the Corporation is the regulation services provider, (iii) the respective representatives as designated in the Rules of any of the foregoing, and (iv) other persons subject to the jurisdiction of the Corporation.

“Regulations” means the regulations made under the Act as from time to time amended and every regulation that may be substituted therefor and, in the case of such substitution, any references in the By-laws to provisions of the regulations shall be read as references to the substituted provisions therefor in the new regulations.

“Restricted Fund” means fine and settlement monies received by the Corporation.

“Rules” means the Rules made pursuant to Section 13.1.

“TSX” means TSX Inc. and any continuing or successor corporation.

“Vice-Chair” means a Director elected by the Board to act as its vice-chair.

Section 1.2 Interpretation

- (1) Unless otherwise defined or interpreted in this By-law or the Rules, every term used in this By-law or the Rules that is:
- (a) defined in subsection 1.1(3) of National Instrument 14-101 – Definitions has the meaning ascribed to it in that subsection; and
 - (b) defined or interpreted in National Instrument 21-101 – Marketplace Operation has the meaning ascribed to it in that National Instrument.
- (2) The provisions of this By-law and the Rules are subject to applicable laws. Subject to the By-laws and the Rules, any reference in this By-law or the Rules to a statute or a National Instrument refers to such statute or National Instrument and all rules and regulations made under it, as it may have been or may from time to time be amended or re-enacted.
- (3) In this By-law and the Rules and in all other By-laws hereafter passed and the Rules from time to time, unless the context otherwise requires, words importing the singular number or the masculine gender shall include the plural number or the feminine gender, as the case may be, and vice versa, and references to persons shall include, individuals, corporations, limited partnerships, general partnerships, joint ventures, associations, companies, trusts, societies or other entities, organizations and syndicates whether incorporated or not, trustees, executors, or other legal personal representatives, and any government or agency thereof. In the event of any dispute as to the meaning of the Letters Patent, By-laws or Rules, the interpretation of the Board shall be final and conclusive.

**ARTICLE 2
AFFAIRS OF THE CORPORATION**

Section 2.1 Seal

The seal, an impression of which is stamped in the margin hereof, shall be the seal of the Corporation.

Section 2.2 Head Office

Until changed in accordance with the Act, the head office of the Corporation shall be in the Municipality of Toronto, in the Province of Ontario.

Section 2.3 Financial Year

Until changed by the Board, the financial year of the Corporation shall end on the last day of March in each year.

Section 2.4 Execution of Instruments

Transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any two officers of the Corporation appointed in accordance with Article 8 of this By-law. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same, but it is not necessary to bind the Corporation.

Section 2.5 Banking Arrangements

The banking arrangements of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe or authorize.

Section 2.6 Voting Rights In Other Bodies Corporate

Any two officers of the Corporation appointed in accordance with Article 8 of this By-law may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

Section 2.7 Divisions

In addition to any other powers of the Board, the Board may, without further approval, cause the operations of the Corporation or any part thereof to be divided or segregated into one or more divisions upon such basis, including without limitation, character or type of operations, geographical territories as the Board may consider appropriate in each case. From time to time the Board, or if authorized by the Board, the President, may authorize, upon such basis as may be considered appropriate in each case:

- (a) *Sub-Division and Consolidation*: The further division of the operations of any such division into sub-units and the consolidation of the operations of any such divisions and sub-units;
- (b) *Name*: The designation of any such division or sub-unit by, and the carrying on of the operations of any such division or sub-unit, under a name other than the name of the Corporation; provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and
- (c) *Officers*: The appointment of officers for any such division or sub-unit, the determination of their powers and duties, and the removal of any such officer so appointed without prejudice to such officer's rights under any employment contract or in law, provided that any such officers shall not, as such, be officers of the Corporation, unless expressly designated as such in accordance with Article 8 of this By-law.

ARTICLE 3 CONDITIONS OF MEMBERSHIP

Section 3.1 Entitlement

The Board shall, in its discretion, decide (and may delegate to a committee of the Board or an officer of the Corporation the authority to so decide) upon all issues pertaining to eligibility for membership in accordance with the By-laws and Rules of the Corporation. The Board may, by the affirmative vote of a majority of the Directors at a meeting of the Board and sanctioned by the Members in accordance with Article 17, amend the By-law to add additional classes of Members and determine the rights and obligations pertaining to any added class. The first Members shall be the first three Directors of the Corporation until such Members elect the Board pursuant to Section 5.2. Thereafter, there shall be two classes of Members, being Marketplace Members and Dealer Members.

Section 3.2 Dealer Members

Subject to the By-laws and the Act, Dealer Members shall be entitled to the rights and entitlements attaching to all Members.

Section 3.3 Marketplace Members

Subject to the By-laws and the Act, Marketplace Members shall be entitled to the rights and entitlements attaching to all Members.

Section 3.4 Fees

Membership and other fees and assessments may be established by the Board in the amounts and in accordance with the terms and conditions established by or under the authority of the Board. Fees shall be imposed on an equitable basis and, as a matter of best efforts, on a cost recovery basis to the extent practicable.

Section 3.5 Process for Approval for Membership of Dealer Members

- (1) In the case of Dealer Members, an application for membership must be submitted to the Corporation in the form and executed in the manner prescribed by or under the authority of the Board, and shall be accompanied by such fees, information and documents as the Corporation and the applicable District Council may require.
- (2) Any firm shall be eligible to apply for membership if:
 - (a) It is formed under the laws of one of the provinces or territories of Canada and, where the firm is a corporation, it is incorporated under the laws of Canada or one of its provinces or territories;
 - (b) It carries on, or proposes to carry on, business in Canada as an investment dealer and is registered or licensed in each jurisdiction in Canada where the nature of its business requires such registration or licensing, and is in compliance with such legislation and the requirements of any securities commission having jurisdiction over the applicant; and

- (c) Its directors, officers, partners, investors and employees, and its holding companies, affiliated entities and related companies (if any), would comply with the By-laws and Rules of the Corporation that would apply to them if the applicant were a Dealer Member.
- (3) An application for membership shall be accompanied by a non-refundable application review deposit in an amount to be determined by the Board, to be credited towards the annual fee paid by the Member in the event that the application is approved by the Board. Where, for any reason that cannot reasonably be attributed to the Corporation or its staff, the application process (other than an application of an alternative trading system) has not been completed within six months from the date the application was accepted for review by the Corporation, the deposit shall be forfeited to the Corporation and the application shall be required to be resubmitted with a new non-refundable application review deposit. For purposes of this Section, the application process shall be considered to be completed when Corporation staff recommends to the applicable District Council the approval or rejection thereof.
- (4) If in connection with the review or consideration of any application for membership, the applicable District Council or the Board is of the opinion that the nature of the applicant's business, its financial condition, the conduct of its business, the completeness of the application, the basis on which the application was made or any Corporation review in respect of the application in accordance with the By-laws and Rules of the Corporation has required, or can reasonably be expected to require, excessive attention, time and resources of the Corporation, such District Council or the Board may require the applicant to reimburse the Corporation for some or all of its costs and expenses which are reasonably attributable to such excessive attention, time and resources or provide an undertaking or security in respect of such reimbursement. If an applicant is to be required to make such reimbursement of costs and expenses, the Corporation shall provide to the applicant a breakdown and explanation of such costs and expenses in sufficient detail to permit the applicant to understand the basis on which the costs and expenses were or are to be calculated.
- (5) The process for review and approval of the application for membership shall be determined by or under the authority of the Board, and the Corporation shall make a preliminary review of the same and either:
 - (a) Where the application is incomplete, provide the applicant with a deficiency letter listing the items missing from or incomplete in the application, and, once Corporation staff have determined that the deficiencies have been addressed, perform a compliance review as referred to in Sectopm 3.5(5)(b); or
 - (b) Where the application is complete, perform a compliance review and either:
 - (i) If such review discloses substantial compliance and willingness to comply with the requirements of the By-laws and Rules of the Corporation and approval of the application is considered to be in the public interest, forward a Corporation staff recommendation to approve the application to the applicable District Council for consideration along with the membership application; or
 - (ii) If such review discloses any substantial non-compliance or unwillingness to comply with the requirements of the By-laws and Rules of the Corporation, notify the applicant as to the nature of such non-compliance or unwillingness to comply and request that the application for membership be amended in accordance with the notification of the Corporation and refiled or be withdrawn. Once Corporation staff have determined that the necessary amendments have been made to the refiled application for membership, forward a Corporation staff recommendation to approve the application to the applicable District Council for consideration along with the membership application. If the applicant declines to amend or withdraw the application for membership, forward a Corporation staff recommendation to refuse the application to the applicable District Council for consideration along with the membership application and provide a copy of the recommendation to the applicant; or
 - (iii) If such review indicates that approval of the application is not in the public interest, notify the applicant as to the nature of the public interest concerns and request that the application for membership be withdrawn. If the applicant declines to withdraw the application for membership, forward a Corporation staff recommendation to refuse the application to the applicable District Council for consideration along with the membership application and provide a copy of the recommendation to the applicant.
- (6) Once the application for membership has been determined to be complete pursuant to Section 3.5(5), the Corporation shall notify all Dealer Members of the receipt of the application for membership. Any Dealer Member may, within fifteen days from the date of the mailing of such notification, lodge with the Corporation a written objection to the admission of the applicant. Any objections shall be forwarded to the applicable District Council for consideration along with the membership application.

- (7) The membership application approval process, as set out in the Corporation's By-laws and Rules established from time to time, shall commence once the applicable District Council receives:
- (a) The membership application from Corporation staff;
 - (b) Notification from Corporation staff that the fifteen day period referred to in Section 3.5(6) has expired;
 - (c) Copies of any objection letters referred to in Section 3.5(6) that have been submitted relating to the application; and
 - (d) The Corporation staff recommendation to either approve or refuse the application pursuant to Section 3.5(5).
- (8) The Board shall, in its discretion and pursuant to the membership application approval process, as set out in the Corporation's By-laws and Rules established from time to time, decide (and may delegate to a committee of the Board or an officer of the Corporation the authority to so decide) upon all applications for membership but shall not consider or approve any application unless and until it has been considered by the applicable District Council and a recommendation has been received from such applicable District Council as to the approval (with or without terms and conditions) or refusal of the application.
- (9) If the Board approves an application subject to terms and conditions as determined by or under the authority of the Board or refuses an application, the applicant shall be provided with a statement of the grounds upon which the Board has approved the application subject to terms and conditions or refused the application, and the particulars of those grounds.
- (10) The Board may as it considers appropriate vary or remove any such terms and conditions as may have been imposed on an applicant, if such terms and conditions are or are no longer, as the case may be, necessary to ensure that the By-laws and Rules will be complied with by the applicant. In the event that the Board proposes to vary terms and conditions in a manner which would be more burdensome to the applicant, the provisions of Section 3.5(9) shall apply in the same manner as if the Board was exercising its powers thereunder in regard to the applicant.
- (11) If, pursuant to the provisions of Section 3.5(9), the Board approves an application subject to terms and conditions or refuses an application, the Board may order that the applicant may not apply for removal or variation of terms and conditions or reapply for approval, for such period as the Board provides.
- (12) Actions upon Approval of Application:
- (a) If and when the application is approved by the Board, the Corporation shall compute the amount of the annual fee to be paid by the applicant.
 - (b) If and when the application has been approved by the Board, and the applicant has, if required to do so, been duly licensed or registered under applicable law of the province or provinces or territories in Canada in which the applicant carries on or proposes to carry on business, and upon payment of the balance of the entrance and annual fees, the applicant shall become and be a Dealer Member; and
 - (c) The Corporation shall keep a register of the names and business addresses of all Dealer Members and of their respective annual fees. The annual fees of Dealer Members shall not be made public by the Corporation.
- (13) A decision by the Board (or a committee or other authorized delegate) with respect to a membership application shall, at the request of the applicant or Corporation staff, be subject to review in accordance with the membership application process as set out in the Corporation's By-laws and Rules established from time to time.

Section 3.6 Acceptance of Membership for Marketplace Members

If a Marketplace has requested that the Corporation act as the regulation services provider for that Marketplace, the Marketplace shall be accepted as a Marketplace Member effective upon the execution of an agreement with the Marketplace that has been authorized by the Board, for the Corporation to be the regulation services provider to that Marketplace. A Marketplace shall cease to be a Marketplace Member upon the termination of the agreement for the Corporation to be the regulation services provider to the Marketplace.

Section 3.7 Amalgamation of Members

If two or more Members propose to amalgamate and continue as one Member, the continuing Member shall not be considered to be a new Member or be required to re-apply for membership, except as otherwise determined by the Board and provided that the continuing Member otherwise complies with the By-laws and Rules including the payment of Member fees, if applicable.

Section 3.8 Dealer Member Resignation

Subject to Section 13.5, a Dealer Member wishing to resign shall address a letter of resignation to the Board in the form and containing such information prescribed by the Board which resignation shall become effective when approved by the Board, in accordance with the Rules. A Dealer Member resigning from the Corporation shall make full payment of its annual fee, if applicable, for the financial year in which its resignation becomes effective.

Section 3.9 Dealer Member Removal

Unless a Dealer Member has voluntarily resigned, the Board may terminate the membership of any Dealer Member in accordance with the By-laws and Rules.

Section 3.10 Transferability

Membership is not transferable, unless approved by the Board.

**ARTICLE 4
MEMBERS' MEETINGS**

Section 4.1 Annual Meeting

The annual meeting of the Members shall be held on a date to be determined by the Board, but in any case shall be held within six months after the end of the Corporation's fiscal year. Each annual meeting shall be held at the head office of the Corporation or at any other place in Canada as the Board may determine. The Members may resolve that a particular meeting of Members may be held outside of Canada. At every annual meeting, in addition to any other business that may be transacted, the report of the Directors, the financial statements and the report of the auditors shall be presented and auditors shall be appointed for the ensuing year.

Section 4.2 Special or General Meetings

Members may consider and transact any business either special or general at any meeting of the Members. The Board, the Chair, Vice-Chair, the President, or a designated vice-president shall have power to call, at any time, a general meeting of the Members. The Board shall call a special general meeting of Members on written requisition of Members representing not less than twenty percent of the number of Members.

Section 4.3 Quorum

Unless otherwise provided by the Act, the Letters Patent or any other By-law, twenty percent of Members shall constitute a quorum at any meeting of the Members provided such Members are present in person or represented by a duly appointed proxyholder. If a quorum is present at the opening of any meeting of Members, the Members present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of Members, the Members present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.

Section 4.4 List of Members Entitled to Notice

For every meeting of Members, the Corporation shall prepare a list, in alphabetic order and arranged by class, of Members entitled to receive notice of and vote at the meeting. The Members listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given. The list shall be available for examination by any Member during usual business hours at the head office of the Corporation and at the meeting for which the list was prepared.

Section 4.5 Notice

Fourteen days notice shall be given to each Member of any annual or special general meeting of Members in the manner prescribed by the Rules and Policies. Notice of any meeting where special business will be transacted shall contain sufficient information to permit the Member to form a reasoned judgement on the decision to be taken upon which the Member is entitled

to vote. Notice of each meeting of Members must remind the Member entitled to vote that the Member has the right to vote by proxy, and must attach a form of proxy.

Section 4.6 Proxies

- (1) Votes at meetings of the Members may be given either personally or by proxy or, in the case of a Member who is a body corporate or association, by an individual authorized by a resolution of the Board or governing body of the body corporate or association to represent it at meetings of the Members of the Corporation. At every meeting at which a Member is entitled to vote, every Member and/or person appointed by proxy to represent one or more Members and/or individuals so authorized to represent a Member who is present in person shall have one vote on a show of hands. Upon a poll and subject to the By-laws, every Member who is entitled to vote at the meeting and who is present in person or represented by an individual so authorized shall have one vote and every person appointed by proxy shall have one vote for each Member who is entitled to vote at the meeting and who is represented by such proxyholder.
- (2) A proxy shall be executed by the Member or the Member's attorney authorized in writing or, if the Member is a body corporate or association, by an officer or employee of a Member or of an affiliated entity of a Member.
- (3) A person appointed by proxy must be a director, officer or employee of a Member or of an affiliated entity of a Member.
- (4) The Board may from time to time establish requirements regarding the lodging of proxies at some place or places other than the place at which a meeting or adjourned meeting of Members is to be held and for particulars of such proxies to be sent by facsimile or in writing before the meeting or adjourned meeting to the Corporation or any agent of the Corporation for the purpose of receiving such particulars and providing that proxies so lodged may be voted upon as though the proxies themselves were produced at the meeting or adjourned meeting and votes given in accordance with such requirements shall be valid and shall be counted. The chair of any meeting of Members may, subject to any requirements established as aforesaid, in the chair's discretion accept facsimile or written communication as to the authority of any person claiming to vote on behalf of and to represent a Member notwithstanding that no proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with such facsimile or written communication accepted by the chair of the meeting shall be valid and shall be counted.

Section 4.7 Votes

The voting rights of the Members at any meeting of Members shall be as follows:

- (a) In the case of a vote for the election of Directors, each Member present at a meeting to elect such Directors shall have the right to exercise one vote. A majority of votes cast by the Members, voting together, present and carrying voting rights shall elect a nominee;
- (b) In the case of a vote for the removal of a Director, each Member present at a meeting to consider the removal of the Director shall have the right to exercise one vote. Two-thirds of the votes cast by the Members, voting together, present and carrying voting rights to remove a Director shall remove such Director from office;
- (c) In the case of a vote for the repeal, amendment or enactment of a By-law or to authorize an application for supplementary Letters Patent (including increasing the size of the Board or adding new classes of members) or to approve the sale or transfer of all or substantially all the Corporation's assets, or an amalgamation or plan of arrangement, each Member shall have the right to exercise one vote at a meeting at which such approval is required, and except as required by the Letters Patent or the Act, every such question shall be decided by at least two-thirds of the votes cast on the question by the Members, voting together, present and carrying voting rights;
- (d) On all other questions or matters to be decided at a meeting, each Member present at a meeting shall have the right to exercise one vote. A majority of votes cast by all Members, voting together, present and carrying voting rights shall decide the question or matter.

Section 4.8 Meetings by Conference Telephone

- (1) A Member may participate in a meeting of the Members by means of teleconference or by other electronic means that permit all persons participating in the meeting to communicate adequately with each other, and a Member participating in such a meeting by such means is deemed to be present at the meeting.
- (2) At the outset of each meeting referred to in subsection (1) and whenever votes are required, the chair of the meeting shall establish the existence of a quorum and unless a majority of the Members present at such meeting otherwise

require, adjourn the meeting to a predetermined date, time and place whenever not satisfied that the proceedings of the meeting may proceed with adequate security and confidentiality.

Section 4.9 Chair, Secretary and Scrutineers

The chair of any meeting of Members shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chair, Vice-Chair, or the President. If no such officer is present within fifteen minutes from the time fixed for holding the meeting, the persons present and entitled to vote on behalf of Members shall choose one of their number to be chair. If the secretary of the Corporation is absent, the chair shall appoint an individual who is authorized to vote on behalf of a Member to act as secretary of the meeting. If desired, one or more scrutineers, who need not be Members, may be appointed by a resolution or by the chair with the consent of the meeting.

Section 4.10 Persons Entitled to be Present

The only persons entitled to be present at a meeting of Members shall be those entitled to vote thereat, the Directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act, the Letters Patent or By-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chair of the meeting or with the consent of the meeting.

Section 4.11 Show of Hands

Subject to the provisions of the Act, any question at a meeting of Members shall be decided by a show of hands, unless a ballot thereon is required or demanded in accordance with Section 4.12. Subject to the By-laws, upon a show of hands, every person who is present and entitled to vote on behalf of a Member shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the Members upon the said question.

Section 4.12 Ballots

On any question proposed for consideration at a meeting of Members, and whether or not a show of hands has been taken thereon, the chair or any person who is present and entitled to vote, whether as proxyholder or representative, on such questions at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chair shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled to that number of votes provided by the By-laws and the result of the ballot so taken shall be the decision of the Members upon the said question.

Section 4.13 Adjournment

The chair at a meeting of Members may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and place to place. If a meeting of Members is adjourned for less than thirty days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned.

**ARTICLE 5
BOARD OF DIRECTORS**

Section 5.1 Number and Qualifications

Subject to the Letters Patent, the Board shall be comprised of fifteen Directors. Directors must be individuals, 18 years of age, with power under law to contract. A majority of the Directors shall be resident Canadians. Directors need not be Members.

Section 5.2 First Directors

The applicants for incorporation shall become the first three Directors of the Corporation whose term of office on the Board shall continue until their successors are elected. At the first meeting of Members, the Board then elected may replace the Directors named in the Letters Patent.

Section 5.3 Director Representation

- (1) At all times, the Board shall consist of an uneven number of Directors, which shall include the President and an equal number of Independent Directors and Non-Independent Directors; and
- (2) Subject to Section 5.2, the Board shall be comprised of fifteen Directors as follows:
 - (i) Two Marketplace Directors,
 - (ii) Five Dealer Directors,
 - (iii) Seven Independent Directors, and
 - (iv) The President who shall be appointed to the Board.

Section 5.4 Election and Term

- (1) With the exception of the Directors elected at the first annual meeting of Members, the term of each Dealer Director, Independent Director and Marketplace Director elected at a meeting of Members shall expire at the dissolution or adjournment of the second annual meeting of Members following the annual meeting of Members at which the Director was elected.
- (2) At the first annual meeting of Members, fourteen Directors shall be elected and the Board shall designate:
 - (a) Three of the positions of Independent Director, two of the positions of Dealer Director and one of the positions of Marketplace Director to be for a term that shall expire at the second annual meeting of Members; and
 - (b) Four of the positions of Independent Director, three of the positions of Dealer Director and one of the positions of Marketplace Director to be for a term that shall expire at the third annual meeting of Members.
- (3) With the exception of the President, a Director may be elected to serve four consecutive terms in office but shall not be eligible to be elected to serve a fifth consecutive term. Those Directors elected at the first annual meeting of Members to serve for an initial one year term shall be limited to three additional consecutive terms in office.

Section 5.5 Recommendation of Director Nominees for Election

- (1) Prior to each annual meeting of Members at which Directors are to be elected:
 - (a) The Corporate Governance Committee shall review and select for recommendation to the Board as nominees such number of qualified candidates for election as Dealer Directors, Marketplace Directors and Independent Directors as are to be elected at the annual meeting. The Corporate Governance Committee will evaluate individual candidates based on their ability to contribute a range of knowledge, skills and experience and having regard for the required composition of the Board and the fact that the Board, as a whole, should be representative of the Corporation's various stakeholders;
 - (b) In selecting nominees for election at a particular annual meeting the Corporate Governance Committee shall ensure that, if each of the nominees is elected, the Board would have:
 - (i) at least one Director, who need not be a Marketplace Director, with experience and expertise in respect of public venture equity markets,
 - (ii) a Marketplace Director recommended by TSX for nomination by the Corporate Governance Committee if, at the date of the selection of nominees:
 - (A) TSX is a Member, and
 - (B) the aggregate of the Market Share of TSX and each Marketplace that is an associate or an affiliated entity of TSX is not less than forty percent, and
 - (iii) at least one Director, who need not be a Marketplace Director, who is a partner, director, officer or employee of:
 - (A) a Marketplace,

- (B) an associate of a Marketplace, or
 - (C) an affiliated entity of a Marketplace,
other than TSX or a Marketplace that is an associate or an affiliated entity of TSX; and
- (c) If a Marketplace Director recommended for nomination by TSX is to be elected at the annual meeting, TSX shall notify the secretary of the Corporation in writing of the recommendation of a qualified candidate for nomination and election as one of the Marketplace Directors.
- (2) The Board shall nominate for election to the Board at the annual meeting the persons as determined in accordance with this Section 5.5.
- (3) The Members shall not elect to the Board at any annual meeting any person who has not been nominated by the Board in accordance with this Section 5.5.

Section 5.6 Vacancies

The office of Director shall be automatically vacated:

- (a) If a resolution to remove the Director has been approved by the Members in accordance with Section 4.7(b);
- (b) In the case of a Director appointed to the Board by reason of holding the office of President, if the Director ceases to be President;
- (c) In the case of an Independent Director, if the Director ceases to be qualified as an Independent Director;
- (d) If a Director shall have resigned the office by delivering a written resignation to the secretary of the Corporation;
- (e) If the Director is found by a court to be of unsound mind;
- (f) If the Director becomes bankrupt; or
- (g) If the Director dies.

Section 5.7 Filling Vacancies

If a vacancy in the Board shall occur for any reason, the vacancy shall be filled (allowing a reasonable period of time for doing so) for the balance of the term of the Director that vacated the office by a resolution passed by the Board appointing a Director, provided that:

- (a) If the vacancy is caused by the departure of the President, the person to be appointed to the office of the President has been appointed by the Board;
- (b) If the vacancy is caused by the departure of an Independent Director, Dealer Director or Marketplace Director, the person to be appointed has been identified and recommended by the Corporate Governance Committee and in the case of a vacancy of:
 - (i) an Independent Director, the person recommended is qualified as an Independent Director,
 - (ii) a Dealer Director, the person recommended is qualified as a Dealer Director, and
 - (iii) a Marketplace Director, the person recommended is qualified as a Marketplace Director;
- (c) In recommending a person for appointment to fill a vacancy the Corporate Governance Committee shall ensure that, if the person recommended is appointed, the Board would have:
 - (i) at least one Director, who need not be a Marketplace Director, with particular experience and expertise in respect of public venture equity markets,
 - (ii) a Marketplace Director recommended for appointment by TSX if, at the date of the recommendation:

- (A) TSX is a Member, and
 - (B) the aggregate of the Market Share of TSX and each Marketplace that is an associate or an affiliated entity of TSX is not less than forty percent, and
- (iii) at least one Director, who need not be a Marketplace Director, who is a partner, director, officer or employee of:
- (A) a Marketplace,
 - (B) an associate of a Marketplace, or
 - (C) an affiliated entity of a Marketplace,
- other than TSX or a Marketplace that is an associate or an affiliated entity of TSX;
- (d) If a Marketplace Director recommended for appointment by TSX is to be appointed, TSX shall notify the secretary of the Corporation in writing of the recommendation of a qualified candidate for appointment; and
- (e) If the vacancy is caused by the failure to elect the required number of Directors, the Board may appoint a Director to fill the vacancy on the basis that the vacancy arose by reason of the departure of an Independent Director, Dealer Director or Marketplace Director (including a Marketplace Director to be recommended by TSX) and the provisions of subsections 5.7(b), (c) and (d) shall apply according to whether the vacancy relates to an Independent Director, Member Director or Marketplace Director, as the case may be.

Section 5.8 Remuneration of Directors

The Board may determine from time to time such reasonable remuneration, if any, to be paid to the Independent Directors for serving as such and the Board may determine that such remuneration need not be the same for all Directors. Non-Independent Directors shall not receive remuneration for serving as such. Directors may be reimbursed for reasonable expenses incurred by a Director in the performance of the Director's duties.

Section 5.9 Release of Claims

When a Director ceases to hold office, the Corporation shall release a resigning or departing Director of all claims with respect to any matter or thing up to and including the resignation or departure in the capacity as a Director, except for any claims (other than to the extent the Director is indemnified by the Corporation pursuant to Section 9.2) which might arise out of the gross negligence or fraud of the resigning or departing Director.

**ARTICLE 6
POWERS OF DIRECTORS**

Section 6.1 Administer Affairs

The Board shall supervise the management of the affairs of the Corporation. Subject to the By-laws and the Act, the powers of the Board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all the Directors entitled to vote on that resolution at a meeting of the Board. If there is a vacancy on the Board, the remaining Directors may exercise all the powers of the Board so long as a quorum remains in office.

Section 6.2 Expenditures

The Board shall have power to authorize expenditures on behalf of the Corporation from time to time and may delegate by resolution to an officer or officers of the Corporation the right to employ and pay salaries to employees.

Section 6.3 Borrowing Power

- (1) The Board is hereby authorized, from time to time, without the authorization of the Members:
- (a) To borrow money upon the credit of the Corporation;
 - (b) To limit or increase the amount to be borrowed;

- (c) To issue or cause to be issued, bonds, debentures or other securities of the Corporation and to pledge or sell the same for such sums, upon such terms, covenants and conditions and at such prices as may be deemed expedient by the Board;
 - (d) To secure any such bond, debentures or other securities, or any other present or future borrowing or liability of the Corporation, by mortgage, hypothec, charge or pledge of all or any currently owned or subsequently acquired real and personal, movable and immovable, property of the Corporation, and the undertaking and rights of the Corporation; and
 - (e) Delegate to a committee of the Board, a Director or an officer or officers of the Corporation all or any of the powers conferred on the Board under this subsection to such extent and in such manner as the Board may determine at the time of such delegation.
- (2) The powers hereby conferred shall be deemed to be in supplement of and not in substitution for any powers to borrow money for the purposes of the Corporation possessed by its Directors or officers independently of this By-law.

Section 6.4 Conflict of Interest

- (1) A Director who is in any way directly or indirectly interested in a contract or proposed contract with the Corporation shall make the disclosure required by the Act and except as provided by the Act, no such Director shall vote on any resolution to approve any such contract. In supplement of and not by way of limitation upon any rights conferred upon Directors by Section 98 of the Act and specifically subject to the provisions contained in that Section, it is declared that no Director shall be disqualified from any such office by, or vacate any such office by reason of, holding any office with the Corporation or with any corporation in which the Corporation shall be a shareholder or by reason of being otherwise in any way directly or indirectly interested or contracting with the Corporation as vendor, purchaser or otherwise or being concerned in any contract or arrangement made or proposed to be entered into with the Corporation in which the Director is in any way directly or indirectly interested as vendor, purchaser or otherwise. Subject to compliance with the Act, no contract or arrangement entered into by or on behalf of the Corporation in which any Director shall be in any way directly or indirectly interested shall be void or voidable and no Director shall be liable to account to the Corporation or any of its Members or creditors for any profit realized by or from any such contract or arrangement by reason of any fiduciary relationship. Notwithstanding the foregoing prohibitions on voting by a Director, such Director may be present at and counted to determine the presence of a quorum at the relevant meeting of Directors.
- (2) A Director who is a party to, or who is a director, officer or employee of or has a material interest in any person who is a party to, a regulatory matter or regulatory investigation in which the Corporation is involved shall disclose the nature and extent of his or her interest at the time and in the manner required by subsection 6.4(1) for an interest in a contract or transaction. Such Director shall not vote on any such matter or investigation, and shall withdraw from the part of any meeting of the Board at which the matter or investigation is discussed or considered, if such matter or investigation is directed specifically at or otherwise directly relates to the Director or a person of which he or she is an employee, officer or director or in which he or she has a material interest.

**ARTICLE 7
DIRECTORS' MEETINGS**

Section 7.1 Place of Meeting

Meetings of the Board may be held at any place to be determined by the Board, inside or outside of Canada.

Section 7.2 Calling of Meetings

Meetings of the Board shall be held from time to time at such time as the Board, the Chair, the President, or any two Directors may determine.

Section 7.3 Notice of Meetings

Forty-eight hours written notice of any meeting of the Board shall be given, other than by mail, to each Director. Notice by mail shall be sent at least fourteen days prior to the meeting. There shall be at least one meeting per calendar quarter of the Board. Any notice shall describe the matters to be addressed at the meeting. A meeting of the Board shall be held immediately following an annual meeting without notice, provided a quorum is present.

Section 7.4 Adjourned Meeting

Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

Section 7.5 Regular Meetings

The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each Director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified and except where non-routine business is to be discussed.

Section 7.6 Chair of Meetings of the Board

The chair of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a Director and is present at the meeting: Chair, Vice-Chair or the President. If no such officer is present, the Directors present shall choose one of their number to be chair.

Section 7.7 Voting Rights

Each Director is authorized to exercise one vote at all meetings of the Board, and except as required by the Letters Patent or the Act, every question shall be decided by a majority of the votes cast on the question and, in case of an equality of votes, the chair of the meeting shall not be entitled to a second or casting vote.

Section 7.8 Meetings by Conference Telephone

- (1) A Director may participate in a meeting of the Board or of a committee of the Board by means of teleconference or by other electronic means that permit all persons participating in the meeting to communicate adequately with each other, and a Director participating in such a meeting by such means is deemed to be present at the meeting.
- (2) The outset of each meeting referred to in the foregoing subsection and whenever votes are required, the chair of the meeting shall establish the existence of a quorum and, unless a majority of the Directors present at such meeting otherwise require, adjourn the meeting to a predetermined date, time and place whenever not satisfied that the proceedings of the meeting may proceed with adequate security and confidentiality.

Section 7.9 Quorum

A majority of the Directors in office including at least fifty percent of the Independent Directors in office from time to time shall constitute a quorum for meetings of the Board. Any meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the By-laws.

Section 7.10 Minutes of Meetings

The minutes of the Board shall not be available to the Members but shall be available to the Directors, each of whom shall receive a copy of such minutes.

Section 7.11 Resolution in Lieu of Meeting

If permitted by law, a resolution in writing, signed by all the Directors entitled to vote on that resolution at a meeting of the Board or committee thereof, is as valid as if it had been passed at a meeting of the Board or a committee thereof.

**ARTICLE 8
OFFICERS**

Section 8.1 Appointment

The Board may annually or more often as may be required, appoint a Chair, a Vice-Chair, a President, one or more vice-presidents, a secretary and any such other officers as the Board may determine, including one or more assistants to any of the officers so appointed. The Board may specify the duties of and, in accordance with this By-law and subject to the provisions of the Act, delegate to such officers powers to manage the affairs of the Corporation. Except as otherwise provided in this By-law, officers need not be Directors, nor Members.

Section 8.2 Chair and Vice-Chair of the Board

The Board shall from time to time appoint a Chair of the Board and may appoint one or more Vice-Chairs of the Board who shall be Directors and may not be President. If appointed, the Board may assign to them any of the powers and duties that are by any provisions of a By-law assigned to the President, and they shall, subject to the provisions of the Act, have such other powers and duties as the Board may specify. During the absence or disability of the Chair, the Vice-Chair shall perform the duties and exercise the powers of Chair.

Section 8.3 President and Chief Executive Officer

The Board shall appoint a President, who shall also be appointed as the chief executive officer. The President shall have such powers and duties as the Board may specify.

Section 8.4 Vice-President

A vice-president shall have such powers and duties as the Board or the President may specify.

Section 8.5 Secretary

The secretary shall attend and be the secretary of all meetings of the Board (or arrange for another individual to so act), Members and committees of the Board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; the secretary shall give or cause to be given, as and when instructed, all notices to Members, Directors, officers, auditors and members of committees of the Board; the secretary shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents, and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and the secretary shall have such other powers and duties as the Board or the President may specify.

Section 8.6 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the Board or the President may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board or the President otherwise directs.

Section 8.7 Variation of Powers and Duties

The Board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

Section 8.8 Term of Office

The Board, in its discretion, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract. Otherwise, each officer appointed by the Board shall hold office until his or her successor is appointed, or until his or her earlier resignation.

Section 8.9 Terms of Employment and Remuneration

The terms of employment and the remuneration of an officer appointed by the Board shall be settled by the Board from time to time or by a committee of the Board appointed for that purpose.

Section 8.10 Conflict of Interest

An officer shall disclose any interest in any material contract or proposed material contract with the Corporation.

Section 8.11 Agents and Attorneys

The Corporation, by or under the authority of the Board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management, administration or otherwise (including the power to sub-delegate) as may be thought fit, subject to the provisions of the Act.

**ARTICLE 9
PROTECTION OF DIRECTORS AND OTHERS**

Section 9.1 Limitation of Liability

No Protected Party shall be liable for the acts, neglect or defaults of any other Protected Party, or for any other loss, damage or misfortune whatsoever which shall happen in the execution of the duties of his or her office or position or in relation thereto unless the same are occasioned by his or her own wilful neglect or default.

Section 9.2 Indemnities to Directors and Others

- (1) Each Indemnified Party shall, from time to time and at all times, be indemnified and saved harmless out of the funds of the Corporation, from and against:
- (a) all costs, charges, fines, damages and penalties and expenses whatsoever that such Indemnified Party sustains or incurs in or about or to settle any action, suit or proceeding which is threatened, brought, commenced or prosecuted against him or her, or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by him or her, in or about the execution of the duties of his or her office or position or in respect of any such liability including those duties executed, whether in an official capacity or not, for or on behalf of or in relation to any body corporate or entity which he or she serves or served at the request of or on behalf of the Corporation; and
 - (b) all other costs, charges and expenses which he or she sustains or incurs in or about or in relation to the affairs thereof, including an amount representing the value of time any such Indemnified Party spent in relation thereto and any income or other taxes or assessments incurred in respect of the indemnification provided for in this By-law,
- until it is conclusively determined that such Indemnified Party shall no longer be entitled to such indemnification, and except for such costs, charges, damages and expenses as are occasioned by his or her own wilful neglect or default.
- (2) The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing in this By-law shall limit the right of any person entitled to indemnity apart from the provisions of this By-law.

Section 9.3 Insurance

The Corporation may purchase and maintain insurance for the benefit of any Indemnified Party against such liabilities and in such amounts as the Board may from time to time determine and are permitted by the Act.

**ARTICLE 10
DISTRICT COUNCILS**

Section 10.1 Designation of District

The Board may from time to time designate any geographic area in Canada as a District of the Corporation, and may change or terminate any such designation at its discretion. The originating geographic areas of Canada have been designated as Districts of the Corporation as follows, until changed or terminated by the Board:

- (a) Newfoundland and Labrador District;
- (b) Prince Edward Island District;
- (c) Nova Scotia District;
- (d) New Brunswick District;
- (e) Québec District;
- (f) Ontario District;
- (g) Manitoba District, composed of the Province of Manitoba and the Territory of Nunavut;
- (h) Saskatchewan District;

- (i) Alberta District, composed of the Province of Alberta and the Northwest Territories; and
- (j) Pacific District, composed of the Province of British Columbia and the Yukon Territory.

Section 10.2 Composition of District Councils

- (1) There shall be a District Council in each District. Each District Council shall be composed of four to twenty members, as determined from time to time by the District Council, including a chair and vice-chair to be elected at the annual meeting of Dealer Members of the District.
- (2) In addition to the members of the District Council elected at the annual meeting of Dealer Members of the District, the Board may appoint one or more ex-officio members of a District Council.

Section 10.3 Duties and Powers

Each District Council shall have the duties and procedures and exercise the powers with respect to Dealer Members specified in this By-law and the Rules.

Section 10.4 Meetings of District Members

The Dealer Members of each District shall meet at least annually for the purpose of electing members of the District Council. A meeting of the Dealer Members of any District may be called by the District Council or by the Board and shall be held and conducted in accordance with the By-laws and Rules, and the procedures established by the Board from time to time. Notice of the time and place of any such meeting shall be given to the Dealer Members of the District. Two Members of the District entitled to vote, present personally or by a partner, director or officer shall be a quorum for any meeting of the Dealer Members of the District. Unless otherwise determined by the Board, voting at any meeting of the Dealer Members of a District may be carried out in the same manner as provided for voting at meetings of the Corporation. Instruments of proxy for such purpose shall be lodged with the Chair of the District Council not later than 10:00 a.m. of the day of the meeting or of any adjournment thereof.

Section 10.5 Initial District Councils

On a date determined by the Board, the initial District Council of each District shall be established and shall be comprised of the members of the District Council of such District for the Investment Dealers Association of Canada on the day immediately preceding the date determined by the Board and each member of the District Council shall hold office until the first annual meeting of the Dealer Members of the District, held in accordance with Section 10.4.

**ARTICLE 11
COMMITTEES AND ADVISORY BODIES**

Section 11.1 Committees of the Board

The Board may from time to time in its discretion appoint from their number one or more committees of the Board with such powers as the Board may determine including, without limitation, the authority to exercise any of the powers of the Board and to act in all matters for and in the name of the Board under the By-laws and Rules, except in each case where By-laws or Rules specifically require an action by, or approval of, the Board. The members of any committee established by the Board shall be appointed annually at the first meeting of Directors following the annual meeting of Members at which Directors have been elected. Unless otherwise provided in this By-law, any Director shall be entitled to be appointed to any committee and a majority of the members of a committee present in person or by telephone shall constitute a quorum, provided that if Independent Directors must be members of the committee, the quorum must also include a majority of the Independent Directors who are members of the committee.

Section 11.2 Corporate Governance Committee

The Board shall establish a Corporate Governance Committee composed of at least five Directors, and may include the Chair. Unless the Chair is a Non-Independent Director, all of the members shall be Independent Directors. The chair of the Corporate Governance Committee shall be an Independent Director elected by the members of the Corporate Governance Committee. The Corporate Governance Committee shall perform such duties as the Board may delegate or direct from time to time.

Section 11.3 Finance and Audit Committee

The Board shall establish a Finance and Audit Committee composed of at least five Directors of whom a majority shall be Independent Directors. The chair of the Finance and Audit Committee shall be an Independent Director elected by the members

of the Finance and Audit Committee. The Finance and Audit Committee shall review and report to the Board on the annual financial statements of the Corporation and shall perform such other duties as the Board may delegate or direct from time to time.

Section 11.4 Human Resources and Pension Committee

The Board shall establish a Human Resources and Pension Committee composed of at least five Directors. The chair of the Human Resources and Pension Committee shall be elected by the members of the Human Resources and Pension Committee. The Human Resources and Pension Committee shall perform such duties as the Board may delegate or direct from time to time.

Section 11.5 Committee Meetings

The Board may prescribe requirements and procedures not inconsistent with the Act and the By-laws relating to the calling of meetings of, and conduct or business by, committees of the Board. Subject to the By-laws and Rules and any resolution of the Board, meetings of any such committee shall be held at any time and place to be determined by the chair of the committee or its members provided that at least 48 hours' prior written notice of such meetings shall be given, other than by mail, to each member of the committee. Notice by mail shall be sent at least 14 days prior to the meeting.

Section 11.6 Advisory Bodies

The Board may from time to time appoint such advisory bodies as it may deem advisable, and may delegate such power of appointment to any Director, officer, committee or employee of the Corporation. Membership on such advisory bodies shall be determined by the Board from time to time and if the Board so decides, members of such advisory bodies may be persons other than Directors, Members or directors, officers or employees of a Member.

Section 11.7 Procedure

Unless otherwise determined by the Board, this By-law or the Rules, each committee and advisory body shall have power to regulate its procedure.

**ARTICLE 12
NOTICES**

Section 12.1 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered, or served) pursuant to the Act, the regulations thereunder, the Letters Patent, the By-laws or otherwise to a Member, Director, officer, auditor or member of a committee of the Board shall be sufficiently given if delivered personally to the person to whom it is to be given; or if delivered to the person's recorded address; or if mailed to the person at the person's recorded address by prepaid ordinary or air mail; or if sent to the person at the person's recorded address by any means of prepaid transmitted or recorded communication (including any form of electronic communication). A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and deemed to have been received on the fifth day after mailing; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any Member, Director, officer, auditor or member of a committee of the Board in accordance with any information believed by the secretary to be reliable. The foregoing shall not be construed so as to limit the manner or effect of giving notice by any other means of communication otherwise permitted by law or as authorized by this By-law.

Section 12.2 Undelivered Notices

If any notice given to a Member pursuant to Section 12.1 is returned on three consecutive occasions because the Member cannot be found, the Corporation shall not be required to give any further notices to such Member until the Member informs the Corporation in writing of the Member's new address.

Section 12.3 Omissions and Errors

The accidental omission to give any notice to any Member, Director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

Section 12.4 Waiver of Notice

Any Member, proxyholder, representative, other person entitled to attend a Members' Meeting, Director, officer, auditor or member of a committee of the Board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under any provision of the Act, the regulations thereunder, the Letters Patent, the By-laws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of the Board or of a committee of the Board which may be given in any manner.

**ARTICLE 13
RULES AND OTHER INSTRUMENTS**

Section 13.1 Power to Make, Amend or Repeal Rules

The Board may make and from time to time amend or repeal such Rules for the objects of the Corporation as a self-regulatory organization (including permissible uses for the Restricted Fund) and a regulation services provider. All such Rules for the time being in force, unless expressly otherwise provided, shall be binding upon all Regulated Persons. Rules made or amended may be designated with such style, name or title as approved by the Board. Rules shall be effective without Member approval or approval by any other person, except as expressly otherwise provided therein or pursuant to any applicable legislation. Rules may represent the imposition of requirements in addition to or higher than those imposed under the applicable securities legislation.

Section 13.2 Use of Restricted Fund

Permissible uses for the Restricted Fund will be subject to the terms of recognition orders issued by the securities commission (or any successor regulatory authorities thereto) in the jurisdictions in which New Regco is recognized as a self-regulatory organization.

Section 13.3 Other Instruments

If under any By-law or Rule, another instrument may be prescribed or adopted, any such instrument (including any instructions, directions, notices, bulletins, forms or notes) that is prescribed or adopted by the Corporation shall have the same force and effect as the By-law or Rule pursuant to which it is prescribed or adopted. Any reference in the By-laws or Rules to compliance with the By-laws or Rules shall be deemed to include a reference to any such other instrument that is prescribed or adopted.

Section 13.4 Notices, Guidelines, Etc.

The Corporation may develop and issue to Regulated Persons such guidelines, notices, bulletins, interpretations, procedures, practices and other communications relevant to the By-laws and Rules or the business and activities of a Regulated Person or any other person subject to the jurisdiction of the Corporation to supplement or assist in the interpretation, application of and compliance with the By-laws and Rules.

Section 13.5 Continuing Jurisdiction and Discipline and Enforcement under the Rules

- (1) Any Regulated Person, in accordance with the provision of any Rule, shall remain subject to the jurisdiction of the Corporation in respect of any action or matter that occurred while that person was subject to the By-laws and Rules for such period of time and under such additional conditions as may be provided in the Rules.
- (2) The Rules shall provide the practice and procedure to be followed by the Corporation in connection with the commencement and conduct of a disciplinary hearing and shall establish the penalties or remedies that may be imposed by the Corporation on a Regulated Person for failure to comply with any Rules.

Section 13.6 Exchange of Information, Agreements

- (1) The Corporation may provide assistance, including the collection and sharing of information and other forms of assistance for the purpose of market surveillance, investigations, enforcement litigation, investor protection and compensation and for any other regulatory purpose to any exchange, self-regulatory organization, securities regulator, financial intelligence or law enforcement agency or authority, or investor protection or compensation fund, whether domestic or foreign.

- (2) The Corporation may enter into an agreement with any entity described in subsection (1) to collect and exchange information and to provide for any other forms of mutual assistance for the purpose of market surveillance, investigation, enforcement litigation, investor protection and compensation and for any other regulatory purpose.

**ARTICLE 14
NO ACTIONS**

Section 14.1 No Actions Against the Corporation

No Regulated Person (including in all cases a Member whose rights and privileges have been suspended or terminated and a Member who has been expelled from the Corporation or whose membership has been forfeited) shall be entitled, subject to the rights of appeal granted under the By-laws or Rules, and further subject to any specific contractual rights that a Regulated Person may have in respect of a contract or other agreement to which the Corporation is a party, to commence or carry on any action or other proceedings against the Corporation or against the Board, or any Indemnified Party, or against the CIPF, its Board of Directors, any of its committees or its officers, employees and agents, in respect of any penalty imposed or any act or omission done or omitted under the provisions of and in compliance with or intended compliance with the provisions of the Letters Patent, By-laws or Rules and, in the case of the CIPF, done or omitted under the provisions of and in compliance with or intended compliance with the provisions of its letters patent, by-laws and policies, and in any case under any legislation or regulatory directives or agreements thereunder.

Section 14.2 No Liabilities Arising in Respect of Entities in which Corporation Holds an Interest

The Corporation shall not be liable to a Regulated Person (including in all cases a Member whose rights and privileges have been suspended or terminated and a member who has been expelled from the Corporation or whose membership has been forfeited) for any loss, damage, costs, expense, or other liability arising from any act or omission of any corporation or other entity in which the Corporation holds an equity or participating interest, including without limitation CDS and FundSERV inc.

**ARTICLE 15
USE OF NAME OR LOGO: LIABILITIES: CLAIMS**

Section 15.1 Use of Name

No Member shall use the name or logo of the Corporation on letterheads or in any circulars or other advertising or publicity matter, except to the extent and in such form as may be authorized by the Board. The Board may at its sole discretion require a Member to cease using the name or logo of the Corporation. Any use by a Member of the name or logo of the Corporation shall not have the effect of granting to the Member any proprietary interest in the Corporation's name or logo.

Section 15.2 Liabilities

No liability shall be incurred in the name of the Corporation by any Member, officer or committee without the authority of the Board.

Section 15.3 Claims

Whenever the membership of a Member ceases for any reason whatsoever, neither the former Member nor its heirs, executors, administrators, successors, assigns or other legal representatives, shall have any interest in or claim on or against the funds and property of the Corporation.

**ARTICLE 16
TRANSITION PERIODS FOR BY-LAWS AND RULES**

Section 16.1 Transition Periods for By-laws and Rules

The Board may suspend or modify the application of any By-law or Rule, or provision thereof, for such period of time as it may determine in its sole discretion in order to facilitate the orderly application of and compliance with such By-law or Rule to or by all or any number or class of Regulated Persons. Any suspension or modification may be made either before or after the relevant By-law or Rule has become effective, and notice of the suspension or modification shall be given promptly to all Regulated Persons and to the securities regulatory authority in any jurisdiction where such By-law or Rule would otherwise be in effect. No suspension or modification shall unfairly discriminate between Members or other persons subject to the jurisdiction of the Corporation and no such modification shall impose on all or any of the Members or other persons subject to the jurisdiction of the Corporation a requirement that is more onerous or strict than the requirements of the By-law or Rule that is subject to the modification.

**ARTICLE 17
AMENDMENT, REPEAL, ENACTMENT OF BY-LAWS**

Section 17.1 By-laws

The By-laws of the Corporation not embodied in the Letters Patent may be repealed or amended by By-law or a new By-law relating to the requirements of subsection 155(2) of the Act, may be enacted only by a majority of the Directors at a meeting of the Board and sanctioned by an affirmative vote of the Members as set out in this By-law at a meeting duly called for the purpose of considering such By-law, provided that the repeal or amendment of such By-law shall not be enforced or acted upon until the approval of the Minister of Industry has been obtained.

**ARTICLE 18
AUDITORS**

Section 18.1 Auditors

The Members shall, at each annual meeting, appoint an auditor to audit the accounts of the Corporation for report to the Members at the next annual meeting. The auditors shall hold office until the next annual meeting provided that the Directors may fill any casual vacancy in the office of auditor. The Corporation's auditor may not be a Director, officer or employee of the Corporation or of an affiliated Corporation or associated with that Director, officer or employee. The remuneration of the auditor shall be fixed by the Board.

**ARTICLE 19
BOOKS AND RECORDS**

Section 19.1 Books and Records

The Board shall see that all necessary books and records of the Corporation required by the By-laws of the Corporation or by any applicable statute or law are regularly and properly kept.

ENACTED this _____ day of _____, _____.

WITNESS the seal of the Corporation.

President

Secretary

IN THE MATTER OF [statute for SRO/SRB recognition]

- AND -

IN THE MATTER OF

NEW REGCO (New Regco)

RECOGNITION ORDER

The Investment Dealers Association of Canada (the IDA) has been recognized by the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Nova Scotia Securities Commission, Ontario Securities Commission, Saskatchewan Financial Services Commission, the Superintendent of Securities for the Province of Newfoundland and Labrador and the Autorité des marchés financiers, and has applied to the New Brunswick Securities Commission for recognition (together, the Recognizing Regulators) as a self-regulatory organization or self-regulating body pursuant to applicable legislation;

Market Regulation Services Inc. (RS) has been recognized by the Autorité des marchés financiers and the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission and Ontario Securities Commission as a self-regulatory organization or self-regulatory body pursuant to applicable securities legislation;

The IDA and RS have agreed to combine their operations into New Regco;

New Regco will, among other things:

- a. regulate investment dealers, including alternative trading systems (ATSs) [and futures commission merchants] (Dealer Members);
- b. if retained by an ATS pursuant to National Instrument 23-101 *Trading Rules*, regulate the ATS as a Marketplace Member (defined below) and the subscribers of the ATS;
- c. establish and administer its rules, policies and other similar instruments (Rules);
- d. monitor and enforce compliance with its Rules by Dealer Members and ATS subscribers;
- e. provide services to exchanges and quotation and trade reporting systems (QTRSs) (together with ATSs, Marketplace Members) that choose to retain it as a regulation services provider, as that term is defined under National Instrument 21-101 *Marketplace Operation*;
- f. if retained by an exchange or QTRS, administer, monitor and enforce (as appropriate) rules pursuant to a regulation services agreement between New Regco and that exchange or QTRS (RSA); and
- g. conduct certain functions delegated to it by Recognizing Regulators, including registration functions.

New Regco has applied to the [name of Commission] (Commission) and the other Recognizing Regulators for recognition as a self-regulatory [organization/body] pursuant to [legislative provision for SRO/SRB recognition] of the [insert statute] (the Act) [For Ontario and Manitoba - and the [[legislative provision for SRO/SRB recognition] of the [insert statute] (CFA);

Based on the application filed on behalf of New Regco with the Recognizing Regulators and subject to the representations and undertakings made by New Regco, the Commission is satisfied that recognizing New Regco will not be prejudicial to the public interest;

The Commission recognizes New Regco as a self-regulatory [organization/body] pursuant to [legislative provision for SRO/SRB recognition] of the Act [and the CFA] on the terms and conditions set out in the appendix to this recognition order and the applicable provisions of the Memorandum of Understanding between the Recognizing Regulators dated [date], as amended from time to time (MOU).

APPENDIX A
TERMS AND CONDITIONS

1. Recognition Criteria

New Regco must continue to meet the criteria attached at Schedule 1.

2. Notice and/or Approval of Changes

- a. New Regco must promptly file in writing with Commission staff any material change to the information set out in the application dated December 21, 2007.
- b. Prior Commission approval is required for any changes to the following:
 - (i) the corporate governance structure of New Regco, as reflected in New Regco's By-law No. 1 (By-law No. 1);
 - (ii) letters patent of New Regco, and any supplementary letters patent; and
 - (iii) the assignment, transfer, delegation or sub-contracting of the performance of all or a substantial part of its regulatory functions or responsibilities as a self-regulatory organization.
- c. Prior Commission approval is required for material changes to the following:
 - (i) the fee model;
 - (ii) the functions New Regco performs;
 - (iii) New Regco's organizational structure;
 - (iv) the activities, responsibilities, and authority of the District Councils;
 - (v) the Regulation Services Agreement between New Regco and any Marketplace Member; and
 - (vi) the agreement between New Regco and its information technology service provider.
- d. New Regco must not, without providing the Commission at least six months prior written notice and complying with any terms and conditions the Commission may impose in the public interest, complete any transaction that would result in New Regco:
 - (i) ceasing to perform its services;
 - (ii) discontinuing, suspending or winding-up all or a significant portion of its operations; or
 - (iii) disposing of all or substantially all of its assets.
- e. New Regco will comply with the process for filing and obtaining Commission approval for by-laws, Rules and any amendments to by-laws or Rules as outlined in [Appendix *] of the MOU, as amended from time to time.
- f. New Regco must advise the Commission in writing immediately upon being notified by any of the Recognizing Regulators that New Regco is not in compliance with one or more of the terms and conditions of recognition of New Regco in any jurisdiction or with the reporting requirements set out in the MOU.

3. Governance

- a. New Regco must:
 - (i) ensure that at least 50% of its board of directors (Board), other than the President of New Regco, are independent directors as defined in By-law No. 1;
 - (ii) ensure that one of the directors represents an exchange or ATS that is not affiliated with a marketplace
 - (A) that retains New Regco, and

- (B) has at least a 40% Market Share as defined in By-law No. 1 (Market Share); and
- (iii) review the corporate governance structure, including the composition of the Board,
 - (A) within two years after the date of recognition and periodically thereafter, or
 - (B) at the request of the Commission,

to ensure that there is a proper balance between, and effective representation of, the public interest and the interests of marketplaces, dealers and other entities desiring access to the services provided by New Regco.

- b. New Regco must report to Commission staff in writing the results of the corporate governance review referred to in subparagraph (a)(iii) upon completion.
- c. The Code of Business Ethics and Conduct and the written policy about managing potential conflicts of interests of members of New Regco's Board must be filed with the Recognizing Regulators within one year after the date of this Recognition Order.

4. Fees

- a. New Regco must develop an integrated fee model and submit it for approval with the Commission within two years of the date of the recognition order.
- b. New Regco must report in writing on a quarterly basis for the first two years of operations on the status of the development of the fee model.

5. Due Process

Subject to applicable law and the Rules and by-laws of New Regco, before rendering a decision that affects the rights of a person or company in relation to membership, registration or enforcement matters, New Regco must provide that person or company an opportunity to be heard.

6. Financial Viability

- a. New Regco must operate on a not-for-profit basis.
- b. New Regco will immediately report to Commission staff if its revenues for the next quarter will not meet its expenses in that quarter. In addition, New Regco must provide Commission staff with an action plan detailing the steps to be taken to remedy its financial condition.

7. Integration of Functions

- a. New Regco must report in writing within six months of the date of the recognition order its plan and timelines for the integration of functions relating to policy, surveillance, compliance, investigations, enforcement and membership.
- b. New Regco must report in writing on a quarterly basis for the first two years of operations on the status of the integration of its functions.

8. Performance of Regulatory Functions

- a. New Regco must set Rules governing its members and others subject to its jurisdiction and will administer those Rules and Market Rules.
- b. New Regco must administer, monitor and enforce compliance with the Rules and monitor compliance with securities laws by Dealer Members, including ATSSs, and ATS subscribers. In addition, New Regco will provide notice to the Commission of any violations of securities legislation of which it becomes aware.
- c. If retained by an exchange or QTRS, New Regco must administer, monitor and enforce (as appropriate) rules pursuant to an RSA.
- d. New Regco must, subject to applicable legislation, collect, use and disclose personal information only to the extent reasonably necessary to carry out its regulatory activities and mandate.

- e. New Regco must ensure that it is accessible for contact by the public for purposes relating to the performance of its functions as a self-regulatory organization/body.
- f. New Regco must publish concurrently in English and French each document issued to the public at large or generally to any class of members and must provide the document to Commission staff immediately upon publication.
- g. New Regco must adopt policies and procedures designed to ensure that confidential information about its operations or those of any Dealer Member, Marketplace Member or marketplace participant is maintained in confidence and not shared inappropriately with other persons, and must use all reasonable efforts to comply with these policies and procedures.

9. Use of Fines and Settlements

All fines collected by New Regco and all payments made under settlement agreements entered into with New Regco may be used as follows:

- a. as approved by the Corporate Governance Committee,
 - (i) for the development of systems or other non-recurring capital expenditures that are necessary to address emerging regulatory issues resulting from changing market conditions and are directly related to protecting investors and the integrity of the capital markets;
 - (ii) for the education of securities market participants and members of the public about or research into investing, financial matters or the operation or regulation of securities markets;
 - (iii) to contribute to a non-profit, tax-exempt organization, the purposes of which include protection of investors, or those described in paragraph (a)(ii); or
- b. for reasonable costs associated with the administration of New Regco's hearing panels.

10. Disciplinary Matters

- a. Subject to paragraph (b), New Regco must
 - (i) promptly notify the Commission, the public and the news media of:
 - (A) the specifics relating to each disciplinary or settlement hearing once the hearing date is set, and
 - (B) the terms of each settlement and the disposition of each disciplinary action once the terms or disposition is determined; and
 - (ii) ensure that disciplinary and settlement hearings are open to the public and news media.
- b. Despite paragraph (a), New Regco may, on its own initiative or on request, order a closed-door hearing or prohibit the publication or release of information or documents if it determines that it is required for the protection of confidential matters. New Regco must establish written criteria for making a determination of confidentiality/AMF order – "interest of good morals or public order".

11. Capacity and Integrity of Systems

- a. New Regco must
 - (i) ensure that each of New Regco's critical systems, including its technology systems, has
 - (A) appropriate internal controls to ensure integrity and security of information; and
 - (B) has reasonable and sufficient capacity, and backup to enable New Regco to properly carry on its business.
 - (ii) have controls to manage the risks associated with its operations, including an annual review of its contingency and business continuity plans.

- b. New Regco must promptly report to the Commission:
 - (i) any material failures in the controls described in paragraphs (a)(i) and (ii) above; and
 - (ii) any outage in New Regco's critical technology systems or backup systems,and provide a description of the actions taken or to be taken to rectify the situation.
- c. New Regco will on a reasonably frequent basis, and in any event, at least annually:
 - (i) make reasonable current and future capacity estimates for its critical systems;
 - (ii) conduct capacity stress tests to determine the ability of its critical systems to perform its regulation functions in an accurate, timely and efficient manner;
 - (iii) review and keep current the development and testing methodology of those systems; and
 - (iv) review the vulnerability of those systems to internal and external threats including physical hazards and natural disasters.
- d. New Regco must cause to be performed an independent review, in accordance with established audit procedures and standards, of its controls for ensuring that it is in compliance with paragraph (c) above, and conduct a review by its Board of the report containing the recommendations and conclusions of the independent review. This term and condition will not apply if:
 - (i) the information technology provider retained by New Regco is required, either by law or otherwise, to conduct an annual independent review; and
 - (ii) New Regco's Board obtains and reviews annually a copy of the independent review report of its information technology provider to ensure that it has controls in place to address the matters outlined in paragraph (c) above.
- e. Upon completion of the Board review, New Regco must provide the Commission with a copy of the report prepared under paragraph (d).
- f. New Regco shall periodically benchmark surveillance systems and services provided by its information technology provider against comparable systems and services available from other third party technology providers and provide the Commissions with a report summarizing the process undertaken and the conclusions reached.

12. Ongoing Reporting Requirements

- a. New Regco must provide the Commission with all information required in Schedule 2 of this recognition order.
- b. New Regco must provide Commission staff within 30 days of the commencement of each fiscal year with a copy of its financial budget for that year, together with the underlying assumptions, that has been approved by its Board.
- c. New Regco must file annual audited financial statements with Commission staff, accompanied by the report of an independent auditor, within 90 days after the end of each fiscal year.
- d. New Regco must file with Commission staff quarterly financial statements for each of the first three financial quarters within 60 days after the end of each financial quarter.
- e. New Regco must file its annual report with Commission staff upon completion.
- f. New Regco must annually self-assess New Regco's performance of its regulatory responsibilities and report thereon to the Board and the Commission staff, together with any recommendations for improvements. The annual self-assessment must contain information as specified by Commission staff from time to time and include the following information:
 - (i) an assessment of how New Regco is meeting its regulatory mandate, including an assessment against the recognition criteria and the terms and conditions of the recognition order;
 - (ii) an assessment against its strategic plan;

- (iii) a description of trends seen as a result of compliance reviews conducted and complaints received and New Regco's plan to deal with any issues;
- (iv) whether New Regco is meeting its benchmarks and if not, why not; and
- (v) a description and update on significant projects undertaken by New Regco.

New Regco must file the self-assessment with the Commission within 90 days of its fiscal year-end.

- g. New Regco must give the Commission staff notice as soon as practicable of new directors.
- h. New Regco must provide to the Commission, in addition to the information specifically required in this Recognition Order and the MOU, any information the Commission may reasonably require from time to time.

SCHEDULE 1

**CRITERIA FOR RECOGNITION
IDA/RS MERGED ENTITY**

1. Governance

a. The governance structure and arrangements must ensure:

- (i) effective oversight of the entity;
- (ii) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;
- (iii) a proper balance among the interests of the different persons or companies subject to regulation by New Regco; and
- (iv) each director or officer is a fit and proper person.

2. Public Interest

New Regco must regulate to serve the public interest in protecting investors and market integrity. It must articulate and ensure it meets a clear public interest mandate for its regulatory functions.

3. Conflicts of interest

New Regco must effectively identify and manage conflicts of interest.

4. Fees

- a. All fees imposed by New Regco must be equitably allocated. Fees must not have the effect of creating unreasonable barriers to access.
- b. The process for setting fees must be fair and transparent.
- c. New Regco must operate on a cost-recovery basis.

5. Access

- a. New Regco must have reasonable written criteria that permit all persons or companies that satisfy the criteria to access New Regco's regulatory services.
- b. The access criteria and the process for obtaining access should be fair and transparent.

6. Financial Viability

New Regco must have sufficient financial resources for the proper performance of its functions and to meet its responsibilities.

7. Capacity to Perform Regulatory Functions

- a. New Regco must maintain its capacity to effectively and efficiently perform its regulation functions, which include governing the conduct of persons or companies subject to its regulation and monitoring and enforcing applicable requirements.
- b. New Regco must maintain in each jurisdiction where it has an office
 - (i) sufficient financial, technological, human and other resources; and
 - (ii) appropriate organizational structures and adequate technological systemsto efficiently, effectively and in a timely manner perform its regulatory functions and responsibilities.

8. Capacity and Integrity of Systems

New Regco must maintain controls to ensure capacity, integrity requirements and security of its technology systems.

9. Rules

a. New Regco must establish and maintain Rules that:

- (i) are necessary or appropriate to govern and regulate all aspects of its functions and responsibilities as a self-regulatory entity;
- (ii) are designed to:
 - (A) ensure compliance with securities laws,
 - (B) prevent fraudulent and manipulative acts and practices,
 - (C) promote just and equitable principles of trade and the duty to act fairly, honestly and in good faith,
 - (D) foster cooperation and coordination with entities engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities,
 - (E) foster fair, equitable and ethical business standards and practices,
 - (F) promote the protection of investors, and
 - (G) provide for appropriate discipline of those whose conduct it regulates;
- (iii) do not impose any burden or constraint on competition or innovation that is not necessary or appropriate in furtherance of New Regco's regulatory objectives;
- (iv) do not impose costs or restrictions on the activities of market participants that are disproportionate to the goals of the regulatory objectives sought to be realized; and
- (v) are not contrary to the public interest.

10. Disciplinary Matters

The process for discipline must be fair and transparent.

11. Information Sharing and Regulatory Cooperation

To assist other regulatory authorities in regulatory matters, New Regco must share information and cooperate with:

- (a) the Commission and any other securities regulatory authority, whether domestic or foreign;
- (b) exchanges;
- (c) self-regulatory organizations;
- (d) clearing agencies;
- (e) financial intelligence or law enforcement agencies or authorities;
- (f) investor protection or compensation funds, whether domestic or foreign.

This assistance includes the collection and sharing of information and other forms of assistance for the purpose of market surveillance, investigations, enforcement litigation, investor protection and compensation and for any other regulatory purpose and is subject to applicable laws related to information sharing and protection of personal information.

12. Other Criteria – Québec

Constituting documents, by-laws and operating rules of New Regco should allow that the power to make decisions relating to the supervision of its activities in Québec will be exercised mainly by persons residing in Québec.

SCHEDULE 2

REPORTING REQUIREMENTS

[This schedule will contain reporting requirements.]

Memorandum of Understanding Regarding Oversight of [New Regco] Among:

**British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission (Securities Division)
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Newfoundland and Labrador, Securities Division, Department of Government Services and Lands
Nova Scotia Securities Commission
New Brunswick Securities Commission**

(each a “Recognizing Regulator”)

The parties agree as follows:

1. Underlying Principles

a. Recognition

[New Regco] (“New Regco”) is recognized as a self-regulatory organization under applicable legislation by each of the Recognizing Regulators and is a regulation services provider pursuant to National Instrument 23-101 *Trading Rules*.

b. Oversight Program

To ensure effective oversight of New Regco’s performance of its self-regulatory activities and regulation services, the parties to this Memorandum of Understanding (“MOU”) have developed an oversight program (the “Oversight Program”) which includes:

- i. reviewing information filed by New Regco;
- ii. reviewing and approving new and amended rules, policies and other similar instruments (“Rules”) and by-laws of New Regco; and
- iii. performing periodic reviews of New Regco’s self-regulatory activities and regulation services.

The purpose of the Oversight Program is to ensure that New Regco is acting in accordance with its public interest mandate, specifically by complying with its terms and conditions of recognition.

2. Definitions

“Approved Person” has the meaning attributed to that term in New Regco’s Rules, as amended from time to time.

“Member” has the meaning attributed to that term in New Regco’s By-law No. 1, as amended from time to time.

“Principal Regulator” means the Recognizing Regulator that is designated as such from time to time.¹

3. General Provisions

a. Oversight Committee

An oversight committee will be established (the “Oversight Committee”) which will act as a forum and venue for the discussion of issues, concerns and proposals related to the oversight of New Regco.

The Oversight Committee will include staff representatives from each of the Recognizing Regulators.

The Oversight Committee will provide to the CSA Chairs an annual written report that will include a summary of all oversight activities during the previous period.

¹ The OSC is the principal regulator for RS and the IDA.

b. Staff Contact

The Principal Regulator will provide New Regco with key staff contacts in each jurisdiction for the purposes of matters arising under this MOU or relating to oversight in general.

c. Status Meetings

The Principal Regulator will organize quarterly conference calls and an annual in-person meeting of the Oversight Committee and New Regco staff. The purpose is to discuss matters relating to the oversight of New Regco, issues relating to the regulation of New Regco's Members and other matters that are of interest to the Recognizing Regulators and New Regco. The Principal Regulator is also responsible for taking minutes of these calls and in-person meetings.

4. Reporting

- a. Any comments of the staff of the Recognizing Regulators on any report filed by New Regco will be sent to the Principal Regulator. The Principal Regulator will request that New Regco respond to comments raised by the Recognizing Regulators and forward any response to the Recognizing Regulators.

5. Review of By-laws and Rules

The Recognizing Regulators have developed a Joint Rule Review Protocol (the "Protocol") for coordinating the review and approval of New Regco by-laws and Rules. The Protocol is attached as Appendix "A" and may be amended from time to time.

6. Oversight Reviews

a. Coordination of Oversight Reviews

- i. The Recognizing Regulators will use their best efforts to carry out reviews of New Regco offices at least once every three years. A Recognizing Regulator may choose to participate in the review of a New Regco office depending on the functions carried out in that office, or may choose to rely on another Recognizing Regulator for the review of a New Regco office. In cases where a Recognizing Regulator chooses not to review the New Regco office in its jurisdiction, the other Recognizing Regulators may conduct a review of that New Regco office. Those Recognizing Regulators who participate in a review are considered to be "Reviewing Regulators" for the purpose of oversight reviews.
- ii. The Reviewing Regulators agree to coordinate their reviews of New Regco's offices by conducting their reviews at the same time and evaluating New Regco using a uniform review program and uniform performance benchmarks.
- iii. The Principal Regulator will develop a review program in consultation with the Reviewing Regulators.
- iv. For each New Regco office, a Reviewing Regulator will be designated as the Responsible Regulator who has overall responsibility for the review of that office. In particular, the Responsible Regulator will ensure that the review is appropriately staffed, will draft the review report for that office taking into account findings and comments of the Reviewing Regulators of that office, and will report on the status and results of the review of that office.
- v. The Principal Regulator will also arrange periodic conference calls of the Reviewing Regulators during the course of a review, the purpose of which is to discuss the findings at different New Regco offices and to ensure consistent recommendations for similar findings.

b. Review of Draft Reports and Issuance of Final Reports and Follow-Up Plans

At the conclusion of a review, staff of the Principal Regulator and the Reviewing Regulators will use their best efforts to follow the procedures set out below, taking into account language translation needs, when applicable:

- i. Each Responsible Regulator will provide to all Reviewing Regulators a draft report on the results of the review of its New Regco office. The Reviewing Regulators will agree in advance on the date on which the draft reports should be completed.

- ii. The Principal Regulator will review the draft reports for consistency of findings and recommendations and provide any needed comments to the Responsible Regulators within 10 business days of receipt of all the draft reports.
- iii. The Responsible Regulators will review the comments and make appropriate revisions to their reports, taking into consideration comments from the relevant Reviewing Regulators, and forward their revised draft reports to the Principal Regulator within 10 business days of receipt of the Principal Regulator's comments.
- iv. Within 10 business days of receipt of all the revised draft reports, the Principal Regulator will forward the draft reports on each office to New Regco for it to confirm factual accuracy.
- v. New Regco will review the draft reports for factual accuracy and respond to all the Reviewing Regulators with comments within 15 business days of receipt of the draft reports.
- vi. The Responsible Regulators will consider New Regco's comments and revise their reports as necessary, and will forward a copy of their final reports to the Principal Regulator within 20 business days of receiving New Regco's comments.
- vii. The Principal Regulator will combine the final reports on each New Regco office into a consolidated report and prepare an executive summary to the consolidated report. The Principal Regulator will forward the consolidated report to the Reviewing Regulators for their review within 10 business days of receipt of all the final reports.
- viii. The Reviewing Regulators will provide to the Principal Regulator any comments on the consolidated report within 10 business days of receipt of the consolidated report.
- ix. The Principal Regulator will review the comments, make any appropriate changes to the consolidated report, and forward the consolidated report to New Regco for a formal response with copies to the Reviewing Regulators, within 10 business days of receipt of the Reviewing Regulators' comments.
- x. New Regco will use its best efforts to respond to the consolidated report within 20 business days of receipt of the report. A copy of its response will be sent to all the Reviewing Regulators.
- xi. The Responsible Regulator will review New Regco's response, develop a follow-up plan for the applicable New Regco office, and forward its follow-up plan to the Principal Regulator, within 20 business days of receipt of New Regco's response.
- xii. The Principal Regulator will provide the final consolidated report, together with New Regco's response and the follow-up plan for each New Regco office, to the CSA Chairs and New Regco once each Reviewing Regulator has obtained the necessary internal approval.

c. *Interim Reviews*

Although the Principal Regulator will co-ordinate periodic reviews as described above, each Recognizing Regulator retains the ability to perform a review of New Regco to deal with significant and/or local issues that require immediate attention and that would be best dealt with through a review of a New Regco office. The Recognizing Regulator desiring to perform an interim review of New Regco will provide prior notice of the interim review to the Oversight Committee.

7. Effective Date

This MOU comes into effect on ■, 2008 in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Saskatchewan. In Quebec, this MOU comes into effect on the date the AMF executes it.

APPENDIX A

JOINT RULE REVIEW PROTOCOL FOR NEW REGCO

1. **Scope and Purpose**

- a. "Rules" includes any new rule or amendment to a rule, policy or other similar instrument.
- b. Any new or amended by-law will follow the process for rule review and approval set out in this Protocol.
- c. The Recognizing Regulators have entered into this Protocol to establish uniform procedures for their review and approval of Rules proposed by New Regco.

2. **Classification of Rules**

a. *Classification of Rules by New Regco*

New Regco will classify each proposed Rule as a "Housekeeping" Rule or a "Public Comment" Rule and will provide notice of classification in the materials filed with each Recognizing Regulator.

b. *Criteria for Classification of Rules*

- I. A "Housekeeping" Rule is a proposed Rule that has no material impact on investors, issuers, members, registrants or the capital markets in any province or territory of Canada and that:
 1. corrects spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing;
 2. makes stylistic or formatting changes to headings or paragraph numbers;
 3. makes other necessary changes of an editorial nature (such as standardization of terminology);
 4. establishes or changes a due, fee or other charge imposed by New Regco pursuant to a Rule or fee model that has been previously approved by the Recognizing Regulators;
 5. changes the routine internal processes, practice, or administration of New Regco; or
 6. is reasonably necessary to conform New Regco's Rules to applicable securities legislation, statutory or legal requirements; and
- II. A "Public Comment" Rule is any proposed Rule that is not a Housekeeping Rule.

c. *Disagreements Regarding Classification*

- I. If staff of a Recognizing Regulator believe that a proposed Rule is incorrectly classified as a Housekeeping Rule, they will, within 10 days of the date of filing by New Regco, inform staff of the Principal Regulator of their intention to disagree with the classification, with an analysis of their reasons for disagreeing with the classification. Within 5 days of receiving a notice of disagreement from staff of one of the Recognizing Regulators, staff of the Principal Regulator will arrange a conference call among staff of the Recognizing Regulators to discuss the disagreement with the classification. If the disagreement still exists after the conference call, staff of the Principal Regulator will promptly notify New Regco.
- II. If a notice of disagreement is sent to New Regco under paragraph 2(c)(I), New Regco will reclassify the proposed Rule as a Public Comment Rule.

3. **Required Materials**

- a. New Regco will file the information required under this section concurrently in both English and French, accompanied with a translation certificate, with the applicable Recognizing Regulators.

- b. New Regco will file the following information with each Housekeeping Rule:
 - I. a cover letter that indicates the classification of the Rule and the rationale for the classification;
 - II. the text of the proposed Rule, and, where applicable, a blacklined version of the Rule indicating changes to an existing rule; and
 - III. a notice for publication that contains the following:
 - 1. a brief description of the Rule,
 - 2. the reasons for the Housekeeping classification,
 - 3. the date that the Rule was approved by the New Regco Board and the Board Resolution, and
 - 4. the anticipated effective date of the Rule.

- c. New Regco will file the following information with each Public Comment Rule:
 - I. a cover letter that indicates the classification of the Rule, how New Regco has taken the public interest into account when developing the Rule and why the Rule is in the public interest;
 - II. the text of the proposed Rule, and, where applicable, a blacklined version of the Rule indicating changes to an existing rule; and
 - III. a notice of publication including:
 - 1. a concise statement, together with supporting analysis, of the nature, purpose and effect of the proposed Rule;
 - 2. the possible effects of the proposed Rule on market structure, Members, non-Members, competition and the costs of compliance;
 - 3. a description of the Rule and the Rule-making process, including a description of the context in which the proposed Rule was developed, the date that the Rule was approved by the New Regco Board and the Board Resolution, the process followed, the issues considered, the consultation process undertaken and alternative approaches considered and the reasons for rejecting those alternatives;
 - 4. where the proposed Rule requires technological systems changes to be made by New Regco, Members or other market participants, a description of the implications of the proposed Rule and, where possible, a discussion of material implementation issues and plans;
 - 5. where relevant, a reference to other jurisdictions including an indication as to whether another regulator in Canada, the United States or another jurisdiction has a comparable rule or has made or is contemplating making a comparable rule and, if applicable, a comparison of the proposed Rule to the rule of the other jurisdiction;
 - 6. the anticipated date on which New Regco proposes that the proposed Rule be effective;
 - 7. a statement that the New Regco Board has determined that the proposed Rule is not contrary to the public interest; and
 - 8. a request for public comment together with details on how to submit comments with the comment period deadline, and a statement that New Regco would make available to the public all comments received during the comment period.

4. Review Criteria

Without limiting the discretion of the Recognizing Regulators, the Recognizing Regulators agree that the following are factors that should be considered by the Recognizing Regulators in reviewing New Regco Rule proposals:

- a. whether New Regco followed its established internal governance practices in approving the proposed Rule;
- b. whether New Regco followed the requirements of this Protocol and has provided sufficient analysis of the nature, purpose and effect of a proposed Rule;
- c. whether New Regco has considered consequential amendments; and
- d. whether the proposed Rule conflicts with applicable laws or the terms and conditions of a Recognizing Regulator's recognition order.

5. Rule Review and Approval Process – Housekeeping Rules

- a. New Regco will file each proposed Housekeeping Rule and the materials described in subsection 3(b) of this Protocol with each Recognizing Regulator.
- b. Upon receipt of New Regco's notice of publication, staff of the Principal Regulator will immediately send confirmation of receipt of the proposed Housekeeping Rule to New Regco, with copies to the other Recognizing Regulators.
- c. If none of the Recognizing Regulators objects to the classification of the proposed Rule as a Housekeeping Rule within the time limit set out in paragraph 2(c)(1), the proposed Rule will be deemed to be approved and will be effective on the date designated by New Regco in its filing.

6. Rule Review and Approval Process – Public Comment Rules

- a. New Regco will file each proposed Public Comment Rule and the materials described in subsection 3(c) of this Protocol with each Recognizing Regulator.
- b. Upon receipt of New Regco's notice of publication, staff of the Principal Regulator will immediately send confirmation of receipt of the proposed Public Comment Rule to New Regco, with copies to the other Recognizing Regulators.
- c. As soon as practicable and in any event within 14 days of receipt of New Regco's notice of publication, the Principal Regulator will, and the other Recognizing Regulators may, publish for a 30-day comment period (commencing on the date the proposed Public Comment Rule appears in the bulletin or on the website of the Principal Regulator) in its bulletin or on its website the text of the proposed Public Comment Rule and the notice of publication filed by New Regco. The Principal Regulator and the other Recognizing Regulators that publish the Rule will coordinate the publication date.
- d. During the 30-day comment period, staff of each of the Recognizing Regulators will provide significant comments to staff of the Principal Regulator in writing, with copies to the other Recognizing Regulators. If staff of the Principal Regulator do not receive any such comments within the 30-day period, the other Recognizing Regulators will be deemed to not have any comments.
- e. Promptly following the 30-day comment period, New Regco will confirm with staff of the Principal Regulator whether any public comments were received and, if so, New Regco will forward the public comments to each of the Recognizing Regulators.
- f. If comments from staff of the Recognizing Regulators and the public comments do not raise any significant issues, staff of the Recognizing Regulators will proceed immediately to the approval of the proposed Rule following the steps outlined in subparagraphs (j)-(n) below.
- g. If comments from staff of the Recognizing Regulators or the public comments received raise significant issues, staff of the Principal Regulator will send New Regco written notice, within 7 days of the end of the 30-day comment period, that the Public Comment Rule will be subject to a full review as set out in subparagraph 6(h) below.
- h. For a full review of a Public Comment Rule, the Recognizing Regulators will use best efforts to adhere to the following process:
 - i. Staff of the Principal Regulator will prepare and deliver to staff of the other Recognizing Regulators, within 7 days of receiving from New Regco confirmation that no public comments were received or a

summary of public comments and New Regco's response to the public comments, a draft comment letter that incorporates the comments raised by staff of the Recognizing Regulators;

- II. within 7 days of receipt, staff of each of the Recognizing Regulators will provide comments on the draft comment letter prepared by staff of the Principal Regulator, with copies to the other Recognizing Regulators; if staff of the Principal Regulator does not receive any comments within the 7-day period, the other Recognizing Regulators will be deemed not to have any comments;
 - III. Staff of the Principal Regulator will consolidate all comments received, and may identify different views from staff of the Recognizing Regulators; in the event that comments received conflict, staff of the Recognizing Regulators will try to reach an agreement to deal with the conflict; if the conflict cannot be resolved, the Principal Regulator will use its best efforts to arrange, within 14 days of becoming aware of the conflict, for the Chair or another senior executive of each of the Recognizing Regulators to discuss the issues and attempt to establish a consensus;
 - IV. within 3 days of the other Recognizing Regulators' response (or deemed response), staff of the Principal Regulator will send the comment letter to New Regco, with a copy to each of the other Recognizing Regulators;
 - V. within 14 days of receipt, New Regco will respond in writing to the comment letter sent by staff of the Principal Regulator, with a copy to staff of each of the other Recognizing Regulators; and
 - VI. each of the other Recognizing Regulators will provide material comments to the Principal Regulator in writing within 10 days of New Regco's response, and the Principal Regulator will provide its comments to the other Recognizing Regulators within the same period; if the Principal Regulator does not receive any comments within the 10-day period, the other Recognizing Regulators will be deemed not to have any comments.
- i. New Regco and the Recognizing Regulators will discuss and attempt to resolve the concerns raised by any of the Recognizing Regulators within 30 days of receiving comments from staff of the other Recognizing Regulators regarding New Regco's response referred to in subparagraph 6(h)(V), but if the concerns are not resolved to the satisfaction of all Recognizing Regulators, review of the proposed Rule will be escalated to be discussed among the Chairs or other senior executives of the Recognizing Regulators as described below:
 - I. the Principal Regulator will use its best efforts to schedule a meeting of the chairs or other senior executives of the Recognizing Regulators within 14 days of the end of the 30-day period noted in paragraph 6(i) above; and
 - II. the chairs or other senior executives of the Recognizing Regulators will discuss the issues and attempt to establish a consensus among the Recognizing Regulators. If, after the consultations, the Chairs or other senior executives of the Recognizing Regulators are unable to agree on the appropriate outcome for the proposed Rule, New Regco will not be able to adopt the Rule.
 - j. Staff of the Principal Regulator will prepare documentation for approval of the proposed Rule by the Principal Regulator within 14 days of resolving comments under paragraph 6(i).
 - k. After a proposed rule is approved by the Principal Regulator, staff of the Principal Regulator will promptly circulate to the other Recognizing Regulators the documentation.
 - l. Staff of the other Recognizing Regulators will seek the necessary approval within 30 days of receipt of the documentation from the Principal Regulator, or such later time as is mutually agreed by staff of the Recognizing Regulators.
 - m. Staff of each Recognizing Regulator will inform staff of the Principal Regulator in writing of the decision concerning the proposed Rule immediately following the decision.
 - n. Staff of the Principal Regulator will communicate in writing the approval of a proposed Rule to New Regco promptly upon receipt of notification from all of the other Recognizing Regulators of their decision.

7. Immediate Implementation

- a. If New Regco reasonably believes that there is an urgent need to implement a proposed Rule because of a substantial risk of material harm to investors, Members, marketplace participants or the Canadian Investor

Protection Fund, New Regco may make the proposed Rule effective immediately upon approval by New Regco's Board, provided that:

- I. New Regco provides each Recognizing Regulator with written notice of its intention to rely upon this procedure at least 10 days before the proposed Rule is considered for approval by New Regco's Board; and
- II. New Regco's written notice includes:
 1. the date on which New Regco intends the proposed Rule to be effective, and
 2. an analysis in support of the need for immediate implementation of the proposed Rule.
- b. If a Recognizing Regulator does not agree that immediate implementation is necessary, that Recognizing Regulator will, within 5 days after New Regco provides notice to the Principal Regulator, advise the Principal Regulator in writing that it disagrees and provide the reasons for its disagreement, with copies to the other Recognizing Regulators. Staff of the Principal Regulator will promptly notify New Regco of the disagreement.
- c. New Regco and the Recognizing Regulators will discuss and attempt to resolve the concerns raised by the Recognizing Regulators on a timely basis, but if the concerns are not resolved to the satisfaction of all Recognizing Regulators, the proposed Rule cannot be immediately implemented.
- d. If no notice is received by New Regco by the end of the tenth day following the day on which New Regco provided the notification to the Principal Regulator, the Recognizing Regulators will be deemed to have approved the immediate implementation of the proposed Rule.
- e. Proposed Rules approved (or deemed to have been approved) for immediate implementation will be effective on the later of:
 - I. the date on which each Recognizing Regulator has approved (or is deemed to have approved) the immediate implementation; and
 - II. the date designated by New Regco in its written notice to the Principal Regulator.
- f. A Rule that is implemented immediately will be published (if it is a Public Comment Rule), reviewed, and approved in accordance with this Protocol.
- g. Where the Recognizing Regulators subsequently disapprove a Rule that was implemented immediately, New Regco will promptly repeal the Rule.

8. Effective Date of Rules

- a. Public Comment Rules (other than Rules implemented under Section 7 (Immediate Implementation) of this Protocol) will be effective on the later of:
 - I. the date of publication of notice of approval, and
 - II. the date designated by New Regco under paragraph 3(c)(III)(6) of this Protocol.
- b. Housekeeping Rules will be effective on the date designated by New Regco under paragraph 3(b)(III)(3) of this Protocol.

9. Revisions and Republication

- a. If, subsequent to its publication for comment, New Regco revises a Public Comment Rule in a manner that results in a material change in the proposed Rule's substance and/or effect, the Principal Regulator will, in consultation with New Regco and staff of the other Recognizing Regulators determine whether or not the revised Rule should be published for an additional 30-day comment period.
- b. If a Public Comment Rule is republished under subsection (a), the request for comments will include a blacklined version marked to the original published version, the date of Board approval (if different from the original published version), New Regco's summary of comments submitted and responses in respect of the

previous request for comments, together with an explanation of the revisions to the proposed Rule and the supporting rationale for the revisions.

10. Publication of Notice of Approval

- a. The Principal Regulator will prepare a notice of approval of each Public Comment Rule and publish the notice, together with the summary of the proposed Rule prepared by New Regco and New Regco's summary of comments submitted and responses, if applicable, and will coordinate with staff of the other Recognizing Regulators.
- b. For any Housekeeping Rule, the Principal Regulator will publish the text of the proposed Rule and the notice for publication referred to in subparagraph 3(b)(III).
- c. Recognizing Regulators other than the Principal Regulator may publish any notice of approval.

11. Review of Protocol

New Regco and staff of the Recognizing Regulators will, once every three years, conduct a joint review of the operation of this Protocol in order to identify issues that have arisen since the last review relating to compliance with this Protocol, the continuing appropriateness of the timelines and other requirements set out in this Protocol, and necessary or desirable amendments to this Protocol to address identified issues.

12. Waiving or Varying Protocol

- a. New Regco may file a written request with the Principal Regulator, with copies to the other Recognizing Regulators to waive or vary any part of this Protocol.
- b. Within 7 days of receipt of New Regco's request, a Recognizing Regulator who objects to the granting of the waiver will notify the Principal Regulator of its objection, together with its reason(s) for the objection. If the Principal Regulator does not receive any notices of objection, the other Recognizing Regulators are deemed to not object to the waiver.
- c. The Principal Regulator will provide to New Regco on the eighth day of receipt of New Regco's request either:
 - I. written notice that a Recognizing Regulator objects to granting the waiver; or
 - II. written notice that the waiver has been granted by the Principal Regulator on behalf of all the Recognizing Regulators.
- d. A waiver or variation may be specific or general and may be made for a time or for all time as mutually agreed by staff of the Recognizing Regulators.

13.1.2 Notice and Request for Comment – TSX Group Inc. – Proposed Combination with Bourse de Montréal Inc.

**NOTICE AND REQUEST FOR COMMENT – TSX GROUP INC. –
PROPOSED COMBINATION WITH BOURSE DE MONTRÉAL INC.**

TSX Group Inc. (TSX Group) and Bourse de Montréal Inc. (Bourse) have agreed to combine their organizations (Proposed Transaction). The Commission recognizes both TSX Group and TSX Inc. as an exchange. We are publishing TSX Group's submissions regarding the Proposed Transaction. TSX Group has submitted that no changes are necessary to TSX Group and TSX Inc.'s current recognition order as a result of the Proposed Transaction.

The Commission exempts the Bourse from the requirement to be recognized as an exchange in Ontario (Bourse exemption order). The Bourse filed an application with the Autorité des marchés financiers (AMF), seeking an amendment to its recognition order in Québec. The application and related materials were published for comment by the AMF on February 1, 2008. Any amendments to the recognition order of the Bourse will need to be reflected in the Bourse exemption order. For additional information regarding the Bourse's application to the AMF, please refer to www.lautorite.qc.ca.

We are seeking comments on TSX Group's submission. You are asked to provide your comments in writing and delivered on or before **March 10, 2008**, addressed to:

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, Ontario M5H 3S8
E-mail: jstevenson@osc.gov.on.ca

We request that you submit a diskette containing an electronic copy of your submission. The confidentiality of submissions cannot be maintained as a summary of written comments received during the comment period will be published.

Questions may be referred to:

Susan Greenglass
Manager, Market Regulation
(416) 593-8140
E-mail: sgreenglass@osc.gov.on.ca

Barbara Fydell
Senior Legal Counsel, Market Regulation
(416) 593-8253
E-mail: bfydell@osc.gov.on.ca

February 4, 2008

via e-mail

Ms Barb Fydell
Senior Legal Counsel, Market Regulation
Ontario Securities Commission
20 Queen Street West
Suite 1903, Box 55
Toronto, ON M5H 3S8

Dear Ms Fydell:

Re: Proposed Combination of TSX Group Inc. and Montréal Exchange Inc. (Proposed Transaction)

We are responding to Ontario Securities Commission (OSC) staff's request for information on the details of the Proposed Transaction and analysis supporting our conclusion that no amendments are required to the existing terms and conditions of TSX Group Inc.'s (TSX Group) and TSX Inc.'s (TSX) recognition orders (collectively, the Recognition Order) as a consequence of the Proposed Transaction.

We believe that the changes contemplated as a result of the Proposed Transaction are not prejudicial to the public interest and will not require changes to the existing terms and conditions of the Recognition Order. We provide our review and analysis below, specifically addressing questions raised by OSC staff.

Details of the Proposed Transaction

The Proposed Transaction will be effected through a series of amalgamations under Part 1A of the *Quebec Companies Act* that involve Montréal Exchange Inc., and that ultimately will result in the formation of a successor company, "Amalco", at the effective date of the Proposed Transaction. Following these transactions, Amalco will be a direct subsidiary of TSX Group. Subsidiaries of Montréal Exchange Inc. will become subsidiaries of Amalco as a result of the Proposed Transaction. Amalco, as the corporate successor to Montréal Exchange Inc., will continue to be recognized as a self-regulatory organization and will be authorized to continue to carry on business as an exchange in Québec.

The name of Amalco in the English language form shall be "Montréal Exchange Inc." and "Bourse de Montréal Inc." in the French language form. In this letter, "Amalco" and "Bourse" are used interchangeably to refer to the amalgamated entity after the effective date of the Proposed Transaction.

According to the terms of the Proposed Transaction, the shareholders of Montréal Exchange Inc. may elect to receive consideration in the form of shares of TSX Group (0.7784 of a share) or in cash (\$39.00) for each share of Montréal Exchange Inc., subject to a maximum of \$428,200,000 in cash and 15,346,000 shares of TSX Group. Each shareholder of Montréal Exchange Inc. will thus be entitled to 0.5 of a common share of TSX Group and \$13.95 in cash for each share of Montréal Exchange Inc., after giving effect to full proration.

The Proposed Transaction is subject to the approval of 66 $\frac{2}{3}$ % of the votes cast by shareholders of Montréal Exchange Inc. at a special meeting of Montréal Exchange Inc. to be held on February 13, 2008 and to all other required approvals.

The name "TMX Group Inc." will be submitted for approval to the shareholders of TSX Group at the next annual meeting of TSX Group called after the effective date of the Proposed Transaction. In this letter, TMX Group refers to the TSX Group/Amalco combined entity after the effective date of the Proposed Transaction.

Recognition Order

TSX Group

Corporate Governance

1. *Please provide analysis with respect to the corporate governance terms and conditions in the recognition order in light of the proposals that 25% of the TSX Group board of directors will be Québec residents, 5 qualified Amalco nominees will be nominated to the TSX Group board of directors and a qualified Amalco nominee will sit on each committee of the TSX Group board of directors.*

The Recognition Order imposes conditions on TSX Group's governance structure that are consistent with the OSC's mandate to protect the public interest. These conditions include board representation and independence requirements.

At the effective date of the Proposed Transaction, the number of TMX Group directors will increase to 18. TMX Group shall cause five Bourse nominees to be nominated for election to the TMX Group board of directors at each of the first three annual meetings of TMX Group called following the effective date of the Proposed Transaction.

Also as a consequence of the Proposed Transaction, TMX Group shall nominate every year, without limit as to time, for election to the board of directors of TMX Group, at every annual meeting of TMX Group held following the effective date of the Proposed Transaction, such number of directors who are resident in Québec as represents 25% of the total number of directors nominated for election in any such year. TMX Group shall also cause at least one Bourse nominee to sit on each committee of the board of directors of TMX Group for a period of three years after the effective date of the Proposed Transaction. These provisions will be provided in a written undertaking by TSX Group to the Autorité des marchés financiers (Autorité) in support of the Bourse's recognition order.

The 25% Québec resident requirement on the TMX Group board of directors will be a factor to consider annually when directors are nominated to the TMX Group board. The TSX Group Director Qualification Policy currently requires that the TSX Group Governance Committee consider geographic representation, among other things, when reviewing board composition. As with all public company boards of directors, TSX Group currently exercises meticulous reviews of the skill sets and other attributes of its board members in order to ensure that its board of directors is as strong and knowledgeable as it can be in order to make necessary strategic decisions and steer the corporation accordingly. For example, TSX Group analyzes director skills for experience in: public companies, regulated entities, technology, strategy, financial/risk, transactions, sales/marketing, human resources, energy, broker/dealer, derivatives, and international/U.S. dealings. This will not change as a result of the Proposed Transaction. TMX Group will continue to ensure that it has fair and meaningful representation on its board of directors, as required by the Recognition Order. There are many members of the Québec business community who would bring strong skill sets and meaningful representation to the TMX Group board, including expertise in technology, equities trading, derivatives trading, finance and governance to name a few.

Under the terms of the agreement between TSX Group and Montréal Exchange Inc., the five Bourse nominees will be Québec residents or will be deemed to be Québec residents. Thus, for the three years in which Bourse nominees are nominated to the TMX Group board of directors, assuming the number of TMX Group board members does not exceed 18, the 25% Québec residency requirement will be met automatically by the Bourse nominees. As described on page 4 under the heading "*Recognition Order – TSX Group – Fitness*", the Bourse nominees must be fit and proper persons as required by the Recognition Order.

The Recognition Order requires that there be fair and meaningful representation on TSX Group's Governance Committee and that there be an appropriate representation of independent directors on TSX Group's committees. TMX Group will ensure that these conditions are met when a Bourse nominee is appointed to each board committee. As with other board members, TMX Group will evaluate the skill sets of each Bourse nominee to ensure that he or she will bring value to the board committee that he or she will join. Further, as per the requirements of National Policy 58-201, the Bourse nominee on each of the Governance Committee and Human Resources Committee must be fully independent, as must be the Bourse nominee to the TSX Group Finance and Audit Committee, in compliance with Multilateral Instrument 52-110.

The Proposed Transaction will not affect TSX Group's ability to comply with the corporate governance provisions in the Recognition Order.

The board independence requirements in the Recognition Order will not change. Fair and meaningful representation requirements on the board of directors and the Governance Committee will not change. Appropriate representation requirements on the TMX Group board committees will not change.

2. *Will there be any changes to the committee structure of the TSX Board or the mandate of any committee of the TSX Group Board?*

No. There will not be any such changes.

3. *Will there be any changes to the quorum requirements for the TSX Board or any committee of the Board?*

No. There will not be any such changes.

4. *Please confirm that there will be no changes to the by-laws of TSX Group.*

We confirm that there will not be any changes to TSX Group's by-laws.

Fitness

The Recognition Order requires that TSX Group take reasonable steps to ensure that each of its officers and directors is a fit and proper person and that the past conduct of each officer or director affords reasonable grounds for belief that the officer or director will perform his or her duties with integrity. In order to ensure compliance with this condition, the Bourse nominees will be required to submit to the procedures that TSX Group has established for these purposes.

The Proposed Transaction will not affect TSX Group's ability to comply with these provisions.

Allocation of Resources

The Recognition Order requires that TSX Group will allocate sufficient financial and other resources to TSX to ensure that TSX can carry out its functions in compliance with the terms and conditions of the Recognition Order.

The Proposed Transaction will not affect TSX Group's ability to comply with these provisions.

Financial Information

The Recognition Order requires that TSX Group files certain financial statements with the OSC on a periodic basis.

The Proposed Transaction will not affect TSX Group's ability to comply with these provisions.

Compliance

The Recognition Order requires that TSX Group carry out its activities as a stock exchange and do everything within its control to cause TSX to carry out its activities as a stock exchange, recognized under section 21 of the *Securities Act*.

The Proposed Transaction will not affect TSX Group's ability to ensure that these requirements are met and that TSX complies with the terms and conditions of the Recognition Order.

Access to Information

The Recognition Order requires that TSX Group and its subsidiaries give access to the OSC for the inspection of data and information to allow the OSC to perform its regulatory oversight of TSX Group and TSX. TSX Group will continue to comply with this requirement, which will extend to information and data in the possession of the Bourse as of the effective date of the Proposed Transaction.

The Proposed Transaction will not affect TSX Group's ability to comply with these provisions.

Share Ownership Restrictions

The Recognition Order confirms that the restriction on share ownership in section 21.11(1) of the *Securities Act*, as amended, applies to TSX Group.

The Proposed Transaction will not affect this restriction. However, as of the effective date of the Proposed Transaction, TSX Group will also be subject to a new ownership restriction whereby no person or company and no combination of persons or companies acting jointly or in concert shall beneficially own or exercise control or direction over more than 10% of any class or series of voting shares of TSX Group without the prior approval of the Autorité. This ownership restriction is included in the written undertakings to be made by TSX Group to the Autorité.

TSX Inc.

Corporate Governance

The Recognition Order corporate governance requirements for TSX are very similar to those of TSX Group, with the additional condition that TSX must ensure diversity of representation to provide a proper balance between interests of the different entities using its services and facilities. Because the board of directors of TSX is currently comprised of the same individuals as the board of TSX Group, the number of TSX board of directors will also increase to 18 directors as of the effective date of the Proposed Transaction. Similarly, so long as the TSX board of directors continues to be a mirror board to TSX Group, individuals who are resident in Québec will represent 25% of the total number of directors nominated for election to the TSX board of directors at every annual meeting of TSX held following the effective date of the Proposed Transaction.

For the reasons provided under the heading “*Recognition Order - TSX Group - Corporate Governance*” on page 2, TSX will continue to be able to comply with the corporate governance terms in the Recognition Order. TSX will continue to be able to maintain a balance of interests on its board of directors between the different entities using its services and facilities. Because the composition requirements on the board of TSX are not mutually exclusive, it is possible that entities using TSX’s services may be represented on the board by a Québec-based director who is also counted in the 25% Québec resident requirement. In any event, the condition on TSX to compose its board in a manner that provides for this balance of interests will continue to be met whether through Québec-based individuals or otherwise.

Fees

The Recognition Order provides that any and all fees imposed by TSX on its Participating Organizations shall be equitably allocated, shall not have the effect of creating barriers to access, and shall be balanced with TSX’s need for sufficient revenues. The process for setting fees shall be fair and appropriate.

The Proposed Transaction will not affect TSX’s ability to comply with these provisions.

Access

The Recognition Order outlines to whom TSX shall permit access to its trading facilities, and how such standards should be established.

The Proposed Transaction will not affect TSX’s ability to comply with these provisions.

Fitness

TSX has the same fitness requirements as TSX Group. Given that the board of directors of TSX is a mirror board to that of TSX Group, the new TSX directors (that is, the Bourse nominees) will be subject to the procedures that have been established by TSX Group to ensure that its directors are fit and proper persons.

The Proposed Transaction will not affect TSX’s ability to comply with these provisions.

Financial Viability

TSX must maintain sufficient financial resources for the proper performance of its functions. The Recognition Order also requires that TSX shall calculate monthly certain specified financial ratios and make quarterly reporting to the OSC of these monthly calculations.

The Proposed Transaction will not affect TSX’s ability to comply with these provisions.

Regulation

The Recognition Order requires that TSX shall continue to retain Market Regulation Services Inc. as its regulation services provider to provide, as agent for TSX, certain regulation services which have been approved by the OSC.

The Proposed Transaction will not affect TSX’s ability to comply with these provisions.

Systems

5. *We have reviewed materials which indicate that Mr. Luc Bertrand will be assuming responsibility for information technology (IT) of TSX Group after the effective date of the Proposed Transaction. Please provide information on any resulting changes to TSX Group’s IT operations, including whether TSX Group’s IT operations will continue to reside in Toronto.*

After the effective date of the Proposed Transaction, Mr. Luc Bertrand will assume the role of Deputy Chief Executive Officer of TMX Group. Mr. Bertrand’s responsibilities will include all of the information technology functions of TMX Group. The Chief Information Officer of TMX Group will report to Mr. Bertrand. No further decisions have been made regarding possible changes to TSX’s IT operations; however, we currently anticipate that the IT function will continue to exist both in Toronto and Montréal.

The Recognition Order provides, among other things, that TSX ensure that certain testing and reviews of its systems are executed on a reasonably frequent basis.

The Proposed Transaction will not affect TSX’s ability to comply with these provisions.

Purpose of Rules

TSX must establish rules and policies that are necessary or appropriate to govern and regulate its business and affairs.

The Proposed Transaction will not impact TSX's ability to comply with these provisions.

Rules and Rule-Making

TSX must comply with the existing protocol between TSX and the OSC and all rules and amendments adopted by TSX must be filed with the OSC.

The Proposed Transaction will not affect TSX's ability to comply with these provisions.

Financial Statements

The Recognition Order requires that TSX file certain financial statements with the OSC.

The Proposed Transaction will not affect TSX's ability to comply with these provisions.

Sanction Rules

The Recognition Order requires that TSX ensures that its Participating Organizations and listed issuers are appropriately sanctioned for rule violations. TSX is also required to notify the OSC of any violations of securities legislation of which it becomes aware in the ordinary course operation of its business.

The Proposed Transaction will not affect TSX's ability to comply with these provisions.

Due Process

TSX must ensure that its access requirements, including the imposition of conditions on access and denial of access, are fair and reasonable and afford an opportunity to be heard and provide provisions for appeals.

The Proposed Transaction will not affect TSX's ability to comply with these provisions.

Information Sharing

TSX must co-operate by sharing information with the OSC and other self-regulatory organizations, subject to applicable privacy laws.

The Proposed Transaction will not affect TSX's ability to comply with these provisions.

Listed Company Rules

TSX is required to have appropriate review procedures in place to monitor and enforce issuer compliance.

The Proposed Transaction will not affect TSX's ability to comply with these provisions.

Self-Listing Conditions

TSX is subject to certain terms and conditions relating to the listing of TSX Group on TSX.

The Proposed Transaction will not affect TSX's ability to comply with these provisions.

Outsourcing

The Recognition Order requires that any material outsourcing of any of TSX's business functions with parties other than TSX Group or an affiliate or associate of TSX Group shall be done in accordance with industry best practices.

The Proposed Transaction will not affect TSX's ability to comply with these provisions.

Related Party Transactions

If TSX enters into a material agreement or transaction with TSX Group or any subsidiary or associate of TSX Group, that agreement or transaction must be on terms and conditions that are at least as favourable to TSX as market terms and conditions.

This provision will apply to any material agreement or transaction that TSX enters into with the Bourse after the effective date of the Proposed Transaction.

The Proposed Transaction will not affect TSX's ability to comply with these provisions.

Clearing and Settlement

6. *We have reviewed materials which indicate that CDCC will assume an expanded clearing mandate. Please provide any additional information available at this time. We note that the TSX's recognition order currently requires the TSX rules to impose a requirement on Participating Organizations to have appropriate arrangements in place for clearing and settlement through a clearing agency recognized by the Commission.*

No specific plans have been developed at this time. TSX is aware of the Recognition Order requirements and will continue to comply with the terms and conditions in the Recognition Order.

Other OSC Questions

Operational Changes

7. *We note that the Montréal Exchange Inc. management proxy circular dated January 10, 2008 states, at page 21, that "the parties are currently targeting annual cost synergies of \$25 million, expected to be achieved by reducing corporate costs, rationalizing premises and data centres and optimizing technology". Please provide details on any anticipated changes to TSX Group and TSX operations.*

No specific plans have been agreed yet and no additional details are currently available respecting how synergies will be achieved. Mr. Luc Bertrand will be in charge of integration and of realizing synergies. It is expected that synergies will be realized from across the combined organization. Depending on when the effective date of the Proposed Transaction occurs, synergies will be partially phased in during 2008, with most of the \$25 million in synergies expected to be realized in 2009.

8. *Will there be any changes to the activities currently being carried out in TSX's Montréal office?*

We do not anticipate any changes to the activities currently being carried out in TSX's Montréal office.

Conclusion

It is our submission that the Proposed Transaction will not give rise to any public interest concerns that would require changes to be made to the existing terms and conditions of TSX Group's and TSX's Recognition Order.

Yours truly,

"Sharon Pel"

Sharon C. Pel
Senior Vice President, Legal and Business Affairs

cc. Pierre Bernier, *Autorité*
Jacinthe Bouffard, *Autorité*
Susan Greenglass, *OSC*
Joëlle St-Arnault, *Bourse de Montréal*

Chapter 25

Other Information

25.1 Exemptions

25.1.1 Pathway Mining 2008 Flow-Through Limited Partnership - OSC Rule 41-501 General Prospectus Requirements, s. 15.1

Headnote

Exemption from the requirement to attach a copy of the limited partnership agreement to both the preliminary and final prospectus – Inclusion of the limited partnership agreement in the prospectus of the fund will not provide any additional disclosure to investors that would not already be publicly available on SEDAR – section 15.1 of Ontario Securities Commission Rule 41-501 General Prospectus Requirements and item 27.2 of Form 41-501F1 – Information Required in a Prospectus.

Applicable Legislative Provisions

Ontario Securities Commission Rule 41-501 General Prospectus Requirements, s. 15.1.

Form 41-501F1 Information Required in a Prospectus, Item 27.2.

January 28, 2008

Boughton Law Corporation
Suite 1000, 595 Burrard Street
P.O. Box 49290
Vancouver, BC V7X 1S8

Attention: Kathy H. Tang

Dear Sirs/Mesdames:

**Re: Pathway Mining 2008 Flow-Through Limited Partnership (the "Partnership")
Exemptive Relief Application under Part 15 of OSC Rule 41-501 General Prospectus Requirements ("Rule 41-501")
Application No. 2008/0042, SEDAR Project No. 1207503**

By letter dated January 16, 2008 (the "Application"), the Partnership applied to the Director of the Ontario Securities Commission (the "Director") pursuant to section 15.1 of Rule 41-501 for relief from the operation of item 27.2 of Form 41-501F1 which requires that an issuer attach a copy of the limited partnership agreement to both its preliminary and final prospectus.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the

issuance of a receipt for the Partnership's prospectus, subject to the following conditions:

1. the final prospectus will include a summary of all material provisions of the limited partnership agreement; and
2. the final prospectus will advise investors and potential investors of the various means by which they can obtain copies of the limited partnership agreement, which will include:
 - a. inspection during normal business hours at the offices of the General Partner;
 - b. from SEDAR;
 - c. upon written request to the General Partner; and
 - d. from the website of Pathway Asset Management.

Yours very truly,

"Vera Nunes"
Assistant Manager, Investment Funds Branch

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