

The Ontario Securities Commission

OSC Bulletin

February 29, 2008

Volume 31, Issue 9

(2008), 31 OSCB

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

The Ontario Securities Commission

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Published under the authority of the Commission by:

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| | |
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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 29, 2008

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

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Ontario Securities Commission
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| Kevin J. Kelly | — | KJK |
| David L. Knight, FCA | — | DLK |
| Patrick J. LeSage | — | PJL |
| Carol S. Perry | — | CSP |
| Robert L. Shirriff, Q.C. | — | RLS |
| Suresh Thakrar, FIBC | — | ST |
| Wendell S. Wigle, Q.C. | — | WSW |

| | | |
|---------------|--|---|
| March 4, 2008 | | 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 |
| 2:30 p.m. | | |

s. 127

C. Price in attendance for Staff

Panel: JEAT/MCH

| | | |
|---------------|--|--|
| March 5, 2008 | | Swift Trade Inc. and Peter Beck |
|---------------|--|--|

10:00 a.m. s. 127

S. Horgan in attendance for Staff

Panel: JEAT

| | | |
|---------------|--|--------------------|
| March 6, 2008 | | David Berry |
|---------------|--|--------------------|

10:00 a.m. s. 21.7

J. Superina in attendance for Staff

Panel: LER/JEAT

| | | |
|----------------|--|---|
| March 19, 2008 | | Al-Tar Energy Corp., Alberta Energy Corp., Drago Gold Corp., David C. Campbell, Abel Da Silva, Eric F. O'Brien and Julian M. Sylvester |
| 10:00 a.m. | | |

s. 127 & 127.1

M. Boswell in attendance for Staff

Panel: TBA

| | | |
|----------------|--|--|
| March 25, 2008 | | MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric |
| 9:30 a.m. | | |

s. 127 & 127(1)

D. Ferris in attendance for Staff

Panel: WSW/DLK

| | | | |
|------------------------------|---|------------------------------|--|
| March 25, 2008 10:00 a.m. | Xi Biofuels Inc., Biomaxx Systems Inc., Ronald David Crowe and Vernon P. Smith s. 127 M. Vaillancourt in attendance for Staff Panel: JEAT | 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(1) & (5) S. Horgan in attendance for Staff Panel: JEAT/CSP |
| 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 s. 127(1) & 127(5) M. Vaillancourt in attendance for Staff Panel: JEAT | March 31, 2008 10:00 a.m. | Rex Diamond Mining Corporation, Serge Muller and Benoit Holemans s. 127 & 127(1) J. Corelli in attendance for Staff Panel: WSW/DLK/KJK |
| March 27, 2008 10:00 a.m. | Jose Castaneda s. 127 and 127.1 H. Craig in attendance for Staff Panel: WSW/ST | 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 H. Craig in attendance for Staff Panel: TBA |
| March 28, 2008 10:00 a.m. | Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultee and Peter Y. Atkinson s.127 J. Superina in attendance for Staff Panel: LER/MCH | March 31, 2008 2:00 p.m. | Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman s. 127(7) and 127(8) M. Boswell in attendance for Staff Panel: JEAT |
| 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 & 127.1 J. S. Angus in attendance for Staff Panel: JEAT/ST | April 1, 2008 2:30 p.m. | 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 |

| | | | |
|-----------------------------|---|---------------------------------|---|
| April 2, 2008 10:00 a.m. | Peter Sabourin, W. Jeffrey Haver, Greg Irwin, Patrick Keaveney, Shane Smith, Andrew Lloyd, Sandra Delahaye, Sabourin and Sun Inc., Sabourin and Sun (BVI) Inc., Sabourin and Sun Group of Companies Inc., Camdeton Trading Ltd. and Camdeton Trading S.A. s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: TBA | May 27, 2008 2:30 p.m. | 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 s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: WSW/DLK |
| April 7, 2008 2:30 p.m. | Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues) s.127 and 127.1 D. Ferris in attendance for Staff Panel: LER/ST | June 24, 2008 2:30 p.m. | 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. s. 127 and 127.1 P. Foy in attendance for Staff Panel: JEAT/ST |
| April 15, 2008 2:30 p.m. | FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun s. 127 M. Mackewn in attendance for Staff Panel: TBA | June 24, 2008 2:30 p.m. | Stanton De Freitas s. 127 and 127.1 P. Foy in attendance for Staff Panel: JEAT/ST |
| May 5, 2008 10:00 a.m. | John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir S. 127 & 127.1 I. Smith in attendance for Staff Panel: TBA | July 14, 2008 10:00 a.m. | Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin s. 127 H. Craig in attendance for Staff Panel: TBA |
| May 5, 2008 10:00 a.m. | Norshield Asset Management (Canada) Ltd., Olympus United Group Inc., John Xanthoudakis, Dale Smith and Peter Kefalas s.127 P. Foy in attendance for Staff Panel: WSW/DLK | September 3, 2008 10:00 a.m. | Shane Suman and Monie Rahman s. 127 & 127(1) J. Corelli/C. Pice in attendance for Staff Panel: TBA |

| | | | |
|--------------------------------|--|-----|--|
| November 3, 2008 10:00 a.m. | Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited | TBA | Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony |
| | s. 127 | | s. 127 and 127.1 |
| | E. Cole in attendance for Staff | | H. Craig in attendance for Staff |
| | Panel: TBA | | Panel: TBA |
| TBA | Yama Abdullah Yaqeen | TBA | Franklin Danny White, Naveed Ahmad Qureshi, WNBC The World Network Business Club Ltd., MMCL Mind Management Consulting, Capital Reserve Financial Group, and Capital Investments of America |
| | s. 8(2) | | |
| | J. Superina in attendance for Staff | | |
| | Panel: TBA | | |
| TBA | Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell | | s. 127 C. Price in attendance for Staff |
| | s. 127 | | Panel: LER |
| | J. Waechter in attendance for Staff | | |
| | Panel: TBA | | |
| TBA | Frank Dunn, Douglas Beatty, Michael Gollogly | | <u>ADJOURNED SINE DIE</u> |
| | s.127 | | Global Privacy Management Trust and Robert Cranston |
| | K. Daniels in attendance for Staff | | Andrew Keith Lech |
| | Panel: TBA | | S. B. McLaughlin |
| | | | Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol |
| | | | Andrew Stuart Netherwood Rankin |
| TBA | Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels | | Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg |
| | s. 127 and 127.1 | | 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 |
| | D. Ferris in attendance for Staff | | |
| | Panel: JEAT/ST | | Euston Capital Corporation and George Schwartz |
| TBA | John Alexander Cornwall, Kathryn A. Cook, David Simpson, Jerome Stanislaus Xavier, CGC Financial Services Inc. and First Financial Services | | 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 |
| | s. 127 and 127.1 | | Global Partners Capital, WS Net Solution, Inc., Hau Wai Cheung, Christine Pan, Gurdip Singh Gahunia |
| | S. Horgan in attendance for Staff | | |
| | Panel: RLS/DLK/MCH | | |

1.1.2 OSC Staff Notice 51-716 - Environmental Reporting

OSC STAFF NOTICE 51-716 ENVIRONMENTAL REPORTING

INTRODUCTION

National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) requires reporting issuers to disclose information about environmental matters in their continuous disclosure (CD) documents. This notice outlines the results of a targeted review of compliance with these requirements that staff of the Ontario Securities Commission (OSC) recently conducted. This review was announced in OSC Staff Notice 51-706 *Corporate Finance Branch Report 2007*, dated November 1, 2007.

SCOPE OF OUR REVIEW

Issuer sample

We completed a review of 35 reporting issuers for whom the OSC is the principal regulator. Twenty-two were TSX-listed issuers and 13 were venture issuers¹. Each of the issuers we reviewed operates in one of the following industries: environmental services, industrial products, mining, oil and gas, steel, transportation services, or utilities. This notice includes commentary that may be relevant to issuers operating in other industries.

Documents reviewed

We reviewed the CD documents of each issuer, which included the issuer's most recent annual financial statements, annual management's discussion and analysis (MD&A) and annual information form (AIF), if applicable.

We also reviewed each issuer's website for disclosure of information relating to environmental matters to determine if that disclosure was consistent with the disclosure in its CD documents.

Disclosure

We examined disclosure about the following matters:

- financial liabilities related to the environment (environmental liabilities)
- asset retirement obligations
- financial and operational effects of environmental protection requirements
- environmental policies fundamental to operations, and
- environmental risks

Focus on material information

As provided in Part 1(f) of Form 51-102F1 *Management's Discussion & Analysis* (Form 51-102F1) and Part 1(e) of Form 51-102F2 *Annual Information Form* (Form 51-102F2), materiality is the determining factor for including information in CD documents.

Information relating to environmental matters is likely material if a reasonable investor's decision whether or not to buy, sell or hold securities of the issuer would likely be influenced or changed if the information was omitted or misstated. As noted in Form 51-102F1 and Form 51-102F2, this concept of materiality is consistent with the financial reporting notion of materiality included in the Canadian Institute of Chartered Accountants Handbook (the Handbook).

We are of the view that issuers should consider both quantitative and qualitative factors in determining materiality generally, and particularly for disclosure relating to environmental matters.

¹ The commentary regarding disclosure obligations of TSX-listed issuers applies to all issuers that do not qualify as venture issuers. A "venture issuer" is defined in NI 51-102 as a reporting issuer that, as at the applicable time, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

SUMMARY OF FINDINGS AND COMMENTS

A. Environmental liabilities

Estimates reflected in financial statements

Under Section 3290 – Contingencies of the Handbook, a contingency is defined as an existing condition or situation involving uncertainty as to possible gain or loss to an issuer that will ultimately be resolved when one or more future events occur or fail to occur. For example, an issuer involved in litigation over environmental matters may include an estimated amount for a contingent environmental liability in its financial statements (including the related notes) at the date of its financial statements. The estimate may be selected from a range of possibilities. The estimate may change over time. Canadian generally accepted accounting principles (GAAP) allow the minimum estimate to be accrued if no estimate within the range is more probable than another. Prediction of the outcome of contingencies, including estimation of the financial effects, is a matter of judgment by those responsible for preparing financial statements, taking into account the particular circumstances.

Where the environmental liability involves a critical accounting estimate (as defined in Form 51-102F1), certain disclosure is required. Specifically, item 1.12 of Form 51-102F1 requires management of TSX-listed issuers to include an analysis of critical accounting estimates in their MD&A. This analysis should:

- identify and describe each critical accounting estimate, including:
 - a description of the accounting estimate
 - the methodology used in determining the critical accounting estimate
 - the assumptions underlying the accounting estimate that relate to matters highly uncertain at the time the estimate was made
 - any known trends, commitments, events or uncertainties that management reasonably believes will materially affect the methodology or assumptions described, and
 - if applicable, why the estimate is reasonably likely to change from period to period and have a material impact on the financial presentation
- explain the significance of the estimate to the issuer's financial condition, changes in financial condition and results of operations and identify the financial statement line items affected by the accounting estimate
- discuss changes made to critical accounting estimates during the past two financial years, including the reasons for the change and the quantitative effect on the issuer's overall financial performance and financial statement line items, and
- identify the segments of the issuer's business that the accounting estimate affects and discuss the accounting estimate on a segment basis, if the issuer operates in more than one segment

Findings

The MD&A of some of the TSX-listed issuers we reviewed included a detailed analysis of the issuer's environmental estimates. For example, in discussing reclamation costs, one issuer stated that its operations are subject to environmental laws in the various countries where it has closed mines and open mines. The issuer then stated that technical issues made the reclamation of closed mines uncertain, which, together with any future changes in environmental laws, made estimating reclamation costs difficult. Nevertheless, the issuer provided a breakdown of its estimated reclamation costs for its closed mines and its open mines, and provided the basis and methodology for making these estimates. The issuer concluded its analysis by noting that it recognized changes in its estimated reclamation costs immediately for closed mines and amortized any changes in its estimated reclamation costs over the life of its open mines.

In contrast, many of the other TSX-listed issuers we reviewed included boilerplate discussion of environmental estimates in their MD&A with minimal or no analysis, or did not discuss the environmental estimates at all. For example, in its MD&A, one issuer simply stated that it is responsible for its share of environmental costs and maintains insurance for environmental risks, but that there is no guarantee that the insurance will cover all environmental claims brought against the issuer.

Comments

We are of the view that in order for a TSX-listed issuer to meet the requirements of item 1.12 of Form 51-102F1, the issuer should quantify the accounting estimate where quantitative information is reasonably available and would provide material

information to investors. They should also identify and explain that the estimate was highly uncertain at the time it was made and provide a detailed discussion of the estimate, which may include a sensitivity analysis or disclosure of the upper and lower ends of the range of estimates from which the recorded estimate was selected.

We are of the view that boilerplate disclosure is insufficient because it does not specifically identify how the estimate relates to that issuer, and therefore does not provide meaningful information to investors.

Potential environmental liabilities not reflected in financial statements

Findings

Many of the issuers we reviewed only discussed potential environmental liabilities in their MD&A if they had included these potential liabilities in their financial statements.

Eight issuers mentioned environmental contingencies and commitments in the notes to their financial statements. These included chemical spills, litigation resulting from a variety of environmental matters, arbitration in foreign jurisdictions concerning licences and permits, and soil remediation. However, only six of these issuers discussed these environmental contingencies and commitments in their MD&A.

Comments

Some issuers may have potential liabilities that are not reflected in the financial statements because their long-term or contingent nature can make them particularly difficult to quantify.

Some issuers may have several contingent environmental liabilities that have not been recognized because they are not individually material, but it is possible that together they may indicate an underlying risk or trend that could be material to the issuer in the long-term.

We are of the view that a discussion of material contingent environmental liabilities should be included in an issuer's MD&A and/or AIF whether or not the liability has been accrued in the financial statements or has been disclosed in the notes to the financial statements.

B. Asset retirement obligations

In accordance with Section 3110 – Asset Retirement Obligations of the Handbook, issuers are required to include certain disclosure about asset retirement obligations (AROs) in their financial statements, if applicable.

Item 1.2 of Form 51-102F1 requires an analysis of an issuer's financial condition, results of operations and cash flows, which includes a discussion of commitments, events or uncertainties that are reasonably likely to have an effect on the issuer's business. In addition, item 1.6 of Form 51-102F1, and the corresponding instructions for item 1.6 included in Form 51-102F1, require TSX-listed issuers to provide a summary, in a table, of contractual obligations for the issuer's balance sheet conditions or income or cash flow, including payments due for each of the next five years and thereafter. Among other things, TSX-listed issuers must list other long-term obligations, which may include AROs.

Findings

Thirteen issuers, including two venture issuers, included AROs in their financial statements. Seven of these issuers also included AROs in the summary contractual obligations table in their MD&A.

Five issuers discussed the AROs in both their MD&A and their AIF, seven issuers discussed the AROs only in their MD&A and one issuer did not discuss the AROs in their MD&A or AIF.

Disclosure of AROs varied among issuers. For example, some issuers recognized, measured and disclosed liabilities for AROs associated with the retirement of long-lived assets in accordance with GAAP, but did not include a discussion of these liabilities in their MD&A and/or AIF.

Other issuers provided more useful information regarding AROs to investors. For example, one issuer accrued environmental remediation costs relating to certain mines in its annual financial statements in accordance with GAAP. The issuer also included a comprehensive discussion of these costs in its MD&A and AIF, separating the costs into categories such as the costs of compliance with environmental legislation and the costs associated with the disposal of hazardous materials, and also divided the costs among open mines, closed mines and development projects. The issuer then identified the current and future impact of the costs on financial results and noted that it would record a loss accrual if a contingent loss arose due to the improper use of an asset and the loss was probable and could be reasonably estimated.

Comments

A liability for an ARO should be recognized in the period when a reasonable estimate of fair value can be made. Once this estimate can be made, GAAP requires that the estimate be included in the issuer's financial statements.

We are of the view that if an ARO is material to an issuer, in addition to providing the required financial statement disclosure, the issuer should strive to enhance a reader's understanding by providing supplemental disclosure in its MD&A. Specifically, issuers should include in their MD&A a comprehensive discussion of material commitments, events or uncertainties, including AROs, that are reasonably likely to have an effect on the issuer's business.

Issuers should also evaluate whether AROs are material long-term obligations. If so, we are of the view that TSX-listed issuers should include these AROs in the summary contractual obligations table in their MD&A as required under item 1.6 of Form 51-102F1.

C. Financial and operational effects of environmental protection requirements

Item 5.1(1)(k) of Form 51-102F2 requires issuers to disclose the financial and operational effects of environmental protection requirements on the issuer's capital expenditures, earnings and competitive position in the current financial year and the expected effect in future years.

Findings

Twenty-two of the issuers we reviewed were required to file an AIF. Fourteen of these issuers included disclosure about environmental protection requirements in their AIF. Eight issuers did not include any disclosure in their AIF about environmental protection requirements.

Most of the issuers that included disclosure in their AIF about environmental protection requirements provided only a qualitative discussion of environmental protection requirements. They did not quantify the costs or the impact or potential impact on financial and operational results. This qualitative disclosure was typically discussed in the context of a risk factor.

In addition, many of these issuers provided only a limited discussion of these requirements, again with no quantification on the results of the issuer's operations. For example, one issuer simply stated that future environmental changes could affect any aspect of its activities.

Some issuers did include a detailed discussion of the financial and operational effects of environmental protection requirements on their capital expenditures, earnings and competitive position in the current financial year and the expected effect in future years. For example, one issuer stated that it designs and operates in compliance with all applicable environmental requirements relating to the protection of the environment. The issuer also stated that it cannot predict the changes that could be made to environmental requirements in the future. The issuer concluded its discussion by stating that its capital and operating costs for environmental controls would likely increase in the future, but these increases were not expected to have a material effect on the earnings or competitive position of the issuer.

Comments

We are of the view that in order to meet the requirements of item 5.1(1)(k) of Form 51-102F2, the AIF should, where reasonably available, include a quantification of the costs associated with environmental protection requirements, and the impact or potential impact of these costs on financial and operational results. Boilerplate disclosure is insufficient to properly meet these requirements.

D. Environmental policies fundamental to operations

If an issuer has implemented environmental policies that are fundamental to its operations (such as policies on the issuer's relationship with the environment), item 5.1(4) of Form 51-102F2 requires the issuer to describe these policies and the steps it has taken to implement them.

Findings

Disclosure of environmental policies varied significantly in the AIFs that we reviewed. Some issuers provided meaningful information to investors. For example, one issuer discussed its various programs to prevent and control spills and protect water quality, reuse and conserve water, and mitigate the dust produced by its operations for each of its properties. The issuer also addressed how harmful materials generated by its operations are removed and destroyed, and described its policy of performing regular environmental audits on all of its properties.

A number of issuers did not provide a meaningful discussion of their environmental policies and the actions they have taken to implement these policies, or they only provided generic boilerplate discussion of their environmental policies.

Comments

We are of the view that when discussing environmental policies fundamental to their operations, issuers should evaluate and describe the impact or potential impact these policies may have on their operations. This discussion may include a quantification of the costs associated with these environmental policies, where quantitative information is reasonably available and would provide meaningful information to investors. Boilerplate disclosure is insufficient to properly meet these requirements.

E. Environmental risks

Item 5.2 of Form 51-102F2 requires an issuer to disclose risk factors relating to the issuer and its business. This includes environmental risks and any other matter that would be most likely to influence an investor's decision to buy the issuer's securities. The AIF should provide insight into what the issuer believes are the risks relating to the issuer and its business so that investors can assess the effect of these risks on the issuer's operations and/or financial performance.

Findings

Eighteen of the 22 issuers we reviewed that were required to file an AIF, provided disclosure about environmental risks. Four of the 22 issuers did not address environmental risks as a risk factor, despite being in an industry where environmental risks appear to be relevant.

Disclosure about environmental risks varied among issuers. For example, one issuer provided a detailed discussion of the foreign environmental laws and regulations that apply to it and quantified the costs of compliance with these laws and regulations in both the short- and long-term. The issuer also discussed how significant changes to these laws or regulations could materially impact its expenditures, which in turn could affect its business, financial results and financial condition.

In contrast, other issuers used boilerplate language, simply disclosing that they are subject to environmental laws and regulations, and that they have established general provisions for expenses associated with environmental obligations. There was no quantification of these expenses. For example, one issuer stated that it was subject to the risk of penalties if it did not comply with applicable environmental laws and indicated that there was no assurance that it could comply with these laws.

Comments

An issuer should assess whether, due to the nature of its operations, it should address environmental risks in its CD documents. If so, those risks should be disclosed in the issuer's AIF, if required to be filed. If the issuer is not required to file an AIF, those risks should be disclosed in the issuer's MD&A.

We are of the view that if any risks relating to environmental laws are material to an issuer's operations, whether national or international, the issuer should include a detailed discussion of these laws. This discussion should provide meaningful information to investors. For example, it may include whether or not the issuer is in compliance with these laws and any costs of compliance. Boilerplate disclosure is insufficient to properly meet these requirements.

CONCLUSION

General

Existing CD obligations require issuers to disclose material information, including material information about environmental matters. Issuers should consider the guidance in this notice when preparing their financial statements, MD&A and AIFs to ensure that the disclosure of environmental matters complies with securities legislation and provides investors with meaningful information for making investment decisions.

Website disclosure

All of the issuers we reviewed disclosed environmental information on their website that was consistent with their CD documents. We remind issuers that disclosure of material environmental matters should be set out in their CD documents filed with the securities regulatory authorities as required by GAAP and applicable securities legislation, and that it is insufficient to discuss environmental matters required by securities legislation solely on their website.

Certification and audit committee responsibilities

Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* requires that certifying officers certify, among other things, that an issuer's financial statements, together with the other financial information included in the issuer's MD&A and AIF, if applicable, fairly present, in all material respects, the issuer's financial condition. We are of the view that meaningful discussion of material environmental matters, where applicable, in an issuer's MD&A and AIF is important to achieve fair presentation of the issuer's financial condition in all material respects.

In addition, under Multilateral Instrument 52-110 *Audit Committees*, an audit committee is required to review an issuer's financial statements and MD&A before the issuer publicly discloses this information. The audit committee must also be satisfied that adequate procedures are in place for the review of the issuer's public disclosure of financial information extracted or derived from the issuer's financial statements, and must periodically assess the adequacy of these procedures. We are of the view that the audit committee's oversight of financial reporting related to material environmental matters, where applicable, in CD documents is an important aspect of meeting these responsibilities.

We will continue to monitor disclosure of environmental matters as part of our ongoing CD reviews.

QUESTIONS OR COMMENTS

We encourage issuers or their representatives to contact us with any questions or comments on these matters.

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February 27, 2008

1.1.3 Notice of Commission Approval – Material Amendments to CDS Rules Relating to ACCESS Service

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS RULES

ACCESS SERVICE

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (“Commission”) and CDS Clearing and Depository Services Inc. (“CDS[®]”), the Commission approved on February 22, 2008 amendments filed by CDS to its Participant Rules relating to the American and Canadian Connection for Efficient Securities Settlement Service (“ACCESS”). The amendments will be effective on **March 3, 2008**.

Summary of Material Rule

ACCESS was one of the cross-border services and facilitated the clearing and settlement of cross-border transactions. It utilized an omnibus account model whereby CDS acted as the counterparty to transactions with The Depository Trust Company and National Securities Clearing Corporation (“NSCC”) with no look through to the CDS participants – that is, the identities of CDS participants were not transparent to the US counterparties.

On June 22, 2005, the CDS Board of Directors approved the proposal to terminate ACCESS. This decision to terminate ACCESS was made pursuant to an internal assessment of CDS’s cross-border services. It was determined that ACCESS had several shortcomings: (1) it did not meet current CDSX[®] risk model standards, (2) it suffered from a decline in both volume and revenue, (3) it was heavily reliant on manual processes, (4) it lacked full functionality to meet participant’s needs, (5) it could not adequately address risk spillover between domestic and cross-border clearing and settlement procedures, and (6) entities in the United States (the National Association of Securities Dealers and the Securities and Exchange Commission) presented concerns relating to both the “affirmative determination” rule (<http://www.finra.org/Rules/Regulation/RuleFilings/2001RuleFilings/P001171>) and Regulation SHO (<http://www.sec.gov/rules/final/34-50103.pdf>).

Participants that were using ACCESS to clear trades had to convert their activities to the New York Link (“NYL”) or make arrangements with a third party CDS Participant (that would use the NYL) to clear and settle their transactions. The transition period for this conversion commenced with the Board’s decision to terminate in June 2005 and ended in January 2006 – a 7 month period. The transition exercise finished ahead of schedule. Furthermore, all outstanding trades were allocated or closed out and bank accounts related to the service were reconciled to zero balances as at March 31, 2006, ahead of expected timing.

Subsequently, the Board was presented with the redaction of ACCESS Rule references at its meeting on June 28, 2006. The Board approved the proposed Rule amendments at this meeting. In accordance with CDS Participant Rule 1.5, CDS distributed the proposed Rule amendments to its participants for a 30 day comment period on June 29, 2006. CDS did not receive any comments.

One of CDS’s participants sent a letter dated July 8, 2005 to the TSX Venture Exchange (“TSX-V”) and copied CDS and several Canadian securities commissions concerning the ACCESS termination. The purpose of the letter was to request that the TSX-V involve its Western participants in regards to providing consent to CDS for the termination of ACCESS. The letter also questioned the impact on participants, their clients and liquidity of the TSX-V. CDS received the consent of the TSX-V in September 2005 subject to the conditions that all ACCESS participants having made alternative arrangements for settling their US-based transactions, that the participants ceased inputting trades into ACCESS, and that they no longer required settlement through ACCESS. These conditions were met ahead of schedule with all ACCESS participants being migrated to the NYL or to another clearing participant by January 26, 2006.

The amendments reflect the discontinuation of ACCESS by the removal of all references to the same.

Waiver

Pursuant to section 7(a) of the Rule Protocol Regarding the Review and Approval of CDS Rules by the OSC (“Rule Protocol”) of the OSC Recognition and Designation Order, as amended November 1, 2006, CDS has received a waiver from section 4 of the Rule Protocol requiring that a Request for Comments Notice be published. ACCESS has been discontinued and participants transitioned from the service.

1.2 Notices of Hearing

1.2.1 Al-tar Energy Corp. et al. - ss. 127, 127.1

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

AND

IN THE MATTER OF
AL-TAR ENERGY CORP., ALBERTA ENERGY CORP.,
DRAGO GOLD CORP., DAVID C. CAMPBELL,
ABEL DA SILVA, ERIC F. O'BRIEN AND
JULIAN M. SYLVESTER

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on Wednesday, March 19th, 2008 at 10 a.m., or as soon thereafter as the hearing can be held, to consider:

- (i) whether, in the opinion of the Commission, it is in the public interest, pursuant to s. 127(5) of the Act to issue a temporary order that: (a) the respondents, Drago Gold Corp. ("Drago Gold"), David C. Campbell ("Campbell"), Abel Da Silva ("Da Silva") and their employees, agents and/or salesperson shall cease trading in the shares of Al-tar Energy Corp. ("Al-tar"), Alberta Energy Corp. ("Alberta Energy") and Drago Gold; and (b) the respondents shall cease trading in any securities;
- (ii) whether, in the opinion of the Commission, it is in the public interest, pursuant to ss. 127 and 127.1 of the Act to order that:
 - (a) trading in any securities by the respondents cease permanently or for such period as is specified by the Commission;
 - (b) the acquisition of any securities by the respondents is prohibited permanently or for such other period as is specified by the Commission;
 - (c) any exemptions contained in Ontario securities law do not apply to the respondents permanently or for such period as is specified by the Commission;

- (d) the respondents disgorge to the Commission any amounts obtained as a result of non-compliance by that respondent with Ontario securities law;
 - (e) the respondents be reprimanded;
 - (f) the individual respondents resign one or more positions that they hold as a director or officer of any issuer;
 - (g) the individual respondents be prohibited from becoming or acting as a director or officer of any issuer;
 - (h) the respondents pay an administrative penalty of not more than \$1 million for each failure by that respondent to comply with Ontario securities law;
 - (i) the respondents be ordered to pay the costs of the Commission investigation and the hearing;
 - (j) such other orders as the Commission may deem appropriate; and
- (iii) whether, in the opinion of the Commission, an order should be made pursuant to section 37 of the Act that the respondents cease permanently to telephone from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities; and
 - (iv) whether to make such further orders as the Commission considers appropriate.

BY REASON OF the allegations as set out in the Statement of Allegations dated February 14, 2008 and such further additional allegations as counsel may advise and the Commission may permit;

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

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceedings.

DATED at Toronto this "14th" day of February, 2008

"John Stevenson"
Secretary to the Commission

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

AND

**IN THE MATTER OF
AL-TAR ENERGY CORP., ALBERTA ENERGY CORP.,
DRAGO GOLD CORP., DAVID C. CAMPBELL,
ABEL DA SILVA, ERIC F. O'BRIEN, AND
JULIAN M. SYLVESTER**

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

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

THE PARTIES

1. Al-tar Energy Corp. ("Al-tar") is an Ontario corporation incorporated on April 21, 2006. Al-tar is not registered in any capacity with the Commission.
2. Alberta Energy Corp. ("Alberta Energy") is an Ontario corporation incorporated on November 7, 2006. Alberta Energy is not registered in any capacity with the Commission.
3. Drago Gold Corp. ("Drago Gold") is an Ontario corporation incorporated on May 17, 2007. Drago Gold is not registered in any capacity with the Commission.
4. Eric F. O'Brien ("O'Brien") is the sole director of Al-tar. O'Brien is not registered in any capacity with the Commission.
5. Julian M. Sylvester ("Sylvester") is the sole director of Alberta Energy and the sole director of Drago Gold. Sylvester is not registered in any capacity with the Commission.
6. Abel Da Silva ("Abel Da Silva") was employed by and/or acted as an agent for Al-tar and acted as a salesperson for Al-tar shares. Abel Da Silva is not registered in any capacity with the Commission.
7. Abel Da Silva was previously sanctioned by the Commission on May 10, 2006 when the Commission determined, *inter alia*, that Abel Da Silva be ordered to cease trading in securities for a period of seven years with certain exceptions.
8. David C. Campbell ("Campbell") was employed by and/or acted as agent for Al-tar, Alberta Energy and Drago Gold, and acted as a salesperson for the shares of Al-tar and Alberta Energy. When acting as a salesperson, Campbell used the name Mark Brown. Campbell is not registered in any capacity with the Commission.
9. On April 13, 2006, in other proceedings before the Commission, the Commission ordered that Campbell temporarily cease trading in all securities (the "Temporary Order"). The Temporary Order was subsequently extended by the Commission and, on October 30, 2006, the Commission extended the Temporary Order against Campbell to the conclusion of the Hearing in that matter. The Hearing is not concluded.

SALE OF SHARES TO THE PUBLIC

AI-TAR

10. Staff of the Ontario Securities Commission ("Staff") allege that throughout 2006 and 2007, Al-tar and the individual respondents sold shares of Al-tar to residents of Ontario and to residents of other jurisdictions.
11. During this period of time, Al-tar shares were sold to at least 106 investors raising in excess of \$500,000.
12. The respondents contacted Al-Tar investors by telephone, sometimes using various aliases. The respondents advised investors that O'Brien was the President and C.E.O. of Al-tar, and that shares could be purchased for prices ranging from \$1.00 to \$3.00 per share. At least eight investors were contacted by an Al-tar salesperson named Mark Brown.
13. After agreeing to invest, investors received a subscription agreement setting out the quantity, unit price and total amount of investment. Cheques were made payable to Al-tar and sent by Purolator to a post office box located at 530 Adelaide Street West, Toronto, Ontario.
14. Investors received a share certificate signed by O'Brien for common shares in Al-tar.

ALBERTA ENERGY

15. In 2007, two investors, resident in the United Kingdom, were solicited by telephone to invest in Alberta Energy. These investors were offered shares in Alberta Energy at \$1.50 per share and were provided with an Executive Summary for Alberta Energy that offered shares for sale at \$3.00 per share.
16. Approximately \$33,000 was invested by these two investors in Alberta Energy. These investors' funds were deposited directly into Alberta Energy's bank account in Ontario.

DRAGO GOLD

17. In 2007, three investors from Saskatchewan and British Columbia were solicited by telephone to

invest in Drago Gold. These investors were offered shares in Drago Gold at \$1.50 per share.

18. After agreeing to invest, investors received a subscription agreement setting out the quantity, unit price and total amount of investment. Cheques were made payable to Drago Gold and sent by Purolator to a virtual office located at 1801-1 Yonge Street, Toronto, Ontario.
19. Approximately \$9,000 was invested in Drago Gold. These investors' funds were deposited directly into Drago Gold's bank account in Ontario.
20. In May 2007, Campbell contracted to pay for virtual office services at 1801-1 Yonge St., Toronto, Ontario as President of Drago Gold.
21. The respondents sold shares of Al-tar, Alberta Energy and Drago Gold to Ontario residents and residents of other jurisdictions, in circumstances where there were no exemptions available to them under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").
22. The sales of Al-tar, Alberta Energy and Drago Gold shares were trades in securities not previously issued and were therefore distributions.
23. Abel Da Silva's trading in shares of Al-tar was a breach of the cease trade order issued by the Commission against him on May 10, 2006.
24. Campbell's trading in shares of Al-tar, Alberta Energy and Drago Gold shares was a breach of the temporary cease trade order issued by the Commission against him on May 10, 2006, in a separate proceeding, and extended until the conclusion of that other proceeding.
25. Al-tar, Alberta Energy and Drago Gold have never filed a preliminary prospectus or a prospectus with the Commission, and no prospectus receipt has ever been issued to qualify the sale of those shares.
26. The respondents made:
 - (i) undertakings to potential investors regarding the future value or price of Al-tar, Alberta Energy and Drago Gold shares; and,
 - (ii) representations to potential investors regarding Al-tar, Alberta Energy and Drago Gold shares being listed on a stock exchange,

with the intention of effecting trades in those shares.

FRAUDULENT CONDUCT

27. During the sale of the shares of Al-tar, Alberta Energy and Drago Gold, the respondents adopted a high pressure sales approach that included making representations and providing information to potential investors that was false, inaccurate and misleading, including:
 - (a) that Al-tar had entered into a letter of intent to buy a royalty stake in the Alberta Oil Sands Pipeline Limited;
 - (b) that Alberta Energy had entered into a letter of intent to buy a royalty stake in the Alberta Oil Sands Pipeline Limited;
 - (c) that Al-tar had completed a 10 million share private placement at \$1.50 per share;
 - (d) providing at least two Al-tar press releases dated July and August 2006 respectively containing identical text to two press releases for a company called Birch Mountain Resources dated September 2002 and September 2003 respectively; and
 - (e) Drago Gold had signed a joint venture in February, 2007 with a mining firm in Australia acquiring the development rights to the Arkaroola Copper-Gold-Uranium Project in South Australia.
28. These representations were made to induce potential investors to purchase Al-tar, Alberta Energy and Drago Gold common shares.
29. Staff allege that Al-tar, Alberta Energy and Drago Gold are not carrying on any legitimate business operations and that their only significant source of funds are funds obtained from investors as a result of fraudulent conduct.
30. The respondents engaged in a course of conduct relating to securities that they knew or reasonably ought to have known would result in a fraud on potential investors.

CONDUCT CONTRARY TO THE PUBLIC INTEREST

31. At the time of the trades described above, the respondents were not registered to trade in securities pursuant to Ontario securities law. The respondents traded in securities and acted as securities salespersons and/or advisors contrary to section 25 of the Act, and acted contrary to the public interest.
32. The respondents have made misleading representations and undertakings to investors regarding the future listing and future value of Al-

tar, Alberta Energy and Drago Gold shares with the intention of effecting sales of those shares contrary to section 38 of the Act, and contrary to the public interest.

33. No preliminary prospectus and no prospectus has been filed and no prospectus receipt has been issued by the Commission to qualify the sale of Al-tar, Alberta Energy and Drago Gold shares contrary to section 53 of the Act, and contrary to the public interest.
34. The respondents have engaged in a course of conduct in relation to the securities of Al-tar, Alberta Energy and Drago Gold that they knew or reasonably ought to have known would perpetrate a fraud on potential investors in Ontario and in other jurisdictions contrary to section 126.1 of the Act, and contrary to the public interest.
35. As officers and directors of Al-tar, Alberta Energy and Drago Gold, O'Brien and Sylvester have authorized, permitted or acquiesced in the breaches of sections 25, 38, 53 and 126.1 of the Act by Al-tar, Alberta Energy and Drago Gold contrary to section 129.2 of the Act, and in so doing have engaged in conduct contrary to the public interest.
36. The respondents benefited financially from their conduct related to Al-tar, Alberta Energy and Drago Gold contrary to Ontario securities law.
37. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

DATED at Toronto, February 14, 2008

1.3 News Releases

1.3.1 Canadian Securities Regulators Propose Improvements to Executive Compensation Disclosure

**FOR IMMEDIATE RELEASE
February 22, 2008**

CANADIAN SECURITIES REGULATORS PROPOSE IMPROVEMENTS TO EXECUTIVE COMPENSATION DISCLOSURE

Toronto – The Canadian Securities Administrators (CSA) announced today they are seeking further comment on the proposed repeal and substitution of Form 51-102F6 *Statement of Executive Compensation*.

The CSA has revised the Form to reflect the significant feedback, particularly in the areas of equity awards and pensions, received from the first publication of the proposals in March 2007. The proposed Form is designed to improve the manner in which executive compensation is disclosed. Companies will be required to disclose all compensation awarded to certain executive officers and directors in a new tabular format, along with narrative discussion and explanation.

“Executive compensation practices are constantly evolving, and have become quite complex,” said Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec). “Improving disclosure will allow investors to assess how compensation decisions are made, and provide insight into a key aspect of a company’s overall stewardship and governance.”

Proposed Form 51-102 F6 *Statement of Executive Compensation*, the related CSA Notice and Request for Comments, and certain consequential amendments are available on various CSA members’ websites. The comment period is open until April 22, 2008.

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

For more information:

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1.3.2 OSC Releases Key Findings of Environmental Reporting Review

FOR IMMEDIATE RELEASE
February 27, 2008

OSC RELEASES KEY FINDINGS OF ENVIRONMENTAL REPORTING REVIEW

TORONTO - The Ontario Securities Commission (OSC) today published OSC Staff Notice 51-716 *Environmental Reporting* following a targeted review of compliance with environmental reporting requirements by reporting issuers.

"Over the past several years, we have increasingly focused on the adequacy of disclosure of environmental matters in continuous disclosure documents," said Corporate Finance Director Margo Paul. "It is important that the information is meaningful so that investors can make informed investment decisions."

The Notice summarizes key findings following a review of 35 Ontario-based reporting issuers.

Overall, staff identified several areas of deficient disclosure. In particular, staff have identified environmental liabilities and risks as areas of concern.

The Notice provides guidance that reporting issuers should consider when discussing environmental matters in their continuous disclosure documents to ensure their disclosure is in compliance with securities legislation. Staff will continue to monitor the disclosure of environmental matters as part of ongoing continuous disclosure reviews.

OSC Staff Notice 51-716 *Environmental Reporting* is available in the Rules, Policies & Notices section of the OSC website www.osc.gov.on.ca.

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

1.3.3 Learn How to Avoid Investment Scams During Fraud Prevention Month

**FOR IMMEDIATE RELEASE
February 28, 2008**

LEARN HOW TO AVOID INVESTMENT SCAMS DURING FRAUD PREVENTION MONTH

Calgary, AB – To kick-off Fraud Prevention Month in March, the Canadian Securities Administrators (CSA) is encouraging investors to protect themselves from investment fraud by asking the right questions before they invest.

“A recent CSA survey indicated that two in five Canadians have been approached with what they believe to be an investment fraud in the past three years,” says Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec). “We believe that investor education is the best defence on how to recognize and avoid potentially fraudulent investments.”

To avoid fraud or making an unsuitable investment, the CSA suggests everyone should ask these questions before making an investing decision:

- Do you know who you're dealing with?
- Do you know what you're investing in?
- Do you know your investment goals?
- Do you know the red flags that could signal a fraud?
- Do you know who to call for help?

Canadians are encouraged to visit the CSA website at www.csa-acvm.ca, to learn more about these topics and how they can avoid investment fraud. Visitors to the site can check out the Investor Information section and download recently updated investor resources and brochures on topics such as avoiding frauds and scams and the basics of investing. The site also provides links to a wealth of other important investing information available by contacting local provincial and territorial securities regulators.

The CSA is also joining forces with the Fraud Prevention Forum in promoting March 2008 as Fraud Prevention Month. As a Fraud Prevention Forum partner, the CSA joins more than 90 private sector firms, consumer and volunteer groups, and government and law enforcement agencies that are committed to educating the public and fighting fraud targeted at consumers and businesses. Throughout the month of March, these organizations will be involved in a number of national, regional and local activities supporting fraud prevention.

The CSA is the council of the securities regulators of Canada's provinces and territories whose objectives are to

improve, coordinate and harmonize regulation of the Canadian capital markets.

Media relations contacts:

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APoon@bcsc.bc.ca
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1-800-373-6393 (BC & Alberta only)
www.bcsc.bc.ca

Securities Registry
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Alberta Securities Commission
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Saskatchewan Financial Services Commission
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Financial Services Regulation Division
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Doug Connolly
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1.4 Notices from the Office of the Secretary

1.4.1 Andrew Stuart Netherwood Rankin

**FOR IMMEDIATE RELEASE
February 21, 2008**

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

AND

**IN THE MATTER OF
ANDREW STUART NETHERWOOD RANKIN**

TORONTO – Following a hearing held today, the Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and Andrew S. N. Rankin.

A copy of the Order dated February 21, 2008 and Settlement Agreement dated February 19, 2008 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

1.4.2 Al-tar Energy Corp. et al.

FOR IMMEDIATE RELEASE
February 22, 2008

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

AND

IN THE MATTER OF
AL-TAR ENERGY CORP., ALBERTA ENERGY CORP.,
DRAGO GOLD CORP., DAVID C. CAMPBELL,
ABEL DA SILVA, ERIC F. O'BRIEN AND
JULIAN M. SYLVESTER

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on March 19, 2008, at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated February 14, 2008 and Statement of Allegations of Staff of the Ontario Securities Commission dated February 14, 2008 are available at www.osc.gov.on.ca.

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1.4.3 Juniper Fund Management Corporation et al.

FOR IMMEDIATE RELEASE
February 25, 2008

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

AND

IN THE MATTER OF
THE JUNIPER FUND MANAGEMENT CORPORATION,
JUNIPER INCOME FUND,
JUNIPER EQUITY GROWTH FUND AND
ROY BROWN (a.k.a. ROY BROWN-RODRIGUES)

TORONTO – On February 22, 2008, the Commission made an Order pursuant to Section 144 of the Act in the above named matter which provides that the Temporary Order is revoked to permit the Receiver to complete a distribution of redemption proceeds to JEGF unitholders and JIF unitholders, in accordance with the Distribution Approval Order.

A copy of the Order dated February 22, 2008 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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1.4.4 MRS Sciences Inc. (Formerly Morningside Capital Corp.) et al. - s. 127(1)

IMMEDIATE RELEASE
February 26, 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 – Following a hearing held today, the Commission issued an Order which provides that the matter is adjourned to March 25, 2008 at 9:30 a.m.

A copy of the Order dated February 26, 2008 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

FOR IMMEDIATE RELEASE
February 26, 2008

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

AND

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

TORONTO – The Commission issued an Order today in the above noted matter granting leave for the withdrawal of WeirFoulds LLP as counsel of record to the respondents Kore International Management Inc. and Petar Vucicevich.

A copy of the Order dated February 26, 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 HSBC Investment Funds and HSBC Mortgage Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 81-102 Mutual Funds Section 19.1 – Relief from certain self-dealing restrictions in Section 4.2 of NI 81-102 - A mutual fund seeks relief from Section 4.2 of NI 81-102 to enable it to purchase mortgages from parties related to the fund manager – The purchase or sale is consistent with, or is necessary to meet, the investment objectives of the mutual fund and is in the best interests of the fund's investors; the IRC of the mutual fund has approved the transaction, or the fund manager follows any standing instructions that the IRC provides in connection with the transaction.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 4.2 19.1.

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, 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
HSBC INVESTMENT FUNDS (CANADA) INC. (the Filer)**

AND

**IN THE MATTER OF
HSBC MORTGAGE FUND (the Fund)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer on behalf of the Fund for a decision under section 19.1 of National Instrument 81-102

Mutual Funds (**NI 81-102**) for relief from section 4.2 of NI 81-102 to permit the Fund to purchase mortgages from and sell mortgages to HSBC Bank Canada, HSBC Mortgage Corporation (Canada) and other affiliates of the Filer (the "**HSBC Affiliates**") (the **Requested Relief**);

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the British Columbia 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:

1. The Filer is a corporation organized under the laws of Canada, with a head office located in British Columbia.
2. The Filer is a wholly-owned subsidiary of HSBC Investments (Canada) Limited (the **Portfolio Manager**). The Portfolio Manager is a wholly-owned subsidiary of HSBC Bank Canada.
3. The Filer is registered under applicable securities legislation in each province of Canada, other than Prince Edward Island, as a dealer in the category of mutual fund dealer (or equivalent) and is a member of the Mutual Fund Dealers Association of Canada.
4. The Filer is the manager, trustee and promoter of the Fund.
5. The Fund is an open-ended mutual fund established under a declaration of trust governed by the laws of British Columbia. Units of the Fund are qualified for sale in each of the Jurisdictions under a simplified prospectus and annual information form filed in and accepted by each of the Jurisdictions.
6. The Filer has appointed an independent review committee (**IRC**) in accordance with the requirements under National Instrument 81-107

- Independent Review Committee for Investment Funds (NI 81-107)* for the Fund.
7. The Portfolio Manager is registered under applicable securities legislation in each province of Canada, other than Prince Edward Island, as an adviser in the category of portfolio manager and investment counsel (or equivalent).
 8. The Portfolio Manager is the principal investment advisor of the Fund.
 9. The Fund's investment objective is to earn as high a level of income as possible while protecting invested capital by investing primarily in Canadian dollar denominated residential first mortgages on property in Canada and other debt obligations.
 10. The Fund purchases mortgages from the HSBC Affiliates.
 11. HSBC Bank Canada has agreed to repurchase any mortgage purchased by the Fund from it or HSBC Mortgage Corporation (Canada) if the mortgage is in default in respect of the payment of principal and interest beyond 90 days of the due date, or if the mortgage fails to meet the criteria for a mortgage in which the Fund may invest established by National Policy Statement No. 29 or by the Fund's internal statement of policies.
 12. In addition, the Fund has agreed not to sell any mortgage purchased from HSBC Bank Canada or HSBC Mortgage Corporation (Canada) to any other person without giving HSBC Bank Canada the first right to purchase the mortgage within 30 days of receipt of written notice from the Fund of its intention to sell.
 13. HSBC Bank Canada has agreed to administer the mortgages which are acquired by the Fund from it or HSBC Mortgage Corporation (Canada).
 14. The Fund will purchase a mortgage from or sell a mortgage to an HSBC Affiliate only if:
 - (a) the transaction is made in accordance with clause 2.4(c) of Section III of National Policy Statement No. 29 such that
 - (i) the purchase or sale is made at the principal amount which will produce a yield to the Fund of not more than a quarter of one percent less than the interest rate at which the HSBC Affiliate is making commitments, at the time of purchase, to loan on the security of comparable mortgages, and
 - (ii) in the case of a purchase of a mortgage,
 - A. the HSBC Affiliate that sells it to the Fund enters into an agreement (the Repurchase Agreement) with the Fund whereby the HSBC Affiliate that sells the mortgage is obligated to repurchase it if the mortgage goes into default for more than 90 days and in circumstances benefiting the Fund, and
 - B. the Filer considers that the Repurchase Agreement is sufficient to justify the difference in yield referred to in subparagraph (ii) above;
 - (b) HSBC Bank Canada guarantees the performance of the other HSBC Affiliate under the Repurchase Agreement referred to in paragraph (a)(ii)A. above;
 - (c) the Filer causes the Fund to comply with the disclosure provisions of Section IV of National Policy Statement No. 29; and
 - (d) the Filer causes the Fund to include disclosure in its prospectus that the Fund will engage in principal transactions in mortgages with the HSBC Affiliates.
 15. In the event that the total amount required to effect redemptions of units of the Fund as at the close of business on any valuation day exceeds the liquid assets then held by the Fund, HSBC Bank Canada has agreed that, upon receipt of written notice from the Fund, it will
 - (a) purchase or find a purchaser for such value of mortgages held by the Fund as may be necessary to provide the Fund with the amount required. The sale of mortgages in such circumstances will be carried out in accordance with the representations provided in paragraph 14 above; or
 - (b) in lieu of purchasing or finding a purchaser for mortgages, lend, on a temporary basis only, such sums to the Fund as may be necessary to effect such redemptions but not exceeding in the aggregate 5% of the net asset value of the Fund. HSBC Bank Canada is entitled to receive from the Fund, in respect of

- such loans, interest at a rate at least as favourable to the Fund as the rates then generally charged by HSBC Bank Canada on comparable loans to other persons who are not affiliated with HSBC Bank Canada.
16. The provisions of National Policy Statement No. 29 set out guidelines relating to the acquisition of mortgages by a mutual fund from lending institutions with whom such fund does not deal at arm's length and provide certain protections to the investing public.
17. The Filer will only cause the Fund to purchase a mortgage from or sell a mortgage to an HSBC Affiliate if the transaction is made in accordance with section 2.4(c) of Section III of National Policy Statement No. 29.
18. None of the HSBC Affiliates from which mortgages are purchased or to which mortgages are sold for the Fund, or any of their directors, officers or employees, participate in the formulation of investment decisions made on behalf of, or advice given to, the Fund by the Portfolio Manager. All decisions to purchase mortgages for the Fund's portfolio from the HSBC Affiliates are made based on the judgement of responsible persons uninfluenced by considerations other than the best interests of the Fund.
19. The Filer is of the view that the purchase and sale of mortgages between the Fund and the HSBC Affiliates is in the best interests of the Fund.
20. To the extent that a Fund purchases mortgages from, or sells mortgages to the HSBC Affiliates this fact is set out, and will continue to be set out, in the simplified prospectus and annual information form of the Fund.
21. National Instrument 81-106 *Investment Fund Continuous Disclosure* requires the Fund to include the dollar amount of commission, spread, or any other fee paid to a related party in connection with a portfolio transaction. To the extent that the Fund is purchasing mortgages from, or selling mortgages to the HSBC Affiliates these facts will be set out in the management report of fund performance of the Fund filed with the securities regulatory authorities in the applicable Jurisdictions and delivered to unitholders (if requested) on a semi-annual basis, so that the information will be provided the securities regulatory authorities in the applicable Jurisdictions and to unitholders the Fund in fulfillment of its continuous disclosure obligations.
22. Section 4.2 of NI 81-102 prohibits a mutual fund from purchasing a security from or selling a security to an associate or affiliate of the manager, portfolio adviser or trustee of the mutual fund.
23. As HSBC Bank Canada and HSBC Mortgage Corporation (Canada) are "affiliates" of the Filer, the Fund is prohibited by section 4.2 of NI 81-102 from purchasing mortgages from or selling mortgages to HSBC Bank Canada, HSBC Mortgage Corporation (Canada) or other affiliates of the Filer.
24. Section 4.3(1) of NI 81-102 provides an exemption from the prohibition in section 4.2 of NI 81-102 if, among other conditions, the price payable for the mortgages is not more than the ask price of the security as reported by any available public quotation in common use (in the case of a purchase by the Fund) or not less than the bid price of the security as reported by any available public quotation in common use (in the case of a sale by the Fund).
25. The Fund is not able to rely on section 4.3(1) of NI 81-102 because purchases of mortgages will not be made on an exchange as required by section 4.3(1) of NI 81-102.
26. NI 81-107 does not provide an exemption for principal trading of the type contemplated by the Requested Relief.
27. The IRC will consider the policies and procedures of the Filer and will provide its approval on whether the proposed transactions in mortgages achieve a fair and reasonable result for the Fund in accordance with section 5.2(2) of NI-81-107.
28. The Filers are not in default of requirements under the Legislation except for their inadvertent failure to obtain the Requested Relief for transactions prior to the date of this decision document. Despite this inadvertence, the Filers have complied with all terms and conditions, including the requirements under National Policy Statement No. 29, of prior MRRS decisions granting relief similar to the Requested Relief based on similar facts now presented in the Filers' application.

Decision

Each of the Decision Makers is satisfied that the test contained in applicable securities legislation in each Jurisdiction that provides the Decision Maker with the jurisdiction to make the decision has been met.

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

- (a) the purchase or sale is consistent with, or is necessary to meet, the investment objective of the Fund;
- (b) the IRC of the Fund has approved the transaction in accordance with section 5.2(2) of NI 81-107;

- (c) the Filer, as manager of the Fund, complies with section 5.1 of NI 81-107;
- (d) the Filer, as manager of the Fund, and the IRC of the Fund comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the transactions; and
- (e) the Fund keeps the written records required by section 6.1(2)(g) of NI 81-107.

"Martin D. Eady"
Director, Corporate Finance
British Columbia Securities Commission

2.1.2 ExAlta Energy Inc. - s. 1(10)(b)

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)(b).

Citation: ExAlta Energy Inc., 2008 ABASC 91

February 19, 2008

Burnet, Duckworth & Palmer LLP

1400, 350 - 7th Avenue SW
Calgary, AB T2P 3N9

Attention: Lindsay Cox

Dear Madam:

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

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

As the Applicant has represented to the Decision Makers that:

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

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

Relief requested granted on the 19th day of February, 2008.

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

2.1.3 Principal Global Investors, LLC - s. 6.1(1) of NI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees

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

Rules Cited

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

February 21, 2008

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

AND

**IN THE MATTER OF
PRINCIPAL GLOBAL INVESTORS, LLC**

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

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

AND UPON considering the application and the recommendation of the staff of the Ontario Securities Commission (the **Commission**);

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

1. The Applicant is a limited liability company formed under the laws of the State of Delaware carrying on business in the State of Iowa. The head office of the Applicant is located in Des Moines, Iowa, United States. The Applicant is not a reporting issuer in any province or territory of Canada. The Applicant is currently seeking registration under the Act as an International Adviser.

2. NI 31-102 requires that all registrants in Canada enrol with CDS INC. (**CDS**) and use the national registration database (**NRD**) to complete certain registration filings. As part of the enrolment process, registrants are required to open an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit (the **electronic funds transfer requirement** or **EFT Requirement**).
3. The Applicant anticipates encountering difficulties in setting up its own Canadian based bank account for purposes of fulfilling the EFT Requirement.
4. The Applicant confirms that it is not registered in another category to which the EFT Requirement applies and that Ontario is the only jurisdiction in which it is seeking registration.
5. Staff of the Canadian Securities Administrators has indicated that, with respect to applications from international dealers and international advisers (or applicants in equivalent categories of registration) for relief from the EFT Requirement, it is prepared to recommend waiving the fee normally required to accompany applications for discretionary relief (the **Application Fee**).
6. For Ontario registrants, the requirement for payment of the Application Fee is set out in section 4.1 of Rule 13-502.

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

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

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

- D. is not registered in any other Canadian jurisdiction in another category to which the EFT Requirement applies;

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

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

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

2.1.4 American Technology Research, Inc. - s. 6.1(1) of NI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 – Fees

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

Rules Cited

National Instrument 31-102 National Registration Database (2007) 30 OSCB 5430, s. 6.1.

Ontario Securities Commission Rule 13-502 Fees (2003) 26 OSCB 867, ss. 4.1, 6.1.

February 21, 2008

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

AND

**IN THE MATTER OF
AMERICAN TECHNOLOGY RESEARCH, INC.**

DECISION

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

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

AND UPON considering the application and the recommendation of the staff of the Ontario Securities Commission (the **Commission**);

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

1. The Applicant is organized as a corporation under the laws of the State of Delaware in the United States. The main office of the Applicant is located in Greenwich, Connecticut, USA.
2. The Applicant is registered as a broker-dealer with the United States Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority.

3. The Applicant is not a reporting issuer in any province or territory of Canada. The Applicant is seeking registration under the Act as a dealer in the category of international dealer.
4. NI 31-102 requires that all registrants in Canada enrol with CDS INC. (**CDS**) and use the national registration database (**NRD**) to complete certain registration filings. As part of the enrolment process, registrants are required to open an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit (the **electronic funds transfer requirement** or **EFT Requirement**).
5. The Applicant anticipates encountering difficulties in setting up a Canadian based bank account for purposes of fulfilling the EFT Requirement.
6. The Applicant confirms that it is not registered in and does not intend to register in another category to which the EFT Requirement applies and that Ontario is the only jurisdiction in which it is seeking registration.
7. Staff of the Canadian Securities Administrators has indicated that, with respect to applications from international dealers and international advisers (or applicants in equivalent categories of registration) for relief from the EFT Requirement, it is prepared to recommend waiving the fee normally required to accompany applications for discretionary relief (the **Application Fee**).
8. For Ontario registrants, the requirement for payment of the Application Fee is set out in section 4.1 of Rule 13-502.

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

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

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

order or other acceptable means at the appropriate time; and

- D. is not registered in any other Canadian jurisdiction in another category to which the EFT Requirement applies;

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

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

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

2.1.5 Novagold Resources Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief from the timing requirements for filing a technical report - issuer has issued a news release that triggers the requirement to file a technical report under NI 43-10 - the qualified person cannot complete the technical report within 45 days of the news release - the issuer will file the technical report within 75 days of the news release - the qualified person is not independent of the issuer - relief to permit a qualified person that is an employee and resource manager of the issuer to prepare the issuer's technical report.

Applicable Provisions

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 4.2(5) 5.3(1)(c), 9.1.

January 11, 2008

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

AND

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

AND

**IN THE MATTER OF
NOVAGOLD RESOURCES INC.
(THE FILER)**

MRRS DECISION DOCUMENT

Background

- 1 The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the requirements in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) that a technical report to support scientific or technical information in a news release that contains a change in the capital cost expenses from the most recently filed technical report which constitutes a material change in respect of the affairs of the Filer must be filed not less than 45 days after the news release, and that the qualified person preparing

the technical report relating to the material change be independent of the Filer.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

Interpretation

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

Representations

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

- 1. the Filer is a corporation existing under the *Companies Act* (Nova Scotia); the registered and Canadian head office of the Filer is located in Vancouver, British Columbia;
- 2. the Filer is a reporting issuer in the Jurisdictions and is not, to the best of its knowledge in default of any requirements of the applicable securities legislation of any of the Jurisdictions (the Legislation);
- 3. the common shares of the Filer are listed and posted for trading on the Toronto Stock Exchange and the American Stock Exchange;
- 4. the Filer is engaged in the exploration and development of mineral properties in Alaska and Western Canada;
- 5. on September 12, 2006, the Filer issued and filed an NI 43-101 technical report prepared by Michael Lechner (the Lechner Report) detailing the mineral resources at the Filer's Galore Creek project, an advanced stage copper-gold project located in Northwestern British Columbia (the Galore Project);
- 6. on November 2, 2006, the Filer issued and filed another NI 43-101 technical report based on a feasibility study for the Galore Project prepared by Hatch Ltd. (the Hatch Report);
- 7. the Hatch Report estimated the capital cost for the Galore Project at \$2 billion

dollars (the Previous Estimate) and otherwise had the identical resource estimate as the Lechner Report;

- 8. effective August 1, 2007, the Filer and Teck Cominco Limited (Teck) established the Galore Creek Partnership to develop the Galore Project; for its 50% interest in the Galore Project, Teck agreed to fund the next approximately \$537 million of development costs, with each company responsible for its pro rata share of development and operating costs thereafter;
- 9. on November 26, 2007, the Filer issued and filed a news release and corresponding material change report (collectively, the November Report) announcing that it had suspended construction at the Galore Project;
- 10. in the November Report, the Filer disclosed that after the completion of the Hatch Report the Filer engaged AMEC Americas Limited (AMEC), an independent engineering firm, to review the Hatch Report and commence project engineering;
- 11. the November Report further disclosed that the higher capital costs and a longer production schedule for the project suggested by AMEC, combined with the reduced operating margins as a result of the stronger Canadian dollar, would make the Galore Project, as currently conceived and permitted, uneconomic at current consensus long-term metal prices;
- 12. as a result of the change in the estimated capital cost disclosed in the November Report, the reserves on the Galore Project were eliminated; under section 4.2(5) and 5.3 (1)(c) of NI 43-101, the Filer is required to file a technical report prepared by a qualified and independent person to support information relating to the Galore Project contained in the November Report;
- 13. the Filer is currently in the process of issuing a press release which will explicitly state that the reserves for the Galore Project are zero and that the Hatch Report should not be relied upon;
- 14. the Filer is of the view that the Lechner Report is current and that together with the Filer's continuous disclosure provides disclosure to the public required by applicable securities laws;

15. Mr. Kevin Francis, an employee and Resource Manager of the Filer and a qualified person as defined by NI 43-101, has considerable experience on the Galore Project;
16. Mr. Francis is preparing a technical report for the Galore Project;
17. it is uncertain that anybody would be able to produce the required NI 43-101 technical report within the time required by Section 4.2(5) of NI 43-101;
18. it is anticipated that the technical report being prepared by Mr. Francis will not be completed within the required time;
19. it is not practical or necessary to have an independent qualified person complete the updated report on the Galore Project and, given the Lechner Report is substantially current, there is adequate disclosure in the market; and
20. it would not be prejudicial to public interest if the updated technical report for the Galore Project is (i) prepared by a qualified person that is not independent of the Filer and (ii) filed at a date which extends past the required time for filing.

Decision

- 4 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 requirement in NI 43-101 that a technical report be prepared by or under the supervision of a qualified person and filed to support information relating to the Galore Project in the November Report not later than 45 days after the November Report shall not apply to the Filer, provided that the required technical report is prepared by a qualified person who is an employee of the Filer and is filed no later than January 31, 2008.

"Martin Eady, CA"
Director, Corporate Finance
British Columbia Securities Commission

2.1.6 Nexans - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Application for relief from prospectus and dealer registration requirements in respect of certain trades in units of an employee savings fund made pursuant to a classic offering and a leveraged offering by French issuer – Relief from prospectus and dealer registration requirements upon the redemption of units for shares of the issuer – Relief from the registration and prospectus requirements granted in respect of first trade of units or shares where such trade is made through the facilities of a stock exchange outside of Canada – Relief granted to the manager of the fund from the adviser registration requirement.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1).

Rules

National Instrument 45-102 - Resale of Securities.
National Instrument 45-106 - Prospectus and Registration Exemptions.

Translation

January 31, 2008

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, NOVA SCOTIA
(the "Jurisdictions")**

AND

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

AND

**IN THE MATTER OF
NEXANS (the "Filer")**

MRRS DECISION DOCUMENT

Background

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

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

- (i) trades in the units (“**Units**”) of three collective shareholding vehicles (each, a fonds communs de placement d’entreprise, or “**FCPE**”), the Nexans Relais 2008 FCPE (the “**Intermediary Classic Fund**”) which will be merged with the Nexans Share Plan FCPE (the “**Principal Classic Fund**,” and together with the Intermediary Classic Fund, the “**Classic Fund**”) and the Nexans Plus FCPE (the “**Leveraged Fund**”) (the Classic Fund and Leveraged Fund are, collectively, the “**Funds**” and each, individually, a “**Fund**”) made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdictions who elect to participate in the Employee Share Offering (the “**Canadian Participants**”);
- (ii) trades of ordinary shares of the Filer (the “**Shares**”) by the Funds to the Canadian Participants upon the redemption of Units by Canadian Participants, nor to the issuance of Units of the Classic Fund to holders of Leveraged Fund Units upon the transfer of the Canadian Participants’ assets in the Leveraged Fund to the Classic Fund at the end of the Lock-Up Period (as defined below);
2. an exemption from the dealer registration requirements of the Legislation (the “**Registration Relief**”) so that such requirements do not apply to:
- (i) trades in Units of the Classic Fund made pursuant to the Employee Share Offering to or with Canadian Participants;
- (ii) trades in Units of the Leveraged Fund made pursuant to the Employee Share Offering to or with Canadian Participants not resident in Ontario or Manitoba;
- (iii) trades of Shares by the Funds to Canadian Participants upon the redemption of Units by Canadian Participants, nor to the issuance of Units of the Principal Classic Fund to holders of Leveraged Fund Units upon the transfer of the Canadian Participants’ assets in the Leveraged Fund to the Principal Classic Fund at the end of the Lock-Up Period (as defined below);
3. an exemption from the adviser registration requirements and dealer registration requirements of the Legislation so that such requirements do not apply to the manager of the Funds, BNP Paribas Asset Management SAS (the “**Management Company**”), to the extent that its activities described in paragraphs 25 and 26
- require compliance with the adviser registration requirements and dealer registration requirements (collectively, with the Prospectus Relief and the Registration Relief, the “**Initial Requested Relief**”); and
4. an exemption from the dealer registration requirements of the Legislation so that such requirements do not apply to the first trade in any Units or Shares acquired by Canadian Participants under the Employee Share Offering (the “**First Trade Relief**”).
- Under the Mutual Reliance Review System for Exemptive Relief Applications,
- (a) the Autorité des marchés financiers 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:

1. The Filer is a corporation formed under the laws of France. It is not and has no intention of becoming a reporting issuer (or equivalent) under the Legislation. The Shares are listed on the Eurolist of Euronext Paris stock exchange.
2. The Filer carries on business in Canada through Nexans Canada Inc. (the “**Canadian Affiliate**,” and together with the Filer and other affiliates of the Filer, the “**Filer Group**”). Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no intention of becoming, a reporting issuer (or equivalent) under the Legislation.
3. The Filer has established a global share offering for employees of the Filer Group (the “**Employee Share Offering**”) which is comprised of two subscription options: (i) an offering of Shares to be subscribed through the Intermediary Classic Fund (which will be merged with the Principal Class Fund after completion of the Employee Share Offering) (the “**Classic Plan**”); and (ii) an offering of Shares to be subscribed through the Leveraged Fund (the “**Leveraged Plan**”).
4. Only persons who have been employees of a member of the Filer Group on the last day of the subscription period for the Employee Share

- Offering for a minimum of three months (the “**Qualifying Employees**”) will be invited to participate in the Employee Share Offering.
5. The Funds were established for the purpose of facilitating implementation of the Employee Share Offering.
 6. The Funds are not and have no current intention of becoming reporting issuers under the Legislation.
 7. The Funds are collective shareholding vehicles (*fonds communs de placement d'entreprise*, or “**FCPE**”) of a type commonly used in France for the conservation or custodianship of shares held by employee investors. The Funds are registered with, and approved by, the Autorité des marchés financiers in France (the “**French AMF**”). Only Qualifying Employees will be allowed to hold Units of the Funds in an amount proportionate to their respective investments in each of the Funds.
 8. Under French law, all Units acquired in the Employee Share Offering will be subject to a hold period of approximately five years (the “**Lock-Up Period**”), subject to certain exceptions prescribed by French law (such as a release on death or termination of employment).
 9. Under the Classic Plan, at the end of the Lock-Up Period, or in the event of an early redemption resulting from the Canadian Participant exercising one of the exceptions to the Lock-Up Period prescribed by French law, a Canadian Participant may (i) redeem Units in the Classic Fund in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares, or (ii) continue to hold Units in the Classic Fund and will be free to redeem those Units at any time at a later date.
 10. Under the Classic Plan, Canadian Participants will be issued Units in the Classic Fund, which will subscribe for Shares on behalf of the Canadian Participants at a subscription price that is equal to the average of the opening price of the Shares on the Euronext Paris stock exchange on the 20 trading days preceding the date on which the subscription price is fixed by the President of the Filer (the “**Reference Price**”), less a 20% discount (the “**Subscription Price**”).
 11. Dividends paid on the Shares held in the Classic Fund will be contributed to the Classic Fund and used to purchase additional Shares (in which case, the Classic Fund will issue additional Units or fractions of Units to the Canadian Participant to reflect this dividend reinvestment).
 12. Under the Leveraged Plan, Canadian Participants will subscribe for Units in the Leveraged Fund, and the Leveraged Fund will then subscribe for
- Shares at the Subscription Price using the Employee Contribution (as described below) and certain financing made available by Calyon (the “**Bank**”), which is governed by the laws of France.
13. Participation in the Leveraged Plan represents an opportunity for Qualifying Employees potentially to obtain significantly higher gains than would be available through participation in the Classic Plan, by virtue of the Qualifying Employee’s indirect participation in a financing arrangement involving a swap agreement (the “**Swap Agreement**”) between the Leveraged Fund and the Bank. In economic terms, the Swap Agreement effectively involves the following exchange of payments: for every 40% of the Subscription Price paid by Canadian Participants (the “**Employee Contribution**”) to the Leveraged Fund at the Subscription Price, the Bank will finance the remaining 60% of the Subscription Price (the “**Bank Contribution**”).
 14. Under the terms of the Swap Agreement, at the end of the Lock-Up Period, the Leveraged Fund will owe to the Bank an amount equal to the market value of the Shares (as determined under the Swap Agreement) held by the Leveraged Fund, less
 - (a) 100% of the Employee Contributions, plus the greater of
 - (i) a guaranteed yield of 10% on the Employee Contributions; and
 - (ii) an amount equal to a multiple (which will be approximately 2, and will be confirmed prior to the beginning of the subscription period) of the increase, if any, in the then average price of the Shares above the Reference Price (determined on the basis of the monthly average of the closing prices of the Shares over the Lock-Up Period using the greater of the actual closing price on each monthly date of calculation or the Reference Price)
 (collectively, the “**Redemption Formula**”).
 15. If, at the end of the Lock-Up Period, the market value of the Shares held in the Leveraged Fund is less than 100% of the Employee Contributions, the Bank will make a contribution to the Leveraged Fund to make up any shortfall.
 16. At the end of the Lock-Up Period, the Swap Agreement will terminate after the making of final swap payments and a Canadian Participant may

- (a) redeem his or her Leveraged Fund Units in consideration for cash payment of an amount calculated pursuant to the Redemption Formula;
- (b) receive the value calculated pursuant to the Redemption Formula in Shares; or
- (c) elect to retain his or her Units in the Leveraged Fund which will then be transferred to the Classic Fund. Canadian Participants will be free to redeem their Units in the Classic Fund at any time thereafter and the Canadian Participants' investment will no longer be covered by the Swap Agreement.
17. Under no circumstances will a Canadian Participant in the Leveraged Fund be entitled to receive less than 100% of his or her Employee Contribution plus the guaranteed yield of 10% on his or her Employee Contribution at the end of the Lock-Up Period, or be liable for any other amounts.
18. Under French law, each Fund, as a FCPE, is a limited liability entity. Each Fund's portfolio will consist exclusively of Shares of the Filer and, in the case of the Classic Fund, from time to time, cash in respect of dividends paid on the Shares which will be reinvested in Shares. The Leveraged Fund's portfolio will also include the Swap Agreement. The Funds may also hold cash or cash equivalents pending investments in Shares and for the purposes of Unit redemptions. The offering documents provided to Canadian Participants will confirm that, under no circumstances, will a Canadian Participant in the Leveraged Plan be liable to any of the Leveraged Fund, the Bank or the Filer for any amounts in excess of his or her Employee Contribution under the Leveraged Plan.
19. During the term of the Swap Agreement, amounts equal to any dividends paid on the Shares held in the Leveraged Fund during the Lock-Up Period will be remitted by the Leveraged Fund to the Bank under the terms of the Swap Agreement.
20. For Canadian federal income tax purposes, the Canadian Participants in the Leveraged Fund should be deemed to receive all dividends paid on the Shares financed by either the Employee Contribution or the Bank Contribution, at the time such dividends are paid to the Leveraged Fund, notwithstanding the actual non-receipt of the dividends' value by the Canadian Participants by virtue of the terms of the Swap Agreement. Consequently, Canadian Participants will be required to fund the tax liabilities associated with the dividends without recourse to the actual dividends.
21. The payment of dividends on the Shares is determined by the shareholders of the Filer. The Filer has not made any commitment to the Bank as to any minimum payment in respect of dividends.
22. To respond to the fact that, at the time of the initial investment decision relating to participation in the Leveraged Plan, Canadian Participants will be unable to quantify their potential income tax liability resulting from such participation, the Filer will indemnify each Canadian Participant in the Leveraged Plan for all tax costs to the Canadian Participants associated with the payment of dividends in excess of a specified amount of euros per Share during the Lock-Up Period such that, in all cases, a Canadian Participant will, at the time of the original investment decision, be able to determine his or her maximum tax liability in connection with dividends received by the Leveraged Fund on his or her behalf under the Leveraged Plan.
23. At the time the Canadian Participant's obligations under the Swap Agreement are settled, the Canadian Participant will realize a capital gain (or capital loss) by virtue of having participated in the Swap Agreement to the extent that amounts received by the Leveraged Fund, on behalf of the Canadian Participant, from the Bank exceed (or are less than) amounts paid by the Leveraged Fund, on behalf of the Canadian Participant to the Bank. To the extent that an amount equal to the value of the dividends on Shares that are deemed to have been received by a Canadian Participant are paid by the Leveraged Fund on behalf of the Canadian Participant to the Bank, such payments will reduce the amount of any capital gain (or increase the amount of any capital loss) to the Canadian Participant under the Swap Agreement. Capital losses (gains) realized by a Canadian Participant under the Swap Agreement may be offset against (reduced by) any capital gains (losses) realized by the Canadian Participant on a disposition of the Shares, in accordance with the rules and conditions under the *Income Tax Act* (Canada) or comparable provincial legislation (as applicable).
24. The Management Company is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF to manage French investment funds and complies with the rules of the French AMF. The Management Company is not and has no intention of becoming a reporting issuer under the Legislation.
25. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Funds are limited to purchasing Shares from the Filer, selling such Shares as necessary in order to fund

- redemption requests, and such activities as may be necessary to give effect to the Swap Agreement.
26. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each Fund. The Management Company's activities in no way affect the underlying value of the Shares. The Management Company will not be involved in providing advice to any Canadian Participant.
27. Shares issued in the Employee Share Offering will be deposited in the relevant Fund through BNP Paribas Securities Services (the "**Depositary**"), a large French commercial bank subject to French banking legislation.
28. Under French law, the Depositary must be selected by the Management Company from among a limited number of companies identified on a list by the French Minister of the Economy, Finance and Industry, and its appointment must be approved by the French AMF. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow each Fund to exercise the rights relating to the securities held in its respective portfolio.
29. The Canadian resident Qualifying Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.
30. The total amount invested by a Canadian Participant in the Employee Share Offering, including any Bank Contribution under the Leveraged Plan, cannot exceed 25% of his or her estimated gross annual compensation for 2008. Accordingly, a Canadian Participant who participates in the Employee Share Offering wholly through the Leveraged Plan would reach the maximum limit with a contribution of 10% of his or her estimated gross annual compensation for 2008.
31. None of the Filer, the Management Company, the Canadian Affiliates or any of their employees, agents or representatives will provide investment advice to the Canadian Participants with respect to an investment in the Shares or the Units.
32. The Filer will retain a registrant registered as a broker/investment dealer (a "**Registrant**") under the Legislation of Ontario and Manitoba to provide advisory services to those Canadian Participants resident in Ontario or Manitoba who express interest in the Leveraged Plan and to make a determination, in accordance with industry practices, as to whether an investment in the Leveraged Plan is suitable for each such Canadian Participant based on his or her particular financial circumstances. The Registrant would establish accounts for, and receive the initial account statements from the Leveraged Fund on behalf of, such Canadian Participants.
33. Canadian Participants who participate in the Employee Share Offering will receive a statement indicating the number of Units they hold and the value of each Unit at least once per year.
34. The Canadian Participants will receive an information package in the French or English language, as applicable, which will include a summary of the terms of the Employee Share Offering and a tax notice relating to the relevant Fund containing a description of Canadian income tax consequences of subscribing to and holding the Units in the Funds and redeeming Units for cash or Shares at the end of the Lock-Up Period. The information package for Canadian Participants in the Leveraged Plan will also include a risk statement which will describe certain risks associated with an investment in Units pursuant to the Leveraged Plan, and a tax calculation document which will illustrate the general Canadian federal income tax consequences of participating in the Leveraged Plan.
35. Upon request, Canadian Participants may receive copies of the French Document de Référence filed with the French AMF in respect of the Shares. A copy of the Funds' rules (which are analogous to company by-laws) will be made available to Canadian Participants. The Canadian Participants will also have access to copies of the continuous disclosure materials relating to the Filer that are furnished to its shareholders generally.
36. There are approximately 716 Qualifying Employees resident in Canada, in the provinces of British Columbia (1), Alberta (1), Saskatchewan (152), Manitoba (3), Ontario (349), Quebec (213) and Nova Scotia (2), who represent in the aggregate less than 3.4% of the number of employees in the Filer Group worldwide.
37. As of the date hereof and after giving effect to the Employee Share Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Funds on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

Decision

“Josée Deslauriers”
Director, Capital Market

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.

“Claude Lessard”
Manager, Supervision of Intermediaries

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

1. the first trade in any Units or Shares acquired by Canadian Participants pursuant to this Decision in a Jurisdiction is deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction unless the following conditions are met:
 - (a) the issuer of the security
 - (i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or
 - (ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;
 - (b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada
 - (i) did not own directly or indirectly more than 10 percent of the outstanding securities of the class or series, and
 - (ii) did not represent in number more than 10 percent of the total number of owners directly or indirectly of securities of the class or series; and
 - (c) the first trade is made
 - (i) through an exchange, or a market, outside of Canada, or
 - (ii) to a person or company outside of Canada; and
2. in Quebec, the required fees are paid in accordance with Section 271.6(1.1) of the *Securities Regulation* (Quebec).

It is the further decision of the Decision Makers under the Legislation that the First Trade Relief is granted provided that the conditions set out in paragraphs (l)(a), (b) and (c) under this decision granting the Initial Requested Relief are satisfied.

2.1.7 Penn West Petroleum Ltd. - s. 1(10)

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

Headnote

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

Ontario Statutes

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

February 14, 2008

Burnet, Duckworth & Palmer LLP

1400, 350 - 7 Avenue SW
Calgary, AB T2P 3N9

Attention: Lindsay P. Cox

Dear Madam:

**Re: Penn West Petroleum Ltd. (the Applicant) -
Application to Cease to be a Reporting Issuer
under the securities legislation of Alberta and
Ontario (the Jurisdictions)**

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

As the Applicant has represented to the Decision Makers that:

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

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

Relief requested granted on the 14th day of February, 2008.

2.1.8 Canetic Resources Trust - s. 1(10)

Relief requested granted on the 14th day of February, 2008.

Headnote

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

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

Ontario Statutes

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

February 14, 2008

Burnet, Duckworth & Palmer LLP

1400, 350 - 7 Avenue SW
Calgary, AB T2P 3N9

Attention: Lindsay Cox

Dear Madam:

Re: Canetic Resources Trust (the Applicant) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (the Jurisdictions)

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

As the Applicant has represented to the Decision Makers that:

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

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

2.1.9 Vault Energy Trust - 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 14, 2008

Burnet, Duckworth & Palmer LLP

1400, 350 - 7 Avenue SW

Calgary, AB T2P 3N9

Attention: Lindsay P. Cox

Dear Madam:

**Re: Vault Energy Trust (the Applicant) -
Application to Cease to be a Reporting Issuer
under the securities legislation of Alberta,
Saskatchewan, Manitoba, Ontario, Québec,
Nova Scotia, New Brunswick, 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 be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

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

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

Relief requested granted on the 14th day of February, 2008.

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

2.1.10 Emergis Inc. - s. 1(10)

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

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 11, 2008

Osler, Hoskin & Harcourt LLP

1000, De La Gauchetière Street West
Suite 2100
Montréal (Québec) H3B 4W5

Attention: Mr. Max Rogan

Dear Sir:

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

2.1.11 Abitibi-Consolidated Inc. - s. 1(10)

“Marie-Christine Barrette”
Manager, Financial Information
Autorité des marchés financiers

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 20, 2008

Abitibi-Consolidated Inc.

c/o Davies Ward Phillips & Vineberg LLP
1501 McGill College Ave., 26th floor
Montréal (Québec)
H3A 3N9

Attention: Me Brian Kujavsky

Dear Sir:

Re: Abitibi-Consolidated 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.

2.1.12 Visa Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from registration and prospectus requirements in connection with the use of electronic roadshow materials – cross-border offering of securities – compliance with U.S. offering rules leads to non-compliance with Canadian regime – relief required as use of electronic roadshow materials constitutes a distribution requiring compliance with prospectus and registration requirements – relief granted from sections 25 and 53 of the Securities Act (Ontario) in connection with a cross-border offering.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53.
National Policy 47-201 – Trading Securities Using the Internet and Other Electronic Means, s. 2.7.

February 22, 2008

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, NEWFOUNDLAND AND
LABRADOR, NEW BRUNSWICK, NOVA SCOTIA,
PRINCE EDWARD ISLAND, YUKON, NORTHWEST
TERRITORIES AND NUNAVUT
(THE "JURISDICTIONS")

AND

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

AND

IN THE MATTER OF
VISA INC.
(THE "FILER")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for a ruling exempting the posting of certain roadshow materials on www.retailroadshow.com during the "waiting period" from the prospectus requirement and, except with respect to British Columbia where relief is not required, the registration requirement under the Legislation (collectively, the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) Ontario is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decisions 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 and representations made by the Filer:

1. The Filer was incorporated under the General Corporation Law of the State of Delaware on May 27, 2007.
2. The principal office of the Filer is located at P.O. Box 8999, San Francisco, California 94128-8999.
3. On November 9, 2007, the Filer filed a registration statement on Form S-1 (the "**Form S-1**") under the *Securities Act of 1933* of the United States of America, as amended (the "**1933 Act**") with the United States Securities and Exchange Commission (the "**SEC**") relating to the initial public offering (the "**Offering**") of its shares of class A common stock (the "**Offered Shares**"). The Filer has also filed Amendment No. 1, Amendment No. 2 and Amendment No. 3 to the Form S-1 with the SEC on December 21, 2007, February 4, 2008 and February 13, 2008, respectively.
4. On February 13, 2008, the Filer filed a preliminary base PREP prospectus (the "**Preliminary Prospectus**") relating to the Offering with the securities regulatory authority of each of the provinces (other than Québec) and territories of Canada (the "**Jurisdictions**").
5. The Filer intends to file Amendment No. 4 to the Form S-1 with the SEC and an amended and restated preliminary base PREP prospectus (the "**Amended Preliminary Prospectus**") with the securities regulatory authority of each of the Jurisdictions, in each case, during the week ending February 23, 2008. The Filer intends to commence the marketing of the Offering in the Jurisdictions after the Amended Preliminary Prospectus is filed and an MRRS decision document is obtained therefor.
6. During the interval between the date of the MRRS decision document for the Amended Preliminary Prospectus and the date of issuance of an MRRS decision document for a final base PREP prospectus (such period being known as the "**waiting period**"), the Filer intends to utilize

electronic roadshow materials (the "**Website Materials**") as part of the marketing efforts for the Offering, as is now typical for an initial public offering in the United States.

7. Because the Filer will not be required to file reports with the SEC pursuant to section 13 or section 15(d) of the U.S. *Securities Exchange Act of 1934* until the time the Form S-1 has become effective pursuant to the 1933 Act, Rule 433(d)(8)(ii) under the 1933 Act, which came into effect in December 2005, requires the Filer to either file the Website Materials with the SEC or make them "available without restriction by means of graphic communication to any person...".
8. Compliance with applicable U.S. securities laws thus requires either making the Website Materials available in a manner that affords unrestricted access to the public, or filing the Website Materials on the SEC's EDGAR system, which will have the same effect of affording unrestricted access. This is inconsistent with Canadian securities laws. In particular, the prospectus requirements and activities that are permissible during the waiting period which, when applied together, require that access to the Website Materials be controlled by the Filer or the underwriters by such means as password protection and otherwise, as suggested by National Policy 47-201 – *Trading Securities Using the Internet and Other Electronic Means* ("NP 47-201").
9. The Filer wishes to comply with applicable U.S. securities laws by posting the Website Materials on the website of www.retailroadshow.com, without any restriction thereon, such as password protection.
10. The securities laws of the Jurisdictions do not, absent the requested relief, allow the Filer to post the Website Materials during the waiting period in a manner that would allow the Website Materials to be accessible to all prospective investors in the Jurisdictions without restriction.
11. The Website Materials will contain a statement that information conveyed through the Website Materials does not contain all of the information in the Amended Preliminary Prospectus, or any subsequently amended preliminary prospectus, or the final base PREP prospectus or any amendment thereto, or the supplemented PREP prospectus (the "**Final Prospectus**"), and that prospective purchasers should review all of the those prospectuses, in addition to the Website Materials, for complete information regarding the Offered Shares.
12. The Website Materials will also contain a hyperlink to the prospectuses referred to in the foregoing

paragraph, as at and after such time as a particular prospectus is filed.

13. The Website Materials, the Amended Preliminary Prospectus and any further amendments thereto, and the Final Prospectus will state that purchasers of the Offered Shares in the Jurisdictions will have a contractual right of action against the Filer and the underwriters in connection with the information contained in the Website Materials posted on the website of www.retailroadshow.com.
14. At least one underwriter signing the Amended Preliminary Prospectus, any subsequently amended preliminary prospectus, and the Final Prospectus will be registered in each of the Jurisdictions.
15. Canadian purchasers will only be able to purchase the Offered Shares through an underwriter that is registered in the Jurisdiction of residence of the Canadian purchaser.
16. The Filer acknowledges that the Requested Relief relates only to the posting of the Website Materials on the website of www.retailroadshow.com.

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 the Amended Preliminary Prospectus, and any further amendments thereto, and the Final Prospectus state that purchasers of the Offered Shares in each of the provinces (other than Québec) and the territories of Canada have a contractual right of action against the Filer and the Canadian underwriters, substantially in the following form:

"We may make available certain materials describing the offering (the "Website Materials") on the website www.retailroadshow.com under the heading "Visa Inc. (IPO)" in accordance with U.S. securities law during the period prior to obtaining a final MRRS decision document for the final base PREP prospectus relating to this offering (the "Prospectus") from the Canadian securities regulatory authorities, other than the *Autorité des marchés financiers*. In order to give purchasers in each of the provinces (other than Québec) and the territories of Canada (the "Jurisdictions") the same unrestricted access to the Website Materials as provided to U.S. purchasers, we have applied for and obtained exemptive relief from the securities regulatory authority in each of the Jurisdictions. Pursuant to the terms of that exemptive relief, we and each of the Canadian underwriters signing the certificate contained in the Prospectus have

agreed that, in the event that the Website Materials contained any untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made (a "misrepresentation"), a purchaser resident in any of the Jurisdictions who purchases shares of our Class A common stock pursuant to the Prospectus during the period of distribution shall have, without regard to whether the purchaser relied on the misrepresentation, rights against us and each Canadian underwriter with respect to such misrepresentation as are equivalent to the rights under section 130 of the Securities Act (Ontario) or the comparable provision of the securities legislation of each of the other Jurisdictions, as if such misrepresentation was contained in the Prospectus."

"James E. A. Turner"

Ontario Securities Commission

"David L. Knight"

Ontario Securities Commission

2.1.13 6855237 Canada Inc. (formerly Meridian Gold Inc.) - s. 1(10)(b)

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., ss. 1(10)(b).

February 22, 2008

Cassels Brock & Blackwell LLP

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

Attention: Andrea FitzGerald

Dear Sirs and Mesdames:

Re: 6855237 Canada Inc. (formerly Meridian Gold Inc. ("Meridian")) (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 not to 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.

“Cameron McInnis”
Manager Corporate Finance
Ontario Securities Commission

2.1.14 Franco-Nevada Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1 – Issuer wishes to file a short form prospectus to qualify the distribution of securities – Issuer not eligible to file short form prospectus because Issuer does not have in at least one jurisdiction in which it is a reporting issuer current annual financial statements and a current AIF – The issuer is a new reporting issuer that is the continuation of an existing business; the issuer satisfies all the criteria for the exemption in s. 2.7 except that the audited comparative annual financial statements incorporated in its final prospectus are not its own, but the financial statements of the existing business – Confidentiality of application and decision document granted for a limited period of time.

Applicable Legislative Provisions

National Instrument 44-101 Short Form Prospectus Distributions, ss. 2.2(d), 2.7, 8.1.

February 25, 2008

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

AND

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

AND

IN THE MATTER OF
FRANCO-NEVADA CORPORATION (the "Applicant")

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Applicant for:

- (a) a decision under the securities legislation of the Jurisdictions (the "Legislation") for an exemption pursuant to section 8.1 of National Instrument 44-101 *Short Form Prospectus Distributions* ("NI 44-101") from the requirement in section 2.2(d) of NI 44-101 that an issuer has filed an annual information form ("AIF") and current annual financial statements in at least one jurisdiction in

which it is a reporting issuer, in order to qualify to file a short form prospectus under NI 44-101 (the "Requested Relief"); and

(b) a decision in every Jurisdiction (the "Confidentiality Relief") that the application for this decision and this decision be kept confidential until the earliest to occur of:

- (i) March 30, 2008;
- (ii) the date on which the Applicant publicly announces the Proposed Offering, and
- (iii) the date on which the Applicant advises the Decision Makers that there is no longer any need for the application for this decision and this decision to remain confidential.

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 Applicant:

- 1. The Applicant is a company existing under the *Canadian Business Corporations Act* with its head office and registered office located in Toronto, Ontario.
- 2. The financial year end of the Applicant is December 31.
- 3. The Applicant was formed in October 2007 to acquire an established portfolio of mining and oil and natural gas royalties and certain equity interests, which had historically produced stable cash flow.
- 4. The Applicant is a reporting issuer in each of the Provinces and Territories of Canada.
- 5. The Applicant's authorized capital consists of an unlimited number of common shares and an unlimited number of preferred shares of which 88,800,000 common shares are currently outstanding.

- 6. The Applicant's common shares are listed on the Toronto Stock Exchange under the symbol "FNV" and the Applicant's operations have not ceased.
- 7. On November 30, 2007, the Applicant filed and obtained a receipt for a final prospectus (the "IPO Prospectus") in connection with its initial public offering of common shares.
- 8. The Applicant's initial public offering of common shares closed on December 20, 2007 and the Applicant raised aggregate gross proceeds of approximately \$1.2 billion.
- 9. The proceeds of the Applicant's initial public offering were used primarily in connection with the acquisition of a royalty portfolio (the "Royalty Portfolio") consisting of approximately 190 royalty interests in precious and base metal properties and certain equity interests and over 100 royalty and/or working interests in oil and natural gas properties from Newmont Mining Corporation ("Newmont").
- 10. The IPO Prospectus included the following financial statements:
 - (i) the audited opening balance sheet of the Applicant as at October 19, 2007;
 - (ii) the audited combined balance sheets of the Royalty Portfolio as of December 31, 2006 and 2005 and the related combined statements of income, changes in owner's net investment and cash flows for each of the three years ended December 31, 2006;
 - (iii) the unaudited combined balance sheets of the Royalty Portfolio as at September 30, 2007 and December 31, 2006 and the related combined statements of income and comprehensive income, changes in owner's net investment and statement of cash flows for each of the nine months ended September 30, 2007 and 2006; and
 - (iv) the unaudited *pro forma* combined balance sheet of the Applicant as at September 30, 2007 and the related unaudited *pro forma* combined statements of income for the nine month period then ended and for the year ended December 31, 2006.
- 11. The Applicant is, to the best of its knowledge, not in default of any requirement of Canadian securities laws.
- 12. The Applicant is an electronic filer under National Instrument 13-101 respecting the System for Electronic Document Analysis and Retrieval (SEDAR).
- 13. The Applicant has filed with the securities regulatory authority in each Jurisdiction all periodic and timely disclosure documents that it is

- required to have filed in the Jurisdictions under the Legislation.
14. The Applicant wishes to file a short form prospectus pursuant to NI 44-101 on or before February 26, 2008 in order to raise funds necessary to acquire further royalty interests and general working capital purposes (the "**Proposed Offering**").
15. The audited financial statements of the Applicant for the period ended December 31, 2007 are not required to be filed under National Instrument 51-102 *Continuous Disclosure Obligations* until March 30, 2008. Such financial statements will not be ready for filing with the securities regulatory authorities until shortly before March 30, 2008.
16. Except for not having filed a current AIF and current annual financial statements, in at least one jurisdiction in which the Applicant is a reporting issuer, the Applicant would be qualified to file a prospectus in the form of a short form prospectus pursuant to NI 44-101.
17. The Applicant has not been exempted from the requirement of the applicable continuous disclosure rule to file annual financial statements and the Applicant has not yet been required under the continuous disclosure rule to file such financial statements.
18. Under section 2.7 of NI 44-101, an issuer that has filed and obtained a receipt for a prospectus that included the issuer's comparative annual financial statements for its most recently completed financial year or the financial year immediately preceding its most recently completed financial year is exempted from the requirements to have a current AIF and current annual financial statements in order to be entitled to file a short form prospectus (the "**New Reporting Issuer Exemption**"). However, the comparative annual financial statements contained in the IPO Prospectus are not the financial statements of the Applicant, but rather those of the Royalty Portfolio, now the business of the Applicant, and which was acquired using the proceeds of the initial public offering.
19. The Applicant's acquisition of the Royalty Portfolio from Newmont does not represent a change in substance of the business of the Royalty Portfolio and therefore it is appropriate for the Applicant to present comparative financial information for the Royalty Portfolio prior to its acquisition by the Applicant.
20. If the Requested Relief is granted, the Applicant will incorporate by reference in a preliminary short form prospectus and a short form prospectus, all of the financial statements included in the IPO Prospectus as set forth in paragraph 10 above.
21. It is not contrary to the public interest for the comparative financial statements of the Royalty Portfolio presented in the IPO Prospectus to be considered as being the annual financial statements of the Applicant, and in particular, because investors in the proposed new offering would be investing based on the same financial information as in the initial public offering. Given that the initial public offering closed only on December 20, 2007, and the Applicant only acquired the Royalty Portfolio as of that date, this information would be materially the same, as financial statements of the Applicant for December 31, 2007, would only contain 11 days of operations from December 20, 2007 to December 31, 2007.
22. The Applicant has requested confidentiality of this decision as the Applicant intends to proceed to a public offering and has not made its intent public, and the ability of the Applicant to access equity markets on favourable terms if this decision was made public would be compromised.

Decision

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

The decision of the Decision makers under the Legislation is that the Requested Relief is granted, so long as:

- (a) the Applicant is not exempt from the requirement in the applicable continuous disclosure rule to file annual financial statements within the prescribed period after its financial year end;
- (b) has not yet been required under the applicable continuous disclosure rule to file annual financial statements;
- (c) the Applicant's business continues to be, in all material respects, the same as described in the IPO Prospectus;
- (d) the Applicant includes or incorporates by reference in a preliminary short form prospectus and short form prospectus if either is filed prior to the filing of annual financial statements of the Applicant and an AIF under the applicable continuous disclosure rule (i) all of the financial statements included in the IPO Prospectus, and (ii) the information that would otherwise have been required to have been included in a current AIF.

The further decision of the Decision Makers under the Legislation is that the Confidentiality Relief is granted.

"Erez Blumberger"
Manager, Corporate Finance
Ontario Securities Commission

2.1.15 Angler Management, LP - s. 6.1(1) of NI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees

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

Rules Cited

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

February 26, 2008

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

AND

**IN THE MATTER OF
ANGLER MANAGEMENT, LP**

DECISION

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

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

AND UPON considering the application and the recommendation of the staff of the Ontario Securities Commission (the **Commission**);

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

1. The Applicant was incorporated under the laws of the State of Delaware in the United States of America. The Applicant is not a reporting issuer in any province or territory of Canada. The Applicant is seeking registration under the Act as a limited market dealer (non-resident). The registered office of the Applicant is located in Connecticut in the United States of America.

2. NI 31-102 requires that all registrants in Canada enrol with CDS INC. and use the national registration database (**NRD**) to complete certain registration filings. As part of the enrolment process, registrants are required to open an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit (the **electronic funds transfer requirement** or **EFT Requirement**).
3. The Applicant anticipates difficulties in setting up its own Canadian based bank account for purposes of fulfilling the EFT Requirement.
4. The Applicant confirms that it is not registered in another category to which the EFT Requirement applies and that Ontario is the only jurisdiction in which it is seeking registration.
5. Staff of the Canadian Securities Administrators has indicated that, with respect to applications from international dealers and international advisers (or applicants in equivalent categories of registration) for relief from the EFT Requirement, it is prepared to recommend waiving the fee normally required to accompany applications for discretionary relief (the **Application Fee**).
6. For Ontario registrants, the requirement for payment of the Application Fee is set out in section 4.1 of Rule 13-502.

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

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

- A. makes acceptable alternative arrangements with CDS for the payment of NRD fees and makes such payment within ten (10) business days of the date of the NRD filing or payment due date;
- B. pays its participation fee under the Act to the Commission by cheque, draft, money order or other acceptable means at the time of filing its application for annual renewal, which shall be no later than the first day of December in each year;
- C. pays any applicable activity fees, or other fees that the Act requires it to pay to the Commission, by cheque, draft, money order or other acceptable means at the appropriate time; and
- D. is not registered in any other Canadian jurisdiction in another category to which the EFT Requirement applies;

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

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

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

2.2 Orders

2.2.1 Andrew Stuart Netherwood Rankin - ss. 127, 127.1

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

AND

**IN THE MATTER OF
ANDREW STUART NETHERWOOD RANKIN**

**ORDER
(Sections 127 and 127.1)**

WHEREAS on December 20, 2005, the Ontario Securities Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Securities Act (the “Act”), accompanied by Staff’s Statement of Allegations, in respect of the Respondent, Andrew Stuart Netherwood Rankin (“Rankin”);

AND WHEREAS the Respondent entered into a settlement agreement dated February 19, 2008 (the “Settlement Agreement”), in which the Respondent agreed to a settlement of the proceeding commenced by the Notice of Hearing dated December 20, 2005, subject to the approval of the Commission;

AND WHEREAS on February 19, 2008, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act announcing that it proposed to consider whether the Settlement Agreement entered into by Staff of the Commission and Andrew Rankin is in the public interest;

AND UPON reviewing the Settlement Agreement and Staff’s Statement of Allegations, and upon hearing submissions from counsel for Staff and the Respondent;

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

IT IS ORDERED THAT:

1. the Settlement Agreement dated February 19, 2008, attached to this Order as Schedule “1”, is hereby approved;
2. Rankin is permanently restricted from registration under Ontario securities law;
3. Rankin is permanently prohibited from becoming a director or officer of any registrant;
4. Rankin is permanently prohibited from becoming a director or officer of any reporting issuer;
5. Rankin shall resign all positions that he holds as director or officer of a reporting issuer;

6. Rankin cease trading in any securities and that Rankin be prohibited from acquiring any securities for a period of 10 years from the date of the approval of the within settlement agreement, except that Rankin is permitted to trade only in mutual funds and exchange traded funds through a registered dealer in one locked-in retirement account held in his name only, the particulars of which are to be provided forthwith to staff of the Ontario Securities Commission, and in one registered education savings plan, the particulars of which have been provided to Staff, held at E-Trade Canada; and
7. Rankin pay costs of the investigation in the amount of \$250,000 immediately.

DATED at Toronto this "21st" day of February, 2008.

"James E. A. Turner"

"David L. Knight"

2.2.2 Juniper Fund Management Corporation et al. - s. 144

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

AND

**IN THE MATTER OF
THE JUNIPER FUND MANAGEMENT CORPORATION,
JUNIPER INCOME FUND,
JUNIPER EQUITY GROWTH FUND AND
ROY BROWN (a.k.a. ROY BROWN-RODRIGUES)**

**ORDER
Section 144**

WHEREAS on March 8, 2006, the Ontario Securities Commission (the "Commission") ordered pursuant to subsection 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that all trading in the securities of the Juniper Income Fund ("JIF") and the Juniper Equity Growth Fund ("JEGF") collectively (the "Funds") shall cease forthwith for a period of 15 days from the date thereof (the "Temporary Order");

AND WHEREAS pursuant to subsections 127(1) and 127(5) of the Act, a hearing was scheduled for March 23, 2006 at 10:00 a.m. (the "Hearing");

AND WHEREAS the Respondents were served with the Temporary Order, the Notice of Hearing dated March 21, 2006, the Statement of Allegations dated March 21, 2006 and the Affidavit of Trevor Walz sworn March 17, 2006;

AND WHEREAS on March 23, 2006, the Commission ordered: (i) an extension of the Temporary Order to May 4, 2006; and (ii) an adjournment of the Hearing to May 4, 2006;

AND WHEREAS Staff have advised that the Commission issued two Directions dated May 4, 2006 under subsection 126(1) of the Act freezing bank accounts of The Juniper Fund Management Corporation ("JFM"), the Funds and Roy Brown without notice to any of the Respondents;

AND WHEREAS on May 4, 2006, the Commission ordered: (i) the Hearing adjourned to May 23, 2006; (ii) the Temporary Order extended to May 23, 2006; (iii) JFM not to be paid any monthly management fees; (iv) JFM's requests for funds to pay expenses incurred by the Funds to continue to be subject to approval by NBCN Inc. ("NBCN"); (v) weekly lists of expenses by the Funds to continue to be provided to and reviewed by Staff; and (vi) neither JFM nor Roy Brown to deal in any way with the assets or investments of the Funds;

AND WHEREAS Staff have advised that on May 11, 2006 and June 30, 2006, the Ontario Superior Court of Justice (the "Superior Court") ordered that the two

Directions dated May 4, 2006 freezing bank accounts of JFM, the Funds and Roy Brown be extended with the exception of the personal accounts and one JFM account as defined in the Superior Court orders dated May 11, 2006 and June 30, 2006;

AND WHEREAS the two Directions expired on September 30, 2006;

AND WHEREAS on May 18, 2006, the Superior Court issued an ex parte order appointing Grant Thornton Limited as receiver (the "Receiver") over the assets, undertakings and properties of JFM and the Funds;

AND WHEREAS on May 18, 2006, the Commission granted leave to McMillan Binch Mendelsohn LLP to withdraw as counsel for the Respondents;

AND WHEREAS on May 23, 2006, the Commission ordered: (i) the Hearing adjourned to September 21, 2006; and (ii) the Temporary Order extended to September 21, 2006;

AND WHEREAS on June 2, 2006, the Superior Court confirmed and extended the Receivership Order and approved the conduct of the Receiver and its counsel as set out in the First Report of the Receiver dated May 30, 2006;

AND WHEREAS on September 21, 2006, the Commission ordered: (i) the Hearing adjourned to November 8, 2006; and (ii) the Temporary Order extended to November 8, 2006;

AND WHEREAS NBCN and National Bank Financial Ltd. ("NBFL") have brought a motion for intervenor status in these proceedings (the "Intervenor Motion");

AND WHEREAS on November 7, 2006, the Commission adjourned the Hearing and the Intervenor Motion to December 13, 2006 and extended the Temporary Order to December 13, 2006;

AND WHEREAS on November 17, 2006, the Superior Court ordered, *inter alia*, that: (i) the Receiver is authorized to call a meeting of unitholders of the Funds; and (ii) the conduct of the Receiver and its counsel, as described in the Second and Third Reports of the Receiver, is approved without prejudice to the right of NBFL and NBCN to dispute the Receiver's conclusion that NBFL and NBCN hold no units in the JEGF;

AND WHEREAS by letter dated December 6, 2006, counsel for NBCN and NBFL advised that they intended to withdraw the Intervenor Motion;

AND WHEREAS on December 13, 2006, the Commission ordered: (i) an extension of the Temporary Order to March 2, 2007; and (ii) an adjournment of the Hearing to March 2, 2007;

AND WHEREAS on December 13, 2006, counsel for the Receiver advised that the Receiver will shortly be sending out an update letter to all unitholders explaining the steps taken by the Receiver and the status of the ongoing receivership;

AND WHEREAS on December 13, 2006 Staff advised that Staff's investigation and the investigation by the Receiver are both ongoing and there was a reasonable prospect that Staff's investigation would be completed by March 2007;

AND WHEREAS on December 13, 2006, counsel for the Receiver and Staff of the Commission consented to: (i) an adjournment of the Hearing to March 2, 2007; and (ii) an extension of the Temporary Order to March 2, 2007 and counsel for Roy Brown did not consent to the adjournment or the extension of the Temporary Order and requested the earliest possible return date;

AND WHEREAS on December 13, 2006, counsel for Roy Brown and Staff of the Commission scheduled a tentative pre-hearing conference with a Commissioner on February 27, 2007 at 11:00 a.m.;

AND WHEREAS on March 2, 2007, Staff advised that Staff's investigation and the investigation by the Receiver are both ongoing and that there is a reasonable prospect that Staff's investigation will be completed by April 2007;

AND WHEREAS on March 2, 2007, Staff advised that the tentative pre-hearing conference scheduled for February 27, 2007 did not proceed as Staff's investigation was ongoing;

AND WHEREAS on March 2, 2007, Staff advised that thirteen volumes of initial Staff disclosure were sent to counsel for Roy Brown on February 23, 2007;

AND WHEREAS on March 2, 2007, counsel for the Receiver provided an update of the ongoing receivership and advised that an update letter had been sent to all unitholders;

AND WHEREAS on March 2, 2007, Staff of the Commission requested and counsel for the Receiver consented to: (i) an adjournment of the Hearing to May 22, 2007; and (ii) an extension of the Temporary Order to May 22, 2007 and counsel for Roy Brown did not consent to the adjournment and extension of the Temporary Order;

AND WHEREAS on March 2, 2007, the Commission ordered: (i) an extension of the Temporary Order to May 22, 2007; and (ii) an adjournment of the Hearing to May 22, 2007;

AND WHEREAS the First, Second, Third and Fourth Reports of the Receiver have been filed with the Commission;

AND WHEREAS on May 22, 2007, based on Staff's submissions, the panel expected that Staff would

conclude their investigation, amend their Statement of Allegations, provide additional disclosure to the Respondents and have attended at a pre-hearing conference in order to set a date for a hearing on the merits, all by mid-July 2007;

AND WHEREAS on May 22, 2007, Staff of the Commission requested and the Commission ordered: (i) an adjournment of the Hearing to July 17, 2007; and (ii) an extension of the Temporary Order to July 17, 2007, and whereas counsel for Roy Brown did not consent and counsel for the Receiver did consent to the adjournment and extension of the Temporary Order;

AND WHEREAS Staff of the Commission provided fifteen volumes of disclosure to counsel for Roy Brown on June 14 and 21, 2007 and the remaining five volumes of disclosure on July 9, 2007;

AND WHEREAS Staff of the Commission amended the Statement of Allegations on July 5, 2007;

AND WHEREAS a pre-hearing conference was held on July 20, 2007 and a second pre-hearing conference is scheduled for September 18, 2007;

AND WHEREAS on July 17, 2007, Staff of the Commission requested and counsel for the Receiver consented to and counsel to Roy Brown neither consented to nor opposed and the Commission ordered: (i) an adjournment of the Hearing to September 4, 2007; and (ii) an extension of the Temporary Order to September 4, 2007;

AND WHEREAS the parties were provided and agreed at the last pre-hearing conference to tentative hearing dates of April 7 to 11, 2008 and April 14 to 18, 2008;

AND WHEREAS on September 4, 2007, the Commission ordered: (i) the Hearing to commence on April 7, 2008 and continue for nine days; and (ii) an extension of the Temporary Order until the conclusion of the Hearing;

AND WHEREAS on November 14, 2007, the Superior Court ordered, *inter alia*, that : (i) the activities and conduct of the Receiver as described in the Fifth Report of the Receiver are hereby approved; (ii) the claims process defined in the Fifth Report of the Receiver is hereby approved; and (iii) the JEGF unitholder registry is amended as described in the Fifth Report of the Receiver;

AND WHEREAS on November 15, 2007, the Receiver held separate unitholder meetings for the Funds to obtain direction on how the receivership should proceed;

AND WHEREAS JEGF unitholders voted 99.65% in favour of liquidating the investments held by JEGF and completing a redemption of all JEGF units;

AND WHEREAS JIF unitholders voted 100% in favour of liquidating the investments held by JIF and completing a redemption of all JIF units;

AND WHEREAS on January 14, 2008, the Superior Court ordered, *inter alia*, that : (i) the distribution process to JEGF and JIF unitholders as proposed by the Receiver was approved; (ii) the JEGF unitholder registry as prepared by the Receiver was complete and final; and (iii) the JIF unitholder registry as prepared by the Receiver was complete and final (the "Distribution Approval Order");

AND WHEREAS Staff have requested on behalf of the Executive Director that the Temporary Order be revoked for the specific purpose of allowing the Receiver to complete a distribution of redemption proceeds to JEGF unitholders and JIF unitholders, in accordance with the Distribution Approval Order.

AND WHEREAS Staff of the Commission, counsel for the Receiver and counsel for Roy Brown consent to the terms of this Order;

AND WHEREAS the making of this Order is not prejudicial to the public interest;

AND WHEREAS by Commission order dated April 4, 2007 pursuant to section 3.5(3) of the Act, each of W. David Wilson, James E.A. Turner, Lawrence E. Ritchie, Robert L. Shirriff, Harold P. Hands, Paul K. Bates and David L. Knight, acting alone is authorized to make orders under section 144 of the Act;

IT IS ORDERED pursuant to section 144 of the Act that the Temporary Order is revoked to permit the Receiver to complete a distribution of redemption proceeds to JEGF unitholders and JIF unitholders, in accordance with the Distribution Approval Order.

DATED at Toronto this "22nd" day of February, 2008

"James E. A. Turner"

"Suresh Thakrar"

2.2.3 MRS Sciences Inc. (Formerly Morningside Capital Corp.) 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 in December 2007, Staff served MRS Sciences Inc., Americo DeRosa, Edward Emmons and Ivan Cavric in December 2007 as evidenced by the affidavits of service filed as Exhibits;

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 and the Commission ordered an adjournment of this matter to January 31, 2008 at 10:00 a.m.;

AND WHEREAS in January 2008, five volumes of Staff's disclosure were couriered to counsel for Ivan Cavric and to counsel for Edward Emmons and Americo DeRosa;

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 30, 2008, Staff and counsel for Ivan Cavric, Edward Emmons and Americo DeRosa consented to and the Commission ordered the matter adjourned to February 26, 2008 to permit Staff to effect service on Ronald Sherman;

AND WHEREAS on February 20, 2008, Staff served the Notice of Hearing and Statement of Allegations dated November 29, 2007 and the Commission orders dated December 28, 2007 and January 30, 2008 on Ronald Sherman as evident from the affidavit of Larry Masci sworn February 26, 2008 filed as an exhibit;

AND WHEREAS on February 26, 2008, the agent for Ronald Sherman agreed to accept delivery of Staff's disclosure on behalf of Ronald Sherman;

AND WHEREAS on February 26, 2008, counsel for Ivan Cavric, Edward Emmons and Americo DeRosa requested a short adjournment to consider whether his clients will bring any pre-hearing motions;

AND WHEREAS Staff of the Commission and counsel for Ivan Cavric, Americo DeRosa and Edward Emmons consent to an adjournment to March 25, 2008 at 9:30 a.m.;

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

IT IS ORDERED that the matter is adjourned to March 25, 2008 at 9:30 a.m.

Dated at Toronto this "26th" day of February, 2008

"Wendell S. Wigle"

"David L. Knight"

2.2.4 Sulja Bros. Building Supplies, Ltd. (Nevada) et al. - Rules 1.4 and 5.4 of the Rules of Practice (1997), 20 OSCB 1947

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

AND

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

**ORDER
(Rules 1.4 and 5.4 of the
Rules of Practice (1997), 20 O.S.C.B. 1947)**

WHEREAS WeirFoulds LLP is counsel of record for the respondents Kore International Management Inc. ("Kore") and Petar Vucicevich ("Vucicevich");

AND WHEREAS on February 8, 2008, WeirFoulds LLP brought a written motion (the "Motion") to the Ontario Securities Commission (the "Commission") pursuant to Rules 1.4 and 5.4 of the Commission's *Rules of Practice* (1997), 20 O.S.C.B. 1947 for leave to withdraw as counsel of record for Kore and Vucicevich;

AND WHEREAS WeirFoulds LLP submits that leave to withdraw should be granted on the basis that WeirFoulds LLP is no longer able to obtain instructions from Kore and Vucicevich;

AND WHEREAS WeirFoulds LLP has been unable to contact Kore and Vucicevich by registered letters, fax, e-mails and telephone calls since the Fall of 2007;

AND WHEREAS the Commission considers that WeirFoulds LLP has made reasonable efforts to contact Kore and Vucicevich;

AND WHEREAS the Commission considers that Kore and Vucicevich have been properly served with the Motion;

AND WHEREAS Staff of the Commission does not oppose the Motion;

IT IS ORDERED THAT leave for the withdrawal of WeirFoulds LLP as counsel of record to the respondents Kore and Vucicevich is hereby granted.

DATED at Toronto on this 26th day of February, 2008.

"Wendell S. Wigle"

"Suresh Thakrar"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Andrew Stuart Netherwood Rankin

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

AND

**IN THE MATTER OF
ANDREW STUART NETHERWOOD RANKIN**

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. By Notice of Hearing dated December 20, 2005, the Ontario Securities Commission announced that it proposed to hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the Securities Act, R.S.O. 1990, c. S.5, as amended (the “Act”), it is in the public interest for the Commission to make orders as specified therein.

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (“Staff”) agree to recommend settlement of the proceeding initiated by the Notice of Hearing against Andrew Rankin (“Rankin”) in accordance with the terms and conditions set out below. Rankin consents to the making of an order against him in the form attached as Schedule “A” on the basis of the facts set out below.

PART III – AGREED FACTS

3. Staff and Rankin agree with the facts in Part III and conclusion in Part IV herein. Rankin agrees with the facts in Part III and conclusion in Part IV herein for the purposes of this settlement agreement only. Rankin expressly denies that the terms of this settlement agreement are intended to be an admission of liability by him in any other context to any person, company, or other entity.
4. Rankin, a resident of Woodland Hills, California, U.S.A., was a Managing Director in the Mergers and Acquisitions Department of RBC Dominion Securities (“RBC DS”) from early 1999 until his suspension from RBC DS in April, 2001. During this period, RBC DS was engaged as a financial advisor by various reporting issuers in Ontario. As a Managing Director of RBC DS, Rankin was privy to and possessed of confidential material information about potential corporate transactions involving RBC DS clients. Rankin was a registrant with the Investment Dealers Association.
5. Pursuant to s.76(5)(b) of the Act, Rankin was a person in a special relationship with the reporting issuers involved with the following corporate transactions (the “Corporate Transactions”):
 - i. Acquisition by Abitibi Consolidated Inc. of RBC DS client, Donohue Inc., announced February 1, 2000;
 - ii. Acquisition by Novartis Animal Health Inc. of RBC DS client Cobequid Life Science Inc., announced May 8, 2000;
 - iii. Merger of Maverick Tube Corporation and RBC DS client Prudential Steel Ltd., announced June 11, 2000;
 - iv. Acquisition by RBC DS client De Beers Canada Holdings Inc. of Winspear Diamonds Inc., announced June 26, 2000;
 - v. Acquisition by RBC DS client Shaw Communications Inc. of Canadian Satellite Communications Inc., announced July 14, 2000;

- vi. Acquisition by Telus Communications Corporation of RBC DS client Clearnet Communications Inc., announced August 21, 2000;
 - vii. Acquisition by RBC DS client Shaw Communications Inc. of Moffat Communications Limited, announced December 7, 2000;
 - viii. Restructuring of RBC DS client Canadian Pacific, announced February 13, 2001;
 - ix. Acquisition by LivGroup Investments Inc. of RBC DS client Irwin Toy Limited, announced March 5, 2001; and
 - x. Acquisition of Alliance Forest Products Inc. by Bowater Inc., following the unsuccessful bid by RBC DS client Tembec Inc., announced April 2, 2001.
6. Rankin was aware of the legal requirement not to disclose confidential material information and he owed a duty of confidentiality to RBC DS and to the clients of RBC DS. Rankin was RBC DS' lead client advisor for the acquisitions by Shaw Communications Inc. and was a member of the deal team for the restructuring of Canadian Pacific, described above. As such, Rankin acquired confidential material information about these transactions through his direct client involvement. For the remaining transactions, Rankin acquired confidential material information based on the information available to him as Managing Director and as "staffer", the person responsible for assigning junior M&A staff to deal teams within the M&A Department.
 7. Rankin met Dan Duic ("Duic") in grade 7 at Upper Canada College ("UCC"). They had become close friends by grade 11, spending time together every weekday at school. They graduated from UCC in 1983. They remained friends thereafter.
 8. The contact between Rankin and Duic was frequent during the relevant time frame of the deals relating to the above-mentioned Corporate Transactions. In 1999-2001, Rankin and Duic telephoned and/or e-mailed each other daily, and scheduled get-togethers for coffee, breakfast, lunch, dinner, social events, and trips.
 9. Rankin had office arrangements at his homes, and used his home computer extensively for RBC DS business purposes, including via the Internet, to accommodate the long hours of Mergers and Acquisitions work. He had physical records of RBC DS business activities at his home offices, including records of staffing duties and project descriptions at his home office to permit after hours staffing for any new potential transactions, and work product pertaining to the deals he worked on directly.
 10. Duic had keys to Rankin's house on Russell Hill Road and may have had keys to Rankin's Lonsdale apartment. Duic was sometimes alone in Rankin's homes, with and without Rankin's knowledge. Over the relevant period, Duic was alone in Rankin's homes perhaps as many as ten times. On occasion, Duic had access to confidential information pertaining to the RBC DS potential transactions (including the Corporate Transactions), when unsupervised in Rankin's home, as a result of Rankin's negligence. Duic engaged Rankin in conversation seeking confidential information or seeking to confirm information he had already acquired.
 11. Duic is an established computer expert. At U.C.C. he developed a computer program employed at the school for scheduling parents night. Duic followed financial markets intensely, was knowledgeable about the public companies within major Canadian business segments, and had research tools at his office consistent with many trading desks.
 12. The contacts and communications between Rankin and Duic, referred to above, occurred during the time when the Corporate Transactions were being considered.
 13. Through Rankin's conduct as described above, Rankin informed Duic of confidential material facts with respect to each reporting issuer that had not been generally disclosed. The confidential material facts related to the potential Corporate Transactions, on which RBC DS was advising. Rankin did not know and did not advert to Duic's use of confidential material information.
 14. Over a 14-month period, on the basis of confidential material information, Duic earned profits of approximately \$4.5 million by illegal insider trading, contrary to s. 76(1) of the *Act*.

PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST

15. By engaging in the conduct described above, Rankin has breached Ontario securities law by acting contrary to s.76(2) of *Act*.

PART V – TERMS OF SETTLEMENT

16. Rankin agrees to the terms of settlement listed below.
17. The Commission will make an order:
 - a. approving the Settlement Agreement;
 - b. permanently restricting Rankin from registration under Ontario securities law;
 - c. permanently prohibiting Rankin from becoming a director or officer of any registrant;
 - d. permanently prohibiting Rankin from becoming a director or officer of any reporting issuer;
 - e. that Rankin shall resign all positions that he holds as director or officer of a reporting issuer;
 - f. that Rankin cease trading in any securities and that Rankin be prohibited from acquiring any securities for a period of 10 years from the date of the approval of the within settlement agreement, except that Rankin is permitted to trade only in mutual funds and exchange traded funds through a registered dealer in one locked-in retirement account held in his name only, the particulars of which are to be provided forthwith to staff of the Ontario Securities Commission, and in one registered education savings plan held at E-Trade Canada; and
 - g. that Rankin pay costs of the investigation in the amount of \$250,000 immediately.

PART VI – STAFF COMMITMENT

18. If this agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in relation to the facts set out in Part III of this agreement, subject to the provisions of paragraph 19 below.
19. If this settlement agreement is approved by the Commission and at any subsequent time Rankin fails to honour the terms of the settlement set out in Part V and paragraph 23 herein, Staff reserve the right to bring proceedings under Ontario securities law against Rankin based on, but not limited to, the facts set out in Part III of this settlement agreement, as well as the breach of the settlement agreement.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

20. Approval of this settlement will be sought at a public hearing before the Commission scheduled for Thursday, February 21, 2008, or such other date as may be agreed to by Staff and Rankin, in accordance with the procedures set out in this settlement agreement and the Commission's Rules of Practice.
21. Staff and Rankin agree that this settlement agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding Rankin's conduct in this matter, unless the parties agree that further facts should be submitted at the Settlement Hearing.
22. If this settlement agreement is approved by the Commission, Rankin agrees to waive his rights to a full hearing, judicial review, or appeal of this matter under the *Act*.
23. If this settlement agreement is approved by the Commission, neither party will make any public statement that is inconsistent with this settlement agreement.
24. Whether or not this settlement agreement is approved by the Commission, Rankin agrees that he will not, in any proceeding, refer to or rely upon this agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF AGREEMENT

25. If, for any reason whatsoever, this settlement agreement is not approved by the Commission, or an order in the form attached as Schedule "A" to this settlement agreement is not made by the Commission:
 - i. this settlement agreement and its terms, including all discussions and negotiations between Staff and Rankin leading up to their presentation at the settlement hearing, shall be without prejudice to Staff and Rankin; and

- ii. each of Staff and Rankin will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations, unaffected by this agreement or the settlement discussions/negotiations.
26. The terms of this settlement agreement will be treated as confidential by both parties until approved by the Commission. The terms of this settlement agreement will be treated as confidential forever if this settlement agreement is not approved for any reason whatsoever by the Commission, except with the written consent of both Rankin and Staff or as may be required by law.
27. Any obligations of confidentiality will terminate upon approval of this settlement agreement by the Commission.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

28. This agreement may be signed in one or more counterparts which together will constitute a binding agreement.
29. A facsimile copy of any signature will be as effective as an original signature.

Dated this 19th day of February 2008.

STAFF OF THE ONTARIO SECURITIES COMMISSION

“Michael Watson”
Director, Enforcement Branch
ANDREW STUART NETHERWOOD RANKIN

“Andrew Rankin”

Andrew Stuart Netherwood Rankin

“David Humphrey”

Witness

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 |
|------------------------|-------------------------|-----------------|-------------------------|----------------------|
| Calstar Oil & Gas Ltd. | 11 Feb 08 | 22 Feb 08 | 22 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 |
|--------------|----------------------------------|-----------------|-------------------------|-----------------------|--------------------------------|
| | | | | | |

** NO UPDATES TO REPORT THIS WEEK

4.2.2 Outstanding Management & Insider Cease Trading Orders

| Company Name | Date of Order or Temporary Order | Date of Hearing | Date of Permanent Order | Date of Lapse/ Expire | Date of Issuer Temporary Order |
|-------------------------------------|----------------------------------|-----------------|-------------------------|-----------------------|--------------------------------|
| 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 | | |

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Chapter 6

Request for Comments

6.1.1 Proposed NI 31-103 Registration Requirements, Proposed Companion Policy 31-103CP and Proposed Consequential Amendments

NOTICE AND REQUEST FOR COMMENT

PROPOSED NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, PROPOSED COMPANION POLICY 31-103CP REGISTRATION REQUIREMENTS AND PROPOSED CONSEQUENTIAL AMENDMENTS

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PROPOSED CONSEQUENTIAL AMENDMENTS TO ONTARIO SECURITIES COMMISSION INSTRUMENTS AND POLICIES

INTRODUCTION

The Canadian Securities Administrators (the **CSA** or **we**) are seeking comment on a revised draft National Instrument 31-103 *Registration Requirements* (the **Rule**) as well as on a revised draft Companion Policy 31-103CP *Registration Requirements* (the **Companion Policy**).

The Rule, which introduces harmonized registration requirements across all CSA jurisdictions, the Companion Policy and related instruments were initially published for comment on February 20, 2007 (the **2007 Proposal**). The Companion Policy provides guidance on how the CSA will interpret or apply the Rule and related securities legislation.

The Rule will constitute the primary instrument for regulating registration requirements. However, other instruments, such as the national registration database (**NRD**) instruments, also apply to registrants, and registrants should refer to securities legislation of their local jurisdiction and to other CSA instruments for additional requirements that may apply to them.

The Rule will be implemented as:

- a rule in each of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, New Brunswick, Ontario and Prince Edward Island;
- a regulation in each of Québec, the Northwest Territories, Nunavut and the Yukon Territory;
- a commission regulation in Saskatchewan.

The text of the Rule, Companion Policy and consequential amendments (the **Revised Proposal**) will be available on websites of CSA members, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.gov.ns.ca/nssc
www.nbsc-cvmnb.ca
www.osc.gov.on.ca
www.sfsc.gov.sk.ca

We are publishing the Rule, the Companion Policy and consequential amendments for comment for 90 days. The comment period will expire on May 29, 2008 and will not be extended by the CSA.

CONSULTATIVE PROCESS

Industry consultations

Throughout the development of the Rule, the CSA have sought to keep stakeholders informed about the issues being considered and proposals being developed. The CSA registration reform project has a dedicated website at www.rrp-info.ca on which we published, among other things, proposal papers, which discuss the policy basis for the proposed registration regime. Industry consultations were held in British Columbia, Alberta, Ontario, Québec and New York at various times over the past three years to seek feedback on the issues being considered and proposals being developed.

Comment letters

The CSA received 267 comment letters on the 2007 Proposal. The comments were thorough, detailed and very extensive. Most commenters generally supported the 2007 Proposal. The CSA would like to thank all those who participated in the consultations and those who provided written comments. This participation and these comments have been extremely helpful to us in the development of the Rule and Companion Policy.

The Autorité des marchés financiers (AMF) would particularly like to thank all those who participated in the two consultations in February and September 2007 on the mutual fund sector in Québec.

We believe the Revised Proposal addresses the majority of the concerns raised by commenters, while remaining consistent in substance with the 2007 Proposal. The majority of the amendments to the Rule are in response to the comments we received during the comment period. Other amendments are in response to answers we received to the specific questions posed in the CSA Notice that accompanied the 2007 Proposal. Finally, some amendments are the result of further development by the CSA of the policies underlying the Rule.

Summary of comments and responses

A summary of the comments we received and our responses to those comments is available at www.rrp-info.ca as well as on the websites set out above.

PROPOSED LEGISLATIVE AMENDMENTS

Legislative amendments

As indicated in the February 20, 2007 Notice, most of the CSA jurisdictions are proposing to make the following legislative amendments, in addition to the implementation of the business trigger:

- amendments to detailed registration provisions in the legislation which relate to or are replaced by provisions included in the Rule
- in Québec, amendments to the *Securities Act* and the *Act respecting the Distribution of Financial Products and Services (Distribution Act)* to provide the transfer of mutual fund dealers, scholarship plan dealers and investment contracts firms and their representatives, from the Distribution Act to the *Securities Act*
- new provisions to require registration of investment fund managers and key compliance and supervisory positions in all categories of firm registration, namely the ultimate designated person (**UDP**) and chief compliance officer (**CCO**)
- new, or amendments to existing, rule-making authority to allow implementation of the Rule
- other amendments to facilitate harmonization across the CSA and consistency of securities legislation with the Rule

British Columbia and New Brunswick will replace the current “trade” trigger with a “business” trigger for dealer registration. However, they intend to do so by introducing an exemption from dealer registration in National Instrument 45-106 – *Prospectus and Registration Exemptions* (NI 45-106) for persons who are not in the business of trading in securities, rather than by amending the current dealer registration provision in their respective securities legislation.

British Columbia will also maintain the capital-raising and safe securities exemptions currently set out in NI 45-106 for a person who trades solely under these exemptions in British Columbia. A person trading under these exemptions will not need to be registered in British Columbia as an exempt market dealer unless the person is registered in any other category in British Columbia or is registered in any category in any other Canadian jurisdiction.

Manitoba is not adopting the “business” trigger for dealer registration under its securities legislation. Manitoba will retain all the registration exemptions currently set out in NI 45-106 and a person trading under these exemptions in Manitoba will not need to be registered in Manitoba as an exempt market dealer unless the person is registered in any other category in Manitoba or is registered in any category in any other Canadian jurisdiction.

The requirements in NI 31-103 will apply to everyone who is registered in any jurisdiction in Canada.

PROPOSED CONSEQUENTIAL AMENDMENTS

Consequential amendments to national instruments

CSA instruments and local rules governing registration and registrants will be repealed or amended as necessary as described below. In addition to the consequential amendments described in this Notice,

- we are publishing and seeking comment, by way of a separate notice being published concurrently with this Notice, accessible at www.osc.gov.on.ca, on proposed amendments to the instruments relating to NRD, namely National Instrument 31-102 *National Registration Database* (**NI 31-102**) and Companion Policy 31-102CP, and National Instrument 33-109 *Registration Requirements* (**NI 33-109**) and Companion Policy 33-109CP, as well as several forms
- we propose to amend NI 45-106, which is being published under a separate notice (**CSA 45-106 Notice**) concurrently with this Notice, accessible at www.osc.gov.on.ca, in order to reflect, among other things, the adoption of the business trigger for dealers and the transition from the exemptions regime under NI 45-106 to the exemptions regime under the Rule

In addition we are proposing the revocations of and amendments to National Instruments and National Policies set out in Appendices A-L to SCHEDULE 1. The instruments providing for the revocation or amendment are proposed to be effective upon the coming into force of the Rule.

Substance and purpose of proposed consequential changes to national instruments

The amendment instruments provide for changes that mostly reflect new terminology used in, and the relocation of subject matter to, the Rule. The revocation instruments provide for the elimination of instruments and policies on the basis that the subject matter of the instrument or policy is now addressed in the Rule. This summary does not provide a complete list of all changes. The following summarizes the more significant proposed changes.

Summary of amendments to national instruments

(i) National Instrument 14-101 – *Definitions*

The new term “investment fund manager registration requirement” is proposed to be added to reflect the adoption of a registration requirement for investment fund managers. The terms “dealer registration requirement” and “underwriter registration requirement” are proposed to be changed to reflect the adoption of a “business trigger” and to clarify the appropriate category in the case of “underwriter registration requirement”

(ii) National Instrument 33-105 – *Underwriting Conflicts* and Companion Policy 33-105CP

The term “registrant” which is proposed to be re-termed “specified firm registrant” has been revised to include persons or companies registered, or required to be registered, as a “registered investment fund manager”.

(iii) National Instrument 81-102 – *Mutual Funds*

The proposed amendments to this instrument preserve the exemption provided in subsection 4.1(5) of NI 81-102.

(iv) National Instrument 81-107 – *Independent Review Committee for Investment Funds*

The amendments to this instrument update section references and reflect the revocation of applicable sections in the Ontario Regulation 1015.

(v) Multilateral Policy 34-202 – *Registrants Acting as Corporate Directors*

Sections 1.3 and 1.4 are revised to refer to agency relationships. The repeal of section 1.6 is also proposed.

Revocations of national instruments

The following are proposed to be revoked on the basis that the subject matter is subsumed in the Rule:

- National Instrument 33-102 – *Regulation of Certain Registrant Activities* and Companion Policy 33-102CP
- National Policy 34-201 – *Breach of Requirements of Other Jurisdictions*
- Multilateral Instrument 11-101 – *Principal Regulator System* (MI 11-101) and Companion Policy 11-101CP *Principal Regulator System*¹

Consequential amendments to Ontario Securities Commission (OSC) instruments

Proposed amendments and revocations of OSC instruments are set out in Appendices A-U to SCHEDULE 2. The amendments and revocations are proposed to be effective upon the coming into force of the Rule.

Substance and purpose of proposed consequential changes to OSC instruments

The amendment instruments provide for changes that mostly reflect new terminology used in, and the relocation of subject matter to, the Rule. The revocation instruments provide for the elimination of instruments and policies on the basis that the subject matter of the instrument or policy is now addressed in the Rule. The following summarizes the more significant proposed changes.

¹ The mobility exemption in MI 11-101 has been replaced by an exemption in the Rule.

Summary of amendments to OSC instruments

(i) Ontario Securities Commission Rule 13-502 – *Fees and Companion Policy 13-502CP*

The proposed amendments to OSC Rule 13-502 and Companion Policy 13-502CP contemplate the introduction of the new "investment fund manager registration requirement" for persons and companies that act as investment managers.

The proposed amendments also reflect the new exemptions from the registration requirement available to "international dealers" and "international advisers" for activities which these dealers and advisers currently require registration as "registered international dealers" and "registered international advisers". Under the proposed amendments to OSC Rule 13-502, international dealers and international advisers that rely upon the above-referenced exemptions in the Rule will continue to pay participation fees on the same basis they currently pay as registrants.

Also, firms that currently pay fees as "unregistered investment fund managers" and obtain registration in the new registration category of "investment fund manager" under the Rule, will be obliged to continue paying participation fees. Any investment fund manager that continues to operate on an unregistered basis (in accordance with an exemption from the investment fund manager registration requirement) will be obliged to continue to pay participation fees on the same basis as it currently pays.

The proposed amendments to the Companion Policy 13-502CP reflect the changes to OSC Rule 13-502, update text, delete redundant text, and include certain minor clarifying changes.

(ii) Ontario Securities Commission Rule 91-501 – *Strip Bonds* and Companion Policy 91-501CP

Proposed amendments update the current cross-references to the dealer registration and prospectus exemptions contained in NI 45-106 to reflect the new location of both of these exemptions in the proposed amended and restated NI 45-106 and the restatement of the dealer registration exemption in NI 31-103.

The proposed amendments to the Companion Policy 91-501CP will update text and delete redundant text.

Summary of revocations to OSC instruments

The revocation (described in some instruments as a rescission) of the following OSC Rules and Policies, set out in Appendices E-S to SCHEDULE 2, is being proposed on the basis that the subject matter is addressed in the Rule.

- (i) Ontario Securities Commission Rule 31-501 – *Registrant Relationships* and Companion Policy 31-501CP *Registrant Relationships*;
- (ii) Ontario Securities Commission Rule 31-502 – *Proficiency Requirements for Registrants* and Companion Policy 31-502CP;
- (iii) Ontario Securities Commission Rule 31-503 – *Limited Market Dealers*;
- (iv) Ontario Securities Commission Rule 31-504 – *Dealer and Adviser Applications for Registrations*;
- (v) Ontario Securities Commission Rule 31-505 – *Conditions of Registration*;
- (vi) Ontario Securities Commission Rule 31-506 – *SRO Membership – Mutual Fund Dealers*;
- (vii) Ontario Securities Commission Rule 31-507 – *SRO Membership – Securities Dealers and Brokers*;
- (viii) Ontario Securities Commission Rule 33-501 – *Surrender of Registration*;
- (ix) Ontario Securities Commission Rule 33-502 – *Exceptions to Conflict Rules in the Sale of Mutual Fund Securities*;
- (x) Ontario Securities Commission Policy 34-601 – *Registration – Declaration of Personal Bankruptcy*;
- (xi) Ontario Securities Commission Policy 34-602 – *Suspension of Registration-Criminal Charges Pending*;
- (xii) Ontario Securities Commission Rule 35-502 – *Non-Resident Advisers*; and

- (xiii) Ontario Securities Commission Policy 35-601 – *Registration of Non-Resident Salesmen, Partners or Officers of Registered Dealers.*

Other consequential changes to OSC instruments

In connection with the Rule, the OSC has proposed amendments to OSC Rule 45-501 – *Prospectus Exempt Distributions* and Companion Policy 45-501CP. Further information regarding the proposed amendments is set out in the Ontario notice appended to the CSA 45-106 Notice.

Proposed amendments and repeals of Ontario regulations

The OSC proposes repealing the following provisions of Ontario Regulation 1015 on the basis that they will be replaced by provisions in the Rule:

- sections 95, 96, 98, 99, 104, 107, 109, 111, 112, 118, 119, 121, 122, 139, 140, 141, 144, 204, 225, 232
- subsections 100(1) – (2), 101(1), 108(1) to (6), 113(1) – (6), 115(1), (4) – (7), 116(1) – (2), 117(1) – (3), 120(1) – (3), 123(1), (2), (4) and (6), 130(2), 131(1) – (2), 145(1) – (2), 147(2), 208 (1) – (5), 217(1) – (2), 223(1) – (4), 226(1) – (2), 227(1), (3), 228(1) – (3), 230 (1) – (3)
- clauses 227(2)(a), 227(2)(b), 227(2)(b.1), 227(2)(c)
- Forms 3, 5, 6, 9

The OSC proposes repealing the following provisions of Ontario Regulation 1015 on the basis that, upon the implementation of the Rule, they will no longer be applicable:

- sections 102, 103, 106, 142, 210, 211, 212, 214, 215, 216, 218, 219
- subsections 101(2) – (4), 115(2) – (3), 123(3), (5), 127(1),(2), 130(1), 130(2.1), 130(3), 132, 133, 209(1)-(9), 213(1) – (2), 217(3) – (4), 230(4)

The OSC proposes amending the following provisions of Ontario Regulation 1015:

- section 110 by replacing “security issuer” with “exempt market dealer”
- section 209(10) to update cross-references

BUSINESS TRIGGER FOR REGISTRATION

Revised proposal – Business trigger factors

We have made two technical changes to the discussion of the business trigger factors in the Companion Policy. Neither represents a material change to the substance of the business trigger, which remains as it was in the 2007 Proposal.

- The business trigger for dealing activities is now described by way of a reference to “trading in securities”, instead of “dealing in securities”. This change was made in response to comments received which suggested that referencing the business trigger to “dealing in securities” could create some degree of uncertainty about the breadth of activity intended to be captured by the trigger. The change has been made to clarify the breadth of the trigger and ensure consistency with securities legislation. It does not reflect any change in policy.
- We have added the concepts of acting in an intermediary capacity or as a market-maker to the discussion in the Companion Policy of the factors to be considered when assessing whether an activity is conducted as a business. These factors were not included in the 2007 Proposal. However, they were discussed in the February 2006 *Proposal for Registration Reform* paper, accessible at www.rfp-info.ca.

Applying the business trigger

The Companion Policy includes expanded guidance on the application of the business trigger, particularly in respect of security issuers, mortgage investment companies, venture capital financing, principal trading activities and activities not commonly in the business of trading or advising in securities.

We have also included in the Companion Policy further discussion of “incidental activity”, namely an activity which is incidental to the primary business of a firm and which may suggest that there is no business purpose in the activity itself. Registration and, consequently, registration exemptions, would therefore not be required in such situations.

SUMMARY OF KEY CHANGES MADE TO THE RULE

Part 1: Definitions

MFD SRO

We have deleted the definition of MFD SRO, which was intended to cover both the Mutual Fund Dealers Association of Canada (**MFDA**) and in Québec, a self-regulatory organization (**SRO**) recognized for the purpose of regulating mutual fund dealers. This change has been made following the consultation process in Québec on the regulatory framework for mutual fund dealers².

Permitted clients

In responses to the comments received, we have introduced a new category of investor: the “permitted client”. Permitted clients form a subset of “accredited investor” (as that term is defined in NI 45-106) consisting primarily of institutional, corporate and very high net worth individuals. Prospectus exemptions under NI 45-106 are not affected by the introduction of the permitted client concept in the Rule.

We believe that, at the upper end of the accredited investor spectrum, there are investors who are sufficiently sophisticated, or have sufficient resources to obtain expert advice, that they may neither need nor wish for the same level of protection as that which the registration regime extends to other investors. For example, the suitability obligation does not apply to exempt market dealers when dealing with permitted clients.³

Permitted clients of advisers and dealers, other than exempt market dealers, will have the ability to waive the requirement for the adviser or dealer to make investment suitability determinations for them. Accordingly, registrants will have a reduced suitability review obligation when dealing with permitted clients, which will result in reduced regulatory burden.

Prescribed functions

We have deleted the reference in the Rule to prescribed functions relating to the ultimate designated person and chief compliance officer under Alberta securities laws. This will form part of local Alberta rule and the reference is therefore no longer required in the Rule.

Part 2: Categories of registration and permitted activities

Registration categories for firms and certain exemptions

We have not changed the categories of registration for firms. However, we have:

- clarified that only investment dealers and exempt market dealers are permitted to act as an underwriter
- clarified in the Companion Policy that investment fund managers are required to register only in the jurisdiction where the person or company that directs the management of the fund is located, which in most cases will be where their head office is located. This includes investment fund managers that are located in a foreign jurisdiction. Regardless of where the investment fund manager of an investment fund is located, the distribution of units of the investment fund in a jurisdiction is subject to the prospectus requirements; and trades in, or advising on the buying or selling of, units in the investment fund are subject to the dealer and adviser registration requirements of that jurisdiction
- indicated that in certain jurisdictions (excluding Québec), mutual fund dealers are permitted to trade in securities of investment funds that are labour sponsored investment fund corporations or labour sponsored venture capital corporations and, in British Columbia, securities of scholarship plans, educational plans or educational trust.

We have clarified the exemption from dealer registration for advisers trading in securities of their pooled funds, and the exemption from adviser registration for dealers without discretionary authority, both set out in Part 2 of the Rule. A notice requirement for advisers who use the exemption has been added.

² See **QUÉBEC REGULATORY FRAMEWORK FOR MUTUAL FUND DEALERS** in this Notice.

³ The entire regulatory framework proposed for exempt market dealers in response to comments is discussed in greater detail in Part 2.

Exempt market dealer category

In response to the comments we received, we have made important changes to the regulatory framework which will apply to exempt market dealers.⁴ Certain fit and proper and conduct requirements will not apply to exempt market dealers that do not handle, hold or have access to client cash or assets, including cheques and other similar instruments, and when dealing with permitted clients. The Companion Policy provides guidance and examples of situations in which a registered dealer would be considered to handle, hold, or have access to client cash or assets, including cheques and other similar instruments. The full regime of the Rule will apply to those exempt market dealers who handle, hold, or have access to client cash or assets, including cheques and other similar instruments.

Exempt market dealers that do not handle, hold or have access: The Revised Proposal provides that the following requirements will not apply to exempt market dealers that do not handle, hold or have access to client cash or assets, including cheques and other similar instruments, whether or not they deal with permitted clients:

- capital requirements
- insurance requirements
- the delivery of annual audited financial statements. However, exempt market dealers that do not handle, hold or have access to client cash or assets, including cheques and other similar instruments will be required to deliver certified quarterly unaudited financial statements

Exempt market dealers when dealing with permitted clients: When dealing with permitted clients, the following requirements will not apply to exempt market dealers, whether or not they handle, hold or have access to client cash or assets, including cheques and other similar instruments:

- the know-your-client rule, except for basic information gathering to establish the identity of the client
- the suitability obligation
- account opening information requirements
- complaint handling requirements

Dealing representatives for exempt market dealers: We have eliminated the requirement to pass either the Partners, Directors and Senior Officers exam or the Conduct and Practices Handbook exam for the exempt market dealer representative.

Registration categories for individuals

We have not changed the categories of registration for individuals, although we have:

- added a notice requirement when the adviser designates an advising representative⁵ to approve the advice of an associate advising representative
- clarified that the UDP may also be the registered firm's sole proprietor, a position equivalent to that of the chief executive officer of the firm
- clarified in the Company Policy the responsibilities of the CCO

Multiple registration categories

The Companion Policy includes expanded guidance concerning multiple registration categories. While we have not eliminated multiple categories we have made every effort to reduce duplicative requirements for registrants who hold multiple registrations.

⁴ British Columbia and Manitoba will, however, maintain the capital-raising and safe securities exemptions currently set out in NI 45-106 for persons who trade solely in prospectus-exempt securities in British Columbia or Manitoba, and who are not otherwise registered in any Canadian jurisdiction in any category. Such persons will not need to register locally in British Columbia or in Manitoba as an exempt market dealer.

⁵ As stated in the 2007 proposal, the associate advising representative category, which currently exists in some CSA jurisdictions, is proposed for all jurisdictions. This category is primarily an apprentice category for individuals who are seeking full adviser registration but do not meet the experience or education requirements. It will also accommodate individuals who work for a portfolio manager and are in charge of client relationships but who do not perform portfolio management for clients.

For example:

- if a firm is registered in multiple categories, it must meet the highest capital requirement of its various categories of registration
- a firm that is registered in multiple categories is only required to have one CCO. In this case, the CCO must meet the most stringent of the proficiency requirements of the firm's various categories of registration

Part 3: SRO Membership

We have expanded the list of the Rule requirements which will not apply to members of SROs on the basis that the requirements for these areas will be prescribed by the applicable SRO. This exemption is available for registrants registered as investment dealers and, subject to conditions in Québec, mutual fund dealers. It applies to mutual fund dealers in Québec and their representatives, on the condition that they comply with the applicable regulations on mutual fund dealers in Québec.

For example, SRO members will be exempt from the following requirements in the Rule:

- solvency requirements
- relationship disclosure information
- in the case of investment dealers, proficiency requirements
- disclosure when recommending the use of borrowed money to purchase securities

Harmonization of SRO rules

The CSA intend to ensure harmonization between the Rule and the SRO requirements on an on-going basis through the existing SRO rule approval process.

Part 4: Fit and Proper Requirements

Proficiency requirements

We have not changed the substantive proficiency requirements from the 2007 Proposal, except that we have:

- added a general proficiency principle in the Rule, requiring education and experience reasonably necessary to perform the activity of the registered individual
- included the proficiency requirements which will apply to all mutual fund dealer representatives⁶
- eliminated the requirement that exempt market dealer representatives must pass either the Partners, Directors and Senior Officers exam or the Conduct and Practices Handbook exam
- amended the proficiency requirement applicable to the associate advising representative

Solvency requirements

We have made the following changes to the capital requirement set out in the 2007 Proposal:

- added guidance on line 12 *Unresolved differences* in the instructions pertaining to Form 31-103F1 *Calculation of excess working capital (Form F1)*
- added a Schedule 1 to Form F1, in support of calculating market risk as provided in line 9 of the form
- added, as Appendix B to the Rule, a harmonized form of subordination agreement for long-term related party debt

⁶ The Rule prescribes proficiency requirements for all mutual fund dealer representatives, whether or not the firm is a member of the MFDA, since the registration of those individuals will continue to be done by the securities regulatory authority or regulator, as applicable, in each jurisdiction

- eliminated the capital requirement for those exempt market dealers that do not handle, hold or have access to client cash or assets, including cheques, and other similar instruments

In addition to changes specific to the exempt market dealer category, we have made the following changes to the insurance requirement set out in the 2007 Proposal:

- we no longer refer only to a “financial institution bond”, but rather “bonding or insurance”
- we have added that the terms of the bonding or insurance must be acceptable to the regulator
- we have included guidance in the Companion Policy on the concepts of double aggregate limit or a provision for full reinstatement of coverage
- we have added a provision allowing for registered firms to hold a global financial institution bond that benefits or names another person as insured subject to conditions

Part 5: Conduct Rules

Relationship with clients

We have maintained the provisions of the Rule relating to account opening and requiring that the registered firm⁷ maintain account opening documentation for each client.

With respect to the know-your-client (KYC) requirement, we have added a provision requiring the registered firm to establish the identity of any individual who is the beneficial owner, directly or indirectly, of more than 10% of the shares of a corporate client.

We have replaced the requirement to provide a relationship disclosure document to clients, with a principle based provision requiring registrants to provide information that a reasonable client would consider important respecting the client’s relationship with the registrant. The Rule provides a basic list of information items which will be required to be given to clients by registrants (except exempt market dealers that do not handle, hold or have access to client cash or assets, including cheques and other similar instruments).

As indicated in the Companion Policy, this requirement may be met by providing clients with separate documents which, together, give them the prescribed information. We anticipate that, in many cases, registrants will be able to satisfy this requirement using existing documents.

We received comments to the effect that relationship disclosure to clients should be considered together with the ongoing point of sale initiative by the Joint Forum, and the broader objective of a principle-based approach to the client relationship. We will continue to work within the Joint Forum on the development of the point of sale initiative, which is a separate project and does not form part of the registration reform project.

We have not changed the suitability obligation, except to provide that it does not apply to permitted clients as follows:

- to registrants where the permitted client has waived the obligation in writing
- to exempt market dealers when dealing with permitted clients.

Compliance

We have clarified that a registrant must establish, maintain and apply a system of controls and supervision. This system must be designed to provide reasonable assurance that the firm and each individual acting on its behalf complies with securities legislation, thereby emphasizing that compliance is a firm-wide responsibility. We have expanded the discussion of compliance systems generally in the Companion Policy.

The Rule now prescribes that the functions of the UDP are the supervision of the firm’s compliance directed activities, and promoting compliance.

⁷ Except for exempt market dealers who do not handle, hold or have access to client cash or assets, including cheques and other similar instruments.

The functions of the CCO are described as follows in the Rule:

- establish policies and procedures for assessing compliance by the firm
- monitor and assess compliance
- report to the UDP as soon as practicable in the event of substantial non-compliance
- submit an annual report to the board of directors or partnership for the purpose of assessing compliance

Complaint handling

We have not made substantial changes to the basic requirements of the 2007 Proposal other than to exempt investment fund managers and exempt market dealers from the requirements.

We expect registrants to handle complaints promptly. In most cases, a registered firm should have provided a substantive response to a complaint within three months of the date it was received, as discussed in the Companion Policy.

Part 6: Conflicts of interest

We have maintained the three mechanisms for responding to conflicts of interest situations: avoidance, control and disclosure. We have made a number of changes to the conflicts proposal following the comments received, and have include new and revised guidance in the Companion Policy⁸.

The main changes from the 2007 Proposal are as follows:

- we have added an exemption for an investment fund manager in respect of an investment fund that is subject to National Instrument 81-107 – *Independent Review Committee for Investment Funds*
- while the registrant has the obligation to make reasonable efforts to identify conflicts, only conflicts which a client, acting reasonably, would expect to be informed of must be disclosed to the client
- the scope of the prohibition on certain managed account transactions, in the case of associates, has been narrowed to include only those associates who have access or participate in formulating an investment decision
- we have added a provision in the Rule prohibiting a registered firm from acting as an adviser in respect of its own securities, or the securities of a related issuer and, in the course of a distribution, a connected issuer of the firm
- the issuer disclosure statement regime has been simplified to take into account the situations which the commenters have brought to our attention, particularly with respect to keeping the statement constantly updated for connected issuers, during the course of distribution
- a disclosure obligation of an adviser's financial or other interest when making a recommendation has been included in the Rule

Part 7: Suspension and revocation of registration

We propose in the amendments to NI 33-109 being published under a separate notice a new form (Form 33-109F7) for individuals transferring between firms. We believe the form will be helpful in connection with the transfer procedure in the Rule.

Former Part 8: Information sharing

We have removed Part 8 of the Rule following the comments we received and, in Québec, a particular concern about the impact of privacy legislation. Instead of the information sharing provision as originally proposed, we have amended NI 33-109 to provide:

⁸ In particular, we have clarified and given examples of the regulation of conflicts between clients in the Companion Policy.

- an obligation on the part of the registered firm to provide the representative with a copy of the Form 33-109F1
- an obligation on the part of a registered firm that is considering becoming the sponsoring firm of a registered individual to obtain from such individual a copy of the Form 33-109F1 completed by his or her most recent sponsoring firm

New Part 8: Exemptions from registration

In response to comments we have added a few exemptions and made amendments to others. For example, we have:

- added an exemption from the dealer registration requirement for issuers who are considered to be in the business and therefore subject to registration. The exemption will apply to issuers trading in securities of their own issue and solely for their own account, provided they do so solely through a registered dealer
- added Alberta to the list of jurisdictions in which the mortgages exemption is not available for trades in syndicated mortgages
- added an exemption for trading in government guaranteed debt
- added an exemption for trading in self-directed registered educational savings plans
- expanded the list of permitted clients for international dealers and advisers
- removed the prohibition on international advisers from soliciting new business

Federally regulated financial institutions

The application of securities legislation to federally regulated financial institutions is not set out in the same way in all jurisdictions. In Ontario, the Hockin-Kwinter Accord sets out the understanding on the respective responsibilities of the federal and provincial governments concerning the securities-related activities of federally regulated financial institutions.

The exemption regime that currently exists for federally regulated financial institutions in Ontario will continue under the proposed regime.

The other jurisdictions will continue to follow their existing practices concerning the securities-related activities of federally regulated financial institutions.

Relationship between exemptions under NI 45-106 and exemptions under NI 31-103

As mentioned in the CSA Notice to the 2007 Proposal, many of the exemptions that currently exist in securities legislation are not needed with a business trigger for dealers. We propose to transition from the exemptions under NI 45-106 to the exemptions under the Rule, when implemented, in the following way:

- NI 45-106 is being published concurrently with the Rule for the purpose of seeking comment on amendments to the substantive provisions as well as provisions needed for the transition from the exemptions under NI 45-106 to the exemptions under the Rule
- the registration and prospectus exemptions have been separated and a provision added which will render the registration exemptions inoperative in certain jurisdictions following a transition period after the coming into force of the Rule
- after the coming into force of the Rule, the registration exemptions will be in the Rule and NI 45-106 will become primarily a prospectus exemption rule except for registration exemptions that will continue in British Columbia, Manitoba and New Brunswick⁹

Part 9: Exemption

We have added a standard exemption provision to the Rule providing for the granting of exemptions from provisions of the Rule.

⁹ Some jurisdictions will continue with more exemptions than other jurisdictions. For more detail please see the CSA Notice for NI 45-106 and the amendments to NI 45-106 being published concurrently with this Notice.

Part 10 : Transition

The general transition regime is as follows:

For firms

- registered firms will be deemed to be registered in their new category¹⁰
- a person or company that is acting as an investment fund manager must apply for registration as an investment fund manager within six months of the effective date of the Rule
- investment fund managers will have a one year transition period to comply with capital and insurance requirements
- exempt market dealers¹¹ must apply for registration within six months of the effective date of the Rule
- a six month transition starting on the effective date of the Rule is provided to all registrants for the delivery of relationship disclosure to clients
- except in Québec, a six month transition starting on the effective date of the Rule is provided to all registrants in respect of complaint handling obligations
- a six month transition starting on the effective date of the Rule is provided to all registrants in respect of referral arrangements

For individuals

- registered individuals will be deemed to be registered in their new category¹²
- dealing representatives for scholarship plan dealers must comply with the proficiency requirements 12 months after the effective date of the Rule
- dealing representatives for exempt market dealers must apply for registration within six months of the effective date of the Rule
- individuals designated as UDP or CCO must apply for registration within one month of the effective date of the Rule¹³

During the transition period registrants will need to comply with existing requirements until such time as they are in compliance with the new requirements.

QUÉBEC REGULATORY FRAMEWORK FOR MUTUAL FUND DEALERS

The AMF has carried on extensive public consultations in February and September 2007 to discuss with mutual fund dealers and other interested parties in Québec, the question of the recognition of an SRO in Québec for mutual fund dealers and the most efficient way to achieve regulatory harmonization.

As a result of these consultations, the AMF has formulated the following recommendations:

- Québec mutual fund dealers, scholarship plan dealers and investment contract dealers and their representatives, which are currently subject to the Distribution Act, will upon the coming into force of the Rule, be subject to the Securities Act and the Rule
- mutual fund dealers registered in Québec will not be required to be members of the MFDA, and will remain under the direct supervision of the AMF
- they will be required to maintain professional liability insurance, as is the case currently

¹⁰ See Appendix C to the Rule.

¹¹ In Ontario and Newfoundland and Labrador, a person or company registered as a limited market dealer will have to apply to be registered as an exempt market dealer.

¹² See Appendix D to the Rule.

¹³ CCOs and UDPs currently registered will be grandfathered.

- mutual fund representatives, scholarship plan representatives and investment contract representatives will continue to be required to be members of the *Chambre de la sécurité financière*
- no change will be made to the obligation to contribute to the *Fonds d'indemnisation des services financiers*¹⁴

ONTARIO LEGISLATIVE AMENDMENTS

Changes to the *Securities Act* (Ontario) would be required to implement the proposed Rule. At this time the Government of Ontario has not completed its consideration of possible legislative amendments. Any statutory amendments will only become law if they are passed by the Legislative Assembly of Ontario. If the government publishes a consultative draft of the legislative proposals for public review, the OSC has suggested that it would be helpful to stakeholders for the review to occur within the timeframe for comment on the Rule.

If and when a consultation draft of the legislation is published, the OSC would prepare a cross-reference, to assist public consideration, relating the provisions in the legislation to the comparable provisions in the Rule and identifying any modifications to the Rule which might be required in Ontario to complement and maintain consistency with any proposed legislative amendments. This could result in the OSC having to publish a modified rule proposal in Ontario in conjunction with the proposed legislative amendments.

HEADS OF AUTHORITY

In Ontario, the OSC is seeking amendments to the *Securities Act* (Ontario) to provide it with the requisite authority to make certain provisions in the Rule. The remaining provisions are made under the authority of the following paragraphs of subsection 143(1) of the *Securities Act* (Ontario): 1, 2, 3, 4, 5, 7, 8, 10, 13, 18, 25, 31, 33, 34, 35, 39, 39.1, 45, 47, 50 and 56.

ANTICIPATED COSTS AND BENEFITS

We believe that the overall benefits of the proposed registration regime will substantially outweigh the costs. Given that the securities regulatory regimes of the jurisdictions are not harmonized today, the specific costs and benefits will vary from jurisdiction to jurisdiction. Nonetheless, the common benefits of the proposed harmonized registration regime across all CSA jurisdictions include:

- harmonization of individual and firm registration categories, fit and proper requirements, conduct requirements and exemptions, which creates efficiencies for regulators, for NRD and for industry
- reduction in regulatory burden through adoption of a permanent registration regime and streamlined transfer procedures
- the introduction of a business trigger which is intended to require registration of those who present regulatory risk because they are engaging in business in the securities industry. It will not require registration of those who may be doing a trade (by definition) but who do not present regulatory risk. This reduces the number of statutory registration exemptions required and consequently reduces the exemptive relief applications that have been needed in the past for transactions or trades that do not present regulatory risk but do not fall within the wording of the statutory exemptions
- increased investor protection through the introduction of:
 - relationship disclosure requirements
 - referral arrangement restrictions
 - complaint handling procedures
 - enhanced conflicts and compliance requirements
- reduction of regulatory burden for registered firms dealing with permitted clients through reduced requirements in certain areas
- new exemptions which will reduce regulatory burden for international registrants

¹⁴ The compensation fund which provides financial compensation to investors who are victims of fraudulent tactics or embezzlement committed by firms or representatives in the mutual fund, scholarship plan and investment contract sectors in Québec.

Request for Comments

Some of the costs associated with the proposed registration regime, depending on the jurisdiction, include:

- obtaining and maintaining registration for exempt market dealers and investment fund managers
- increased capital and insurance requirements for some registrants

ALTERNATIVES CONSIDERED

No alternatives to the Rule were considered.

UNPUBLISHED MATERIALS

In proposing the revised version of the Rule, we have not relied on any significant unpublished study, report or other written materials.

HOW TO PROVIDE YOUR COMMENTS

You must submit your comments in writing by May 29, 2008. If you are not sending your comments by email, you should also send a diskette containing the submissions (in Windows format, Microsoft Word).

Please address your comments to all of the CSA member commissions, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Registrar of Securities, Northwest Territories
Registrar of Securities, Yukon Territory
Registrar of Securities, Nunavut

Please send your comments **only** to the addresses below. Your comments will be forwarded to the remaining CSA jurisdictions.

Anne-Marie Beaudoin

Corporate Secretary

Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22 étage
Montreal, Québec
H4Z 1G3
Fax: (514) 864-6381
Email: consultation-en-cours@lautorite.qc.ca

John Stevenson

Secretary

Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax (416) 593-2318
Email: jstevenson@osc.gov.on.ca

Please note that all comments received during the comment period will be made publicly available. We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period. We will post all comments received during the comment period to the OSC

Request for Comments

website at www.osc.gov.on.ca and to the AMF website at www.lautorite.qc.ca to improve the transparency of the policy-making process.

QUESTIONS

Please refer your questions to any of the following CSA members:

David McKellar
Director, Market Regulation
Alberta Securities Commission
Tel: (403) 297-4281
david.mckellar@seccom.ab.ca

Sophie Jean
Conseillère en réglementation
Surintendance de la distribution
Autorité des marchés financiers
Tel: (514) 395-0337 ext. 4786
sophie.jean@lautorite.qc.ca

Laura Bliss
Senior Legal Counsel
Capital Markets Regulation
British Columbia Securities Commission
Tel: (604) 899-6666
1-800-373-6393 (in B.C. and Alberta)
lbliss@bcsc.bc.ca

Marsha Gerhart
Assistant Manager, Legal
Registrant Regulation
Ontario Securities Commission
Tel: (416) 595-8918
mgerhart@osc.gov.on.ca

Dean Murrison
Deputy Director, Legal/Registration
Saskatchewan Financial Services Commission
Tel: (306) 787-5879
dmurrison@sfsc.gov.sk.ca

The text of the Rule, Companion Policy, consequential amendments and summary of comments and responses can be found on various CSA member websites.

SCHEDULE 1

PROPOSED CONSEQUENTIAL AMENDMENTS TO
NATIONAL INSTRUMENTS AND POLICIES

Appendix A

Revocation of
Multilateral Instrument 11-101 *Principal Regulator System*

1. Multilateral Instrument 11-101 *Principal Regulator System* is revoked on ●.

Appendix B

**Rescission of
Companion Policy 11-101CP *Principal Regulator System*
to Multilateral Instrument 11-101 *Principal Regulator System***

1. Companion Policy 11-101CP *Principal Regulator System* is rescinded on ●.

Appendix C

**Revocation of
Form 11-101F1 *Notice of Principal Regulator*
under Multilateral Instrument 11-101 *Principal Regulator System***

1. Form 11-101F1 *Notice of Principal Regulator* under Multilateral Instrument 11-101 is revoked on ●.

**Appendix D
Amendments to
National Instrument 14-101 Definitions**

1. ***National Instrument 14-101 Definitions is amended by this Instrument.***

2. ***Section 1.1(3) is amended***

a. ***by repealing the definition of “dealer registration requirement” and substituting the following:***

“dealer registration requirement” means the requirement in securities legislation that, depending upon the jurisdiction, either prohibits a person or company from trading in a security, or prohibits a person or company from engaging in, or holding himself, herself or itself as engaging in, the business of trading in securities, unless, in each case, the person or company is registered in the appropriate category of registration under securities legislation; ,

b. ***by adding the following after the definition of “insider reporting requirement”:***

“investment fund manager registration requirement” means the requirement in securities legislation that prohibits a person or company from acting as investment fund manager, unless the person or company is registered in the appropriate category of registration under securities legislation; ,

c. ***by repealing the definition of “registration requirement” and substituting the following:***

“registration requirement” means the requirement in securities legislation that:

- (a) depending upon the jurisdiction, either prohibits a person or company from trading in a security, or prohibits a person or company from engaging in, or holding himself, herself or itself out as engaging in, the business of trading in securities, or
- (b) prohibits a person or company from acting as an underwriter, an adviser or an investment fund manager,

unless, in each case, the person or company is registered in the appropriate category of registration under securities legislation; , ***and***

d. ***by repealing the definition of “underwriter registration requirement” and substituting the following:***

“underwriter registration requirement” means the requirement in securities legislation that prohibits a person or company from acting as an underwriter unless the person or company is registered in the appropriate category of registration under securities legislation; and

3. ***This Instrument comes into force on •.***

Appendix E

**Revocation of
National Instrument 33-102 *Regulation of Certain Registrant Activities***

1. National Instrument 33-102 *Regulation of Certain Registrant Activities* is revoked on ●.

Appendix F

**Rescission of
Companion Policy 33-102CP *Regulation of Certain Registrant Activities***

1. Companion Policy 33-102CP *Regulation of Certain Registrant Activities* is rescinded on ●.

Appendix G

Amendments to
National Instrument 33-105 *Underwriting Conflicts*

1. **National Instrument 33-105 Underwriting Conflicts is amended by this Instrument.**
2. **Section 1.1 is amended**
 - a. **in the definition of “connected issuer” by striking out “registrant” wherever it occurs and substituting “specified firm registrant”,**
 - b. **in the definition of “influential securityholder” by striking out “the registrant of the professional group” and substituting “specified firm registrant”,**
 - c. **in the definition of “professional group” by striking out “registrant” wherever it occurs and substituting “specified firm registrant”,**
 - d. **by repealing the definition of “registrant”,**
 - e. **in the definition of “related issuer” by striking out “; and” and substituting “;”,**
 - f. **in the definition of “special warrant” by striking out “distribution of the other security” and substituting “distribution of the other security; and”, and**
 - g. **by adding the following after the definition of “special warrant”:**

“specified firm registrant” means a person or company registered, or required to be registered, under securities legislation as a registered dealer, registered adviser or registered investment fund manager..
3. **In the following provisions of the Instrument, “registrant” is struck out wherever it occurs and “specified firm registrant” is substituted:**
 - a. **section 1.2,**
 - b. **section 2.1, and**
 - c. **section 3.1.**
4. **Appendix C is amended by striking out “registrant” wherever it occurs and substituting “specified firm registrant”.**
5. **This Instrument comes into force on •.**

Appendix H

Amendments to
Companion Policy 33-105CP *Underwriting Conflicts*

1. *Companion Policy 33-105CP Underwriting Conflicts is amended by this Instrument.*
2. *In the following provisions of the Companion Policy “registrant” is struck out wherever it occurs and “specified firm registrant” is substituted:*
 - a. *section 2.1,*
 - b. *section 2.2,*
 - c. *section 2.4,*
 - d. *section 4.1,*
 - e. *section 4.2,*
 - f. *section 4.3,*
 - g. *section 5.1, and*
 - h. *section 6.1.*
3. *Appendix A-1 is amended by striking out “registrant” wherever it occurs and substituting “specified firm registrant”.*
4. *Appendix A-2 is amended by striking out “registrant” wherever it occurs and substituting “specified firm registrant”.*
5. *Appendix A-3 is amended by striking out “registrant” wherever it occurs and substituting “specified firm registrant”.*
6. *Appendix A-4 is amended by striking out “registrant” wherever it occurs and substituting “specified firm registrant”.*
7. *This Instrument comes into force ●.*

Appendix I

Revocation of
National Policy 34-201 *Breach of Requirements of Other Jurisdictions*

National Policy 34-201 *Breach of Requirements of Other Jurisdictions* is revoked on ●.

Appendix J

**Amendments to
National Instrument 81-102 *Mutual Funds***

- 1. *National Instrument 81-102 Mutual Funds is amended by this Instrument.***
- 2. *Appendix C is amended***
 - a. *in the column Securities Legislation Reference***
 - (i) *by striking out “s. 227 of Reg. 1015”, and***
 - (ii) *by adding “Section 6.6 of National Instrument 31-103 Registration Requirements” at the end of Appendix C.***
 - b. *in the column Jurisdiction by adding the following at the end of Appendix C:***

Alberta, British Columbia, Manitoba, Newfoundland and Labrador, New Brunswick, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec, Saskatchewan, and Yukon.
- 3. *This Instrument comes into force on •.***

Appendix K

Amendments to
Multilateral Policy 34-202 *Registrants Acting As Corporate Directors*

1. ***Multilateral Policy 34-202 Registrants Acting as Corporate Directors is amended by this Instrument.***
2. ***Section 1.3 is amended by striking out*** “Any director of a reporting issuer who is a partner, director, officer or employee of a registrant should, in the view of the Canadian securities regulatory authorities, recognize that the director's first responsibility in this area is to the reporting issuer on whose board the director serves. A director should meticulously avoid any disclosure of inside information to partners, directors, officers and employees of the registrant or to its clients.” ***and substituting*** “Any director of a reporting issuer who is a partner, director, officer, employee or agent of a registrant should, in the view of the Canadian securities regulatory authorities, recognize that the director's first responsibility in this area is to the reporting issuer on whose board the director serves. A director should meticulously avoid any disclosure of inside information to partners, directors, officers, employees or agents of the registrant or to its clients.”
3. ***Section 1.4 is amended by striking out*** “If a representative of a registrant” ***and substituting*** “If a partner, director, officer, employee or agent of a registrant”.
4. ***Section 1.6 is repealed.***
5. ***This Instrument comes into force on ●.***

Appendix L

Amendments to
National Instrument 81-107 *Independent Review Committee for Investment Funds*

1. **National Instrument 81-107 *Independent Review Committee for Investment Funds* is amended by this Instrument.**
2. **Appendix A is amended by adding** “and section 6.2 of National Instrument 31-103 *Registration Requirements*” **after** “Part 4 of National Instrument 81-102 *Mutual Funds*”.
3. **Appendix B is amended**
 - a. **in the column *Securities Legislation Reference***
 - (i) **by striking out** “Section 118(2)(b) of the *Securities Act* (Ontario)”, **and**
 - (ii) **by striking out** “Section 115(6) of Reg. 1015”, **and**
 - (iii) **by adding** “Section 6.2(2) of National Instrument 31-103 *Registration Requirements*” **at the end of Appendix B.**
 - b. **in the column *Jurisdiction* by adding**

“Alberta, British Columbia, Manitoba, Newfoundland and Labrador, New Brunswick, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec, Saskatchewan, and Yukon” **at the end of Appendix B.**
4. **This Instrument comes into force on •.**

SCHEDULE 2

PROPOSED CONSEQUENTIAL AMENDMENTS TO ONTARIO RULES AND POLICIES

Appendix A

Amendments to
Ontario Securities Commission Rule 13-502 Fees

1. ***Ontario Securities Commission Rule 13-502 Fees is amended by this Instrument.***

2. ***Section 1.1 is amended***

a. ***by adding the following after the definition of “Class 3C reporting issuer”:***

“dealer” means a person or company engaging in or holding himself, herself or itself out as engaging in the business of trading in securities as principal or agent;

b. ***by adding the following after the definition of “IDA”:***

“international adviser” has the meaning ascribed to that term in subsection 8.16(1) [*International adviser*] of NI 31-103,;

“international dealer” has the meaning ascribed to that term in subsection 8.15(1) [*International dealer*] of NI 31-103,;

c. ***by adding the following after the definition of “MFDA”***

“NI 31-103” means National Instrument 31-103 *Registration Requirements*,;

d. ***by repealing the definition of “registrant firm” and substituting the following:***

“registrant firm” means a person or company registered under the Act as a dealer, adviser or investment fund manager,;

e. ***by repealing the definition of “specified Ontario revenues” and substituting the following:***

“specified Ontario revenues” means, for a registrant firm or an unregistered capital markets participant, the revenues determined under section 3.3, 3.4 or 3.5,;

f. ***by striking out “; and” in the definition of “subsidiary entity” and substituting “;”,***

g. ***by adding the following after the definition of “subsidiary entity”:***

“unregistered capital markets participant” means a person or company that is not registered under the Act and acts as,

(a) an investment fund manager; or

(b) an unregistered exempt international firm;

“unregistered exempt international firm” means a person or company that is not registered under the Act and is,

(a) an “international dealer” as defined in subsection 8.15(1) [*International dealer*] of NI 31-103 that acts as a dealer, underwriter or adviser, under the exemption from the registration requirement contained in subsection 8.15(2) [*International dealer*] of NI 31-103; or

(b) an “international adviser” as defined in subsection 8.16(1) [*International adviser*] of NI 31-103, that acts as a dealer, underwriter or adviser, under the exemption from the registration requirement contained in subsection 8.16(2) [*International adviser*] of NI 31-103; and, ***and***

h. by repealing the definition of “unregistered investment fund manager” and substituting the following:

“unregistered investment fund manager” means a person or company that acts as an investment fund manager and is not registered under the Act.

3. Part 3 is amended

a. by repealing subsection 3.1(1) and substituting the following:

(1) On December 31, registrant firms and unregistered exempt international firms must pay the participation fee shown in Appendix B opposite the firm’s specified Ontario revenues, as that revenue is calculated under section 3.3, 3.4 or 3.5.

b. in subsection 3.2(1) by striking out “a registrant firm must file” and substituting “registrant firms and unregistered exempt international firms must file”,

c. in section 3.4

(i) by repealing subsection (1) and substituting the following:

(1) The specified Ontario revenues of a registrant firm that is not a member of the IDA or the MFDA and an unregistered exempt international firm is calculated by multiplying

(a) the firm’s gross revenues, as shown in the audited financial statements prepared for its fiscal year ending on or before December 31 of the current year, less deductions permitted under subsection (3), by

(b) the firm’s Ontario percentage for the fiscal year.,

(ii) by repealing subsection (4) and substituting the following:

Despite subsection (1), a registrant firm or an unregistered exempt international firm may calculate its gross revenues using unaudited financial statements, if it is not required to prepare, and does not ordinarily prepare, audited financial statements.,

d. in section 3.5

(i) in subsection (1) by striking out “of a registrant firm have not been completed by December 1 in a year, the registrant firm” and substituting “of a registrant firm or unregistered exempt international firm have not been completed by December 1 in a year, the firm”,

(ii) in subsection (2) by striking out “A registrant firm that estimated its specified Ontario revenues” and substituting “A registrant firm or unregistered exempt international firm that estimated its specified Ontario revenues”, and

(iii) by repealing subsection (4) and substituting the following:

If a registrant firm or unregistered exempt international firm paid an amount under subsection (1) that exceeds the participation fee determined under subsection (2), the firm is entitled to a refund from the Commission of the excess amount.

4. Section E of Appendix C is amended

a. in Item 2

(i) in paragraph (d) by striking out “Multilateral Instrument 31-102 National Registration Database” and substituting “NI 31-102 National Registration Database”,

(ii) in paragraph (e) by striking out “MI 33-109 Registration Information;” and substituting “NI 33-109 Registration Information.”, and

(iii) by repealing paragraph (f).

b. in Item 3

- (i) by striking out** “for relief from Part 1 or Part 2 of Rule 31-502 Proficiency.” **and substituting** “for an exemption from a requirement in Division 1 [*Proficiency requirements*] of Part 4 of NI 31-103.”, **and**
- (ii) by striking out** “\$800” **and substituting** “NIL”.

5. Section H of Appendix C is amended

a. in Item 1

- (i) by striking out** “in any category of registration” **and substituting** “in one or more categories of registration”, **and**
- (ii) by striking out** “Note: If a firm is registering as both a dealer and an adviser, it is required to pay two activity fees.”.

b. in Item 3

- (i) by striking out note (i) and substituting the following**
Filing of a Form 33-109F4 for a permitted individual as defined in NI 33-109 does not trigger an activity fee., **and**
- (ii) by striking out note (ii) and substituting the following:**

If an individual is registering as both a dealer and adviser, the individual is required to pay only one activity fee.

- c. in Item 5 by striking out** “amalgamation of registrant firms” **and substituting** “amalgamation of one or more registrant firms”.

6. Section I of Appendix C is amended

- a. by striking out** “to Director under section 104 of the Regulation” **and substituting** “under section 6.8 [*Acquiring a registered firm’s securities or assets*] of NI 31-103”, **and**
- b. by striking out** “\$3,000” **and substituting** “NIL”.

7. Section A of Appendix D is amended

- a. by repealing paragraph (d) in the column titled “Document” and substituting the following:**
 - (d)** Notice under section 6.8 [*Acquiring a registered firm’s securities or assets*] of NI 31-103,
- b. by repealing item (ii) in the column titled “Late Fee” and substituting the following:**
 - (ii)** for a registrant firm or an unregistered capital markets participant, for all documents required to be filed by the firm within a calendar year”,
- c. by repealing paragraph (f) in the column titled “Document” and substituting the following:**
 - (f)** Filings for the purpose of amending Form 3 or Form 4 under the Regulation, or Form 33-109F4 or Form 33-109F6 under National Instrument 33-109 *Registration Information*, **and**
- d. by adding in the column titled “Document” the word “and” after “Form 13-502F5;”.**

8. This Instrument comes into force on •.

Appendix B

Amendments to Companion Policy 13-502CP Fees

1. **Companion Policy 13-502CP Fees is amended by this Instrument.**

2. **Part 2 is amended**

a. **by repealing section 2.2 and substituting the following:**

2.2 Participation Fees

- (1) Reporting issuers, registrant firms and unregistered capital markets participants are required to pay participation fees. For the purposes of the Rule, “unregistered capital markets participants” are defined to mean “unregistered investment fund managers” and “unregistered exempt international firms”. The Rule defines an “unregistered investment fund manager” to mean an “investment fund manager” that is not registered under the Act. (The term “investment fund manager” is defined in subsection 1(1) of the Act to mean “a person or company that directs the business, operations or affairs of an investment fund”.)

The Rule defines “unregistered exempt international firms” to mean a person or company that is not registered under the Act and is:

- (a) an “international dealer”, as defined in subsection 8.15(1) [*International dealer*] of NI 31-103, that acts as a dealer, underwriter or adviser, under the exemption from the registration requirement contained in subsection 8.15(2) [*International dealer*] of NI 31-103; or
- (b) an “international adviser”, as defined in subsection 8.16(1) [*International adviser*] of NI 31-103, that acts as a dealer, underwriter or adviser, under the exemption from the registration requirement contained in subsection 8.16(2) [*International adviser*] of NI 31-103.

The term “dealer” is, in turn, defined for the purposes of the Rule to mean “a person or company engaging in or holding himself, herself or itself out as engaging in the business of trading in securities”.

Participation fees are designed to cover the Commission’s costs of providing services that are not easily attributable to specific market participants. In the case of a reporting issuer, the participation fee is based on the issuer’s market capitalization, which is used to approximate its proportionate participation in the Ontario capital markets. In the case of a registrant firm or unregistered capital markets participant, the participation fee is based on the firm’s revenues attributable to its capital markets activity.

- (2) The fees set out in the Rule are intended to reflect the Commission’s cost of regulation over a three-year period, beginning April 1, 2006. The current Rule came into force on April 1, 2006 and replaced the previous Ontario Securities Commission Rule 13-502 *Fees* (which came into force on March 31, 2003). In the current Rule, the Commission established reduced participation fees on the basis of its forecast General Operating Surplus, as at March 31, 2006. The Appendix to this Companion Policy shows how the Commission applied the surplus to each participation fee level.,

b. **in section 2.3 by striking out the heading “2.3 Participation Fees Payable in Advance” and substituting “2.3 Application of Participation Fees”,**

c. **by repealing section 2.5 and substituting the following:**

2.5 Activity Fees – Activity fees are designed to represent the direct cost of Commission resources expended in undertaking the activities listed in Appendix C of the Rule (e.g., reviewing prospectuses, registration applications, and applications for discretionary relief). Activity fees are based on the average cost to the Commission of providing the service, with the exception of applications for an exemption from a requirement in Division 1 [*Proficiency requirements*] of Part 4 of NI 31-103. No fees

are charged in the latter case so as not to discourage registrants from proposing alternate proficiencies to reflect evolving market products and practices.,

d. by repealing section 2.6 and substituting the following:

2.6 Registrants under the Securities Act and the Commodity Futures Act

- (1) The Rule imposes an obligation to pay a participation fee on registrant firms, defined in the Rule as a person or company registered under the Act as a dealer, adviser or investment fund manager. An entity so registered may also be registered as a dealer or adviser under the Commodity Futures Act. Given the definition of “capital markets activities” under the Rule, the revenue of such an entity from its *Commodity Futures Act* activities must be included in its calculation of revenues when determining its fee under the Rule. Section 2.8 of Rule 13-503 (*Commodity Futures Act*) Fees exempts such an entity from paying a participation fee under that rule if it has paid its participation fees under the *Securities Act* Rule.
- (2) Note that dealers and advisers registered under the *Commodity Futures Act* are subject to activity fees under Rule 13-503 (*Commodity Futures Act*) Fees even if they are not required to pay participation fees under that rule.,

e. in subsection 2.7(1)

- (i) **by striking out** “speaking”, **and**
- (ii) **by striking out** “unregistered investment fund manager that loses that status later in the fiscal year for which the fee was paid.” **and substituting** “unregistered capital markets participant that loses that status later in the fiscal year in respect of which the fee was paid.”.

3. Part 4 is amended

a. by repealing section 4.1 and substituting the following:

- 4.1 Filing Forms under Section 3.5 – If the estimated participation fee paid under subsection 3.5(1) by a registrant firm or unregistered exempt international firm does not differ from the firm’s true participation fee determined under subsection 3.5(2), the firm is not required to file either a Form 13-502F4 or a Form 13-502F5 under subsection 3.5(3).,

b. by repealing section 4.2 and substituting the following:

- 4.2 Late Fees – Section 3.6 of the Rule prescribes an additional fee if a participation fee is paid late. The Commission and the Director will, in appropriate circumstances, consider tardiness in the payment of fees as a matter going to the fitness for registration of a registrant firm. The Commission may also consider measures in the case of late payment of fees by an unregistered capital markets participant, such as: in the case of an unregistered investment fund manager, prohibiting the manager from continuing to manage any investment fund or cease trading the investment funds managed by the manager; or, in the case of an unregistered exempt international firm, making an order pursuant to section 127 of the Act, that the corresponding exemptions from registration requirements under which the firm acts do not apply to the firm (either permanently or for such other period as specified in the order).,

c. by repealing section 4.3 and substituting the following:

- 4.3 Form of Payment of Fees – Registrant firms pay through the National Registration Database. Unregistered capital market participants make filings and pay fees under Part 3 of the Rule by paper copy. The filings and payment for unregistered investment fund managers should be addressed to the Ontario Securities Commission (Attention: Manager, Investment Funds). The filings and payments for unregistered exempt international firms should be addressed to the Ontario Securities Commission (Attention: Manager, Registrant Regulation).,

- d. ***in section 4.4***
 - (i) ***in subsection (1) by striking out*** “trading in securities, providing securities-related advice and portfolio management services.” ***and substituting the following*** “carrying on the business of trading in securities, providing securities-related advice or portfolio management services.”, ***and***
 - (ii) ***in subsection (2) by striking out*** “providing commodity futures contracts-related advice and portfolio management services” ***and substituting*** “carrying on the business of providing commodity futures contracts related advice and portfolio management services”.
- e. ***in section 4.5 by striking out*** “unregistered investment fund managers and certain registrant firms.” ***and substituting*** “unregistered capital market participants and registrant firms.”.

4. ***Appendix Use of Surplus to Reduce Participation Fees is amended by repealing the preamble and substituting the following:***

The current Rule came into force on April 1, 2006 and replaced the previous Ontario Securities Commission Rule 13-502 *Fees* (which came into force on March 31, 2003).

The fees set out in the current Rule are intended to reflect the Commission’s cost of regulation over a three-year period, beginning April 1, 2006. In the current Rule, the Commission established reduced participation fees on the basis of its forecast General Operating Surplus, as at March 31, 2006. The chart below shows how the Commission applied the surplus to each participation fee level.

5. ***This Instrument comes into force on •.***

Appendix C

**Amendments to
Form 13-502F4 *Capital Markets Participation Fee Calculation*
of Ontario Securities Commission Rule 13-502 Fees**

- 1. *Form 13-502F4 Capital Markets Participation Fee Calculation is amended by this Instrument.***
- 2. *The General Instructions are amended***
 - a. *in Instruction 1 by striking out* “Unregistered investment fund managers and” ***and substituting*** “Unregistered capital markets participants”,**
 - b. *in Instruction 2 by striking out* “audited financial statements of international dealers and advisers and foreign investment fund managers,” ***and substituting*** “financial statements of an unregistered capital markets participant,” ***and*****
 - c. *in Instruction 5 by striking out* “and unregistered investment fund managers’” ***and substituting*** “and unregistered capital markets participants”.**
- 3. *The Notes for Part III are amended***
 - a. *in Note 1 by striking out* “audited financial statements of international dealers and advisers and foreign investment fund managers,” ***and substituting*** “financial statements of an unregistered capital markets participant,” ***and*****
 - b. *in Note 3 by striking out* “or unregistered investment fund manager” ***and substituting*** “or unregistered capital markets participant”.**
- 4. *Part III is amended by striking out the heading* “Part III – Advisers, Other Dealers, and Unregistered Investment Fund Managers” ***and substituting*** “Part III – Advisers, Other Dealers, and Unregistered Capital Markets Participants”.**
- 5. *This Instrument comes into force on* ●.**

Appendix D

Amendments to
Form 13-502F5 *Adjustment of Fee for Registrant Firms*
of Ontario Securities Commission Rule 13-502 Fees

1. *Form 13-502F5 Adjustment of Fee for Registrant Firms is amended by this Instrument.*
2. *The title of 13-502F5 Adjustment of Fee for Registrant Firms is amended by adding “and Unregistered Exempt International Firms” after “Registrant Firms”.*
3. *Form 13-502F5 is amended by striking out “Registrant Firm Name” and substituting “Firm Name”.*
4. *This Instrument comes into force on ●.*

Appendix E

**Revocation of
Ontario Securities Commission Rule 31-501 *Registrant Relationships***

1. Ontario Securities Commission Rule 31-501 *Registrant Relationships* is revoked on ●.

Appendix F

**Rescission of
Ontario Securities Commission Companion Policy 31-501CP *Registrant Relationships***

1. Ontario Securities Commission Companion Policy 31-501CP *Registrant Relationships* is rescinded on ●.

Appendix G

**Revocation of
Ontario Securities Commission Rule 31-502 *Proficiency Requirements for Registrants***

1. Ontario Securities Commission Rule 31-502 *Proficiency Requirements for Registrants* is revoked on ●.

Appendix H

**Rescission of
Ontario Securities Commission Companion Policy 31-502CP *Proficiency Requirements for Registrants***

1. Ontario Securities Commission Companion Policy 31-502CP *Proficiency Requirements for Registrants* is rescinded on
●.

Appendix I

Revocation of
Ontario Securities Commission Rule 31-503 *Limited Market Dealers*

1. Ontario Securities Commission Rule 31-503 *Limited Market Dealers* is revoked on ●.

Appendix J

**Revocation of
Ontario Securities Commission Rule 31-504 *Dealer and Adviser Applications for Registration***

1. Ontario Securities Commission Rule 31-504 *Dealer and Adviser Applications for Registration* is revoked on ●.

Appendix K

**Revocation of
Ontario Securities Commission Rule 31-505 *Conditions of Registration***

1. Ontario Securities Commission Rule 31-505 *Conditions of Registration* is revoked on ●.

Appendix L

**Revocation of
Ontario Securities Commission Rule 31-506 *SRO Membership – Mutual Fund Dealers***

1. Ontario Securities Commission Rule 31-506 *SRO Membership – Mutual Fund Dealers* is revoked on •.

Appendix M

**Revocation of
Ontario Securities Commission Rule 31-507 *SRO Membership – Securities Dealers and Brokers***

1. Ontario Securities Commission Rule 31-507 *SRO Membership – Securities Dealers and Brokers* is revoked on ●.

Appendix N

**Revocation of
Ontario Securities Commission Rule 33-501 *Surrender of Registration***

1. Ontario Securities Commission Rule 33 -501 *Surrender of Registration* is revoked on ●.

Appendix O

Revocation of

Ontario Securities Commission Rule 33-502 *Exceptions to Conflict Rules in the Sale of Mutual Fund Securities*

1. Ontario Securities Commission Rule 33-502 *Exceptions to Conflict Rules in the Sale of Mutual Fund Securities* is revoked on ●.

Appendix P

**Rescission of
Ontario Securities Commission Policy 34-601 *Registration- Declaration of Personal Bankruptcy***

1. Ontario Securities Commission Policy 34-601 *Registration- Declaration of Personal Bankruptcy* is rescinded on ●.

Appendix Q

**Rescission of
Ontario Securities Commission Policy 34-602 *Suspension of Registration – Criminal Charges Pending***

1. Ontario Securities Commission Policy 34-602 *Suspension of Registration – Criminal Charges Pending* is rescinded on
●.

Appendix R

**Revocation of
Ontario Securities Commission Rule 35-502 *Non-Resident Advisers***

1. Ontario Securities Commission Rule 35-502 *Non-Resident Advisers* is revoked on ●.

Appendix S

**Rescission of
Ontario Securities Commission Policy 35-601 *Registration of Non-Resident Salesmen,
Partners or Officers of Registered Dealers***

1. Ontario Securities Commission Policy 35-601 *Registration of Non-Resident Salesmen, Partners or Officers of Registered Dealers* is rescinded on ●.

Appendix T

**Amendments to
Ontario Securities Commission Rule 91-501 *Strip Bonds***

- 1. Ontario Securities Commission Rule 91-501 is amended by this Instrument.**
- 2. Section 2.1 is repealed and the following is substituted:**
 - 2.1 Removal of Registration and Prospectus Exemptions –
 - (1) The exemptions from the dealer registration requirement contained in paragraphs 8.19(2)(a) and (b) [*Specified debt*] of National Instrument 31-103 *Registration Requirements* are not available for a trade in a strip bond.
 - (2) The exemptions from the prospectus requirement contained in paragraphs 2.34(2)(a) and (b)[*Specified debt*] of National Instrument 45-106 *Prospectus and Registration Exemptions* not available for a trade in a strip bond.
 - (3) The exemptions from the dealer registration requirement contained in paragraphs 3.34(2)(a) and (b) of National Instrument 45-106 *Prospectus and Registration Exemptions* not available for a trade in a strip bond.
- 3. This Instrument is to come into force on ●.**

Appendix U

**Amendments to
Companion Policy 91-501CP Strip Bonds**

1. Companion Policy 91-501CP Strip Bonds is amended by this Instrument.

2. Part 3 is amended

a. by repealing section 3.1 and substituting the following:

Section 2.1 of the Rule provides that the exemptions from the dealer registration requirement and the exemptions from the prospectus requirement referred to in that section are not available for a trade in a strip bond.

These exemptions have been withdrawn to ensure that participants in the market do not sell strip bonds under those exemptions and not in accordance with the Rule., **and**

b. by repealing section 3.2(4) and substituting the following:

(4) The Commission notes that the term "qualified market intermediaries" includes both those market intermediaries that are permitted to trade in government securities pursuant to their registration, or pursuant to an exemption from registration that has not been made unavailable to the intermediary.

3. Section 6.1 is repealed and the following is substituted:

6.1 Fees

A submission of a proposed strip bond statement to the Director for acceptance should be accompanied by the fee referred to in Item E1 of Appendix C of OSC Rule 13-502 Fees.

4. This Instrument is to come into force on ●.

**NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS**

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**NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS**

PART 1 – DEFINITIONS

Definitions

1.1 (1) In this Instrument

“Canadian financial institution” has the same meaning as in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions*;

“connected issuer” has the same meaning as in section 1.1 of National Instrument 33-105 *Underwriting Conflicts*;

“fully-managed account” means an account of a client that is managed by an adviser through discretionary authority granted by the client;

“IDA” means the Investment Dealers Association of Canada;

“marketplace” has the same meaning as in section 1.1 of National Instrument 21-101 *Marketplace Operation*;

“MFDA” means the Mutual Fund Dealers Association of Canada;

“permitted client” means

- (a) a Canadian financial institution or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada);
- (c) a subsidiary of any person or company referred to in paragraph (a) or (b), if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of the subsidiary;
- (d) a person or company registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a scholarship plan dealer or a restricted dealer;
- (e) a pension fund that is regulated by either the federal Office of the Superintendent of Financial Institutions or a pension commission or similar regulatory authority of a jurisdiction of Canada;
- (f) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (e);
- (g) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada;
- (h) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l’île de Montréal or an intermunicipal management board in Québec;
- (i) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully-managed account managed by the trust company or trust corporation, as the case may be;
- (j) a person or company acting on behalf of a fully-managed account managed by the person or company, if the person or company is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- (k) an investment fund that is advised by a person or company registered as a portfolio manager under the securities legislation of a jurisdiction of Canada;

- (l) a registered charity under the *Income Tax Act* (Canada) that obtains advice on the securities to be traded from an eligibility adviser, as defined in National Instrument 45-106 *Prospectus and Registration Exemptions*, or an adviser registered under the securities legislation of the jurisdiction of the registered charity;
- (m) an individual who beneficially owns, directly or indirectly, financial assets, as defined in National Instrument 45-106 *Prospectus and Registration Exemptions*, having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5 million or its equivalent in another currency as certified by the individual;
- (n) a person or company that is entirely owned, legally and beneficially, by an individual or individuals referred to in paragraph (m), who hold its or their ownership interest in the person or company directly or through a trust the trustee of which is a trust company referred to in paragraph (i); or
- (o) a corporation that has shareholders' equity of at least \$100 million on a consolidated basis or its equivalent in another currency;

“registered firm” means a registered dealer, a registered adviser, or a registered investment fund manager;

“registered individual” means an individual who is registered

- (a) to trade or advise on behalf of a registered firm,
- (b) in the category of ultimate designated person, or
- (c) in the category of chief compliance officer;

“related issuer” has the same meaning as in section 1.1 of National Instrument 33-105 *Underwriting Conflicts*; and

“Schedule III bank” means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada).

(2) Except in Part 8, in Alberta, British Columbia and Saskatchewan, a reference to “security” or “securities” in this Instrument includes “exchange contract” or “exchange contracts”.

PART 2 – CATEGORIES OF REGISTRATION AND PERMITTED ACTIVITIES

Dealer and underwriter categories

2.1 (1) A dealer or underwriter, if required to be registered, must be registered by the regulator in one or more of the following categories:

- (a) investment dealer, being a dealer or underwriter that is permitted to trade in, or act as an underwriter in respect of, any security;
- (b) mutual fund dealer, being a dealer that is only permitted to trade in securities of
 - (i) mutual funds, and
 - (ii) except in Québec, investment funds that are labour sponsored investment fund corporations or labour sponsored venture capital corporations under provincial legislation;
- (c) scholarship plan dealer, being a dealer that is only permitted to trade in securities of scholarship plans, educational plans or educational trusts;
- (d) exempt market dealer, being
 - (i) a dealer that is only permitted to trade
 - A) in securities that are distributed under an exemption from the prospectus requirement,
 - B) in securities that are distributed under a prospectus if the distribution may have been made under an exemption from the prospectus requirement,

- C) in securities that, if the trade were a distribution, may have been distributed under an exemption from the prospectus requirement, and
 - D) on behalf of a client, any securities acquired by the client in a circumstance described in subparagraph (A), (B) or (C) , if the trade is with a registered dealer, and
 - (ii) an underwriter that is only permitted to act as an underwriter in respect of a distribution of securities that may be made under an exemption from the prospectus requirement;
 - (e) restricted dealer, being a dealer that is limited by conditions on its registration to trading in a specified security, class of security or the securities of a class of issuers.
- (2) Despite subsection (1)(b), in British Columbia a mutual fund dealer is only permitted to trade in securities of
- (i) mutual funds,
 - (ii) investment funds that are labour sponsored investment fund corporations or labour sponsored venture capital corporations under provincial legislation, and
 - (iii) securities of scholarship plans, educational plans or educational trusts.

Exemption from dealer registration for advisers

2.2 (1) The dealer registration requirement does not apply to a registered adviser, or an adviser that is exempt from registration under section 8.16 [*international adviser*], that buys or sells a security of a pooled fund administered by the adviser for a fully-managed account that is created and managed by the adviser.

(2) The exemption in subsection (1) is not available if the fully-managed account or pooled fund is created or used primarily for the purpose of qualifying for the exemption.

(3) The exemption in subsection (1) is not available unless the adviser, within 5 business days of its first use of the exemption, provides written notice to the regulator that it is relying on the exemption.

Adviser categories

2.3 An adviser, if required to be registered, must be registered by the regulator in one of the following categories:

- (a) portfolio manager, being an adviser that is permitted to advise in any security;
- (b) restricted portfolio manager, being an adviser that is limited by conditions on its registration to advising in specified securities, classes of securities or the securities of a class of issuers.

Exemption from adviser registration for dealers without discretionary authority

2.4 The adviser registration requirement does not apply to a registered dealer that advises a client in connection with a security in which the dealer is permitted to trade if

- (a) the advice is provided by a dealing representative, and
- (b) the dealer does not manage the client's investment portfolio through discretionary authority granted by the client.

Exemption from adviser registration for IDA members with discretionary authority

2.5 The adviser registration requirement does not apply to an IDA member that manages a client's investment portfolio through discretionary authority granted by the client.

Investment fund manager category

2.6 An investment fund manager, if required to be registered, must be registered by the regulator in the category of investment fund manager, being a person or company that is permitted to direct the business, operations or affairs of an investment fund.

Individual categories

2.7 An individual, if required to be registered to act on behalf of a registered firm, must be registered by the regulator in one or more of the following categories:

- (a) dealing representative;
- (b) advising representative;
- (c) associate advising representative;
- (d) ultimate designated person;
- (e) chief compliance officer.

Associate advising representative – approved advising only

2.8 (1) An associate advising representative of a registered adviser must not advise in securities unless, before giving the advice, the advice is approved by an advising representative designated by the adviser.

(2) A registered adviser that designates an advising representative for the purpose of subsection (1) must notify the regulator of the designation no later than the 5th business day following the date of the designation.

Ultimate designated person

2.9 (1) A registered firm must have an individual who is registered under securities legislation in the category of ultimate designated person to perform the functions described in section 5.24 [*ultimate designated person – functions*].

(2) An individual must not act as the ultimate designated person of a registered firm unless the individual is

- (a) the chief executive officer or sole proprietor of the registered firm,
- (b) an officer in charge of a division of the registered firm, if the activity that requires the firm to register occurs only within the division, or
- (c) an individual acting in a capacity similar to that of an officer described in paragraph (a) or (b).

Chief compliance officer

2.10 (1) A registered firm must have an individual who is registered under securities legislation in the category of chief compliance officer to perform the functions described in section 5.25 [*chief compliance officer – functions*].

(2) An individual must not act as the chief compliance officer for a registered firm unless the individual is an officer or partner of the registered firm, or the firm's sole proprietor.

PART 3 – SRO MEMBERSHIP

IDA membership for investment dealers

3.1 (1) No person or company may be registered as an investment dealer unless the person or company is a member of the IDA.

(2) No individual may be registered to act on behalf of an investment dealer unless the individual is an approved person under the by-laws, regulations and policies of the IDA.

MFDA membership for mutual fund dealers

3.2 Except in Québec, no person or company may be registered as a mutual fund dealer unless the person or company is a member of the MFDA.

Exceptions for SRO members

3.3 (1) A registrant that is a member of the IDA, or a dealing representative of a member of the IDA, is exempt from each requirement in the following sections that applies to a registered dealer, or a dealing representative, if the registrant complies with the by-laws, regulations and policies of the IDA that deal with the same subject matter:

- (a) section 4.18 [*capital requirement*];
- (b) section 4.19 [*report capital deficiency*];
- (c) section 4.21 [*insurance – dealer*];
- (d) section 4.25 [*notice of change, claim, or cancellation*];
- (e) section 4.26 [*appointment of auditor*];
- (f) section 4.27 [*direction to auditor*];
- (g) section 4.28 [*delivering financial information – dealer*];
- (h) section 5.4 [*providing relationship disclosure information*];
- (i) section 5.5 [*suitability*];
- (j) section 5.7 [*margin*];
- (k) section 5.8 [*disclosure when recommending use of borrowed money*];
- (l) section 5.10 [*holding client assets in trust*];
- (m) section 5.11 [*securities subject to safekeeping agreement*];
- (n) section 5.12 [*securities not subject to safekeeping agreement*];
- (o) section 5.18 [*confirmation of trade – general*];
- (p) except in Québec, section 5.29 [*dispute resolution service*].

(2) Except in Québec, the provisions listed in subsection (1) do not apply to a registrant that is a member or approved person of the MFDA if the registrant complies with the by-laws, rules and policies of the MFDA that deal with the same subject matter.

(3) In Québec, the provisions listed in subsection (1) do not apply to a mutual fund dealer or a dealing representative of a mutual fund dealer if the registrant complies with the regulation on mutual fund dealer requirements in Québec.

PART 4 – FIT AND PROPER REQUIREMENTS

Division 1: Proficiency requirements

Definitions

4.1 In this Division

“Branch Manager Proficiency Exam” means the examination prepared and administered by the RESP Dealers Association of Canada and so designated by that Association;

“Canadian Investment Funds Exam” means the examination prepared and administered by the Investment Funds Institute of Canada and so designated by that Institute;

“Canadian Securities Exam” means the examination prepared and administered by the CSI Global Education Inc. and so designated by that corporation;

“CFA Charter” means the charter earned through the Chartered financial analyst examination program prepared and administered by the CFA Institute and so designated by that institute;

“Canadian Investment Manager designation” means the designation earned through the Canadian investment manager program prepared and administered by the CSI Global Education Inc. and so designated by that corporation;

“Investment Funds in Canada Exam” means the examination prepared and administered by the Institute of Canadian Bankers and so designated by that Institute;

“New Entrants Exam” means the examination prepared and administered by the CSI Global Education Inc. and so designated by that corporation;

“PDO Exam” means

- (a) the Officers’, Partners’ and Directors’ Exam prepared and administered by the Investment Funds Institute of Canada and so designated by that Institute, or
- (b) the Partners, Directors and Senior Officers Exam prepared and administered by the CSI Global Education Inc. and so designated by that corporation;

“Sales Representative Proficiency Exam” means the examination prepared and administered by the RESP Dealers Association of Canada and so designated by that Association; and

“Series 7 Exam” means the program prepared and administered by the Financial Industry Regulatory Authority in the United States of America and so designated by that regulator.

U.S. equivalency

4.2 In this Division, an individual is not required to have passed the Canadian Securities Exam if the individual has passed the Series 7 Exam and the New Entrants Exam.

Proficiency principle

4.3 When a registered individual performs an activity that requires registration, the individual must have the education and experience reasonably necessary to perform the activity.

Time limits on examination proficiency

4.4 (1) Subject to subsection (2), an individual must not be registered in a category unless the individual passed the examination or successfully completed the program required in this Division for the category within 36 months of the date the individual applied for registration.

(2) If an individual passed the examination or successfully completed the program required in this Division for a category more than 36 months before the date the individual applied for registration, the individual must not be registered in the category unless the individual

- (a) was registered in the category in a jurisdiction of Canada for 12 months during the 36 month period before the date the individual applied for registration, or
- (b) gained 12 months of relevant experience during the 36 month period before the date the individual applied for registration.

Mutual fund dealer – dealing representative

4.5 A dealing representative of a mutual fund dealer must not trade on behalf of the mutual fund dealer unless the representative

- (a) has passed the Canadian Investment Funds Exam, the Canadian Securities Exam, or the Investment Funds in Canada Exam, or
- (b) has met the requirements of section 4.11 [*portfolio manager – advising representative*].

Mutual fund dealer – chief compliance officer

4.6 A mutual fund dealer must not designate an individual as its chief compliance officer under subsection 2.10(1) [*chief compliance officer*] unless the individual

- (a) has met the requirements of section 4.13 [*portfolio manager – chief compliance officer*], or
- (b) has passed
 - (i) the Canadian Investment Funds Exam, the Canadian Securities Exam, or the Investment Funds in Canada Exam, and
 - (ii) the PDO Exam.

Scholarship plan dealer – dealing representative

4.7 A dealing representative of a scholarship plan dealer must not trade on behalf of the scholarship plan dealer unless the representative has passed the Sales Representative Proficiency Exam.

Scholarship plan dealer – chief compliance officer

4.8 A scholarship plan dealer must not designate an individual as its chief compliance officer under subsection 2.10(1) [*chief compliance officer*] unless the individual has passed

- (a) the Sales Representative Proficiency Exam,
- (b) the Branch Manager Proficiency Exam, and
- (c) the PDO Exam.

Exempt market dealer – dealing representative

4.9 A dealing representative of an exempt market dealer must not trade on behalf of the exempt market dealer unless the individual

- (a) has passed the Canadian Securities Exam, or
- (b) meets the requirements of section 4.11 [*portfolio manager – advising representative*].

Exempt market dealer – chief compliance officer

4.10 An exempt market dealer must not designate an individual as its chief compliance officer under subsection 2.10(1) [*chief compliance officer*] unless the individual has passed the Canadian Securities Exam.

Portfolio manager – advising representative

4.11 An advising representative of a portfolio manager must not act as an adviser on behalf of the portfolio manager unless the representative

- (a) has earned a CFA Charter and has 12 months of relevant investment management experience in the 36-month period before applying for registration, or
- (b) has received the Canadian Investment Manager designation and has 48 months of relevant investment management experience, 12 months of which was in the 36-month period before applying for registration.

Portfolio manager – associate advising representative

4.12 An associate advising representative of a portfolio manager must not act as an adviser on behalf of the portfolio manager unless the representative

- (a) has completed Level 1 of the Chartered Financial Analyst Program and has 24 months of relevant investment management experience, or

- (b) has received the Canadian Investment Manager designation and has 24 months of relevant investment management experience.

Portfolio manager – chief compliance officer

4.13 A portfolio manager must not designate an individual as its chief compliance officer under subsection 2.10(1) [*chief compliance officer*] unless the individual

- (a) has been previously registered as an advising representative of a portfolio manager in a jurisdiction of Canada,
- (b) has
 - (i) earned a CFA Charter or a professional designation as a lawyer, Chartered Accountant, Certified General Accountant or Certified Management Accountant in a jurisdiction of Canada, a notary in Québec, or the equivalent in a foreign jurisdiction,
 - (ii) passed the Canadian Securities Exam and the PDO Exam, and
 - (iii) either
 - A) worked for a registered dealer or a registered adviser for three years, or
 - B) provided professional services in the securities industry for three years and worked for a registered dealer or a registered adviser for 12 months, or
- (c) has passed the Canadian Securities Exam and the PDO Exam and has either
 - (i) worked for a registered dealer or a registered adviser for five years, including for three years in a compliance capacity, or
 - (ii) worked for five years for a Canadian financial institution in a compliance capacity relating to portfolio management and worked for a registered dealer or a registered adviser for 12 months.

Restricted portfolio manager – chief compliance officer

4.14 A restricted portfolio manager must not designate an individual as its chief compliance officer under subsection 2.10(1) [*chief compliance officer*] unless the individual has met the requirements of section 4.13 [*portfolio manager – chief compliance officer*].

Investment fund manager – chief compliance officer

4.15 An investment fund manager must not designate an individual as its chief compliance officer under subsection 2.10(1) [*chief compliance officer*] unless the individual

- (a) has
 - (i) earned a CFA Charter or a professional designation as a lawyer, Chartered Accountant, Certified General Accountant or Certified Management Accountant in a jurisdiction of Canada, a notary in Québec, or the equivalent in a foreign jurisdiction,
 - (ii) passed the Canadian Securities Exam and the PDO Exam, and
 - (iii) either
 - A) worked for an investment fund manager for three consecutive years, or
 - B) provided professional services in the securities industry for three consecutive years and worked for an investment fund manager for 12 consecutive months, or

- (b) has
 - (i) passed the Canadian Investment Funds Exam, the Canadian Securities Exam, or the Investment Funds in Canada Exam,
 - (ii) passed the PDO Exam, and
 - (iii) worked for a registered investment fund manager for five consecutive years, including for three consecutive years in a compliance capacity.

Grandfathered registrants

4.16 (1) If, on the date this Instrument comes into force, an individual is registered in a category referred to in a section of this Division, the individual is exempt from that section.

(2) Despite subsection (1), an individual who is a dealing representative of a scholarship plan dealer on the date this Instrument comes into force is exempt from section 4.7 [*scholarship plan dealer – dealing representative*] until 12 months after this Instrument comes into force.

Division 2: Solvency requirements

Exemption for certain exempt market dealers

4.17 This Division does not apply to an exempt market dealer that does not handle, hold, or have access to any client assets, including cheques and other similar instruments.

Capital requirement

4.18 (1) A registered firm must ensure that its excess working capital, as calculated using Form 31-103F1 *Calculation of excess working capital*, is not less than zero.

(2) For the purpose of completing Form 31-103F1 *Calculation of excess working capital*, the minimum capital is

- (a) \$25,000, for an adviser,
- (b) \$50,000, for a dealer, and
- (c) \$100,000, for an investment fund manager.

(3) A registered firm must calculate its excess working capital as at the end of each month by completing Form 31-103F1 *Calculation of excess working capital* no later than the 20th business day after the end of the month.

Report capital deficiency

4.19 If, at any time, the excess working capital of a registered firm, as calculated using Form 31-103F1 *Calculation of excess working capital*, is less than zero, the registered firm must notify the regulator as soon as practicable.

Subordination agreement – notice requirement

4.20 If a registered firm has executed a subordination agreement for the purpose of reducing its long-term related party debt on Form 31-103F1 *Calculation of excess working capital*, the firm must notify the regulator 5 days before it

- (a) repays the loan or any part of the loan, or
- (b) terminates the agreement.

Insurance – dealer

4.21 (1) A registered dealer must maintain bonding or insurance with a single loss limit in the highest of the following amounts:

- (a) \$50,000 per employee, agent and dealing representative or \$200,000, whichever is less;

- (b) one per cent of the total client assets that the dealer handles, holds or has access to, as calculated using the dealer's most recent financial records, or \$25,000,000, whichever is less;
- (c) one per cent of the dealer's total assets, as calculated using the dealer's most recent financial records, or \$25,000,000, whichever is less;
- (d) the amount determined to be appropriate by a resolution of the board of directors of the dealer.

(2) A registered dealer must maintain bonding or insurance, provided by an insurer lawfully carrying on business in the local jurisdiction,

- (a) that contains the clauses set out in Appendix A,
- (b) that provides for a double aggregate limit or a full reinstatement of coverage, and
- (c) whose terms are otherwise acceptable to the regulator.

(3) In Québec, this section does not apply to a scholarship plan dealer.

Insurance – adviser

4.22 (1) A registered adviser that does not handle, hold, or have access to client assets, including cheques and other similar instruments, must maintain bonding or insurance with a single loss limit of \$50,000.

(2) A registered adviser that handles, holds, or has access to client assets, including cheques and other similar instruments, must maintain bonding or insurance with a single loss limit in the highest of the following amounts:

- (a) one per cent of assets under management that the adviser handles, holds, or has access to, as calculated using the adviser's most recent financial records, or \$25,000,000, whichever is less;
- (b) one per cent of the adviser's total assets, as calculated using the adviser's most recent financial records, or \$25,000,000, whichever is less;
- (c) \$200,000;
- (d) the amount determined to be appropriate by a resolution of the board of directors of the adviser.

(3) A registered adviser must maintain bonding or insurance, provided by an insurer lawfully carrying on business in the local jurisdiction,

- (a) that contains the clauses set out in Appendix A,
- (b) that provides for a double aggregate limit or a full reinstatement of coverage, and
- (c) whose terms are otherwise acceptable to the regulator.

Insurance – investment fund manager

4.23 (1) A registered investment fund manager must maintain bonding or insurance with a single loss limit in the highest of the following amounts:

- (a) one per cent of assets under management, as calculated using the investment fund manager's most recent financial records, or \$25,000,000, whichever is less;
- (b) one per cent of the investment fund manager's total assets, as calculated using the investment fund manager's most recent financial records, or \$25,000,000, whichever is less;
- (c) \$200,000;
- (d) the amount determined to be appropriate by a resolution of the directors of the investment fund manager.

(2) A registered investment fund manager must maintain bonding or insurance, provided by an insurer lawfully carrying on business in the local jurisdiction,

- (a) that contains the clauses set out in Appendix A,
- (b) that provides for a double aggregate limit or a full reinstatement of coverage, and
- (c) whose terms are otherwise acceptable to the regulator.

Global financial institution bonds

4.24 For the purposes of this Division, a registered firm may maintain bonding or insurance that benefits, or names as an insured, another person or company only if the bond provides that, without regard to the claims, experience or any other factor referable to that other person or company,

- (a) the registered firm has the right to claim directly against the insurer in respect of losses, and any payment or satisfaction of such losses must be made directly to the registered firm, and
- (b) the individual or aggregate limits under the policy may only be affected by claims made by or on behalf of
 - (i) the registered firm, or
 - (ii) a subsidiary of the registered firm whose financial results are consolidated with those of the registered firm.

Notice of change, claim or cancellation

4.25 A registered firm must, as soon as practicable, notify the regulator in writing of any change in, claim made under, or cancellation of any insurance policy required under this Division.

Division 3: Financial records

Appointment of auditor

4.26 A registered firm must appoint an auditor that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction and that meets the professional standards of that jurisdiction.

Direction to auditor

4.27 (1) A registered firm must direct its auditor in writing to conduct any audit or review required by the regulator during its registration and must deliver a copy of the direction to the regulator

- (a) with its application for registration, and
- (b) no later than the 5th business day after the registered firm changes its auditor.

(2) The regulator may order a registered firm to direct its auditor, at the registered firm's expense, to conduct any audit or review required by the regulator and deliver the audit or review to the regulator as soon as practicable.

Delivering financial information – dealer

4.28 (1) A registered dealer must deliver to the regulator no later than the 90th day after the end of its fiscal year

- (a) its annual financial statements for the fiscal year, and
- (b) a completed Form 31-103F1 *Calculation of excess working capital*, showing the calculation of the dealer's excess working capital as at the end of the fiscal year and as at the end of the immediately preceding fiscal year.

(2) A registered dealer must deliver to the regulator no later than the 30th day after the end of the first, second and third quarter of its fiscal year

- (a) its financial statements for the quarter, and
- (b) a completed Form 31-103F1 *Calculation of excess working capital*, showing the calculation of the dealer's excess working capital as at the end of the quarter and as at the end of the immediately preceding quarter.

Delivering financial information – adviser

4.29 A registered adviser must deliver to the regulator no later than the 90th day after the end of its fiscal year

- (a) its annual financial statements for the fiscal year, and
- (b) a completed Form 31-103F1 *Calculation of excess working capital*, showing the calculation of the adviser's excess working capital as at the end of the fiscal year and as at the end of the immediately preceding fiscal year.

Delivering financial information – investment fund manager

4.30 (1) A registered investment fund manager must deliver to the regulator no later than the 90th day after the end of its fiscal year

- (a) its annual financial statements for the fiscal year,
- (b) a completed Form 31-103F1 *Calculation of excess working capital*, showing the calculation of the investment fund manager's excess working capital as at the end of the fiscal year and as at the end of the immediately preceding fiscal year, and
- (c) a description of any net asset value adjustment made during the fiscal year.

(2) A registered investment fund manager must deliver to the regulator no later than the 30th day after the end of the first, second and third quarter of its fiscal year

- (a) its financial statements for the quarter,
- (b) a completed Form 31-103F1 *Calculation of excess working capital*, showing the calculation of the investment fund manager's excess working capital as at the end of the quarter and as at the end of the immediately preceding quarter, and
- (c) a description of any net asset value adjustment made during the quarter.

(3) A description of a net asset value adjustment referred to in this section must include

- (a) the cause of the adjustment,
- (b) the dollar amount of the adjustment, and
- (c) the effect of the adjustment on net asset value per unit or share and any corrections made to purchase and sale transactions affecting either the investment fund or security holders of the investment fund.

Content of annual financial statements

4.31 The annual financial statements delivered to the regulator under this Division must include

- (a) an income statement, a statement of retained earnings and a statement of cash flows, each for the fiscal year, and
- (b) a balance sheet as at the end of the fiscal year, signed by at least one director of the registered firm.

Preparation of financial statements

4.32 (1) The annual and quarterly financial statements delivered to the regulator under this Division must be prepared in accordance with generally accepted accounting principles, except that the statements are to be prepared on an unconsolidated basis.

(2) The annual financial statements delivered to the regulator under this Division must be accompanied by an auditor's report that is prepared in accordance with generally accepted auditing standards.

Cooperation with auditor

4.33 A registrant must not withhold, destroy or conceal any information or documents or otherwise fail to cooperate with a reasonable request made by an auditor of the registered firm in the course of an audit.

Financial records for certain exempt market dealers

4.34 (1) An exempt market dealer that does not handle, hold or have access to client assets, including cheques and other similar instruments, is exempt from sections 4.26 [*appointment of auditor*] to 4.31 [*content of financial statements*] and subsection 4.32(2) [*preparation of financial statements*].

(2) An exempt market dealer that does not handle, hold or have access to client assets, including cheques and other similar instruments, must deliver to the regulator, no later than the 30th day after the end of each quarter of its fiscal year, its financial statements for the quarter certified by the chief executive officer and the chief financial officer of the dealer or, if no such officers have been appointed, individuals acting on behalf of the dealer in a similar capacity.

(3) The regulator may order an exempt market dealer to direct an auditor, at the registered firm's expense, to conduct any audit or review required by the regulator and deliver the audit or review to the regulator as soon as practicable.

PART 5 - CONDUCT RULES

Division 1: Relationship with clients

Exemption for investment fund managers

5.1 This Division does not apply to an investment fund manager.

Account opening documentation

5.2 (1) A registered firm must maintain account opening documentation for each client.

(2) Subsection (1) does not apply to an exempt market dealer in respect of a client whose assets, including cheques and other similar instruments, the exempt market dealer does not handle, hold or have access to.

Know-your-client

- 5.3 (1)** A registrant must take reasonable steps to
- (a) establish the identity of a client and, where there may be cause for concern, the reputation of the client,
 - (b) ascertain whether a client is an insider of an issuer,
 - (c) ensure that it has sufficient information about a client to enable it to meet its regulatory obligations when it
 - (i) makes a recommendation to the client,
 - (ii) accepts an instruction to trade from the client, or
 - (iii) makes a discretionary purchase or sale of a security on behalf of the client, and
 - (d) establish the creditworthiness of a client, if the registered firm is financing the client's acquisition of a security.

(2) For the purpose of establishing the identity of a client that is a corporation under paragraph (1)(a), the registrant must establish the nature of the client's business and the identity of any individual who is a beneficial owner, directly or indirectly, of more than ten per cent of the client.

(3) In paragraph (1)(b), "insider" has the meaning ascribed to that term in the Act except that "reporting issuer", as it appears in the definition of "insider", is to be read as "issuer".

(4) A registrant must make reasonable efforts to keep the information required under this section current.

(5) Paragraph (1)(c) does not apply if

(a) the client is a permitted client that has waived, in writing, the requirements under subsections 5.5(1) and (2) [*suitability*], or

(b) the client is a permitted client and the registrant is an exempt market dealer.

(6) Paragraph (1)(d) does not apply if the client is a permitted client and the registrant is an exempt market dealer.

(7) Despite subsections (5) and (6), this section does not apply if the client is a registered firm, a Canadian financial institution or a Schedule III bank.

Providing relationship disclosure information

5.4 (1) A registrant must provide a client with relationship disclosure information before the registrant first

(a) purchases or sells a security for the client, or

(b) advises the client to purchase, sell or hold a security.

(2) If there is a significant change to the relationship disclosure information provided to a client under subsection (1), the registrant must make reasonable efforts to notify its clients of the change in a timely manner, and wherever practicable before the registrant next

(a) purchases or sells a security for the client, or

(b) advises the client to purchase, sell or hold a security.

(3) For the purpose of this section, "relationship disclosure information" means information that a reasonable client would consider important respecting the client's relationship with the registrant and includes, subject to subsections (4), (5) and (6), the following:

(a) a description of the nature of the client's account or the type of account held by the client;

(b) a discussion that identifies which products or services offered by the registered firm will meet the client's investment objectives and how they will do so;

(c) a discussion of investment risk factors and types of risks that should be considered by the client when making an investment decision, including the risk of using borrowed money to finance a purchase of a security;

(d) a description of the conflicts of interest that the registered firm is required to disclose under securities legislation;

(e) disclosure of all service fees and charges in respect of the operation of the client's accounts;

(f) a description of the costs the client will pay in making and holding investments and the compensation paid to the registered firm in relation to the different types of products that the client may purchase through the registered firm;

(g) a description of the content and frequency of reporting for each account or portfolio of the client;

(h) information about how the client can contact the firm;

- (i) notice that a dispute resolution service is available to mediate any dispute that might arise between the client and the firm regarding a product or service of the firm;
- (j) the information a registered firm is required to collect about the client under section 5.3 [*know-your-client*].

(4) Despite subsection (3), relationship disclosure information provided by an exempt market dealer to a client is not required to include the information referred to in paragraphs (3)(a), (e) and (g) if the dealer does not handle, hold or have access to the client's assets, including cheques and other similar instruments.

(5) In addition to the information required under subsection (3), relationship disclosure information provided by a dealer must include a description of the nature and scope of the firm's obligation to assess whether a purchase or sale of a security is suitable for a client prior to executing the transaction or at any other time.

(6) In addition to the information required under subsection (3), relationship disclosure information provided by an adviser must include the following:

- (a) if the client's account is a fully-managed account, a description of the adviser's discretionary authority;
- (b) a description of how the adviser will ensure that investments made are suitable for the client based on the information provided by the client;
- (c) a statement that there is no guarantee, implied or otherwise, that the investments made will be successful;
- (d) a discussion of investment risk factors and types of risks that should be considered by the client when deciding to invest using an adviser;
- (e) if the client's account is a fully-managed account and a person or company exempted from registration under section 8.17 [*sub-advisers*] provides advice in respect of the account, information about the role of the person or company and their relationship to the client.

(7) This section does not apply to an exempt market dealer in respect of a permitted client.

Suitability

5.5 (1) A registrant must take reasonable steps to ensure that before it makes a recommendation to, or accepts instructions from, a client or makes a discretionary purchase or sale of a security on behalf of a client, the proposed purchase or sale is suitable for the client with reference to the client's

- (a) financial circumstances,
- (b) risk tolerance,
- (c) investment knowledge, and
- (d) investment needs and objectives.

(2) If a client instructs a registrant to buy, sell or hold a security and in the registrant's opinion, acting reasonably, following the instruction would not be suitable for the client, the registrant must inform the client of the registrant's opinion and must not buy or sell the security unless the client instructs the registrant to proceed nonetheless.

(3) This section does not apply in respect of a permitted client if

- (a) the permitted client has waived, in writing, the requirements under subsections (1) and (2), or
- (b) the registrant is an exempt market dealer.

(4) Despite subsection (3), this section does not apply if the client is a registered firm, a Canadian financial institution or a Schedule III bank.

Sale or assignment of client account

5.6 If a registered firm proposes to sell or assign a client's account in whole or in part to another registrant, the registered firm must, prior to the sale or assignment, give a written explanation to the client of the proposal and inform the client of the client's right to withdraw the client's account.

Margin

5.7 A registrant must not lend, extend credit or provide margin to a client.

Disclosure when recommending use of borrowed money

5.8 (1) If a registrant recommends that a client should use borrowed money to finance any part of a purchase of a security, the registrant must, before the purchase, provide the client with a written statement in substantially the following form:

"Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines."

(2) Subsection (1) does not apply if

- (a) the registrant has provided the client with the statement described under subsection (1) no earlier than the 180th day before the date of the proposed purchase,
- (b) the proposed purchase is on margin and the client's margin account is maintained with a registered firm that is a member of the IDA or the MFDA, or
- (c) the client is a permitted client.

Disclosure when opening an account in a financial institution

5.9 (1) If a registered firm opens a client account to trade in securities in an office or branch of a Canadian financial institution or a Schedule III bank, the registered firm must give the client a written notice stating that it is a separate legal entity from the Canadian financial institution or Schedule III bank and, unless otherwise advised by the registrant, securities purchased from or through the registrant

- (a) are not insured by a government deposit insurer,
- (b) are not guaranteed by the Canadian financial institution or Schedule III bank, and
- (c) may fluctuate in value.

(2) A registered firm that is subject to subsection (1) must receive a written confirmation from the client that the client has read and understood the notice before the registered firm

- (a) purchases or sells a security for the client, or
- (b) advises the client to purchase, sell or hold a security.

(3) This section does not apply to a registered firm if the client is a permitted client.

Division 2: Client assets

Holding client assets in trust

5.10 (1) A registered firm that holds client assets, including cheques and other similar instruments, must hold the assets separate and apart from its own property and in trust for the client.

(2) A registered firm that holds cash on behalf of a client must hold the cash separate and apart from the property of the firm in a designated trust account with a Canadian financial institution or a Schedule III bank.

Securities subject to safekeeping agreement

5.11 A registered firm that holds unencumbered securities for a client under a written safekeeping agreement must

- (a) segregate the securities from all other securities,
- (b) identify the securities as being held in safekeeping for the client in
 - (i) the registrant's security position record,
 - (ii) the client's ledger, and
 - (iii) the client's statement of account, and
- (c) release the securities only on an instruction from the client.

Securities not subject to safekeeping agreement

5.12 (1) A registered firm that holds unencumbered securities for a client that are either fully paid for or are excess margin securities, but that are not held under a written safekeeping agreement, must

- (a) segregate and identify the securities as being held in trust for the client, and
- (b) describe the securities as being held in segregation on
 - (i) the registrant's security position record,
 - (ii) the client's ledger, and
 - (iii) the client's statement of account.

(2) If a client is indebted to a registered firm, the registered firm may sell or lend the securities described in subsection (1), but only to the extent reasonably necessary to cover the indebtedness.

(3) Securities described in subsection (1) may be segregated in bulk.

Reduction of debit balances

5.13 (1) In this section,

"derivatives account" includes a commodity futures account;

"free credit balance"

- (a) includes money received from, or held for the account of, clients by a registered firm,
 - (i) for investment pending the investment and payment for securities purchased by the clients from or through the registered firm where the registered firm does not own such securities at the time of purchase or has not purchased them on behalf of the clients, pending the purchase thereof by the registered firm, and
 - (ii) as proceeds of securities purchased from clients or sold by the registered firm for the account of clients where securities have been delivered to the registered firm but payment has not been made pending payment of such proceeds to the clients, and
- (b) does not include money that is committed to be used on a specific settlement date as payment for securities if the registered firm who maintains the securities account prepares financial statements on a settlement date basis.

(2) If a registered firm maintains two or more accounts for a client, one of which is a derivatives account that contains a debit balance of more than \$5,000, the registered firm must transfer from any account containing a free credit balance as much of the free credit balance as is necessary to eliminate, or reduce to the greatest extent possible, the debit balance in the derivatives account.

(3) Subsection (2) does not apply to a registered firm in respect of a client's securities and derivatives accounts if the client has given directions to the registered firm in writing, or orally if subsequently confirmed in writing,

- (a) to transfer an amount that is less than the amount otherwise required to be transferred, or
- (b) not to transfer any amount from the securities account to the derivatives account.

(4) A registered firm who maintains a securities account and a derivatives account for the same client may make a transfer of any amount of a free credit balance from the securities account to the derivatives account, or, from the derivatives account to the securities account of the client if

- (a) the transfer is made in accordance with a written agreement between the registered firm and the client, and
- (b) the transfer is not a transfer referred to in subsections (2) and (3).

Account supervision

5.14 A registered adviser must ensure that the account of each client is supervised separately and distinctly from the accounts of other clients.

Division 3: Record-keeping

Records – general requirements

5.15 (1) A registered firm must maintain records to

- (a) accurately record its business activities, financial affairs, and client transactions, and
- (b) demonstrate compliance with applicable requirements of securities legislation.

(2) Such records must include, but are not limited to, records that

- (a) permit timely creation and audit of financial statements and other financial information required to be filed or delivered to the securities regulatory authority,
- (b) permit determination of the registered firm's capital position,
- (c) demonstrate compliance with the registered firm's capital and insurance requirements,
- (d) demonstrate compliance with internal control procedures,
- (e) demonstrate compliance with the firm's policies and procedures,
- (f) permit the identification and segregation of client cash, securities, and other property,
- (g) identify all transactions conducted on behalf of the registered firm and each of its clients, including the parties to the transaction and the terms of the purchase or sale,
- (h) provide an audit trail for
 - (i) client instructions and orders, and
 - (ii) each trade transmitted or executed for a client or by the registered firm on its own behalf,
- (i) permit creation of account activity reports for clients,
- (j) provide securities pricing as may be required by securities legislation,
- (k) demonstrate compliance with client account opening requirements,
- (l) document correspondence with clients, and

- (m) document compliance and supervision actions taken by the firm.

Records – form, accessibility and retention

5.16 (1) A registered firm must keep its records safe and in a durable form.

(2) For a period of two years after the creation of a record, a registered firm must keep the record in a manner that permits it to be provided promptly to the regulator, and thereafter the record may be kept in a manner that permits it to be provided to the regulator in a reasonable period of time.

(3) A record provided under subsection (2) must be in a form that is capable of being read by the regulator.

(4) A registered firm must keep

(a) an activity record for seven years from the date of the act, and

(b) a relationship record for seven years from the date the person or company ceases to be a client of the registered firm.

(5) In subsection (4),

“activity record” includes

- (a) a confirmation of a transaction required under section 5.18 [*confirmation of trade – general*],
- (b) a communication between the registrant and the client made in respect of a purchase or sale of a security, including a record of an oral communication,
- (c) a statement of account and portfolio required under section 5.22 [*statements of account and portfolio*],
- (d) a referral of the client that is subject to Division 2 [*referral arrangements*] of Part 6; and

“relationship record” means a document, other than an activity record, that describes the relationship between a registrant and a client of the registrant including

- (a) a communication between the registrant and the client not made in respect of a purchase or sale of a security, including a record of an oral communication,
- (b) an agreement entered into between the registrant and the client,
- (c) a client complaint,
- (d) relationship disclosure information provided to the client under section 5.4 [*providing relationship disclosure information*].

Division 4: Account activity reporting

Exemption for investment fund managers and exempt market dealers

5.17 This Division does not apply to

(a) an investment fund manager, or

(b) an exempt market dealer that does not handle, hold, or have access to client assets, including cheques and other similar instruments.

Confirmation of trade – general

5.18 (1) Subject to subsection (2), a registered dealer that has acted on behalf of a client in connection with a trade or series of trades in a security must promptly send or deliver to the client, or to a registered adviser acting for the client if the client consents, a written confirmation of the transaction, setting out,

- (a) the quantity and description of the security traded,
- (b) the consideration,
- (c) the commission, sales charge, service charge and any other amount charged in respect of the trade,
- (d) whether the registered dealer acted as principal or agent,
- (e) the date and the name of the marketplace, if any, on which the transaction took place, or if applicable, a statement that the transaction took place on more than one marketplace or over more than one day,
- (f) the name of the dealing representative, if any, in the transaction,
- (g) the settlement date of the trade, and
- (h) if applicable, that the security is a security of the registrant, a security of a related issuer of the registrant or, in the course of a distribution, a security of a connected issuer of the registrant.

(2) If the transaction involved more than one trade or if the transaction took place on more than one marketplace the information referred to in subsection (1) above may be set out in the aggregate if the confirmation also contains a statement that additional details concerning the transaction will be provided to the client upon request and without additional charge.

(3) If a trade is made in a security of a mutual fund, scholarship plan, educational plan or educational trust, the confirmation required under subsection (1) must contain, in addition to the requirements of subsection (1), the price per share or unit at which the trade was effected.

(4) Paragraph (1)(h) does not apply if the security is a security of a mutual fund that is an affiliate of the registered dealer and the names of the dealer and the fund are sufficiently similar to disclose that they are affiliated.

(5) For the purpose of paragraph (1)(f), a dealing representative may be identified by means of a code or symbol if the confirmation also contains a statement that the name of the dealing representative will be provided to the client on request of the client.

Reporting trades otherwise

5.19 (1) If a registered firm sends or delivers to a client a report, other than a confirmation under section 5.18 [*confirmation of trade – general*], of a trade in a security that the registered firm made with or on behalf of the client, including a report of a trade made by or at the direction of a registrant that is managing the investment portfolio of the client through discretionary authority granted by the client, the report must state, if applicable, that the security is a security of the registered firm, a security of a related issuer of the registered firm or, in the course of a distribution, a security of a connected issuer of the registered firm.

(2) Subsection (1) does not apply if the security is a security of a mutual fund that is an affiliate of the registered firm and the names of the registered firm and the fund are sufficiently similar to disclose that they are affiliated.

Semi-annual confirmations for certain automatic plans

5.20 The requirement under section 5.18 [*confirmation of trade – general*] to send or deliver a confirmation promptly does not apply to a registered dealer in respect of a trade if

- (a) the client gave the dealer prior written notice that the trade is made under the client's participation in an automatic payment plan or an automatic withdrawal plan in which a trade is made at least monthly,

- (b) the registered dealer sent a confirmation as required under section 5.18 [*confirmation of trade – general*] for the first trade made under the plan after receiving the notice referred to under paragraph (a),
- (c) the trade is in a security of a mutual fund, scholarship plan, educational plan or educational trust, and
- (d) the registered dealer sends or delivers the information required under section 5.18 [*confirmation of trade – general*] for the trade semi-annually to the client or, if the client consents, to a registered adviser acting for the client.

Confirmation of trade – exemption

5.21 A registered dealer is not required to send or deliver to a client a written confirmation of a trade in a security of a mutual fund if the investment fund manager of the mutual fund sends or delivers the client a written confirmation containing the information required to be sent under section 5.18 [*confirmation of trade – general*].

Statements of account and portfolio

5.22 (1) A registered dealer must send or deliver a statement of account to each client not less than once every three months showing any debit or credit balance and the details of securities held for or owned by the client, unless the client has requested statements on a monthly basis in which case the registered dealer must send or deliver statements monthly.

(2) The statement required by subsection (1) must list the securities held for the client and indicate clearly which securities are held for safekeeping or in segregation.

(3) Subject to subsection (4), a registered adviser must send or deliver to each client not less than once every three months, a statement of the portfolio of the client under the registered adviser's management, unless the client has requested statements on a monthly basis in which case the registered adviser must send or deliver statements monthly.

(4) If a client has provided the consent referred to in subsection 5.18(1) [*confirmation of trade – general*], the registered adviser must send or deliver to the client not less than once every month, a statement of the portfolio of the client under the registered adviser's management.

Division 5: Compliance

Compliance system

- 5.23 (1)** A registered firm must establish, maintain and apply a system of controls and supervision sufficient to
- (a) provide reasonable assurance that the firm and each individual acting on its behalf complies with securities legislation, and
 - (b) manage the risks associated with its business in conformity with prudent business practices.
- (2) The system of controls referred to in subsection (1) must be documented in the form of written policies and procedures.

Ultimate designated person – functions

- 5.24** The ultimate designated person of a registered firm must
- (a) supervise the activities of the firm that are directed towards ensuring compliance with securities legislation by the firm and each individual acting on its behalf, and
 - (b) promote compliance with securities legislation within the firm.

Chief compliance officer – functions

- 5.25** The chief compliance officer of a registered firm must
- (a) establish and maintain policies and procedures for assessing compliance by the firm, and individuals acting on its behalf, with securities legislation,

- (b) monitor and assess compliance by the firm, and individuals acting on its behalf, with securities legislation,
- (c) report to the ultimate designated person as soon as practicable if the chief compliance officer becomes aware of any circumstances indicating that the firm, or any individual acting on its behalf, is in substantial non-compliance with securities legislation, and
- (d) submit an annual report to the board of directors or partnership for the purpose of assessing compliance by the firm, and individuals acting on its behalf, with securities legislation.

Access to board or partnership

5.26 A registered firm must permit its ultimate designated person and its chief compliance officer to directly access the board of directors or partnership at such times as either of them may independently deem necessary or advisable in view of his or her responsibilities.

Division 6: Complaint handling

Exemption for investment fund managers and exempt market dealers

5.27 This Division does not apply to

- (a) an investment fund manager, or
- (b) an exempt market dealer in respect of a permitted client.

Complaints

5.28 A registered firm must document, and effectively and fairly respond to, each complaint made to the registered firm about any product or service offered by the firm or a representative of the firm.

Dispute resolution service

5.29 (1) A registered firm must participate in an independent dispute resolution service unless required by securities legislation to use the dispute resolution service provided by the securities regulatory authority.

(2) If a person or company makes a complaint to a registered firm about any trading or advising activity of the firm or one of its representatives, the registered firm must as soon as practicable inform the person or company of how to contact and use

- (a) the dispute resolution service in which the firm participates, or
- (b) the dispute resolution service of the securities regulatory authority, if it provides a dispute resolution service.

Policies and procedures on complaint handling

5.30 A registered firm must have policies and procedures on documenting and responding to complaints made about its products and services.

Reporting to the securities regulatory authority

5.31 (1) On January 30 and July 30 of each year, a registered firm must deliver a report containing the following information to the securities regulatory authority:

- (a) each complaint made to the firm during the reporting period,
- (b) each complaint that was resolved during the reporting period,
- (c) each complaint that remained unresolved as of the end of the reporting period.

(2) In subsection (1), “reporting period” means, for information that must be delivered on

- (a) January 30, from July 1 to December 31 of the prior year, and
- (b) July 30, from January 1 to June 30 of the current year.

Firms registered in Québec

5.32 A registered firm in Québec complies with Division 6 if it complies with sections 168.1.1 to 168.1.3 of the Québec Securities Act.

Division 7: Non-resident registrants

Notice to clients

5.33 A registered firm whose head office is not located in the local jurisdiction must provide its clients in the local jurisdiction

- (a) a statement in writing disclosing the non-resident status of the registrant,
- (b) the registrant's jurisdiction of residence,
- (c) the name and address of the agent for service of process of the registrant in the local jurisdiction, and
- (d) the nature of risks to clients that legal rights may not be enforceable in the local jurisdiction.

Compliance with requests

5.34 A registered firm whose head office is not located in the local jurisdiction must comply with requests under the securities regulatory authority's investigation powers and orders under the securities legislation in the jurisdiction in relation to the firm's dealings with clients in the jurisdiction to the extent those powers and orders would be enforceable against the firm if the firm were resident in the jurisdiction.

Custody of assets

5.35 (1) A registered firm whose head office is not located in a jurisdiction of Canada must make reasonable efforts to ensure that all client assets are held

- (a) directly by the client,
 - (b) on behalf of the client by a custodian or sub-custodian that
 - (i) meets the guidelines prescribed for acting as a sub-custodian of the portfolio securities of a mutual fund in Part 6 of National Instrument 81-102 *Mutual Funds*, and
 - (ii) is subject to the Bank for International Settlements' framework for international convergence of capital measurement and capital standards, or
 - (c) on behalf of the client by a registered dealer that is a member of an SRO that is a member of Canadian Investor Protection Fund or other comparable compensation fund or contingency trust fund.
- (2)** Section 5.10 [*holding client assets in trust*] does not apply to a registered firm that is subject to subsection (1).

PART 6 – CONFLICTS OF INTEREST

Division 1: General

Identifying and responding to conflicts of interest

6.1 (1) A registered firm must make reasonable efforts to identify existing conflicts of interest and conflicts the registered firm, acting reasonably, would expect to arise between the firm, including each individual acting on the firm's behalf, and its clients.

- (2)** A registered firm must respond to a conflict of interest identified under subsection (1).

(3) If a client, acting reasonably, would expect to be informed of a conflict of interest identified under subsection (1), the registered firm must disclose the nature and extent of the conflict of interest to the client.

(4) This section does not apply to an investment fund manager in respect of an investment fund that is subject to National Instrument 81-107 *Independent Review Committee for Investment Funds*.

Prohibition on certain managed account transactions

- 6.2 (1) In this section, “responsible person” means, for a registered adviser,
- (a) the adviser, and
 - (b) each of the following who has access to, or participates in formulating, an investment decision to be made on behalf of a client of the adviser or advice to be given to a client of the adviser:
 - (i) a partner, director, officer, employee or agent of the adviser,
 - (ii) an affiliate of the adviser,
 - (iii) a partner, director, officer, employee or agent of an affiliate of the adviser,
 - (iv) an associate of a person or company listed in subparagraph (i), (ii) or (iii).
- (2) A registered adviser must not cause an investment portfolio managed by it to
- (a) purchase or sell a security of an issuer in which a responsible person is a partner, officer, director, or employee, or for which a responsible person is an agent, unless this fact is disclosed to the client and the written consent of the client to the purchase is obtained before the purchase,
 - (b) purchase or sell a security in which a responsible person has direct or indirect beneficial ownership, or over which a responsible person exercises control or direction, unless this fact is disclosed to the client and the client consents to the purchase in writing before the purchase,
 - (c) purchase or sell a security from or to another investment portfolio managed by the adviser or a responsible person including an investment fund for which the adviser or responsible person acts as adviser, or
 - (d) provide a guarantee or loan to a responsible person.

Registrant relationships

6.3 An individual registered as a dealing, advising or associate advising representative of a registered firm must not act as an officer, partner or director of another registered firm that is not an affiliate of the first-mentioned registered firm.

Issuer disclosure statement

- 6.4 (1) In this section, “issuer disclosure statement” means, for a registered firm,
- (a) a list of the related issuers of the registered firm,
 - (b) a concise statement of the nature of the relationship between the registered firm each related issuer of the registered firm, and
 - (c) in the course of a distribution, a concise statement of the nature of the relationship between the registered firm the connected issuers of the registered firm.
- (2) A registered firm must maintain a current issuer disclosure statement.
- (3) When a registrant opens an account for a client, the registrant must provide the client with a current issuer disclosure statement.

(4) If there is a significant change to a registered firm's issuer disclosure statement, the registered firm must make reasonable efforts to notify its clients of the change in a timely manner, and wherever practicable before the registrant next

- (a) purchases or sells, for the client, a security of a related issuer, or in the course of a distribution, a connected issuer, or
- (b) advises the client to purchase, sell or hold a security of a related issuer, or in the course of a distribution, a connected issuer.

(5) A registrant may notify a client under subsection (3) by providing the client with

- (a) a revised issuer disclosure statement, or
- (b) a written notice describing the change.

(6) For the purposes of this section, "related issuer" and "connected issuer" do not include a mutual fund that is an affiliate of a registered firm if the names of the registered firm and the mutual fund are sufficiently similar to disclose that they are affiliated.

(7) This section does not apply to a registered firm if it does not act as an adviser or a dealer in respect of,

- (a) its own securities,
- (b) securities of a related issuer of the registered firm, or
- (c) in the course of a distribution, securities of a connected issuer of the registered firm.

(8) This section does not apply to a registered dealer in respect of a client if

- (a) the dealer does not trade for the client other than to execute the client's order to purchase or sell a security,
- (b) the dealer does not advise the client in respect of trades, and
- (c) the restrictions described in paragraphs (a) and (b) are set out in the dealer's account agreement with the client.

Recommendations

6.5 A registered firm must not make a recommendation in any medium of communication to buy, sell or hold its own securities, securities of a related issuer or, in the course of a distribution, securities of a connected issuer of the registered firm, unless

- (a) the recommendation is in a publication that
 - (i) is published or distributed by the registered firm regularly in the ordinary course of its business, and
 - (ii) includes in a conspicuous position and large type, a complete statement of the relationship or connection between the registered firm and the issuer,
- (b) the registered firm is acting as an underwriter in a distribution of the securities,
- (c) the recommendation is in respect of a security of a mutual fund that is an affiliate of the registered firm and the names of the registered firm and the fund are sufficiently similar to disclose that they are affiliated, or
- (d) the recommendation is in respect of a security of a scholarship or educational plan or trust that is an affiliate of the registered firm and the names of the registered firm and the scholarship or educational plan or trust are sufficiently similar to disclose that they are affiliated.

Limitations on advising

6.6 (1) A registered firm must not act as an adviser in respect of a security of the registered firm, a related issuer of the registered firm or, in the course of a distribution, a connected issuer of the registered firm.

(2) Subsection (1) does not apply if

- (a) the registered firm is acting as an adviser in respect of a fully-managed account and the transaction is made in accordance with subsection 4.1(4) of National Instrument 81-102 *Mutual Funds*,
- (b) the registered firm is acting as an adviser in respect of an account that is not a fully-managed account and the registered firm, before or concurrently with providing the advice, makes a written or oral statement to the client of the relationship between the registered firm and the issuer of the securities,
- (c) the client is a registered dealer, or
- (d) the client is a related issuer of the registered firm.

Allocating investment opportunities fairly

6.7 (1) A registered adviser must ensure fairness in allocating investment opportunities among its clients.

(2) A registered adviser must provide a client with a copy of the written policies required under section 5.23 [*compliance system*] that respond to the requirement under subsection (1)

- (a) when the adviser opens an account for the client, and
- (b) if there is a significant change to the policies last provided to the client, the earlier of
 - (i) the 45th day after the date the policies were changed, or
 - (ii) as soon as practicable after next advising the client to purchase, sell or hold a security.

Acquiring a registered firm's securities or assets

6.8 (1) A person or company must give the regulator written notice at least 30 days before the acquisition if it proposes to acquire,

- (a) directly or indirectly, beneficial ownership of, or control or direction over, ten per cent or more of the securities of a registered firm, or
- (b) a substantial part of the assets of a registered firm.

(2) The notice required under subsection (1) must include all relevant facts regarding the acquisition to permit the regulator to determine if it is

- (i) likely to give rise to conflicts of interest,
- (ii) likely to hinder the registered firm in complying with securities legislation,
- (iii) inconsistent with an adequate level of investor protection, or
- (iv) otherwise prejudicial to the public interest.

(3) If, within 30 days of the regulator's receipt of a notice under subsection (1), the regulator notifies the person or company making the acquisition that the regulator objects to the acquisition, the acquisition must not occur until the regulator approves it.

(4) Following receipt of a notice of objection under subsection (3), the person or company who submitted the notice to the regulator may request the regulator to hold a hearing on the matter.

(5) Subsection (1) does not apply to

- (a) an acquisition by a registered firm in the ordinary course of its business of trading in securities, or
- (b) an amalgamation, merger, arrangement or reorganization in which the direct or indirect beneficial ownership of a registered firm does not change.

Settling securities transactions

6.9 A registered firm must not require a person or company to settle that person's or company's transaction with the registered firm through that person's or company's account at a Canadian financial institution as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying a product or service, unless this method of settlement is reasonably necessary to provide the specific product or service that the person or company has requested.

Tied selling

6.10 No person or company shall require another person or company

- (a) to buy, sell or hold particular securities as a condition, or on terms that would appear to a reasonable person to be a condition, of supplying or continuing to supply products or services, or
- (b) to buy, sell or use any products or services as a condition, or on terms that would appear to a reasonable person to be a condition, of buying or selling particular securities.

Division 2: Referral arrangements

Definitions – referral arrangements

6.11 For the purposes of this section to section 6.15 [*application and transition to prior referral arrangements*]

“client” includes a prospective client;

“referral arrangement” means any arrangement in which a registrant agrees to pay or receive a referral fee; and

“referral fee” means any form of compensation, direct or indirect, paid for the referral of a client to or from a registrant.

Permitted referral arrangements

6.12 A registrant must not participate in a referral arrangement unless,

- (a) before a client is referred by or to the registrant, the terms of the referral arrangement are set out in a written agreement between
 - (i) the registrant,
 - (ii) the person or company making or receiving the referral, and
 - (iii) if the registrant is a registered individual, the registered firm on whose behalf the registered individual acts,
- (b) the registrant or, if the registrant acts on behalf of a registered firm, the registered firm, records all referral fees on its records, and
- (c) the registrant ensures that the information prescribed by subsection 6.13(1) [*disclosing referral arrangements to clients*] is provided to the client in writing before the earlier of opening the client's account or any services are provided to the client under the referral arrangement.

Disclosing referral arrangements to clients

6.13 (1) Written disclosure of the referral arrangement as required by subsection 6.12(c) [*permitted referral arrangements*] must include the following:

- (a) the name of each party to the referral arrangement;

- (b) the purpose and material terms of the referral arrangement, including the nature of the services to be provided by each party;
- (c) any conflicts of interest resulting from the relationship between the parties to the referral arrangement and from any other element of the referral arrangement;
- (d) the method of calculating the referral fee and, to the extent possible, the amount of the fee;
- (e) the category of registration of each registrant that is a party to the agreement with a description of the activities that the registrant is authorized to engage in under that category and, giving consideration to the nature of the referral, the activities that the registrant is not permitted to engage in;
- (f) if a referral is made to a registrant, a statement that all activity requiring registration resulting from the referral arrangement will be provided by the registrant receiving the referral; and
- (g) any other information that a reasonable client would consider important in evaluating the referral arrangement.

(2) If there is a change to the information set out in subsection (1), the registrant must ensure that written disclosure of that change is provided to each client affected by the change as soon as practicable and no later than the 30th day before the date on which a referral fee is next paid or received.

Reasonable diligence when referring clients

6.14 A registrant that refers a client to another person or company must take reasonable steps to satisfy itself that the person or company has the appropriate qualifications to provide the services, and if applicable, is registered to provide those services.

Application and transition to prior referral arrangements

6.15 (1) Sections 6.12 [*permitted referral arrangements*] to 6.14 [*reasonable diligence when referring clients*] apply to a referral arrangement entered into before this Instrument came into force if a referral fee is paid under the referral arrangement after this Instrument comes into force.

(2) Subsection (1) does not apply until the 180th day after this Instrument comes into force.

PART 7 – SUSPENSION AND REVOCATION OF REGISTRATION

Activities requiring registration are prohibited

7.1 If the registration of a registered firm or a registered individual in a category is suspended, he, she or it must not act as a dealer, an adviser, or an investment fund manager in that category.

Suspension of registered firm

7.2 If the registration of a registered firm in a category is suspended, the registration of each registered dealing, advising or associate advising representative in that category is suspended.

Suspension of IDA approval

7.3 (1) If the IDA revokes or suspends a registered firm's membership, the firm's registration in the category of investment dealer is suspended.

(2) If the IDA revokes or suspends a registered individual's approval, the individual's registration in the category of investment dealer is suspended.

Suspension of MFDA approval

7.4 (1) If the MFDA revokes or suspends a registered firm's membership, the firm's registration in the category of mutual fund dealer is suspended.

(2) If the MFDA revokes or suspends a registered individual's approval, the individual's registration in the category of mutual fund dealer is suspended.

- (3) This section does not apply in Québec.

Failure to pay fees

7.5 (1) A registered firm is suspended on the 30th day after the date its annual fees were due if the firm has not paid its annual fees.

- (2) In subsection (1), “annual fees” means
- (a) in Alberta, the fee required under section 8 of Alta. Reg. 115/95 – Securities Regulation,
 - (b) in British Columbia, the fee required under section 22 of *Securities Regulation B.C. Reg 196/97*,
 - (c) in Québec, the fee required under section 271.5 of the Québec Securities Regulation,
 - (d) in Ontario, the participation fee required under Ontario Securities Commission Rule 13-502 *Fees*, and
 - (e) in Saskatchewan, the annual registration fee required to be paid by a registrant under section 176 of *The Securities Regulations (Saskatchewan)*.

Termination of employment, etc.

7.6 If a registered individual ceases to have an employment, partnership or agency relationship with a registered firm, the individual's registration with the registered firm is suspended on the date the relationship ceased.

Revocation of registration

7.7 If a registration has been suspended under this Part and it has not been reinstated, the registration is revoked on the second anniversary following the suspension.

Exception – hearing

7.8 Despite 7.7 [*revocation of registration*], if a hearing concerning a suspended registrant is commenced under the Act, the registration remains suspended until a decision has been made by the regulator or the securities regulatory authority.

PART 8 – EXEMPTIONS FROM REGISTRATION

Division 1: General

Interpretation

8.1 (1) In this Division, each of the following terms has the same meaning ascribed to the term in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions*: “director”, “executive officer”, “person” and “subsidiary”.

(2) In this Division, an exemption from the dealer registration requirement is deemed to be an exemption from the underwriter registration requirement.

Investment fund distributing through dealer

8.2 The dealer registration requirement does not apply to an investment fund or the investment fund manager of the fund that distributes a security of the investment fund's own issue only through a registered dealer.

Issuer distributing through dealer

8.3 The dealer registration requirement does not apply to an issuer that is trading in securities for the purpose of distributing a security of its own issue for its own account if the trading is done only through a registered dealer.

Investment fund reinvestment

8.4 (1) Subject to subsections (3), (4) and (5), the dealer registration requirement does not apply to an investment fund or the investment fund manager of the fund trading in a security with a security holder of the investment fund if the trade is permitted by a plan of the investment fund and is in a security of the investment fund's own issue if

- (a) a dividend or distribution out of earnings, surplus, capital or other sources payable in respect of the investments fund's securities are applied to the purchase of the security that is of the same class or series as the securities to which the dividends or distributions out of earnings, surplus, capital or other sources are attributable, or
- (b) subject to subsection (2), the security holder makes an optional cash payment to purchase the security of the investment fund that is of the same class or series of securities described in paragraph (a) that trade on a marketplace.

(2) The aggregate number of securities issued under the optional cash payment referred to in paragraph (1)(b) must not exceed, in any fiscal year of the investment fund during which the trade takes place, two per cent of the issued and outstanding securities of the class to which the plan relates as at the beginning of the fiscal year.

(3) A plan that permits a trade described in subsection (1) must be available to every security holder in Canada to which the dividend or distribution is out of earnings, surplus, capital or other sources available.

(4) No sales charge is payable on a trade described in subsection (1).

(5) The most recent prospectus of the investment fund, if any, must set out

- (a) details of any deferred or contingent sales charge or redemption fee that is payable at the time of the redemption of the security,
- (b) any right that the security holder has to make an election to receive cash instead of securities on the payment of a dividend or making of a distribution by the investment fund, and
- (c) instructions on how the right referred to in paragraph (b) can be exercised.

Additional investment in investment funds

8.5 The dealer registration requirement does not apply to an investment fund or the investment fund manager of the fund in respect of a trade in a security of the investment fund's own issue with a security holder of the investment fund if

- (a) the security holder initially acquired securities of the investment fund as principal for an acquisition cost of not less than \$150,000 paid in cash at the time of the trade,
- (b) the trade is for a security of the same class or series as the securities initially acquired, as described in paragraph (a), and
- (c) the security holder, as at the date of the trade, holds securities of the investment fund that have
 - (i) an acquisition cost of not less than \$150,000, or
 - (ii) a net asset value of not less than \$150,000.

Private investment fund - loan and trust pools

8.6 (1) The dealer registration requirement does not apply in respect of a trade in a security of an investment fund if the investment fund

- (a) is administered by a trust company or trust corporation that is registered or authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada,
- (b) has no promoter or manager other than the trust company or trust corporation referred to in paragraph (a), and
- (c) co-mingles the money of different estates and trusts for the purpose of facilitating investment.

(2) Despite subsection (1), a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada is not a trust company or trust corporation for the purpose of paragraph (1)(a).

(3) The investment fund manager registration requirement does not apply to a trust company or trust corporation that administers an investment fund referred to in subsection (1).

Private investment club – investment fund manager exemption

8.7 The investment fund manager registration requirement does not apply to a person or company that directs the business, operations or affairs of an investment fund if the investment fund

- (a) has no more than 50 beneficial security holders,
- (b) does not seek and has never sought to borrow money from the public,
- (c) does not and has never distributed its securities to the public,
- (d) does not pay or give any remuneration for investment advice or in respect of trades in securities, except normal brokerage fees, and
- (e) for the purpose of financing the operations of the investment fund, requires holders to make contributions in proportion to the value of the securities held by them.

Mortgages

8.8 (1) In this section, “syndicated mortgage” means a mortgage in which two or more persons participate, directly or indirectly, as lenders in the debt obligation that is secured by the mortgage.

(2) Subject to subsection (3), the dealer registration requirement does not apply in respect of a trade in a mortgage on real property in a jurisdiction of Canada by a person who is registered or licensed, or exempted from registration or licensing, under mortgage brokerage or mortgage dealer legislation of that jurisdiction.

(3) In Alberta, British Columbia, Manitoba, Québec and Saskatchewan, subsection (2) does not apply in respect of a trade in a syndicated mortgage.

Personal Property Security legislation

8.9 The dealer registration requirement does not apply in respect of a trade in a security evidencing indebtedness secured by or under a security agreement, secured in accordance with personal property security legislation of a jurisdiction of Canada that provides for the granting of security in personal property.

Variable insurance contract

8.10 (1) In this section,

“contract”, “group insurance”, “insurance company”, “life insurance” and “policy” have the respective meanings assigned to them in the legislation for a jurisdiction referenced in Appendix A of National Instrument 45-106 *Prospectus and Registration Exemptions*; and

“variable insurance contract” means a contract of life insurance under which the interest of the purchaser is valued for purposes of conversion or surrender by reference to the value of a proportionate interest in a specified portfolio of assets.

(2) The dealer registration requirement does not apply in respect of a trade in a variable insurance contract by an insurance company if the variable insurance contract is

- (a) a contract of group insurance,
- (b) a whole life insurance contract providing for the payment at maturity of an amount not less than 75 per cent of the premium paid up to age 75 years for a benefit payable at maturity,
- (c) an arrangement for the investment of policy dividends and policy proceeds in a separate and distinct fund to which contributions are made only from policy dividends and policy proceeds, or
- (d) a variable life annuity.

Schedule III banks and cooperative associations - evidence of deposit

8.11 The dealer registration requirement does not apply in respect of a trade in an evidence of deposit issued by a Schedule III bank or an association governed by the *Cooperative Credit Associations Act* (Canada).

Plan administrators

8.12 (1) The dealer registration requirement does not apply in respect of a trade of a security of an issuer by a trustee, custodian, or administrator acting on behalf of, or for the benefit of employees, executive officers, directors or consultants of the issuer or of a related entity of the issuer with

- (a) the issuer,
- (b) a current or former employee, executive officer, director or consultant of the issuer or a related entity of the issuer,
- (c) a permitted assign of a person referred to in paragraph (b),

if the trade is pursuant to a plan of the issuer and the security is obtained directly from the issuer or from a current or former employee, executive officer, director or consultant of the issuer or of a related entity of the issuer or through a registered dealer.

(2) In this section,

“consultant” has the same meaning as in section 2.22 of National Instrument 45-106 *Prospectus and Registration Exemptions*;

“permitted assign” has the same meaning as in section 2.22 of National Instrument 45-106 *Prospectus and Registration Exemptions*;

“plan” means a plan or program established or maintained by an issuer providing for the acquisition of securities of the issuer by employees, executive officers, directors or consultants of the issuer or of a related entity of the issuer; and

“related entity” has the same meaning as in section 2.22 of National Instrument 45-106 *Prospectus and Registration Exemptions*.

Reinvestment plan

8.13 (1) Subject to subsections (3), (4) and (5), the dealer registration requirement does not apply in respect of the following trades by an issuer, or by a trustee, custodian or administrator acting for or on behalf of the issuer, to a security holder of the issuer if the trades are permitted by a plan of the issuer:

- (a) a trade in a security of the issuer’s own issue if a dividend or distribution out of earnings, surplus, capital or other sources payable in respect of the issuer’s securities is applied to the purchase of the security, and
- (b) subject to subsection (2), a trade in a security of the issuer’s own issue if the security holder makes an optional cash payment to purchase the security of the issuer that trades on a marketplace.

(2) The aggregate number of securities issued under the optional cash payment referred to in subsection (1)(b) must not exceed, in any financial year of the issuer during which the trade takes place, 2% of the issued and outstanding securities of the class to which the plan relates as at the beginning of the financial year.

(3) A plan that permits the trades described in subsection (1) must be available to every security holder in Canada to which the dividend or distribution out of earnings, surplus, capital or other sources is available.

(4) This section does not apply to a trade in a security of an investment fund.

(5) Subject to section 8.4.1 [*transition – reinvestment plan*] of National Instrument 45-106, if the security traded under a plan described in subsection (1) is of a different class or series than the security to which the dividend or distribution is attributable, the issuer or the trustee, custodian or administrator must have provided to each participant that is eligible to receive a security under the plan either a description of the material attributes and characteristics of the security traded under the plan or notice of a source from which the participant can obtain the information without charge.

Advising generally

8.14 (1) The adviser registration requirement does not apply to a person or company that engages in, or holds himself, herself or itself out as engaging in, the business of advising others, either through direct advice or through publications or other media, as to the investing in or the buying or selling of securities, including classes of securities and the securities of a class of issuers, not purporting to be tailored to the needs of the person or company receiving the advice.

(2) If a person or company that is exempt from the adviser registration requirement by reason of subsection (1) recommends buying, selling or holding a specified security, a class of securities or the securities of a class of issuers in which any of the following has a financial or other interest, the adviser must disclose the interest concurrently with providing the advice:

- (a) the adviser;
- (b) any partner, director or officer of the adviser;
- (c) any person or company that would be an insider of the adviser if the adviser were a reporting issuer.

(3) For the purpose of subsection (2), “financial or other interest” includes

- (a) ownership, beneficial or otherwise, in the security or in another security issued by the same issuer,
- (b) an option in the security, including the terms of the option,
- (c) a commission or other compensation received, or expected to be received, from any person or company in connection with a trade in the security,
- (d) a financial arrangement regarding the security with any person or company, and
- (e) a financial arrangement with any underwriter or other person or company who has any interest in the securities.

International dealer

8.15 (1) In this section

“debt security” has the same meaning as in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions*;

“foreign security” means

- (a) a security issued by an issuer incorporated, formed or created under the laws of a jurisdiction other than Canada or any province or territory of Canada, and
- (b) a security issued by a country other than Canada or by any political division of the country;

“international dealer” means a dealer that is registered under the securities legislation of the foreign jurisdiction in which its head office or principal place of business is located in a category of registration that permits the dealer to carry on the activities in that jurisdiction that registration as a dealer would permit the dealer to carry on in the local jurisdiction.

(2) Subject to subsection (3), the registration requirement does not apply to an international dealer

- (a) carrying on those activities, other than sales of securities, that are reasonably necessary to facilitate a distribution of securities that are offered primarily abroad,
- (b) trading in debt securities with a permitted client in the course of a distribution, where the debt securities are offered primarily abroad and a prospectus has not been filed with a Canadian securities regulatory authority for the distribution,
- (c) trading in a debt security that is a foreign security with a permitted client, other than in the course of the distribution by which the foreign debt security was issued,
- (d) trading in foreign securities with a permitted client, except in the course of a distribution for which a prospectus has been filed with a Canadian securities regulatory authority,

- (e) trading in foreign securities with an investment dealer, or
- (f) trading in any securities with an investment dealer that is acting as principal

if the international dealer is acting as principal or as agent for the issuer of the securities, for another permitted client, or for a person that is not a resident of Canada.

(3) An international dealer may not rely on subsection (2) unless it has delivered to the securities regulatory authority an executed Form 35-101F1 *Submission to Jurisdiction and Appointment of Agent for Service*.

(4) An international dealer may not rely on subsection (2) to trade with a permitted unless it first notifies the client,

- (i) that it is not registered in Canada,
- (ii) of the international dealer's jurisdiction of residence,
- (iii) of the name and address of the agent for service of process of the international dealer in the local jurisdiction, and
- (iv) that there may be difficulty enforcing legal rights against the international dealer because it is resident outside Canada and all or substantially all of its assets are situated outside Canada.

(5) For the purpose of subsection (4), "permitted client" excludes a person or company referred to in paragraph (d) of the definition of permitted client in section 1.1.

International adviser

8.16 (1) In this section

"international adviser" means an adviser that

- (a) has its head office or principal place of business in a foreign jurisdiction,
- (b) is registered, or operates under an exemption from registration, under the securities legislation of the foreign jurisdiction in which its head office or principal place of business is located in a category of registration that permits it to carry on the activities in that jurisdiction that a registered adviser is permitted to carry on in the local jurisdiction, and
- (c) engages in the business of an adviser in the foreign jurisdiction in which its head office or principal place of business is located.

(2) The adviser registration requirement does not apply to an international adviser that is acting as an adviser for a permitted client if

- (a) it delivers to the securities regulatory authority, before relying on this subsection, an executed Form 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service*,
- (b) it notifies the client, before advising the client,
 - (i) that it is not registered in Canada,
 - (ii) of the international adviser's jurisdiction of residence,
 - (iii) of the name and address of the agent for service of process of the international adviser in the local jurisdiction, and
 - (iv) that there may be difficulty enforcing legal rights against the international adviser because it is resident outside Canada and all or substantially all of its assets are situated outside Canada,

- (c) it does not advise clients in Canada with respect to securities of Canadian issuers, unless providing advice on securities of a Canadian issuer is incidental to providing advice on securities of a foreign issuer, and
- (d) during its most recent fiscal year, not more than ten per cent of the aggregate consolidated gross revenue of the international adviser, its affiliates and its affiliated partnerships is derived from the portfolio management activities of the international adviser, its affiliates and its affiliated partnerships in Canada.

Sub-advisers

8.17 The adviser registration requirement does not apply to a person or company, not ordinarily resident in the jurisdiction, in connection with that person or company acting as an adviser for a registered adviser, or for a dealer acting as a portfolio manager as permitted by section 2.5 [*exemption from adviser registration for IDA members with discretionary authority*], if

- (a) the obligations and duties of the person or company so acting as an adviser are set out in a written agreement with the registrant,
- (b) the registrant contractually agrees with its clients on whose behalf investment advice is or portfolio management services are to be provided to be responsible for any loss that arises out of the failure of the person or company so acting as an adviser
 - (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the registrant and each client of the registrant for whose benefit the advice is or portfolio management services are to be provided, or
 - (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances,
- (c) the registrant cannot be relieved by its clients from its responsibility for loss under paragraph (b),
- (d) the person or company so acting as an adviser, if a resident of a jurisdiction, is registered as an adviser in the jurisdiction,
- (e) the person or company so acting as an adviser has no direct contact with the registrant's clients unless the registrant is present, and
- (f) in Manitoba, the person or company so acting as an adviser is not registered in any jurisdiction of Canada.

Self-directed registered educational savings plans

8.18 The dealer registration requirement does not apply to a trade in a self-directed RESP to a subscriber if

- (a) the trade is made by
 - (i) a mutual fund dealer or a person who is registered as a dealing representative of a mutual fund dealer and who is acting on behalf of the mutual fund dealer, or
 - (ii) a Canadian financial institution or, in Ontario, a financial intermediary or a person who is an officer, salesperson or employee of a Canadian financial institution or, in Ontario, a financial intermediary and who is acting on behalf of the Canadian financial institution or, in Ontario, the financial intermediary, and
- (b) the self-directed RESP restricts its investments in securities to securities in which the person or company who traded the self-directed RESP is permitted to trade.

Specified debt

8.19 (1) In this section, "permitted supranational agency" means

- (a) the African Development Bank, established by the Agreement Establishing the African Development Bank which came into force on September 10, 1964, that Canada became a member of on December 30, 1982;
 - (b) the Asian Development Bank, established under a resolution adopted by the United Nations Economic and Social Commission for Asia and the Pacific in 1965;
 - (c) the Caribbean Development Bank, established by the Agreement Establishing the Caribbean Development Bank which came into force on January 26, 1970, as amended, that Canada is a founding member of;
 - (d) the European Bank for Reconstruction and Development, established by the Agreement Establishing the European Bank for Reconstruction and Development and approved by the *European Bank for Reconstruction and Development Agreement Act (Canada)*, that Canada is a founding member of;
 - (e) the Inter-American Development Bank, established by the Agreement establishing the Inter-American Development Bank which became effective December 30, 1959, as amended from time to time, that Canada is a member of;
 - (f) the International Bank for Reconstruction and Development, established by the Agreement for an International Bank for Reconstruction and Development approved by the *Bretton Woods and Related Agreements Act (Canada)*; and
 - (g) the International Finance Corporation, established by Articles of Agreement approved by the *Bretton Woods and Related Agreements Act (Canada)*.
- (2) The dealer registration requirement does not apply to a trade of a debt security
- (a) of or guaranteed by the Government of Canada or the government of a jurisdiction of Canada,
 - (b) of or guaranteed by a government of a foreign jurisdiction if the debt security has an approved credit rating from an approved credit rating organization,
 - (c) of or guaranteed by any municipal corporation in Canada, or secured by or payable out of rates or taxes levied under the law of a jurisdiction of Canada on property in the jurisdiction and to be collected by or through the municipality in which the property is situated,
 - (d) of or guaranteed by a Canadian financial institution or a Schedule III bank, other than debt securities that are subordinate in right of payment to deposits held by the issuer or guarantor of those debt securities,
 - (e) of the Comité de gestion de la taxe scolaire de l'île de Montréal, or
 - (f) of or guaranteed by a permitted supranational agency if the debt securities are payable in the currency of Canada or the United States of America.

Division 2: Mobility exemptions

Definitions – mobility exemptions

8.20 In this Division,

“eligible client” means, for a person or company, a client of the person or company if the client

- (a) is an individual and was a client of the person or company immediately before the client became a resident of the local jurisdiction, or
- (b) is a spouse or child of a client referred to in paragraph (a);

“NI 31-101” means National Instrument 31-101 *National Registration System*;

“non-principal jurisdiction” means, for a person or company, each jurisdiction of Canada that is not the principal jurisdiction of the person or company;

“principal jurisdiction” means, for a person or company, the jurisdiction of the principal regulator;

“principal regulator” means

- (a) for a person or company other than an individual, the securities regulatory authority or the regulator in the jurisdiction of Canada in which the person or company’s head office is located, and
- (b) for an individual, the securities regulatory authority or the regulator in the jurisdiction of Canada in which the individual’s working office is located; and

“working office” has the same meaning as in NI 31-101.

Notice to non-principal regulator

8.21 (1) As soon as practicable after relying on an exemption under section 8.23 [*mobility exemption – registered firm*] or section 8.24 [*mobility exemption – registered individual*], the person or company must file a completed Form 31-103F3.

(2) Subsection (1) does not apply if the person or company is required to file Form 31-101F1 or Form 31-101F2 under NI 31-101.

Notice of change of principal regulator

8.22 (1) A person or company relying on section 8.23 [*mobility exemption – registered firm*] or section 8.24 [*mobility exemption – registered individual*] must file a completed Form 31-103F3, as soon as practicable, if

- (a) for a person or company, other than an individual, the person or company changes its head office to another principal jurisdiction, or
- (b) for an individual, the location of the individual’s working office changes to another principal jurisdiction.

(2) Subsection (1) does not apply if a person or company is required to file Form 31-101F2 under NI 31-101.

Mobility exemption – registered firm

8.23 If the local jurisdiction is a non-principal jurisdiction, the registration requirement does not apply to a person or company if the person or company

- (a) is registered as a dealer or adviser in its principal jurisdiction,
- (b) is trading or advising in securities with an eligible client,
- (c) does not trade or advise in securities in the local jurisdiction other than as it is permitted to in its principal jurisdiction according to its category of registration,
- (d) has 10 or fewer eligible clients in the local jurisdiction, and
- (e) complies with section 8.25 [*mobility exemption conditions*].

Mobility exemption – registered individual

8.24 If the local jurisdiction is a non-principal jurisdiction, the registration requirement does not apply to an individual if

- (a) the individual is registered in his or her principal jurisdiction as a dealing, advising or associate advising representative,
- (b) the individual’s registered firm is registered in its principal jurisdiction,
- (c) the individual is trading or advising in securities with an eligible client,
- (d) the individual does not trade or advise in securities in the local jurisdiction other than as it is permitted to in its principal jurisdiction according to its category of registration,

- (e) in the local jurisdiction, the individual trades or advises in securities for no more than five eligible clients, and
- (f) the individual complies with section 8.25 [*mobility exemption conditions*].

Mobility exemption conditions

8.25 For the purposes of paragraphs 8.23(e) and 8.24(f) the person or company must

- (a) disclose to an eligible client, before it relies on an exemption in section 8.23 [*mobility exemption – registered firm*] or 8.24 [*mobility exemption – registered individual*], that the person or company
 - (i) is exempt from registration in the local jurisdiction, and
 - (ii) is not subject to requirements otherwise applicable under local securities legislation, and
- (b) act fairly, honestly and in good faith in the course of its dealings with an eligible client.

PART 9 – EXEMPTION

Exemption

9.1 (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

PART 10 – TRANSITION

Change of registration categories – firms

10.1 On the date this Instrument comes into force, a person or company registered in a category referred to in

- (a) column 1 of Appendix C [*new category names – firms*], opposite the name of the local jurisdiction, is deemed to be registered as an investment dealer,
- (b) column 2 of Appendix C [*new category names – firms*], opposite the name of the local jurisdiction, is deemed to be registered as a mutual fund dealer,
- (c) column 3 of Appendix C [*new category names – firms*], opposite the name of the local jurisdiction, is deemed to be registered as a scholarship plan dealer,
- (d) column 4 of Appendix C [*new category names – firms*], opposite the name of the local jurisdiction, is deemed to be registered as a restricted dealer,
- (e) column 5 of Appendix C [*new category names – firms*], opposite the name of the local jurisdiction, is deemed to be registered as a portfolio manager, and
- (f) column 6 of Appendix C [*new category names – firms*], opposite the name of the local jurisdiction, is deemed to be registered as a restricted portfolio manager.

(2) In Ontario and Newfoundland and Labrador, a person or company registered as a limited market dealer or an international dealer on the date this Instrument comes into force is deemed to be registered as an exempt market dealer.

Change of registration categories – individuals

10.2 On the date this Instrument comes into force, an individual registered in a category referred to in

- (a) column 1 of Appendix D [*new category names – individuals*], opposite the name of the local jurisdiction, is deemed to be registered as a dealing representative,

- (b) column 2 of Appendix D [*new category names – individuals*], opposite the name of the local jurisdiction, is deemed to be registered as an advising representative, and
- (c) column 3 of Appendix D [*new category names – individuals*], opposite the name of the local jurisdiction, is deemed to be registered as an associate advising representative.

Registration of investment fund managers

10.3 (1) The requirement to register as an investment fund manager does not apply to a person or company that is acting as an investment fund manager on the date this Instrument comes into force

- (a) until six months after this Instrument comes into force, or
- (b) if the person or company applies for registration as an investment fund manager within six months of this Instrument coming into force, until the regulator has accepted or refused the registration.

(2) Despite paragraph 4.18(2)(c) [*capital requirement*], for the purpose of calculating excess working capital, the minimum capital is \$50,000 for a registered dealer or registered adviser that is acting as an investment fund manager on the date this Instrument comes into force.

(3) Subsection (2) expires six months after this Instrument comes into force.

(4) Section 4.23 [*insurance – investment fund manager*] does not apply to a registered dealer or registered adviser that is acting as an investment fund manager on the date this Instrument comes into force.

(5) Subsection (4) expires six months after this Instrument comes into force.

Registration of exempt market dealers

10.4 (1) In this section, “a dealer in the exempt market” means

- (a) a dealer who trades in securities referred to in subparagraph 2.1(1)(d)(i) (A), (B) or (C), or
- (b) a person or company who acts as an underwriter in respect of a distribution of securities that may be made under an exemption from the prospectus requirement.

(2) Despite section 2.1 [*dealer and underwriter categories*], a person or company that is a registered firm on the date this Instrument comes into force and is a dealer in the exempt market on that date, is not required to register as an exempt market dealer

- (a) until six months after this Instrument comes into force, or
- (b) if the dealer applies for registration as an exempt market dealer within six months of this Instrument coming into force, until the regulator has accepted or refused the registration.

(3) Despite section 2.7 [*individual categories*], an individual who is a registered individual on the date this Instrument comes into force and is a dealer in the exempt market on that date, is not required to register as a dealing representative of an exempt market dealer

- (a) until six months after this Instrument comes into force, or
- (b) if the individual applies to be registered as a dealing representative of an exempt market dealer within six months of this Instrument coming into force, until the regulator has accepted or refused the registration.

(4) A person or company that is not registered under securities legislation and is a dealer in the exempt market on the date this Instrument comes into force, is exempt from the dealer registration requirement and the underwriter registration requirement

- (a) until six months after this Instrument comes into force, or

- (b) if the person or company applies for registration as an exempt market dealer, or a dealing representative of an exempt market dealer within six months of this Instrument coming into force, until the regulator has accepted or refused the registration.

(5) Despite section 4.16 [*grandfathered registrants*], an individual who is a dealer in the exempt market on the date this Instrument comes into force is exempt from section 4.9 [*exempt market dealer – dealing representative*] until 12 months after this Instrument comes into force.

Registration of ultimate designated persons

10.5 If a person or company is a registered firm on the date this Instrument comes into force, section 2.9 [*ultimate designated person*] does not apply to the firm

- (a) until one month after this Instrument comes into force, or
- (b) if an individual applies to be registered as the ultimate designated person of the firm within one month of this Instrument coming into force, until the regulator has accepted or refused the registration.

Registration of chief compliance officers

10.6 (1) If a person or company is a registered firm on the date this Instrument comes into force, section 2.10 [*chief compliance officer*] does not apply to the firm

- (a) until one month after this Instrument comes into force, or
- (b) if an individual applies to be registered as the chief compliance officer of the firm within one month of this Instrument coming into force, until the regulator has accepted or refused the registration.

(2) If an individual applies, within one month of this Instrument coming into force, to be registered as the chief compliance officer of a person or company that is a registered firm on the date this Instrument comes into force, Division 1 [*proficiency requirements*] of Part 4 does not apply in respect of the individual.

(3) Despite subsection (2), if an individual applies, within six months of this Instrument coming into force, to be registered as the chief compliance officer of a person or company that is acting as an investment fund manager on the date this Instrument comes into force, section 4.15 [*investment fund manager – chief compliance officer*] does not apply in respect of the individual until 12 months after this Instrument comes into force.

(4) Despite subsection (2), if an individual applies, within six months of this Instrument coming into force, to be registered as the chief compliance officer of a person or company that is a dealer in the exempt market on the date this Instrument comes into force, section 4.10 [*exempt market dealer – chief compliance officer*] does not apply in respect of the individual until 12 months after this Instrument comes into force.

- (5) In subsection (4), “a dealer in the exempt market” means
 - (a) a dealer who trades in securities referred to in subparagraph 2.1(1)(d)(i) (A), (B) or (C), or
 - (b) a person or company who acts as an underwriter in respect of a distribution of securities that may be made under an exemption from the prospectus requirement.

Relationship disclosure information

10.7 (1) Section 5.4 [*providing relationship disclosure information*] does not apply to a person or company that is a registrant on the date this Instrument comes into force.

- (2) Subsection (1) expires 6 months after this Instrument comes into force.

Complaint handling

10.8 (1) In each jurisdiction of Canada except Québec, a person or company that is a registered firm on the date this Instrument comes into force is exempt from section 5.29 [*dispute resolution service*] and section 5.31 [*reporting to the securities regulatory authority*].

- (2) Subsection (1) expires 6 months after this Instrument comes into force.

Referral arrangements

10.9 (1) Division 2 [*referral arrangements*] of Part 6 does not apply to a person or company that is a registrant on the date this Instrument comes into force.

- (2) Subsection (1) expires 6 months after this Instrument comes into force.

Capital requirements

10.10 (1) A person or company that is a registered firm on the date this Instrument comes into force is exempt from sections 4.18 [*capital requirement*] to 4.20 [*subordination agreement – notice requirement*] if it complies with each provision listed in Appendix E [*non-harmonized capital requirements*] across from the name of the local jurisdiction.

- (2) Subsection (1) expires 12 months after this Instrument comes into force.

Insurance requirements

10.11 (1) A person or company that is a registered firm on the date this Instrument comes into force is exempt from sections 4.21 [*insurance – dealer*] to 4.25 [*notice of change, claim or cancellation*] if it complies with each provision listed in Appendix F - [*non-harmonized insurance requirements*] across from the name of the local jurisdiction.

- (2) Subsection (1) expires 6 months after this Instrument comes into force.

PART 11 – EFFECTIVE DATE

Effective date

11.1 This instrument comes into force on [●].

FORM 31-103F1 CALCULATION OF EXCESS WORKING CAPITAL

Firm Name

Capital Calculation
(as at _____ with comparative figures as at _____)

| | Component | Current period | Prior period |
|-----|---|-----------------------|---------------------|
| 1. | Current assets | | |
| 2. | Less current assets not readily convertible into cash (e.g., prepaid expenses) | | |
| 3. | Adjusted current assets Line 1 minus line 2 = | | |
| 4. | Current liabilities | | |
| 5. | Add 100 per cent of long-term related party debt unless the firm and the lender have executed a subordination agreement in the form set out in Appendix B and the firm has delivered a copy of the agreement to the regulator | | |
| 6. | Adjusted current liabilities Line 4 plus line 5 = | | |
| 7. | Adjusted working capital Line 3 minus line 6 = | | |
| 8. | Less minimum capital | | |
| 9. | Less market risk | | |
| 10. | Less any deductible under the firm's bonding or insurance policy | | |
| 11. | Less Guarantees | | |
| 12. | Less unresolved differences | | |
| 13. | Excess working capital | | |

Notes:

This form must be prepared on an unconsolidated basis.

Line 8. Minimum Capital – The amount on this line must be not less than (a) \$25,000 for an adviser, (b) \$50,000 for a dealer, and (c) \$100,000 for an investment fund manager.

Line 9. Market Risk – The amount on this line must be calculated according to the instructions set out in Schedule 1 to this Form.

Line 11. Guarantees – If the registered firm is guaranteeing the liability of another party, the total amount of the guarantee must be included in the capital calculation.

Line 12. Unresolved differences – Any unresolved differences that could result in a loss from either firm or client assets must be included in the capital calculation.

The examples below are intended to provide guidance as to how to calculate unresolved differences:

Request for Comments

(i) If there is an unresolved difference relating to client securities, the amount to be reported on Line 12 will be equal to the market value of the client securities that are short, plus the applicable margin rate for those securities.

(ii) If there is an unresolved difference relating to the registrant's investments, the amount to be reported on Line 12 will be equal to the market value of the investments (securities) that are short.

(iii) If there is an unresolved difference relating to cash, the amount to be reported on Line 12 will be equal to the amount of the shortfall in cash.

Management Certification

Registered Firm Name: _____

We have examined the attached capital calculation and certify that the firm is in compliance with the capital requirements as at _____.

| Name and Title | Signature | Date |
|-----------------------|------------------|-------------|
| 1. _____ _____ | _____ | _____ |
| 2. _____ _____ | _____ | _____ |

**Schedule 1 of Form 31-103F1 Calculation of excess working capital
(calculating line 9 [market risk])**

1. All securities are to be valued at market as of the reporting date. The margin rates to be used are those outlined below:

(a) Bonds, Debentures, Treasury Bills and Notes

(i) Bonds, debentures, treasury bills and other securities of or guaranteed by the Government of Canada, of the United Kingdom, of the United States of America or guaranteed by any province of Canada:

within 1 year 1% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365

over 1 year 5% of market value

(ii) All other bonds, debentures and notes:

within 1 year 3% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365

over 1 year 10% of market value

(b) Bank Paper

Deposit certificates, promissory notes or debentures issued by a Canadian chartered bank (and of Canadian chartered bank acceptances) maturing:

within 1 year 2% of market value multiplied by the fraction determined by dividing the number of days to maturity by 365

over 1 year 10% of market value

(c) Mutual Funds

Securities of mutual funds qualified by prospectus for sale in any province of Canada must be margined at the following rates:

Money Market Funds (as defined in National Instrument 81-102) – 5% of market value.

All Other Mutual Funds – 50% of market value.

(d) Stocks

On securities (other than bonds and debentures) including rights and warrants listed on any recognized stock exchange in Canada or the United States:

Long Positions – Margin Required

Securities selling at \$2.00 or more – 50% of market value

Securities selling at \$1.75 to \$1.99 – 60% of market value

Securities selling at \$1.50 to \$1.74 – 80% of market value

Securities selling under \$1.50 to 100% of market value

Short Positions – Credit Required

Securities selling at \$2.00 or more – 150% of market value

Securities selling at \$1.50 to \$1.99 - \$3.00 per share

Request for Comments

Securities selling at \$0.25 to \$1.49 – 200% of market value

Securities selling at less than \$0.25 – market value plus \$0.25 per shares

(e) **For all other securities** – 100% of market value.

FORM 31-103F2
SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

(sections 8.15 [international dealer] and 8.16 [international adviser])

1. Name of registered firm (the "Registered Firm"):
2. Jurisdiction of incorporation of the Registered Firm:
3. Name of agent for service of process (the "Agent for Service"):
4. Address for service of process on the Agent for Service:
5. The Registered Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the Registered Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defense in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.
6. The Registered Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction and any administrative proceeding in the local jurisdiction, in any Proceeding arising out of or related to or concerning the Registered Firm's activities in the local jurisdiction.
7. Until six years after the Registered Firm ceases to be registered, the Registered Firm must file
 - a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and
 - b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service.
8. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

(Signature of Registered Firm or authorized signatory)

(Name and Title of authorized signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of (Insert name of Registered Firm) under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

(Signature of Agent for Service or authorized signatory)

(Name and Title of authorized signatory)

**FORM 31-103F3
NOTICE OF PRINCIPAL REGULATOR**

(section 8.21 [notice to non-principal regulator] and section 8.22 [notice of change of principal regulator])

1. **Date:** _____

2. **Information about person or company**

NRD # (if applicable): _____

Name: _____

3. **Principal regulator**

The securities regulatory authority or regulator in the following jurisdiction is the principal regulator for the person or company: _____

4. **Previous notice filed**

If the person or company has previously filed a Form 31-103F3, indicate the principal regulator noted in the previous notice: _____

5. **Reasons for principal regulator**

The principal regulator for the person or company is its principal regulator

(a) based on the location of its head office (for a registered firm) or working office (for a registered individual) (check box), or

(b) on the following basis provide details:

APPENDIX A – BONDING AND INSURANCE CLAUSES

*(section 4.21 [insurance – dealer], section 4.22 [insurance – adviser]
and section 4.23 [insurance – investment fund manager])*

| Clause | Name of Clause | Details |
|--------|------------------------|---|
| A | Fidelity | This clause insures against any loss through dishonest or fraudulent act of employees. |
| B | On Premises | This clause insures against any loss of money and securities or other property through robbery, burglary, theft, hold-up, or other fraudulent means, mysterious disappearance, damage or destruction while within any of the insured's offices, the offices of any banking institution or clearing house or within any recognized place of safe-deposit. |
| C | In Transit | This clause insures against any loss of money and securities or other property through robbery, burglary, theft, hold-up, misplacement, mysterious disappearance, damage or destruction, while in transit in the custody of any employee or any person acting as messenger except while in the mail or with a carrier for hire other than an armoured motor vehicle company. |
| D | Forgery or Alterations | This clause insures against any loss through forgery or alteration of any cheques, drafts, promissory notes or other written orders or directions to pay sums in money, excluding securities. |
| E | Securities | This clause insures against any loss through having purchased or acquired, sold or delivered, or extended any credit or acted upon securities or other written instruments which prove to have been forged, counterfeited, raised or altered, or lost or stolen, or through having guaranteed in writing or witnessed any signatures upon any transfers, assignments or other documents or written instruments. |

APPENDIX B – SUBORDINATION AGREEMENT

(Line 5 of Form 31-103F1 Calculation of excess working capital)

The subordination agreement made this ____ day of _____, 20__

Between:

(hereinafter called the "Lender")

and

(hereinafter called the "Registrant")

WHEREAS the Registrant is engaged in business as a _____ and such business is carried on in the City/Town of _____, Province of _____.

WHEREAS ON THE ____ DAY OF _____, 20__ , the Registrant borrowed from the Lender a sum of \$ _____, repayable with interest at the rate of ____ per annum (hereinafter called the "loan"), the sum being needed for the carrying on of the business of the Registrant;

NOW THEREFORE, this agreement witnesses that, in consideration of \$1 paid by the parties to each other, receipt of this sum being acknowledged by each of the parties, the parties agree as follows:

1. The loan and all monies payable in respect thereof are hereby declared to be subordinate to, and the repayment of the loan, and all monies repayable in respect thereof, is hereby postponed to all claims of other present and future creditors of the Registrant, to the extent that all such creditors shall in the event of the dissolution, winding-up, liquidation, insolvency or bankruptcy of the Registrant be paid their existing claims in full in priority to the claims of the Lender and before the Lender shall have any claim upon any property belonging or which belonged to the Registrant or shall have any right to receive any payment in respect to the loan.
2. The Registrant must notify the Director of the Provincial Securities Commission prior to repayment of the loan or any part thereof. The Director may require further documentation after receiving this notification from the Registrant.
3. Interest can be paid at the agreed upon rate and time provided that the payment of such interest does not result in a capital deficiency.
4. During the term of this agreement, any loan or advance or posting of security for a loan or advance by the Registrant to the Lender, shall be deemed to be a payment on account of the loan which is the subject of this agreement.
5. In this agreement "Registrant" shall include every successor thereof and every successor to the Registrant or of any such successor or to any part of such business and every firm which contains the Registrant or any partner thereof.
6. This agreement shall be binding upon and to the benefit of the parties hereto and their respective legal representatives.
7. The agreement shall remain in full force and effect until it is terminated. This agreement may be only terminated by the Lender once notification pursuant to clause 2 of this agreement is received by the Director of the Provincial Securities Commission.

DATED AT _____, in the Province of _____,

the ____ day of _____, 20__.

Request for Comments

In the Presence of:

Name: _____

On behalf of: _____
(Lender)

Name: _____

On behalf of: _____
(Registrant)

Notes:

- (1) This form should be executed in triplicate with one duly executed copy to be delivered to the Provincial Securities Commission.
- (2) A breach of this subordination agreement will be considered by the Provincial Securities Commission sufficient cause for immediate suspension of registration.

APPENDIX C – NEW CATEGORY NAMES - FIRMS

(Section 10.1 [change of registration categories – firms])

| | Column 1 <i>[investment dealer]</i> | Column 2 <i>[mutual fund dealer]</i> | Column 3 <i>[scholarship plan dealer]</i> | Column 4 <i>[restricted dealer]</i> | Column 5 <i>[portfolio manager]</i> | Column 6 <i>[restricted portfolio manager]</i> |
|-------------------------|---|---|--|---|---|---|
| Alberta | investment dealer | mutual fund dealer | scholarship plan dealer | <i>[blank]</i> | investment counsel or portfolio manager | <i>[blank]</i> |
| British Columbia | investment dealer | mutual fund dealer | scholarship plan dealer | exchange contracts dealer, special limited dealer | investment counsel or portfolio manager | <i>[blank]</i> |
| Manitoba | investment dealer | mutual fund dealer | scholarship plan dealer | <i>[blank]</i> | investment counsel or portfolio manager | <i>[blank]</i> |
| New Brunswick | investment dealer | mutual fund dealer | scholarship plan dealer | <i>[blank]</i> | investment counsel and portfolio manager | <i>[blank]</i> |
| Newfoundland & Labrador | investment dealer | mutual fund dealer | scholarship plan dealer | <i>[blank]</i> | investment counsel or portfolio manager | <i>[blank]</i> |
| Nova Scotia | investment dealer | mutual fund dealer | scholarship plan dealer | <i>[blank]</i> | investment counsel or portfolio manager | <i>[blank]</i> |
| Ontario | investment dealer | mutual fund dealer | scholarship plan dealer | <i>[blank]</i> | investment counsel or portfolio manager | <i>[blank]</i> |
| Prince Edward Island | investment dealer | mutual fund dealer | scholarship plan dealer | <i>[blank]</i> | investment counsel or portfolio manager | <i>[blank]</i> |
| Québec | - unrestricted practice dealer - unrestricted practice dealer (introducing broker) -unrestricted practice dealer (International Financial Centre) -discount broker | firm in group-savings-plan brokerage | scholarship plan dealer | - Québec Business investment company (QBIC) Debt securities dealer - restricted practice Dealer - firm in investment contract brokerage - unrestricted practice dealer (Nasdaq) | -unrestricted practice adviser -unrestricted practice adviser (International Financial Centre) | - restricted practice advisor |

Request for Comments

| | Column 1 <i>[investment dealer]</i> | Column 2 <i>[mutual fund dealer]</i> | Column 3 <i>[scholarship plan dealer]</i> | Column 4 <i>[restricted dealer]</i> | Column 5 <i>[portfolio manager]</i> | Column 6 <i>[restricted portfolio manager]</i> |
|-----------------------|--|---|--|--|---|---|
| Saskatchewan | investment dealer | mutual fund dealer | scholarship plan dealer | <i>[blank]</i> | investment counsel or portfolio manager | <i>[blank]</i> |
| Northwest Territories | investment dealer | mutual fund dealer | scholarship plan dealer | <i>[blank]</i> | investment counsel or portfolio manager | <i>[blank]</i> |
| Nunavut | investment dealer | mutual fund dealer | scholarship plan dealer | <i>[blank]</i> | investment counsel or portfolio manager | <i>[blank]</i> |
| Yukon | broker | broker | scholarship plan dealer | <i>[blank]</i> | broker | <i>[blank]</i> |

APPENDIX D – NEW CATEGORY NAMES - INDIVIDUALS

(Section 10.2 [change of registration categories – individuals])

| | Column 1 <i>[dealing representative]</i> | Column 2 <i>[advising representative]</i> | Column 3 <i>[associate advising representative]</i> |
|-------------------------|--|--|---|
| Alberta | Officer (Trading), Salesperson, Salesperson/Branch Manager | Officer (Advising), Advising Employee | Junior Officer (Advising) |
| British Columbia | Salesperson, trading partner, trading director, trading officer | Advising employee, advising partner, advising director, advising officer | |
| Manitoba | | | |
| New Brunswick | <ul style="list-style-type: none"> - salesperson - officer (trading) - partner (trading) | <ul style="list-style-type: none"> - representative (advising) - officer (advising) - partner (advising) - sole proprietor (advising) | <ul style="list-style-type: none"> - associate officer (advising) - associate partner (advising) - associate representative (advising) |
| Newfoundland & Labrador | | | |
| Nova Scotia | <ul style="list-style-type: none"> - salesperson - officer – trading - partner- trading - director - trading | <ul style="list-style-type: none"> - officer- advising - officer – counselling - partner- advising - partner- counselling - director- advising - director- counselling | |
| Ontario | Salesperson, Officer (Trading), Partner (Trading), Sole Proprietor | Advising Representative, Officer (Advising), Partner (Advising), Sole Proprietor | |
| Prince Edward Island | | | |
| Québec | Representative, Representative - Group Savings Plan (SalesPerson), Representative - Scholarship Plan (SalesPerson) | Representative (Portfolio Manager), Representative (Advise), Representative Options, Representative Futures | |
| Saskatchewan | Officer (Trading), Partner (Trading), Salesperson | Officer (Advising), Partner (Advising), Employee (Advising) | |
| Northwest Territories | | | |
| Nunavut | | | |
| Yukon | | | |

APPENDIX E – NON-HARMONIZED CAPITAL REQUIREMENTS

(Section 10.10 [capital requirements])

| | |
|-------------------------|--|
| Alberta | Sections 23 and 24 of the <i>Alberta Securities Commission Rules (General)</i> |
| British Columbia | Sections 19, 20, 24 and 25 of the <i>Securities Rules</i> . Sections 2.1(i), 2.3(i), 8.3, 9.4, 10.3, 12.3, 13.3, 14.4, 15.4 and 16.3 of BC Policy 31-601 <i>Registration Requirements</i> . |
| Manitoba | |
| New Brunswick | |
| Newfoundland & Labrador | |
| Nova Scotia | |
| Ontario | Sections 96, 97, 107, 108, 109, 111 of the Ontario Regulation 1015 made under the <i>Securities Act</i> , as those sections read on [date that is 1 day before their revocation]. |
| Prince Edward Island | |
| Québec | Sections 207 to 209, 211 and 212 of the Québec Securities Regulation |
| Saskatchewan | Sections 19 and 24 of <i>The Securities Regulations</i> (Saskatchewan) as they read immediately prior to the implementation of this regulation |
| Northwest Territories | |
| Nunavut | |
| Yukon | |

APPENDIX F – NON-HARMONIZED INSURANCE REQUIREMENTS

(Section 10.11 [insurance requirements])

| | |
|-------------------------|--|
| Alberta | Sections 25 and 26 of the <i>Alberta Securities Commission Rules (General)</i> |
| British Columbia | Sections 21 and 22 of the <i>Securities Rules</i> . Sections 2.1(h), 2.2(g), 2.3(h) and 2.5(h) of BC Policy 31-601 <i>Registration Requirements</i> . |
| Manitoba | |
| New Brunswick | |
| Newfoundland & Labrador | |
| Nova Scotia | |
| Ontario | Sections 96, 97, 107, 108, 109, 111 of the Ontario Regulation 1015 made under the <i>Securities Act</i> , as those sections read immediately before revocation. |
| Prince Edward Island | |
| Québec | Section 213 and 214 of the Québec Securities Regulation. |
| Saskatchewan | Section 33 of <i>The Securities Act, 1988</i> (Saskatchewan) as it read immediately prior to the implementation of this regulation. Sections 20, 21 and 22 of <i>The Securities Regulations</i> (Saskatchewan) as they read immediately prior to the implementation of this regulation. |
| Northwest Territories | |
| Nunavut | |
| Yukon | |

**COMPANION POLICY 31-103CP
REGISTRATION REQUIREMENTS**

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**COMPANION POLICY 31-103CP
REGISTRATION REQUIREMENTS**

PART 1 – DEFINITIONS AND INTERPRETATION

1.1 Introduction

This Companion Policy sets out how the Canadian Securities Administrators (the CSA or we) interpret or apply the provisions of National Instrument 31-103 *Registration Requirements* (NI 31-103) and related securities legislation.

Registrants should refer to securities legislation of their local jurisdiction and to other CSA instruments for additional requirements that may apply to them. Registrants must also comply with applicable self-regulatory organization (SRO) requirements.

1.2 Definitions

Unless defined in NI 31-103, terms used in NI 31-103 and this Companion Policy have the meaning given to them in local securities legislation or in National Instrument 14-101 *Definitions*. In NI 31-103, “day” has its ordinary meaning, except where business days are specified. All references in this Companion Policy to sections, Parts and Divisions are to NI 31-103, unless otherwise noted.

1.3 Business trigger for registration¹

As a starting principle, anyone who is in the business of trading² or advising in securities should be subject to the registration requirement, regardless of the type of security, the name used to describe the business or how the business is organized.

The following section describes the factors that are relevant in determining whether a person or company is trading or advising in securities for a business purpose. For the most part, they are taken from case law and regulatory decisions that have interpreted the business purpose test in the context of securities matters.

We look at the type of activity and whether it is conducted as a business when determining whether the registration requirement applies to the person or company conducting the activity.

The first step is to assess whether the activity is:

- trading in securities
- advising in securities, or
- acting as an investment fund manager

We will always consider a person or company that is acting as an investment fund manager to be conducting that activity as a business. Registration will therefore be required unless an exemption has been provided.

If the activity is trading or advising in securities, further analysis is required to assess whether the activity is conducted as a business. We consider the factors set out below, among others.

In general, any person or company that performs the activities discussed in paragraphs (a) or (b) is in the business of trading or advising in securities. No one of the activities in paragraphs (c), (d) and (e) will necessarily determine whether a person or company is in the business of trading or advising in securities.

(a) *Directly or indirectly holding oneself out as being in the business of the activity*

Merely holding oneself out as being willing to engage in trading or advising in securities is sufficient to be engaged in the business for the purposes of securities legislation. This is because holding out induces the client to rely on the dealer or adviser.

¹ The discussion in this section does not apply in Manitoba, where the trade trigger for dealer registration will continue to apply without change.

² In Québec, “trading in securities” also refers to distributing a security or any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of those activities.

Engaging in practices similar to those used by registrants also reflects a business purpose. Examples include promoting securities and making disclaimers or stating by any other means that the person or company will buy or sell securities. Carrying on any of these activities at the start-up stage may be considered carrying on a business.

(b) *Acting in an intermediary capacity or as a market maker*

Acting in an intermediary capacity between a seller and a buyer of securities or making a market in securities constitutes trading for a business purpose.

(c) *Directly or indirectly carrying on the activity with repetition, regularity or continuity*

Frequent transactions are a common indicator that a person is engaged in a business. We consider a person who regularly trades or advises in any manner that could produce profits to be engaged in a business. The activity does not have to be the person's sole or even primary endeavour for that person to be in the business. However, whether a person has other sources of income and how much time the person spends on the activity are also relevant factors.

(d) *Being, or expecting to be, remunerated or otherwise compensated for the activity*

Receiving, or expecting to receive, compensation for carrying on the activity, whether transaction or value based, reflects a business purpose. It does not matter if the person actually receives compensation or what form the compensation takes. Having the capacity or the ability to carry on the activity to produce profit is also a relevant factor.

However, carrying on an activity with no expectation of compensation may suggest that it is not for a business purpose.

(e) *Directly or indirectly soliciting others in connection with the activity*

Contacting others to solicit securities transactions or to offer advice reflects a business purpose. Solicitation includes contacting others by any means, including advertising that proposes buying or selling securities or participating in a securities transaction, or that offers services or advice for these purposes.

We do not consider an entity setting up a website for third parties to post information on investment opportunities, such as a bulletin board, to be in the business of advising or trading in securities if that entity has no other role in any trades that may take place between parties who use the bulletin board.

1.4 Applying the business trigger factors

This section explains how the business trigger factors might apply to some common situations.

1.4.1 Securities issuers

In general, securities issuers with an active non-securities business are not also in the business of trading in securities, even when distributing their own securities directly to investors. This is because, even when taking raising capital into account, most issuers:

- trade in securities infrequently
- are not remunerated, or do not expect to be remunerated, for trading in securities
- do not act in an intermediary capacity
- do not produce, or intend to produce, distinct profit from trading in securities
- do not hold themselves out as being in the business of trading in securities

However, securities issuers may be in the business of trading securities if they:

- regularly trade in securities
- hold themselves out as being in the business of trading in securities
- employ or otherwise contract with persons to perform activities on their behalf that are similar to those performed by a registrant (other than underwriting in the normal course of a distribution or trading for their own account)

Section 8.3 provides securities issuers whose activities fall within the business trigger with an exemption from the dealer registration requirement if they distribute their securities:

- solely for their own account
- solely through a registered dealer that is registered in the appropriate category

Securities issuers are in most cases subject to the prospectus requirements in securities legislation. Regulators have the discretionary authority to require an underwriter for a prospectus distribution.

1.4.2 Mortgage investment companies

Mortgage investment companies (MICs) are securities issuers. In many cases, they are in the business of trading in securities and are therefore required to register in an appropriate dealer category.

While MICs can have various business models, they typically:

- solicit investors actively
- trade in securities frequently
- do not expect to be remunerated for issuing their own securities to investors, but may act as intermediaries to the extent that their business model is based on obtaining a return on the further investment of their investors' funds in securities (the mortgages)
- select mortgage investments, rather than develop the underlying real estate
- only allow investors to withdraw their capital by exercising redemption rights through the MIC

1.4.3 Venture capital

A wide range of potentially registerable activities can be described as "venture capital" investing. While we cannot give specific guidance for every possible situation, we have found that considering the expectations and reliance of investors can be particularly relevant when applying the business trigger factors to venture capital.

For example, whether the general partner (GP) of a limited partnership (LP) that acquires securities would have to register as an adviser depends on:

- the application of the business trigger factors to the business purpose of the LP
- the types of services the GP provides to the LP
- the expectations of the limited partners

If the purpose of the LP is to invest in a trading portfolio of securities and the limited partners are relying on the GP's expertise in selecting the securities and deciding when to buy and sell them, we would require the GP to register as an adviser.

If the limited partners are relying on the GP for expertise other than providing advice on selecting investments in securities, we may not require the GP to register as an adviser. This would be the case where a GP's role is to select small private companies that the GP will actively manage and develop. We would view the purchase and eventual sale of the securities as incidental to the GP's activities on behalf of the LP.

1.4.4 Principal trading activities

Trading for own account

In most instances, we would not consider persons or companies to be in the business of trading in securities if their main or sole trading activity is trading for their own account. For example, individuals, day traders and pension funds that regularly buy or sell securities for their own account, through a registered dealer or otherwise, would not need to register.

Applying the business trigger factors discussed in section 1.3 of this Companion Policy, these persons or companies would not be in the business of trading securities because they:

- are not remunerated for undertaking the activity
- do not solicit others in connection with the activity
- do not act as an intermediary, or
- do not hold themselves out as being in the business of trading in securities

Trading for a registered firm

Principal trading carried on by a registered firm is inherently different from that carried on by a business that is not otherwise required to register. Registered firms and those who trade on their behalf have a unique position in, and direct access to, the markets. They also have obligations to clients. There is often the potential for conflicts of interest in these circumstances.

In addition, principal trading can have a significant impact on a firm's financial viability, which introduces systemic risks. It is therefore appropriate that individuals who conduct principal trading for a registered firm be subject to the registration requirement, even if they do not trade for clients.

1.4.5 Activities not commonly in the business of trading or advising in securities

One-time activities

In general, we do not require registration for trading activities:

- by an individual or other person that is acting as a trustee, executor, administrator, personal or other legal representative
- relating to selling goods or supplying services between affiliated companies
- relating to the sale of a business

In some cases, these are one-time activities that do not reflect a business purpose. In other cases, the overall activities may be of a business nature, but trading or advising in securities is incidental to the primary purpose of the business.

Incidental activities

Activity that is incidental to the primary business of a firm may suggest that there is no business purpose in the activity in itself.

For example, merger and acquisition specialists advising the parties to a transaction between corporations are not normally required to register as advisers in connection with that activity, even though the transaction may result in trades in securities. The business purpose in this example is to effect the transaction. Any advice with respect to trades in the securities is incidental to that purpose and is limited to the parties to the transaction.

In general, professionals such as lawyers, accountants, engineers, geologists and teachers, who provide advice in the normal course of their professional operations, are not in the business of advising in securities. For the most part, any advice they may give will be incidental to their professional activities. However, in each case it is important to consider the advising activity with reference to the business trigger factors.

Normally, these professionals are not in the business of advising securities because they do not:

- repeatedly advise in securities
- receive separate remuneration for their advising services
- solicit clients on the basis of their advising services
- hold themselves out as being in the business of advising in securities

However, we would consider a professional to be in the business of advising in securities if securities advice is a primary reason for the client's relationship with the professional. This is the case if the professional regularly provides advice on securities and solicits clients based on these advising services.

PART 2 – CATEGORIES OF REGISTRATION

2.1 General

Securities legislation distinguishes among investment fund managers and categories of dealers and advisers.

The categories of registration for firms serve two main purposes:

- to specify the type of business that the firm may conduct and, therefore, the types of business that the firm is not registered to conduct and may not carry on
- to provide a framework for the requirements the registrant must meet

Individual categories set out the qualifications necessary for an individual to perform particular roles on behalf of a registered firm.

This Part explains categories of registration that were introduced in NI 31-103.

2.2 Exempt market dealer

Section 2.1 restricts an exempt market dealer to trading in:

- securities distributed under an exemption from the prospectus requirement
- securities distributed under a prospectus despite the fact that a prospectus exemption was available
- securities that, if the trade were a distribution, may have been distributed under an exemption from the prospectus requirement, or
- any security, if the trade is (i) on behalf of a client of the exempt market dealer, (ii) the security was acquired by the client in a circumstance for which there would be a prospectus exemption if the trade formed part of a distribution, and (iii) the trade is with a registered dealer

For example, an exempt market dealer may trade in prospectus-qualified securities with accredited investors. Also an exempt market dealer can, under subsection 2.1(1)(d)(i)C, trade in a security if such trade does not constitute a distribution within the meaning of NI 45-106 provided that, if it were a distribution, it could have been made under an exemption from the prospectus requirement.

2.3 Restricted dealer

This category permits specialized dealers that would not necessarily qualify for unrestricted dealer registration to carry on business under terms and conditions imposed by the local regulator. We will only register restricted dealers if there is a compelling case for permitting the proposed trading to take place outside of one of the other registration categories.

For example, an issuer might use this category if it must register because it is in the business of trading in securities but cannot rely on the exemption in section 8.3. In this case, the regulator would restrict the issuer's registration to trading in securities of its own issue and exclusively for its own account.

Terms and conditions for restricted dealers will be coordinated among the CSA jurisdictions.

2.4 Trading in securities – exemption for advisers

Firms that are registered advisers routinely create pooled funds as a way to efficiently invest money deposited to their clients' accounts. In doing so, they enter into the business of trading in securities because this trading activity is more than incidental to their business as advisers. However, requiring an adviser that has bona fide fully-managed accounts to also register as a dealer would not achieve any material benefits from a regulatory point of view.

The exemption in section 2.2 relieves a registered adviser that is actively managing its clients' accounts with discretionary authority from having to register as a dealer to distribute units of its pooled funds into the clients' accounts. The exemption is available both to registered advisers and those who qualify for the international portfolio manager exemption under section 8.15.

There is an anti-avoidance provision in subsection 2.2(2). The exemption is not intended to apply to an adviser that operates an investment fund as a core or principal business activity. This may be the case if an adviser:

- has only a small number of funds into which most of its client accounts are invested
- dedicates more time to managing its funds than managing client accounts
- focuses on designing and managing its funds, rather than on understanding the investment needs of its clients and tailoring the fully-managed portfolios to their needs

In this situation, advisers should consider whether the prospectus requirement and the requirement to register as an investment fund manager apply.

2.5 Advising in securities

Those who provide specific advice are required to register as an adviser. Specific advice is tailored to the needs and circumstances of the client and concerns one or more specific securities. The most obvious example of specific advice is discretionary account management.

Section 8.14 contains an exemption from registering as an adviser for those who provide generic advice. Generic advice is not tailored to the needs and circumstances of the person or company receiving the advice, although it may refer to specific securities.

Generic advice about specific securities may be delivered through investment newsletters and articles in general circulation newspapers and magazines or through websites, e-mail, internet chat rooms and bulletin boards, as long as it does not claim to be tailored to the needs and circumstances of any recipient.

Generic advice can also be given at conferences. However, if a purpose of the conference is to solicit specific securities transactions, we may consider the advice to be specific or may consider the individual giving it to be engaged in trading activity in that the real purpose of the advice is to generate trades by members of the audience.

2.6 Restricted portfolio manager

The advising activities of a restricted portfolio manager are limited by terms and conditions that the regulator imposes on its registration. This category is intended to permit persons or companies to advise in specific securities, classes of securities or the securities of a class of issuers.

For example, an individual who has extensive expertise in oil and gas issuers, but does not have the prescribed proficiency of a portfolio manager advising representative might be registered as an advising representative of a restricted portfolio manager whose terms and conditions on registration permit it to advise solely in securities of oil and gas issuers.

Terms and conditions for restricted portfolio managers will be coordinated among the CSA jurisdictions.

2.7 Associate advising representative

An individual who does not meet the education and experience requirements for registration as an advising representative may be registered as an associate advising representative. This category is primarily intended to be an apprentice category for individuals who intend to become full advising representatives but who do not meet the education or experience requirements.

This category allows an individual to work at a registered adviser while completing the proficiency requirements for an advising representative. For example, it would allow a former advising representative to work in an advising capacity while acquiring the relevant working experience that is required for an advising representative under section 4.11.

However, there is no requirement for an associate advising representative to subsequently register as a full advising representative. This category accommodates, for example, an individual who has a client relationship role that includes specific advice, but who is not managing clients' portfolios without supervision.

As required by section 2.8, advice provided by an associate advising representative must be approved by an advising representative. The appropriate processes for approving the advice of an associate advising representative will depend on the circumstances, including the individual's level of experience. The registered firm must:

- document its policies and procedures for meeting these obligations and maintain specific records where advice is approved, as provided in sections 5.15 and 5.23
- notify the regulator of the designation of an advising representative for approving the advice of an associate no later than the 5th business day following the date of the designation

2.8 Investment fund manager

Investment fund manager is defined in section 2.6 as “a person or company that is permitted to direct the business, operations and affairs of an investment fund”. An investment fund manager generally organizes the fund and contractually accepts responsibility for its management and administration. It does not act as a portfolio manager for the fund.

Administering an investment fund may include information gathering, performance reporting and handling client assets. The fund, trust or company broadly delegates these responsibilities to the investment fund manager under a management agreement. Most agreements allow the fund manager to sub-delegate these responsibilities to other service providers. An investment fund manager remains fully liable for any sub-delegated responsibilities.

We do not expect an investment fund manager to register in every jurisdiction where a fund is distributed. Investment fund managers are required to register only in the jurisdiction where the person or company that directs the management of the fund is located, which in most cases will be where their head office is located. However, if an investment fund manager directs the management of funds from locations in more than one jurisdiction, it must register in each of them. If an investment fund manager is located outside Canada, there is no requirement for it to be registered in Canada, unless it is directing the management of a fund from inside Canada.

2.8.1 Marketing and wholesaling activities of investment fund managers

In general, investment fund managers will have to register as a dealer if they carry on marketing and wholesaling activities, such as:

- advertising the fund to the general public
- promoting the fund to registered dealers
- distributing the fund to registered dealers which then sell securities of the fund to investors

Investment fund managers do not have to register as a dealer if their marketing and wholesaling activities are incidental to their activities as an investment fund manager. In this case:

- the marketing and wholesaling activities must relate to investment funds managed by the investment fund manager, not a third party, and
- the funds must be distributed to investors through a dealer, not directly by the investment fund manager

2.9 Chief compliance officer and ultimate designated person

Sections 2.9 and 2.10 require registered firms to designate a chief compliance officer (CCO) and ultimate designated person (UDP). The CCO and UDP must be registered and perform the compliance functions prescribed in sections 5.24 and 5.25.

While the CCO and UDP have specific compliance functions, they are not solely responsible for compliance – it is the responsibility of the firm as a whole. A good compliance system will include provisions for alternates designated to act in the absence of the UDP or CCO.

2.9.1 UDP

The UDP is the chief executive officer or sole proprietor of the registered firm, or the senior officer responsible for the division in the firm that carries on the activity that requires registration. The role of the UDP is to lead the compliance efforts of the firm. This involves promoting a culture of compliance and overseeing the effectiveness of the firm's compliance system. The UDP is not necessarily required to be involved in the day-to-day management of the compliance group. There is no proficiency requirement for the UDP.

2.9.2 CCO

The CCO is an operating officer whose role is to lead the monitoring component of the registered firm's compliance system. This includes establishing or keeping up-to-date policies and procedures for the firm's compliance system, and managing the firm's compliance monitoring activities and compliance reporting according to those policies and procedures. The CCO may, in the firm's discretion, also have authority to take supervisory action to resolve compliance issues.

The CCO must meet the applicable proficiency requirements set out in Part 4. There is no requirement for any other compliance staff to be designated or registered unless they are also advising or trading. The CCO may determine what knowledge and skills are necessary or desirable for individuals who report to the CCO.

A firm that is registered in multiple categories is only required to have one CCO. In this case, the CCO must meet the most stringent of the proficiency requirements of the firm's various categories of registration.

In especially large firms, the scale and kind of activities undertaken by different operating divisions may warrant the designation of more than one CCO. We will consider applications, on a case-by-case basis, for situations where the CCO of one registered firm may act as the CCO of another registered firm.

2.9.3 The same person as UDP and CCO

The appropriate size and structure of a registered firm's compliance group will depend on the size and scope of the firm's operations. The UDP and the CCO may be the same person, if that person meets the requirements for both registration categories. In our view, separating the functions is the best practice, but we recognize that this might not be practical for some registered firms.

2.9.4 UDP or CCO as adviser or dealer

The UDP and CCO may also be registered in trading or advising categories. For example, a small registered firm might conclude that one individual can adequately function as UDP and CCO, while also conducting advising and trading activities. A large registered firm with diverse operations may require a large team of compliance professionals with several divisional heads of compliance reporting to a CCO dedicated entirely to a compliance role.

2.10 Multiple registrations

2.10.1 Multiple firm categories

A firm may carry on trading activities in several types of securities. In this case, it must register in all applicable dealer categories as set out in section 2.1. For example, a mutual fund dealer may only trade in prospectus-exempt securities if it also registers as an exempt market dealer. Similarly, a portfolio manager that manages an investment fund may have to register as a portfolio manager and an investment fund manager.

2.10.2 Multiple individual categories

An individual who performs more than one activity requiring registration on behalf of a registered firm must register in all applicable categories. For example, an advising representative of a portfolio manager who is also the firm's CCO must register in the categories of advising representative and CCO. This individual must meet the proficiency requirements of both registration categories.

2.10.3 Individual registered in a firm category

In some cases, an individual may be registered in both a firm and individual category. For example, a sole proprietor who is registered in the firm category of portfolio manager will also be registered in the individual category of advising representative.

2.10.4 Multiple registration categories: solvency requirements

The solvency requirements for firms, as set out in Part 4, Division 2, are not cumulative. If a firm is registered in multiple categories, it must meet the highest capital requirement of its various categories of registration.

2.10.5 Multiple registration categories: conduct requirements

When a firm or individual registered in multiple categories carries on a registerable activity, it must comply with the conduct requirements that apply to that activity. For example, in most circumstances, a registrant in the categories of exempt market dealer and mutual fund dealer must comply with the relationship disclosure requirements in section 5.4 before recommending a mutual fund trade to a permitted client. However, when the registrant is trading an exempt security to a permitted client, the registrant does not have to comply with the relationship disclosure requirement.

PART 3 – SRO MEMBERSHIP

3.1 Requirement for SRO membership

A person or company applying for registration as an investment dealer must be a member of the Investment Dealers Association of Canada (IDA). An individual applying for registration as a representative of a registered investment dealer must be an approved person of the IDA.

Except in Québec, a person or company applying for registration as a mutual fund dealer must be a member of the Mutual Fund Dealers Association of Canada (MFDA) and an individual applying for registration as a representative of a mutual fund dealer must be an approved person of the MFDA.

Mutual fund dealers (except those registered in Québec only), investment dealers and their registered individuals will be automatically suspended under sections 7.3 or 7.4 if they do not maintain their status as members or approved persons in good standing with the applicable SRO.

PART 4 – FIT AND PROPER REQUIREMENTS

4.1 General

The regulator will not register an applicant if the applicant does not appear to be fit and proper, or “suitable”, for registration. Every registrant has an ongoing requirement to maintain suitability for registration. The regulator may review a registrant’s suitability at any time.

Securities legislation gives the regulator discretionary authority to impose terms and conditions on a registration. The regulator will impose terms and conditions if it determines that an applicant or registrant is suitable only for restricted registration. The regulator may suspend or revoke the registration if it determines that a registrant has become unsuitable for registration.

There are three fundamental criteria for assessing a person or company’s suitability for registration:

(a) *Integrity*

The applicant or registrant must display integrity and be of honest character.

(b) *Proficiency*

Applicants must meet the applicable education and experience requirements prescribed by securities legislation and demonstrate knowledge of securities legislation. Registrants must also ensure that they develop and maintain a level of knowledge and ethics training that keeps pace with new products and services that they may offer.

(c) *Solvency*

The regulator will assess the overall financial situation of the applicant or registrant. Depending on the circumstances, the regulator may consider the registrant’s or applicant’s contingent liabilities. An applicant that is insolvent will be considered unsuitable for registration. An applicant that has a history of bankruptcy usually will not be suitable for registration. If a registrant becomes bankrupt or insolvent, the regulator may take that into account when assessing the registrant’s continuing suitability, as further discussed in section 4.6 of this Companion Policy.

The regulator will also consider whether an individual’s ability to discharge the responsibilities of a registrant might be affected by:

- other employment or partnerships
- service as a member of a board of directors
- potential conflicts of interest

4.2 IDA proficiency requirements

Part 4 does not prescribe proficiency requirements for investment dealer representatives who are approved by the IDA. The IDA prescribes the minimum entry and ongoing proficiency requirements for dealing representatives of its members. Accordingly, subsection 3.1(2) requires that a dealing representative of an investment dealer must be approved by the IDA. However, satisfying IDA proficiency requirements is a key factor for the regulator in determining suitability of these individuals.

4.3 Examination-based proficiency requirements

Part 4 prescribes examination-based, rather than course-based, education requirements, where possible. For example, an applicant is not required to complete the Canadian Securities Course but must pass the Canadian Securities Examination. It is up to the individual to determine what courses or other preparation, if any, is appropriate for him or her.

4.4 Relevant experience

The regulator will consider granting an exemption from any of the prescribed proficiency requirements in Part 4, Division 1 if it is satisfied that an individual has qualifications or relevant experience that are equivalent to, or more appropriate in the circumstances, than the prescribed proficiency requirements.

The 12 and 24 months of relevant experience referred to in subsection 4.4(2) and sections 4.11 and 4.12 respectively does not have to be consecutive. It can be a cumulative total during the 36-month period before the date the individual applied for registration.

Relevant experience under subsection 4.4(2) may include experience from working in:

- a registered dealer or registered adviser
- an investment fund manager firm
- related investment fields, such as investment banking, securities trading on behalf of a financial institution, securities research, portfolio management, investment advisory services or supervision of those activities
- legal, accounting and consulting practices related to securities legislation
- providing other professional services to the securities industry
- a securities-related business in a foreign jurisdiction

Relevant investment management experience under section 4.11 may include employment:

- as a registered dealing representative with a registered dealer firm
- under the supervision of:
 - an unregistered investment manager of a Canadian financial institution
 - an adviser that is registered in another jurisdiction of Canada or a foreign jurisdiction, or
 - an adviser that is not required to be registered under the laws of the jurisdiction in Canada or foreign jurisdiction where the adviser carries on business

4.5 Restricted dealer and restricted adviser – proficiency for representatives

The regulator will decide on a case-by-case basis what education and experience are required for registration as:

- a dealing representative or CCO of a restricted dealer
- an advising representative or CCO of a restricted adviser

The regulator will determine these requirements when it assesses the individual's suitability for registration.

4.6 Bankruptcy or insolvency after registration

The regulator will review the circumstances of a registrant's bankruptcy or insolvency on a case-by-case basis. If the regulator finds evidence that activities, such as unethical conduct or gross error in business judgment, led to the bankruptcy, it may suspend or terminate the registrant's registration. In other situations, the regulator may impose terms and conditions on the registrant's registration, such as close supervision of the individual and delivering progress reports to the regulator.

4.7 Capital and insurance requirements

Initial and ongoing capital requirements are intended to ensure a registered firm can meet the demands of its counterparties and, if necessary, wind down its business in an orderly fashion without loss to its clients. Registrants must calculate their excess working capital using Form 31-103F1 *Calculation of excess working capital*. Excess working capital must never be less than zero.

Registrants are also required to maintain bonding or insurance that provides for a “double aggregate limit” or a “full reinstatement of coverage”.

A double aggregate limit provision covers the registrant for twice the amount of the single loss limit for any number of losses in the year. The coverage for any one loss may not exceed the single loss limit. For example, if an adviser maintains a financial institution bond of \$50,000 with a double aggregate limit, the adviser’s coverage is \$50,000 for any one claim and \$100,000 for all claims during the year.

A full reinstatement of coverage provision means that the policy has no total loss limit. However, the total claimed for any one loss cannot exceed the amount of the policy’s single loss limit. For example, if an adviser maintains a financial institution bond of \$50,000 with a full reinstatement of coverage provision, the adviser’s maximum coverage is \$50,000 for any one claim and there is no limit to the total amount that can be claimed under the bond.

4.7.1 Capital, insurance, and client assets

The capital and insurance requirements applicable to an exempt market dealer, and the insurance requirements applicable to an adviser, depend in part on whether the dealer or adviser handles, holds or has access to client assets, including cheques or similar instruments. This is the case when the dealer or adviser:

- holds clients’ securities certificates or cash for any period of time
- has the authority (e.g. power of attorney) to withdraw funds or securities from clients’ accounts
- accepts funds from clients (e.g. a cheque made payable to the registrant)
- handles client cheques in transit (e.g. a cheque made payable to a third-party issuer)
- accepts clients’ funds from a custodian (e.g. clients’ funds are deposited in the registrant’s bank accounts prior to issuing a cheque to the clients)
- acts in the capacity of a trustee for clients
- has, in any capacity, legal ownership of, or access to, the client funds or securities
- has authority to debit client accounts to pay bills other than investment management fees

4.8 Financial records

Subsection 4.32(1) requires registered firms to prepare financial statements in accordance with generally accepted accounting principles, except that the statements are to be prepared on an unconsolidated basis.

Section 5600 of the CICA Handbook provides guidance for auditors signing an audit report concerning financial statements prepared in accordance with regulatory or legislative requirements.

4.9 Criminal charges

If a registrant is charged with a crime, in particular fraud or theft, the regulator may take action to suspend the registration without waiting for the results of the criminal proceedings. The regulator will normally consider the facts giving rise to criminal charges in a hearing that is closed to the public. In these cases, the registrant’s right to a fair trial before the criminal courts outweighs the desirability of adhering to the principle that all hearings be open to the public.

4.10 Foreign head office

When determining whether a firm whose head office is in a foreign jurisdiction is, and remains, suitable for registration, we will consider:

- whether the firm maintains registration or regulatory organization membership that is appropriate for the securities business being carried out in the foreign jurisdiction
- whether the firm continues to engage in the securities business for which the registration or membership is required in the foreign jurisdiction

The registered firm must notify the regulator in accordance with National Instrument 33-109 *Registration Information* (NI 31-109) of any change in this information.

PART 5 – CONDUCT RULES

5.1 Account opening and recordkeeping

Each record required under subsection 5.2(1) and section 5.15 should clearly indicate the person or company and the account to which the record refers. Information in a record can cover only the accounts of the same accountholder or group. For example, registrants should obtain separate information for an individual's personal accounts and for accounts of a legal entity that the individual wholly owns or jointly holds with another party. Registrants should also obtain all required proxy documents.

Where applicable, the financial details should note whether the information is for an individual client or a family. This includes spousal income and net worth. The financial details for legal entity accounts should note whether the information refers to the entity or the owner(s) of the entity.

Investment knowledge or experience for multi-party or legal entity accounts should note whose investment knowledge or experience is being described.

If a client is opening more than one account, the investment objectives and risk tolerance should indicate whether they apply to a particular account or to the client's whole portfolio across accounts.

All information relating to suitability should be in a form that makes it usable in the registered firm's supervision systems.

If the registered firm permits clients to complete new account forms themselves, the forms should use language that is clear and avoids terminology that may be unfamiliar to unsophisticated clients.

5.2 Know-your-client

The know-your-client (KYC) obligation in section 5.3 is an exercise in due diligence that protects the client, the registrant and the integrity of the capital markets. KYC forms the basis for investment suitability determinations and identifying, among other things, violations of trading rules and persons or companies that may want to trade illegally.

Registrants should collect the following information about clients that are not individuals:

- the nature of the client's business or other purposes of the entity
- control structure
- beneficial ownership

If it is unduly difficult for a registrant to determine beneficial ownership, as part of determining identity as required by subsection 5.3(1), the registrant should consider carefully why this might be so and whether it would be appropriate to closely scrutinize account activity until the beneficial owners are identified or to decline to accept the client.

To determine suitability, registrants should, at a minimum, collect the following information about each client:

- investment objectives
- investment knowledge and experience
- risk tolerance
- investment time horizon
- current investment holdings

- employment status
- income level
- net worth

Under subsection 5.3(4), registrants are required to make reasonable efforts to keep the KYC information of their clients current. Registrants should at all times have a reasonable basis for believing that they are acting on current KYC information.

We would interpret "current" in the context of the obligation to have sufficiently up-to-date information to support a suitability determination. This means, for example, that a portfolio manager with discretionary authority should update its client's KYC information frequently, but a dealer who only occasionally recommends trades to a client would only be expected to ensure that client's KYC information is up-to-date at the time of a recommendation.

5.3 Relationship disclosure information

5.3.1 Content of relationship disclosure information

The relationship disclosure information required under section 5.4 is not required to take the form of a separate document specially prepared for this purpose. The requirement may be met by providing a client with separate documents which, together, give the client the prescribed information. A registered firm should also provide its clients with any other information that the registered firm determines is necessary to clearly set out essential relationship information.

5.3.2 Promoting client understanding

Registered firms should promote their clients' understanding of the relationship and encourage their clients to:

- provide full and accurate information to the firm and the registered individuals acting on behalf of the firm
- promptly inform the firm of a change to any information that could reasonably result in a change to the types of investments appropriate for the client, such as a change to the client's income, investment objectives, risk tolerance, time horizon or net worth
- carefully review all account documentation, sales literature and other documents provided by the firm
- understand the potential risks and returns on investments
- ask questions and request information from the firm to resolve questions about the account, transactions, investments or the relationship with the firm or a registered individual acting on behalf of the firm
- pay for securities purchases by the settlement date
- regularly review portfolio holdings and performance
- consult professionals, such as a lawyer or an accountant, for legal or tax advice, where appropriate

A client's ability to meet some of these expectations will depend to some extent on the quality of the information provided by the firm.

5.4 Suitability of investments

To meet the obligation in section 5.5 to determine suitability of an investment for a client, registered individuals must understand all products that they are trading for, or recommending to, the client. This includes the structure, features and full costs of each product and any eligibility requirements (for example, whether the product is restricted to accredited investors).

Under subsections 5.5(3) and 5.5(4), there is no obligation to make a suitability determination for certain clients who are deemed not to need or want the protections that a suitability determination provides. Permitted clients are treated differently depending on the type of registrant who is trading or advising. For example, exempt market dealers are not required to determine suitability for permitted clients because of the nature of the business relationship. However, nothing precludes an exempt market dealer from providing a suitability determination if a permitted client asks for one.

Under subsection 5.5(5), permitted clients of other registrants may waive suitability determinations. Registrants should ensure that these clients are fully informed of the consequences of waiving suitability before they do so. Registrants should properly document and retain the waiver in their record-keeping system.

Section 3.3 also provides exemptions from the investment suitability obligation for SRO members. These exemptions generally apply to discount broker activity or to certain institutional clients.

5.5 Recordkeeping – general

In most circumstances, registered firms should maintain the following records to satisfy subsection 5.15(1)(a):

- material contracts
- reconciliations of bank statements and securities positions
- notes of oral communications with a client
- all e-mail, regular mail, fax and other written communications with clients

5.6 Activity and relationship records

5.6.1 Activity records

Activity records record information about buy or sell transactions, referrals, margin transactions and any other activities relating to a client's account.

They include records of all actions leading to trade execution, settlement and clearance, such as trades on exchanges, alternative trading systems, over-the-counter markets, debt markets, and distributions and trades in the prospectus-exempt market.

Examples of activity records are:

- trade confirmation statements
- summary information about account activity
- communications between a registrant and its client about particular transactions
- records of transactions resulting from securities a client holds, such as dividends or interest paid, or dividend reinvestment program activity

In determining whether a record is an activity record, firms should also consider the recordkeeping requirements in National Instrument 23-101 *Trading Rules*.

A trade should be reported in the currency in which it was executed. Where foreign currency is executed through a Canadian account, the exchange rate should be reported to the client.

A sub-adviser to an adviser or a dealer executing trades directed by an adviser or another dealer should consider the other registrant to be its client for purposes of providing activity records.

5.6.2 Relationship records

Relationship records record information about a registered firm's relationship with its client and relationships that any representatives have with that client.

Relationship records include:

- communication between the firm and its clients, such as:
 - disclosure provided to clients
 - agreements between the registrant and its clients

- account opening information
- change of status information provided by the client
- disclosure and other relationship information provided by the firm
- margin account agreements
- communications that do not relate to a particular transaction
- conflicts records

5.7 Third party access to records

Registered firms should have proper safeguards in place to ensure that there is no unauthorized access to information, particularly confidential client information. Registered firms should be particularly vigilant if they maintain books and records in a location that employees of a third party can access.

5.8 Complying with recordkeeping requirements

Registered firms should consider conducting regular internal tests to determine whether their records comply with applicable securities legislation.

The regulator or the securities regulatory authority is authorized under securities legislation to access, examine and take copies of a registered firm's records. The regulator or the securities regulatory authority may conduct regular and spot compliance reviews of registered firms.

5.9 Compliance system

5.9.1 Purpose of compliance system

The purpose of the compliance system mandated under section 5.23 is to protect both clients and registrants, which contributes to greater investor confidence and participation in our capital markets. An effective compliance system provides reasonable assurance that the registered firm is meeting, and will continue to meet, all requirements of applicable securities laws and SRO rules.

A registered firm's compliance system should:

- ensure that everyone in the firm, including the board of directors or partners, management, employees and agents (whether or not they are registered) understands the standards of conduct for their role
- be reasonably likely to identify non-compliance at an early stage
- provide effective mechanisms for correcting non-compliant conduct in a timely manner

Compliance is a firm-wide responsibility. The existence of the UDP and CCO, and in larger registered firms, a dedicated compliance monitoring group and individuals inside or outside that group with specific compliance and/or supervisory responsibilities, does not relieve others in the firm of the obligation to report and act on compliance issues.

5.9.2 Elements of an effective compliance system

Registered firms must operate an effective compliance system in order to remain suitable for registration. An effective compliance system has two inter-related elements: day-to-day supervision and systemic monitoring.

Day-to-day supervision includes:

- identifying specific cases of non-compliance
- taking action to remedy them
- minimizing the risk of non-compliant behaviour in key areas of the registered firm's operations

Minimizing risk usually involves activities such as approving new account documents, monitoring and in some cases, approving transactions, approving marketing material and preventing inappropriate use or disclosure of non-public information.

Systemic monitoring involves assessing, advising on and reporting on the effectiveness of the registered firm's compliance system. This includes ensuring that day-to-day supervision at the firm is reasonably effective in identifying compliance deficiencies and promptly remedying them. It also includes ensuring that policies and procedures are kept up to date and that everyone at the firm generally understands and complies with them.

More specific components of an effective compliance system include:

- the visible commitment of senior management and the board of directors or partners
- sufficient resources to operate effectively
- detailed written policies and procedures that:
 - set out the firm's standards of conduct for regulatory compliance
 - set out the systems for monitoring and enforcing compliance with those standards
 - clearly outline who is expected to do what, when and how
 - are readily accessible by everyone who is expected to know and follow them
 - are kept up to date with changes in regulatory requirements and the firm's business practices
- the designation of individuals to monitor the firm's compliance, identify any incidents of non-compliance and take supervisory action to correct them, including those assigned to fill those positions temporarily during absences (all of these individuals must have the qualifications and authority to carry out the responsibilities assigned to them)
- training to ensure that everyone at the firm understands the standards of conduct and his or her role in the compliance system, including ongoing communication and training on changes in regulatory requirements or the firm's policies and procedures
- records of activities conducted to identify and correct compliance deficiencies
- where compliance deficiencies have been identified, records of the action taken to remedy them

5.9.3 Setting up a compliance system

It is up to each registered firm to determine the most appropriate compliance system for its operations. For example, in some firms, the compliance-monitoring group may be authorized to take supervisory action, but in others it may not. Policies and procedures alone do not make an acceptable compliance system.

Registered firms should consider their size, scope of operations, products, types of clients or counterparties, risks and compensating controls, and any other relevant factors. Some of the elements noted in section 5.9.2 of the Companion Policy may be unnecessary or unworkable in smaller registered firms. However, all registered firms must have systems, policies and procedures to ensure they comply with the regulatory requirements under subsection 5.23(2).

We encourage firms to meet or exceed industry best practices to assist them in complying with regulatory requirements. The CSA or its member regulators may from time-to-time publish recommendations for best practices for various categories of registration. The SROs also do this for their members.

5.9.4 Supervision

Managers or others designated by their registered firm with authority to supervise specified registered individuals have a responsibility on behalf of the firm to take all reasonable measures to ensure that each of these individuals:

- acts honestly and in good faith toward clients
- complies with securities legislation and firm policies and procedures
- maintains an appropriate level of proficiency on an on-going basis

The effectiveness of a registered firm in identifying and remedying compliance deficiencies is an important element in assessing its continuing suitability for unrestricted registration.

5.10 Outsourcing

Registrants may only outsource non-core “back office” activities that are not registerable. Outsourcing can be a cost-effective alternative to the registered firm conducting those operations in-house. It can also be a way to access specialized expertise that would otherwise be unavailable. However, registered firms are fully liable and accountable for all functions that they outsource to a service provider. A written, legally binding contract should include the expectations of the parties to an outsourcing arrangement.

Prudent business practice requires registered firms to conduct a due diligence analysis of prospective third-party service providers to assess their reputation, financial stability, relevant internal controls and overall ability to deliver the services. This includes third-party service providers that are affiliates of the firm.

Registered firms should:

- ensure that third-party service providers have adequate safeguards for keeping information confidential and, where appropriate, disaster recovery capabilities
- conduct ongoing reviews of the quality of outsourced services
- develop business continuity plans for the possibility that third-party service providers may not deliver their services in a satisfactory manner, which could lead to disruption of a firm’s business and negative consequences for its clients
- note that other legal requirements, such as privacy laws, may apply when entering into outsourcing arrangements

The regulator, the registered firm and the firm’s auditors should have the same access to the work product of a third-party service provider as they would if the firm performed the activities. We expect firms to ensure that this access is provided and to include a provision for it in their contractual arrangements if necessary.

5.11 Responsibility to prevent client confusion

As part of its duty toward clients, registrants should ensure that their clients understand which legal entity they are dealing with, especially if more than one financial services firm is carrying on business in the same location. Registrants may use various methods, including signage and disclosure, to differentiate themselves. A registrant should carry on all registerable activities in the name of the registrant. Contracts, confirmation and account statements, among other documents, should contain the full legal name of the registrant.

5.12 Client complaints

5.12.1 Firms registered in Québec

Registered firms in Québec comply with Division 6 if they comply with sections 168.1.1 to 168.1.3 of the Québec *Securities Act*, which has provided a substantially similar regime since 2002.

The following guidance applies to firms registered in any jurisdiction, including Québec.

5.12.2 Definition of complaints

A complaint may be made orally or in writing. A matter is a complaint if it:

- is a reproach against a registered firm
- identifies a real or potential harm that a person or company has experienced, or may experience, because of the actions of a registered firm or its representatives
- is a request for the registered firm to take remedial action

Registered firms must document and effectively and fairly respond to every complaint, not just those relating to possible violations of securities legislation. An effective complaint system deals with all formal and informal complaints or disputes internally or refers them to the appropriate external person or process in a timely and fair manner.

5.12.3 Dispute resolution service

Registered firms must participate in an independent dispute resolution service for complaints relating to any trading or advising activity of the firm or its representatives.

Registrants should be fully aware of all applicable processes for dealing with complaints. They should disclose to all clients all dispute resolution mechanisms available for pursuing different types of complaints. Dispute resolution mechanisms include those prescribed by the applicable SRO.

In Québec, registrants must inform each complainant, in writing and without delay, that if the complainant is dissatisfied with the handling of the complaint or with the outcome, the complainant may request the registrant to forward a copy of the complaint file to the Autorité des marchés financiers. A copy of the complaint file must, upon request by a complainant, be forwarded to the Autorité des marchés financiers which examines the complaint and may, if it considers it appropriate, act as a mediator if the parties agree.

5.12.4 Disclosure of complaints

Some registrants are also registered or licensed to do business in other sectors, such as insurance. These registrants should inform their clients of the complaint resolution mechanisms for each sector in which they do business and how to use them.

5.12.5 Handling of complaints

Registered firms should acknowledge receipt of the complaint to the complainant within 10 business days.

Sales supervisors or compliance staff should handle the complaint promptly. In most cases, registered firms should provide a substantive response to a complaint within three months of receiving it.

Registered firms should ensure that the CCO and appropriate supervisors are aware of all complaints. They should also ensure that procedures are in place to inform senior management about all complaints of serious misconduct and of all legal actions.

Registered firms should document all complaints made against them and their representatives, and all legal actions or other dispute resolution proceedings relating to these complaints. They should keep a current record of complaints, and retain it for seven years from the date of the complaint.

Complaint records should include the following information:

- date of the complaint
- nature of the complaint
- complainant's name
- name of the person who is the subject of the complaint
- financial product or service that is the subject of the complaint
- date and nature of the decision made about the complaint

PART 6 – CONFLICTS OF INTEREST

6.1 Definition of conflict of interest

6.1.1 General

Conflicts of interest are circumstances where the interests of different parties, such as the interests of clients and those of a registrant, are inconsistent or divergent. This definition of conflicts of interest is not intended to capture inconsequential matters.

The obligations in section 6.1 apply to all conflicts of interest, even when there is a specific section that also applies to the conflict.

6.2 Responding to conflicts of interest

6.2.1 Mechanisms

When responding to any conflict of interest, registrants should consider their standard of care for dealing with clients.

Registrants will generally use three mechanisms to respond to conflicts of interest:

(a) Avoidance

Registrants should avoid all conflicts of interest that are prohibited by law. If a conflict of interest is not prohibited by law, registrants should avoid it if it is sufficiently contrary to the interests of a client that there can be no other reasonable response.

(b) Control

If a registered firm does not avoid a conflict of interest, it should consider what internal structures or policies and procedures it should use or have to respond to the conflict of interest reasonably.

(c) Disclosure

If a registrant does not avoid the conflict of interest, it must consider if it is required to disclose the conflict.

6.2.2 Consistency

Registrants should apply consistent criteria when responding to similar types of conflicts of interest.

6.2.3 Conflicts of interest between clients

If there is a conflict of interest between a registered firm's clients, the firm should be fair to all clients. Firms should have internal systems to evaluate the balance struck between these interests.

For example, there can be a conflict of interest between the interests of investment banking clients, who want the highest price, lowest interest rate or best terms in general for their issuances of securities, and the interests of the retail clients who will buy the product. The firm should consider whether the product meets the needs of retail clients and is competitive with alternatives available in the market.

6.3 Avoiding conflicts of interest

Some conflicts of interest are so contrary to another person's or company's interest that a registrant cannot use controls and/or disclosure to respond to them. In these cases, the registrant should avoid the conflict, stop providing the service or stop dealing with the client. A registered firm's conflicts management policies and procedures should allow the firm and its staff to identify conflicts of interest that should be avoided.

If a registrant allows serious conflicts of interest to continue, there is a high risk of harm to clients or to the market. Registrants should determine the level of risk a conflict of interest raises. If the risk of harming a client or the integrity of the markets is too high, the conflict needs to be avoided.

6.4 Controlling conflicts of interest

6.4.1 General

Depending on the conflict of interest, registered firms may control the conflict using methods such as:

- assigning a different representative to provide the service to the particular client
- creating a group or committee to review, develop or approve responses
- monitoring market activity
- blocking certain internal communication with information barriers

6.4.2 Organizational structures

Registered firms should ensure that their organizational structures, reporting lines, and physical layout enable them to control conflicts of interest effectively.

For example, the following situations would likely raise a conflict of interest:

- advisory staff reporting to marketing staff
- compliance or internal audit staff reporting to a business unit
- registered representatives and investment banking staff in the same physical location

Robust information barriers may help registered firms control these types of conflicts of interest.

6.4.3 Remuneration

Registered firms should consider whether any particular benefits, compensation or remuneration practices are inconsistent with their obligations to clients, especially if the firm relies heavily on commission-based remuneration.

6.4.4 Multiple roles for individuals

Conflicts of interest can arise when representatives serve on a board of directors. Examples include conflicting fiduciary duties owed to the company and to a registered firm or client, possible receipt of inside information and conflicting demands on the representative's time.

Registered firms should consider:

- requiring their representatives to seek permission from the firm to serve on the board of directors of a public issuer or restricted issuer
- having policies for board participation that identify the circumstances where the activity would not be in the best interests of the firm and its clients

6.4.5 Outside business activities

When individuals are involved in outside business activities, conflicts of interest can arise, for example, from any associated compensation or because of the nature of the relationship between the individual and the outside entity. Before approving any of these activities, registered firms should consider potential conflicts of interest. If the firm cannot properly control a potential conflict of interest, it should not permit the outside activity.

6.5 Disclosing conflicts of interest

6.5.1 General

Registered firms should make appropriate disclosure of conflicts of interest to their clients. While disclosure alone will often not be enough, it is an integral part of responding to conflicts of interest. Registered firms should ensure that their clients are adequately informed about any conflicts of interest that may affect the services the firm provides to them. Generic disclosure is unlikely to satisfy the registered firm's obligations to respond to conflicts properly.

Disclosure about conflicts of interest should:

- be prominent, specific, clear and meaningful to the client, so that the client can understand the conflict of interest and how it could affect the service the client is being offered
- usually occur before or when the service is provided, so that the client has a reasonable amount of time to assess it

Registered firms should ensure that they do not:

- give partial disclosure that misleads their clients
- obscure conflicts of interest in overly detailed disclosure

6.5.2 Timing

Registered firms should disclose a conflict of interest to their clients before an action, such as a transaction occurs. If it is impossible to do so, the registered firm should disclose the conflict to its clients as soon as possible afterwards.

6.5.3 When disclosure is inappropriate

There are some situations in which disclosing a particular conflict of interest is inappropriate. Examples include conflicts of interest that involve confidential or commercially sensitive information, or that amount to “inside information” under the insider trading provisions.

In these situations, registered firms will need to assess whether they can provide any disclosures and whether there are mechanisms to respond to the conflict of interest adequately. The firm may have to decline to provide the service to avoid the conflict of interest.

Registered firms may disclose material, non-public information only if it is in the necessary course of business. Otherwise, it would be considered “tipping”. Registered firms should have specific procedures for responding to conflicts of interest that involve inside information.

6.6 Registrant relationships

The regulator may exercise his or her discretion to register an individual as a dealing, advising or associate advising representative of a registered firm and as a representative of another affiliated registered firm.

6.7 Issuer disclosure statement

The nature of the relationship between a registered firm and a related issuer and, in the course of a distribution, a connected issuer, can vary. The requirement to describe the nature of those relationships can be satisfied by describing, as applicable:

- an ownership interest
- an overlap of individuals
- a commercial interest
- a family relationship
- any other relevant interest

To satisfy the requirement to describe a connected issuer in the course of a distribution, registered firms may find it useful to provide examples of connected issuers and a description of the nature of the relationship with the firm.

The description of the nature of these relationships in the issuer disclosure statement should not be boilerplate disclosure that could apply to any registrant. The description should be tailored to the particular registered firm, so that the description is meaningful to the firm’s clients.

6.8 Allocating investment opportunities fairly

If the investment process involves allocating investment opportunities, an adviser’s fairness policy should, at a minimum, disclose the method used to allocate:

- price and commission among clients when trades are bunched or blocked
- block trades and initial public offerings among client accounts and among clients that are partially filled, such as pro-rata

The adviser’s fairness policy should also address any other situation where investment opportunities must be allocated.

6.9 Acquiring securities or assets of a registered firm

For purposes of section 6.8, the book of business of a registered firm would be “a substantial part of the assets” of the registered firm.

6.10 Relationship pricing

We are aware that industry participants offer financial incentives or advantages to certain clients. This practice is commonly referred to as “relationship pricing”.

The tied selling provision in section 6.10 is intended to prevent certain abusive sales practices. It is not intended to prohibit relationship pricing or other beneficial selling arrangements similar to relationship pricing.

In our view, section 6.10 would be contravened if, for example, a financial institution refused to make a loan unless the client acquired securities of mutual funds that are sponsored by the financial institution, and the client otherwise met the financial institution’s criteria for making loans.

6.11 Referral arrangements

6.11.1 Application

Section 6.11 defines “referral arrangement” in broad terms. The definition is not limited to referrals for providing financial services or services requiring registration. It also includes receiving a referral fee for providing a client name and contact information to a person or company.

A party to a referral arrangement may need to be registered depending on the activities that party carries out. Registrants cannot use a referral arrangement to assign or contract out of their regulatory obligations.

“Referral fee” is also broadly defined. It includes sharing or splitting any commission resulting from the purchase or sale of a security.

6.11.2 Clients

A client who is referred to a person or company becomes the client of that person or company for the purposes of the trading or advising services provided under the referral arrangement.

The person or company receiving the referral must be registered in an appropriate category or must undertake trading or advising activities under an applicable registration exemption. Section 6.14 requires the registrant making the referral to satisfy itself that this is the case.

The registrant receiving a referral must meet all of its obligations as a registrant toward its referred clients, including know-your-client and suitability determinations.

Registrants involved in referral arrangements should manage any related conflicts of interest in accordance with the applicable provisions of Part 6, Division 1. For example, if the proposed referral fee seems excessive in relation to the service to be provided, the registered firm should assess whether this may create a conflict that could motivate its representatives to act contrary to their duties toward their clients.

6.11.3 Written agreement

The requirement in section 6.12 that parties to a referral arrangement set out its terms in a written agreement is intended to ensure that each party’s roles and responsibilities are made clear.

We expect referral arrangements to include:

- the roles and responsibilities of each party
- limitations on any party to the referral arrangement that is not a registrant to ensure that it is not engaging in any activities requiring registration
- the method of calculating the referral fee and, to the extent possible, the amount of the fee
- the disclosure to be provided to referred clients
- who provides the disclosure to referred clients
- who is responsible for communicating with referred clients

Registered firms are required to be parties to referral agreements entered into by their representatives. This ensures that they are aware of these arrangements so they can adequately supervise their representatives and monitor compliance. This does not preclude the individual registrant from also being a party to the agreement.

6.11.4 Disclosure to clients

The disclosure of information to clients required under section 6.13 is intended to help clients make an informed decision about the referral arrangement and to assess any conflicts of interest.

In providing the prescribed disclosure, registrants should take reasonable steps to ensure that clients understand:

- which entity they are dealing with
- what they can expect that entity to provide to them
- the registrant's key responsibilities to them
- the limitations of the registrant's registration category and any relevant terms and conditions imposed on its registration
- the extent of the referrer's financial interest in the referral arrangement
- the nature of any potential or actual conflict of interest that arises from the referral arrangement

PART 7 – SUSPENSION AND REVOCATION OF REGISTRATION

7.1 General

There is no annual or other renewal requirement for registration. Registration remains effective until it is suspended or terminated by a triggering event. Triggering events for terminating registration include:

- an individual ceasing to have a sponsoring firm
- the regulator accepting a request from the registrant to surrender registration
- the regulator suspending or revoking registration

“Suspension” is a restricted state of registration. A suspended registrant must cease the registerable activity but otherwise remains a registrant, subject to the jurisdiction of the securities regulatory authority. “Reinstatement” means that a suspension on a registration has been lifted. “Revocation” means that a registration has been terminated. As a result, the firm or individual must submit a new application to become a registrant again.

Registrants may be entitled to an opportunity to be heard before a decision is made to suspend or revoke registration.

7.2 Termination of a registered individual

If a registered firm terminates the employment, partnership or agency relationship of a registered individual for any reason (for example, the individual resigns, is dismissed or retires), the firm has five days after the effective date of the individual's termination to file the prescribed notice of termination (Form 33-109F1).

If the notice of termination indicates that the individual resigned or was dismissed for a reason other than retirement or completing a temporary employment contract, the former sponsoring firm has 30 days from the date of termination to file additional prescribed information about the reasons for the termination. This information is necessary for the regulator to determine if there are any concerns about the individual's conduct that may be relevant to his or her ongoing suitability for registration.

7.3 Automatic suspension

An individual must have a sponsoring firm to be an active registrant. Individuals who voluntarily or involuntarily leave their sponsoring firm are automatically suspended, effective on the day that they cease to have the firm's authority to act on its behalf.

If the registration of a firm is suspended or revoked, the registration of each of its individual dealing or advising representatives is automatically suspended. There is no opportunity to be heard in the case of an automatic suspension.

Certain registration categories require registered firms to be a member of a specified SRO. Individuals acting on behalf of SRO member firms may also be required to be an approved person of the SRO. If an SRO revokes or suspends the membership of a registered firm or approval of an individual, the firm or individual's registration in the category requiring SRO membership or approval will be automatically suspended. This will not apply to mutual fund dealers registered only in Québec.

Where an individual has been suspended by his or her SRO for reasons that do not involve significant regulatory concerns and the SRO has subsequently reinstated his or her approval, we will reinstate the individual's registration as quickly as possible. An example of this would be the routine suspension of IDA approved persons who have missed a deadline to upgrade their proficiency under IDA rules. The IDA reinstates such individuals' approved person status as soon as the required courses have been completed.

If a firm or individual is registered in multiple categories, the regulator will consider on a case-by-case basis whether to suspend the firm's or individual's other registration(s) or to impose terms and conditions, subject to an opportunity to be heard.

7.4 Reinstatement

If an individual joins a new sponsoring firm within 90 days of leaving registered employment and is seeking registration in the same category as previously held, the individual's registration will be automatically reinstated, subject to certain conditions set out in NI 33-109. This process allows a qualified individual who transfers directly from one sponsoring firm to another to start engaging in activities requiring registration from the first day with the new sponsoring firm.

In other circumstances, a suspended individual who has found a new sponsoring firm will have to apply for reinstatement under the process set out in NI 33-109.

Despite automatic reinstatement or any other procedure, maintaining suitability for registration is an ongoing requirement and the regulator has discretionary authority to suspend or revoke an individual's registration or restrict it with terms and conditions at any time. The regulator may do this, for example, if it receives information through the form 33-109F1 Notice of Termination filed by the individual's former sponsoring firm or other sources that causes the regulator to question the individual's continued suitability for registration. In these situations, individuals will be given an opportunity to be heard before a decision is made to suspend or revoke registration or to impose terms and conditions.

7.5 Surrender of registration

If a registrant intends to cease activity requiring registration, it may apply to surrender its registration. A registration is revoked when the regulator gives notice that it has accepted its surrender. The individual or firm remains registered until it receives this notice.

7.5.1 Registered firms

Before accepting a registered firm's surrender, the regulator will require evidence that the firm's clients have been dealt with appropriately. This is not necessary for a registered individual who applies to surrender registration. In this case, the sponsoring firm will continue to be responsible for meeting obligations to clients who may have been served by the individual.

When considering a registered firm's application to surrender its registration, the regulator may consider whether:

- the firm has ceased carrying on activity requiring registration or proposes an effective date within 6 months of the date of the application to surrender (revocation of registration to take effect on or after that date as notified by the regulator)
- the firm has, at the time of filing the application to surrender, satisfied any previously outstanding fees and filings
- the application to surrender registration:
 - discloses the firm's reasons for ceasing to carry on activity requiring registration
 - provides satisfactory evidence that the firm has given all of its clients reasonable notice of its intention to cease carrying on activity requiring registration, including an explanation of how it will affect them in practical terms
 - includes copies of the firm's most recent unaudited financial statements
 - provides satisfactory evidence that it has given appropriate notice to the SRO, if applicable

- the regulator has received, or waived receipt of, the following from the firm in satisfactory form, supported by an officer's or partner's certificate and auditor's comfort letter:
 - evidence that the firm has resolved all outstanding client complaints (including litigation, judgments and liens) or made reasonable arrangements to deal with and fund any payments relating to them, as well as any subsequent client complaints, settlements or liabilities
 - confirmation that all money or securities owed to clients has been returned or transferred to another registrant, where possible according to client instructions
 - up-to-date audited financial statements
 - evidence that the firm has satisfied the SRO's requirements for withdrawing membership, if applicable

In determining whether it would be prejudicial to the public interest to accept the surrender of registration, the regulator will refer to all information the registered firm has provided and any other regulatory concerns that relate to the firm, including terms and conditions on registration that have not been met and compliance issues, among other things. The regulator also has the authority to act in the public interest by suspending the registration of a registered firm that has applied to surrender it.

7.5.2 Registered individuals

Registered individuals who want to terminate their registration do not have to apply to surrender it. They may simply resign from their sponsoring firm. However, individuals may choose to apply to surrender registration using Form 33-109F2 if, for example, they are registered in multiple jurisdictions and want to have their registration revoked in one jurisdiction only.

PART 8 – EXEMPTIONS FROM REGISTRATION

8.1 International dealers and international advisers

When international dealers or advisers relying on the registration exemptions in subsections 8.15(2) and 8.16(2) stop carrying on business in the jurisdiction, they should give notice by sending an e-mail to the securities regulatory authority in the jurisdiction where they are trading or advising in securities in reliance on the registration exemption as soon as possible after they stop carrying on business in the jurisdiction.

The e-mail addresses of the relevant jurisdictions are listed in Form 31-101F2.

8.2 Mobility exemption

In limited circumstances, the mobility exemption in Part 8, Division 2 allows registrants to continue dealing with clients (and certain of their family members) who move to a different jurisdiction, without registering in that other jurisdiction. The availability of the mobility exemption is triggered when the client moves to another jurisdiction.

The registered firm's compliance system must have appropriate policies and procedures for supervising individual representatives relying on a mobility exemption. Registered firms must also keep appropriate records to demonstrate compliance with the conditions of the mobility exemption.

6.2.1 Notice of Proposed Revocation and Replacement of NI 33-109 Registration Information and Companion Policy 33-109CP, and Notice of Proposed Amendments to NI 31-102 National Registration Database and Companion Policy 31-102CP

REQUEST FOR COMMENT

**NOTICE OF PROPOSED REVOCATION AND REPLACEMENT OF
NATIONAL INSTRUMENT 33-109 *REGISTRATION INFORMATION*
AND COMPANION POLICY 33-109CP,**

AND

**NOTICE OF PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 31-102 *NATIONAL REGISTRATION DATABASE*
AND COMPANION POLICY 31-102CP**

Introduction

The Canadian Securities Administrators (the **CSA** or **we**) are publishing for a 90-day comment period National Instrument 33-109 *Registration Information* (**NI 33-109**) and Companion Policy 33-109CP (**33-109CP**). The proposed national instrument and policy are intended to replace the national instrument and policy currently in force under the same numbers.

The CSA is also publishing for comment proposed amendments to National Instrument 31-102 *National Registration Database* (**NI 31-102**) and Companion Policy 31-102CP (**31-102CP**).¹

Substance and purpose of proposed amendments

We are proposing the changes chiefly as a consequence of the new requirements in proposed National Instrument 31-103 *Registration Requirements* (**NI 31-103**).

Proposed changes to NI 33-109, which will be revoked and replaced

We have made the following changes:

- revised the definition of *permitted individual* to include only the following officers: chief executive officer, chief financial officer, or chief operating officer of the firm, or those performing the functional equivalent of any of those positions. More junior officers that neither trade nor advise, or that have no dealings in Canada are therefore excluded. We have regularly granted exemptions from the requirement for junior officers to submit a Form 33-109F4. This change merely codifies that practice.
- added references to the registration categories of ultimate designated person and chief compliance officer.
- condensed Parts 4 and 5 into one part containing the requirements for both registered individuals and permitted individuals.
- expanded sections 4.3 and 5.1 to take into account the proposed two-stage disclosure process in Form 33-109F1.

Proposed changes to Form 33-109F1

We have revised Form 33-109F1 to support the proposal in proposed NI 31-103 for permanent registration and more efficient reinstatement of registered individuals. The version now published for comment adds permitted individuals to the amended Form 33-109F1 that was published for comment with proposed NI 31-103 on February 23, 2007 and also incorporates minor changes to address some of the comments we received.

Proposed changes to Form 33-109F2

Cross references have been updated.

Item 3 Details of Surrender now specifies that it applies if the individual is surrendering his or her registration with the sponsoring firm in the local jurisdiction.

¹ The New Brunswick Securities Commission will revoke and replace NI 31-102 and 31-102CP to replace the national instrument and policy currently in force in New Brunswick under the same numbers.

Request for Comments

Proposed changes to Form 33-109F3

Cross references have been updated.

Proposed changes from Form 33-109F4

We have made the following changes:

- a number of minor housekeeping changes as a consequence of the proposals in proposed NI 31-103. In particular, the new categories of registration in proposed NI 31-103 have resulted in changes to Schedule C of Form 33-109F4.
- applied plain language principles to make Form 33-109F4 easier to understand.
- defined certain terms used in Form 33-109F4 that are not defined elsewhere.

Proposed changes to Form 33-109F5

Cross references have been updated.

Proposed Form 33-109F6

We have made the following changes:

- a number of minor housekeeping changes as a consequence of proposed NI 31-103. In particular, the new categories of registration in NI 31-103 have resulted in changes to Schedule C of Form 33-109F6.
- applied plain language principles to make Form 33-109F6 easier to understand.
- defined certain terms used in Form 33-109F6 that are not defined elsewhere.
- included CSA-wide relevant requirements that were previously requested in additional requirement lists by each jurisdiction.

Proposed Form 33-109F7

This is a new form to support more efficient reinstatement of registered individuals.

Proposed changes to 33-109CP

We have made the following changes:

- removed the existing section 1.1 because it is no longer necessary.
- added Part 2 to explain the reinstatement process.
- added section 4.2 to clarify the ongoing requirements to update information in applications for registration.
- expanded section 5.1 to address the sponsoring firm's due diligence obligations on their review of individuals, including correcting incorrect or deficient information in Form 33-109F7.
- added section 5.2 to explain issues relating to Form 33-109F1.
- added Part 7 to explain the intended use of each of the forms.

Proposed changes to NI 31-102

We have made the following changes:

- added Forms 33-109F5 and 33-109F7 to the list in section 2.1.
- amended section 3.2(e) to require a firm filer to notify the NRD administrator of any change in the name, telephone number, or e-mail address of the firm's chief AFR.

Request for Comments

- added section 4.4 to require a firm filer to pay through NRD any late filing fees arising because of an activity that creates a submission on NRD.
- added section 4.5 to codify the exemptions that are regularly granted from the requirement to pay fees through NRD.
- removed Part 7 because it is no longer necessary.

Proposed changes to 31-102CP

We have made the following changes:

- removed the existing section 1.1 because it is no longer necessary.
- added section 7.2 to address *Commodity Futures Act* submissions.

Summary of proposed amendments

The proposed changes will:

- reflect the proposals in proposed NI 31-103
- reflect the proposed amendments to certain forms
- codify exemptions that are granted regularly
- address housekeeping matters

Authority for proposed amendments – Ontario

The Ontario Securities Commission is seeking amendments to the *Securities Act* (Ontario) to provide it with the requisite authority to make certain provisions in NI 33-109 and NI 31-102. The remaining provisions are made under the authority of the following paragraphs of subsection 143(1) of the *Securities Act* (Ontario): 1, 7, 10, 39, 44, 45, 46, and 49.

Unpublished materials

In proposing the amendments to NI 33-109, 33-109CP, NI 31-102, and 31-102CP, the CSA has not relied on any significant unpublished study, report, or other written materials.

Alternatives considered

We did not consider any alternatives to the proposed changes to NI 33-109, 33-109CP, NI 31-102, and 31-102CP.

Anticipated costs and benefits

We anticipate that the proposed changes will facilitate the implementation of proposed NI 31-103 and eliminate the need for certain exemptions that are granted routinely.

Comments

Interested parties are invited to make written submissions about these proposed changes. Submissions received by May 29, 2008 will be considered. If you are not sending your submissions by e-mail, please include a diskette or CD containing your submission (in Windows format, Word).

Submissions should be addressed to all of the CSA members listed below:

Ontario Securities Commission
Autorité des marchés financiers

It is not necessary to send comments separately to all CSA member authorities. Please send them to one of the following persons, who will ensure they are sent to the other CSA members:

Request for Comments

c/o John Stevenson
Secretary to the Commission
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, Ontario M5H 3S8
Fax: (416) 593-2318
e-mail: jstevenson@osc.gov.on.ca

Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria, C.P. 246, 22 étage
Montreal, Québec H4Z 1G3
Fax: (514) 864-6381
Email: consultation-en-cours@lautorite.qc.ca

We cannot keep submissions confidential because securities legislation in certain jurisdictions requires that a summary of the written submissions received during the comment period be published.

Questions

Please refer your questions to any of:

David Gilkes
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, Ontario M5H 3S8
Direct: (416) 593-8104
Fax: (416) 593-8240
E-mail: dgilkes@osc.gov.on.ca

Martha Rafuse
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, Ontario M5H 3S8
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Sophie Jean
Autorité des marchés financiers
800 square Victoria, 22e étage, C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3
Téléphone: (514) 395-0337, poste 4786
Télécopieur: (514) 873-2262
Courriel: sophie.jean@lautorite.qc.ca

The text of the proposed amendments follow or can be found elsewhere on a CSA member website.

February 29, 2008

**NATIONAL INSTRUMENT 33-109
REGISTRATION INFORMATION**

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**NATIONAL INSTRUMENT 33-109
REGISTRATION INFORMATION**

PART 1 DEFINITIONS

1.1 Definitions - In this Instrument

"effective date of a termination of an employment, partnership, or agency relationship" means the first day on which the individual ceased to have authority to act in a registerable capacity on behalf of the firm or ceased to act in a permitted individual capacity;

"NI 31-102" means National Instrument 31-102 *National Registration Database*;

"NRD submission number" means the unique number generated by NRD to identify each NRD submission;

"permitted individual" means, for a registered firm or for a person or company that is applying for registration, an individual who is not registered to trade or to advise on behalf of the firm and who

- (a) is a director, chief executive officer, chief financial officer, or chief operating officer of the firm, or performs the functional equivalent of any of those positions, or
- (b) beneficially owns, directly or indirectly, or exercises control or direction over, 10 percent or more of the voting securities of the firm;

"registered firm" means a registered dealer, registered adviser, or registered investment fund manager;

"registered individual" means an individual who is registered

- (a) to trade or advise on behalf of a registered firm,
- (b) in the category of ultimate designated person, or
- (c) in the category of chief compliance officer;

"sponsoring firm" means,

- (a) for a registered individual, the registered firm on whose behalf the individual trades or advises, or acts as ultimate designated person or chief compliance officer,
- (b) for an individual applying for registration, the registered firm, or the person or company applying to become a registered firm, on whose behalf the individual proposes to trade or advise,
- (c) for a permitted individual of a registered firm, the registered firm on whose behalf the individual acts, or
- (d) for a permitted individual of a person or company that is applying for registration, the person or company that is applying for registration on whose behalf the permitted individual proposes to act.

1.2 Interpretation - Terms defined in NI 31-102 and used in this Instrument have the respective meanings ascribed to those terms in NI 31-102.

PART 2 APPLICATION FOR REGISTRATION AND REVIEW OF PERMITTED INDIVIDUALS

2.1 Dealer, Adviser and Investment Fund Manager Registration - Except as provided in subsection 2.3(1), an applicant for registration as a dealer, adviser or investment fund manager must submit to the regulator,

- (a) in paper format, a completed Form 33-109F6; and
- (b) in accordance with NI 31-102, a completed Form 33-109F3 for each business location of the applicant, other than the applicant's head office.

2.2 Individual Applicants

- (1) An individual who applies for registration under securities legislation must make the application by submitting to the regulator in accordance with NI 31-102 a completed Form 33-109F4.
- (2) Despite subsection (1), a permitted individual of a registered firm who applies to become a registered individual with the firm must make the application by submitting to the regulator in accordance with NI 31-102 a completed Form 33-109F2.

2.3 Reinstatement - The registration of an individual suspended under section 7.5 of National Instrument 31-103 *Registration Requirements* is reinstated on the date the individual submits a completed Form 33-109F7 in accordance with NI 31-102 if

- (a) the Form 33-109F7 is submitted on or before the 90th day after the date the individual was suspended;
- (b) there have been no changes to the information previously submitted in respect of Items 13, 14, 15 and 16 of the Form 33-109F4 of the individual since the individual was suspended;
- (c) the individual is seeking reinstatement in the same category of registration in which the individual was registered at the time of the suspension; and
- (d) the registered firm sponsoring the individual's reinstatement is registered in the same category of registration in which the individual's former sponsoring firm was registered.

2.4 Permitted Individuals

- (1) A permitted individual must submit to the regulator in accordance with NI 31-102 a completed Form 33-109F4, or, if required under subsection (2), a Form 33-109F7, within the later of
 - (a) the 5th business day after becoming a permitted individual; and
 - (b) the date the sponsoring firm applies for registration.
- (2) A permitted individual must submit to the regulator in accordance with NI 31-102 a completed Form 33-109F7 under subsection (1), provided that there have been no changes to the information previously submitted in respect of Items 13, 14, 15 and 16 of the Form 33-109F4 of the individual since the date the permitted individual ceased to have authority to act in a permitted individual capacity with the individual's former sponsoring firm.

2.5 Commodity Futures Act Registrants

- (1) In Manitoba and Ontario, if an applicant for registration under section 2.1 is registered under the *Commodity Futures Act*, the applicant is not required to submit a completed Form 33-109F3 under subsection 2.1(b) for any business location of the applicant that is recorded on NRD.
- (2) In Manitoba and Ontario, despite subsection 2.2(1), if an individual applies for registration under securities legislation and is recorded on NRD with his or her sponsoring firm as registered under the *Commodity Futures Act*, the individual must make the application by submitting to the regulator, in accordance with NI 31-102, a completed Form 33-109F2.

PART 3 CHANGES TO REGISTERED FIRM INFORMATION

3.1 Changes to Form 33-109F6 Information

- (1) A registered firm must notify the regulator of a change to any information previously submitted in Form 33-109F6, or under this subsection, within 5 business days of the change.
- (2) For the purposes of subsection (1), a notice of change must be made by submitting a completed Form 33-109F5 in paper format.
- (3) A notice of change under this section is not required to be in Form 33-109F5 if the change relates to

- (a) the addition of an officer, partner, or director to the registered firm, and if
 - (i) a completed Form 33-109F4 in respect of the officer, partner, or director is submitted under section 2.2; or
 - (ii) a completed Form 33-109F7 in respect of the officer, partner, or director is submitted under section 2.3;
- (b) the resignation or termination of an officer, partner or director of the registered firm, and if a completed Form 33-109F1 is submitted under section 4.3; or
- (c) a business location other than head office, and if a completed Form 33-109F3 is submitted under section 3.2.

3.2 Changes to Business Locations

- (1) A registered firm must notify the regulator of the opening of a business location, other than a new head office, by submitting in accordance with NI 31-102 a completed Form 33-109F3 within 5 business days of the opening.
- (2) A registered firm must notify the regulator of a change to any information previously submitted in Form 33-109F3 by submitting in accordance with NI 31-102 a completed Form 33-109F3 within 5 business days of the change.

3.3 Changes to Other Registration Information - A registered firm must notify the regulator of a change in its auditor or financial year-end within 5 business days of the change.

PART 4 CHANGES TO REGISTERED INDIVIDUAL AND PERMITTED INDIVIDUAL INFORMATION

4.1 Changes to Form 33-109F4 Information

- (1) A registered individual or permitted individual must notify the regulator in accordance with NI 31-102 of a change to any information previously submitted in Form 33-109F4, in Form 33-109F7, or under this subsection, within 5 business days of the change.
- (2) Despite subsection (1), a registered individual or permitted individual must notify the regulator in accordance with NI 31-102 of a change to information previously submitted in Item 11 of Form 33-109F4, or under this subsection, within 10 business days of the change.
- (3) Despite subsection (1), a registered individual or permitted individual must notify the regulator in accordance with NI 31-102 of a change to information previously submitted in Items 3, 4, or paragraph 1 of Item 8 of Form 33-109F4, or under this subsection, within 20 business days of the change.

4.2 Application to Change or Surrender Individual Registration Categories - A registered individual of a registered firm who applies to change or surrender his or her registration category with the firm must make the application by submitting to the regulator in accordance with NI 31-102 a completed Form 33-109F2.

4.3 Termination of Employment, etc.

- (1) A registered firm must, within 5 business days of the effective date of a termination of an employment, partnership, or agency relationship with a registered individual or permitted individual, notify the regulator of the termination of the relationship by submitting in accordance with NI 31-102 a completed Form 33-109F1 with Parts A through D completed.
- (2) A registered firm must, within 30 business days of the effective date of a termination of an employment, partnership, or agency relationship with a registered individual or permitted individual who resigned or was dismissed, submit in accordance with NI 31-102 a Form 33-109F1 with Part E completed.
- (3) A registered firm must, within 5 business days of a request from a registered individual or permitted individual, provide to the individual a copy of the Form 33-109F1 with Parts A through D completed, as submitted under subsection (1) in relation to the individual.

- (4) Upon a request from an individual, registered firm must provide to the registered individual or permitted individual who resigned or was dismissed a copy of the Form 33-109F1 with Part E completed, as submitted pursuant to subsection (2) in relation to the individual, within the later of
 - (a) 5 business days of a request from the individual; and
 - (b) 5 business days of the submission pursuant to subsection (2).

PART 5 DUE DILIGENCE AND RECORD-KEEPING

5.1 Sponsoring Firm Obligations

- (1) A sponsoring firm must make reasonable efforts to ensure the truth and completeness of information that is submitted by
 - (a) a registered individual;
 - (b) a permitted individual; or
 - (c) an individual applying for registration, for whom the firm is the sponsoring firm.
- (2) A registered firm that has submitted a Form 33-109F4 or Form 33-109F7 on behalf of a registered individual or permitted individual must obtain from that individual a copy of the Form 33-109F1 most recently submitted in respect of the individual, within 45 business days of the submission of the relevant Form 33-109F4 or Form 33-109F7.
- (3) A sponsoring firm must retain all documents used by the firm to satisfy its obligation under subsection (1),
 - (a) in the case of a permitted individual, for a period of seven years after the individual ceases to be a permitted individual with the firm; or
 - (b) in the case of a registered individual, or an individual applying for registration, for a period of seven years after the individual ceases to be a registered individual with the firm.
- (4) Without limiting the generality of subsection (3), if a registered individual, an individual applying for registration, or a permitted individual appoints an agent for service, the sponsoring firm must keep the original Appointment of Agent for Service executed by the individual for the period of time set out in paragraph (3)(b).
- (5) A sponsoring firm that retains a document under subsection (3) or (4) in respect of an NRD submission must record the NRD submission number on the first page of the document.

PART 6 EXEMPTION

6.1 Exemption

- (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.
- (2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.
- (3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions*, opposite the name of the local jurisdiction.

PART 7 REVOCATION AND EFFECTIVE DATE

- 7.1 Revocation** - National Instrument 33-109 *Registration Information*, which came into force on February 14, 2003, is revoked.
- 7.2 Effective Date** - This National Instrument comes into force on ●.

PROPOSED FORM 33-109F1
NOTICE OF TERMINATION OF REGISTERED INDIVIDUALS AND PERMITTED INDIVIDUALS

Complete this form to notify the appropriate Canadian securities regulator(s) or self-regulatory organization(s) (SRO) that a registered individual or permitted person has been terminated by his or her sponsoring firm.

Complete and submit this form online at the national registration database (NRD) website at www.nrd.ca. Otherwise, complete the paper version of this form if you are relying on the temporary hardship exemption in NI 31-102.

A. Information about the terminating firm

- 1. Name _____
- 2. NRD number _____

B. Information about the terminated individual

- 1. Name _____
- 2. NRD number _____

C. Business location of the terminated individual

- 1. Address _____
- 2. NRD number _____

D. Information about the termination

- 1. Effective date (the first day on which the individual ceased to have authority to act in a registerable capacity on behalf of the firm or ceased to act in his/her permitted individual activity) _____
(YYYY/MM/DD)

- 2. Reason for the termination (check one)

- | | | | | |
|--|--------------------------|--|---------------------------------|--------------------------------|
| Resigned | <input type="checkbox"/> | requested or encouraged to do so by the firm? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Dismissed for just cause? | <input type="checkbox"/> | | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Completed temporary employment contract | <input type="checkbox"/> | | | |
| Retired | <input type="checkbox"/> | | | |
| Deceased | <input type="checkbox"/> | | | |
| Other (provide details) | <input type="checkbox"/> | | | |

E. Further details

(You do not have to provide the information in this Part E unless the individual resigned or was dismissed. If so, you have until 30 business days after the effective date of the termination to file your responses to the questions in this Part E – the remainder of the Form should still be filed within 5 days business days after the effective date of the termination.)

If the individual resigned or was dismissed (whether or not for just cause), explain why in the space provided and answer the following questions to the best of the firm's knowledge.

Reasons for resignation or dismissal: _____

Request for Comments

If the answer to any of the following questions is “yes”, provide details (you may cross-reference the information provided immediately above if the relevant details have been set out there). Answers should be with reference to events in the past twelve months.

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1. Was the individual charged with any criminal offence? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Was the individual the subject of any investigation by any securities or financial industry regulator? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Was the individual subject to any significant internal disciplinary measures at the firm or any affiliate of the firm related to the individual's integrity or competence as a registrant? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Were there any written complaints, civil claims and/or arbitration notices filed against the individual or against the firm concerning securities-related activities of the individual that occurred while the individual was registered or a permitted individual authorized to act on behalf of the firm? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the individual have any undischarged financial obligations to clients of the firm? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Has the firm or any affiliate suffered significant monetary loss or harm to its reputation as a result of the individual's actions? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Did the firm or any affiliate investigate the individual in connection with possible material violations of fiduciary duties, regulatory requirements or the compliance policies and procedures of the firm or any affiliate? Examples include making unsuitable trades or investment recommendations, stealing or borrowing client money or securities, hiding losses from clients, forging client signatures, money laundering, deliberately making false representations and engaging in undisclosed outside business activity. | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Did the individual demonstrate a pattern of failing to follow compliance policies and procedures of the firm or any affiliate? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Did the individual engage in discretionary management of client accounts or otherwise engage in registerable activity without appropriate registration or without the firm's authorization? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Is there any other matter relating to the individual's termination or conduct leading up to it that the firm is aware of and believes is relevant to the individual's integrity or competence as a registrant or permitted individual? | <input type="checkbox"/> | <input type="checkbox"/> |

F. Collection and use of personal information

Securities regulators may collect the personal information on this form only under the requirements in securities and/or derivatives legislation and may only use this information to administer and enforce provisions of the securities and/or derivatives legislation.

If you have any questions about the collection and use of this personal information, you can contact the securities regulator in the relevant jurisdiction. See Schedule A for details. In Québec, you can also contact the Commission d'accès à l'information at 1-888-528-7741 or visit its website at www.cai.gouv.qc.ca.

G. Warning

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue. In addition, failure to report materially important information may lead to regulatory sanctions, including a fitness for registration review or enforcement action against the firm and/or persons responsible for preparing the information in this form. It should not be assumed that information is known to any securities regulatory authority merely because it is in the public domain or has previously been disclosed to one or more of them or any other regulatory body. If there is any doubt about the relevance of information, it should be included.

H. Certification

Use the following certification when submitting this form in NRD electronic format:

I am making this submission as agent for the firm. By checking this box, I certify that the firm provided me with all of the information in this form.

Use the following certification when submitting this form in paper format:

I certify that I have read and understand the warning set out above and that the information in this form is accurate and complete to the best of my knowledge and belief.

Name of firm

Name of authorized signing partner or officer

Title of authorized signing partner or officer

Signature

Date signed (YYYY/MM/DD)

FORM 33-109F2
CHANGE OR SURRENDER OF INDIVIDUAL CATEGORIES

Enter the following information using the online version of this submission at the NRD web site (www.nrd.ca). If the NRD filer is relying on the temporary hardship exemption in NI 31-102 this form is required to be delivered to the regulator in paper format.

1. Individual

Name of individual: _____

NRD number of individual: _____

2. Individual categories

Indicate the individual categories that the individual is adding or removing:

3. Details of surrender

If the individual is surrendering his or her registration with the sponsoring firm in the local jurisdiction, include details regarding any:

- unresolved client complaints:

- internal discipline matters:

- restrictions for violation of regulatory requirements that occurred at any time during the individual's employment with the firm:

- financial obligations the individual has to clients:

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory, and Nunavut.

By submitting this information you consent to the collection by the securities regulatory authority of the personal information provided above, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of the information submitted above including your continued fitness for registration, if applicable, in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority. The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number provided in Schedule "A".

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION:

The following certification is to be used when submitting this form in NRD format:

[] I am making this submission as agent for the individual to whom this submission relates. By checking this box I certify that all statements of fact in this submission were provided to me by the individual.

Both of the following certifications are to be used when submitting this form in paper format:

I, the undersigned, certify that I have read and that I understand the questions in this form and the Warning set out above.

I also certify that all statements of fact provided in this application are true.

Signature of applicant or non-registered individual

Date

I, the undersigned, certify on behalf of the sponsoring firm that the individual will be engaged by the sponsoring firm as a registered individual or a non-registered individual. I certify that I have, or a branch manager or another officer or partner has, discussed the questions set out in this form and I am satisfied that the individual fully understands the questions.

Signature of authorized officer or partner

Date

Firm name

SCHEDULE "A"
NOTICE AND COLLECTION AND USE OF PERSONAL INFORMATION

Contact Information

Alberta

Alberta Securities Commission,
4th Floor, 300 B 5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Market Regulation
Telephone: (506) 658-3021

Newfoundland and Labrador

Securities Commission of Newfoundland and Labrador
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NF A1B 4J6
Attention: Director of Securities
Tel: (709) 729-4189

Nova Scotia

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Registrar of Securities
Telephone: (867) 920-8984

Nunavut

Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6190

Ontario

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Prince Edward Island

Securities Registry
Office of the Attorney General B Consumer, Corporate and
Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-4569

Québec

Autorité des marchés financiers
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 940-2150 or
(800) 361-5072 (in Québec)

Saskatchewan

Saskatchewan Securities Commission
800 B1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5842

Yukon

Department of Community Services Yukon
P.O. Box 2703
Whitehorse, YU Y1A 2C6
Attention: Registrar of Securities
Telephone: (867) 667-5225

FORM 33-109F3
BUSINESS LOCATIONS OTHER THAN HEAD OFFICE

Enter the following information using the online version of this submission at the NRD web site (www.nrd.ca). If the NRD filer is relying on the temporary hardship exemption in NI 31-102 this form is required to be delivered to the regulator in paper format. Please select one box:

- This form is being submitted to notify the regulator of the opening of this business location. Complete the entire form.
- This form is being submitted to notify the regulator of the closing of this business location. Complete the entire form.
- This form is being submitted to notify the regulator of the change of information previously submitted in respect of this business location. Complete the entire form and describe the information that has changed (for example, "telephone number" or "type of business location"):

1. Type of business location

_____ branch
_____ sub-branch

2. Supervisor or branch manager

NRD number of the designated supervisor or branch manager: _____

Name of designated supervisor or branch manager: _____

3. Business location information

Business address: _____

Telephone number: (_____) _____

Facsimile number: (_____) _____

Mailing address (if different from business address): _____

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory, and Nunavut.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number provided in Schedule "A".

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION

The following certification is to be used when submitting this form in NRD format:

- I am making this submission as agent for the NRD filer. By checking this box I certify that all statements of fact in this submission were provided to me by the NRD filer.

The following certification is to be used when submitting this form in paper format:

I, the undersigned, certify that I have read and that I understand the questions in this notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

Request for Comments

Signature of authorized officer or partner

Date

Firm name

SCHEDULE "A"
NOTICE AND COLLECTION AND USE OF PERSONAL INFORMATION

Contact Information

Alberta

Alberta Securities Commission,
4th Floor, 300 B 5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Market Regulation
Telephone: (506) 658-3021

Newfoundland and Labrador

Securities Commission of Newfoundland and Labrador
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NF A1B 4J6
Attention: Director of Securities
Tel: (709) 729-4189

Nova Scotia

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Registrar of Securities
Telephone: (867) 920-8984

Nunavut

Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6190

Ontario

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Prince Edward Island

Securities Registry
Office of the Attorney General B Consumer, Corporate and
Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-4569

Québec

Autorité des marchés financiers
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 940-2150 or
(800) 361-5072 (in Québec)

Saskatchewan

Saskatchewan Securities Commission
800 B1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5842

Yukon

Department of Community Services Yukon
P.O. Box 2703
Whitehorse, YU Y1A 2C6
Attention: Registrar of Securities
Telephone: (867) 667-5225

**PROPOSED FORM 33-109F4
APPLICATION FOR REGISTRATION
OF INDIVIDUALS AND REVIEW OF PERMITTED INDIVIDUALS**

In this form, “you”, “your” and “applicant” mean the person who is applying for registration or approval as an individual under [the national registration rule].

“Sponsoring firm” means the registered firm where you will carry out your duties as a registered or permitted individual.

“Derivatives” means financial instruments, such as futures contracts, options and swaps whose market price, value or payment obligations are derived from or based on one or more underlying interests. Derivatives can be in the form of instruments, agreements or securities.

“Major shareholder” means a shareholder who, in total, directly or indirectly holds voting securities carrying 10 per cent or more of the votes carried by all outstanding voting securities.

“Approved person” means, in respect of a member of the IDA (Member), an individual who is a partner, director, officer, employee or agent of a Member who is approved by the IDA or another Canadian self-regulatory organization to perform any function required under any IDA By-law, Regulation, or Policy.

Several terms used in this form are defined in the securities legislation of your province or territory. Please refer to those local definitions.

[Online version] If you have questions, please contact an authorized officer of your sponsoring firm or a legal adviser, or visit the national registration database (NRD) information website at www.nrd-info.ca.

[Paper version] Complete this form if you are relying on the temporary hardship exemption in NI 31-102. Otherwise, complete and submit this form online at the national registration database (NRD) website at www.nrd-info.ca.

If you need more space, use a separate sheet of paper, clearly identifying the section and item. Please complete and sign the form, and send it to the appropriate Canadian securities regulator(s), self-regulatory organization (SRO) or similar authority. The number of originally signed copies of the form you are required to submit depends on the province or territory, and jurisdiction.

Failure to answer all applicable questions may cause delays in the processing of the application form.

If you have questions, please contact an authorized officer of your sponsoring firm or a legal adviser, or visit the national registration database (NRD) information website at www.nrd-info.ca.

Item 1 – Name

1. Legal name

| | | | |
|-----------|------------|---|--|
| Last Name | First Name | Second Name (N/A <input type="checkbox"/>) | Third Name (N/A <input type="checkbox"/>) |
|-----------|------------|---|--|

2. Other personal names

Are you currently, or have you ever been, known by any names other than your full legal name above?

Yes No

If “yes”, complete Schedule A

3. Business names

Are you currently, or have you ever used, operated under, or carried on business under any name (e.g., trade names, team names) other than the name(s) mentioned above?

Yes No

If “yes”, complete Schedule A

Item 2 – Residential address

Provide all residential addresses, including any foreign residential addresses, for the past 10 years.

1. Current residential address

(number, street, city, province, territory or state, country, postal code)

Telephone number: _____

Lived at this address since (YYYY/MM) _____

If you have resided at this address for less than 10 years, complete Schedule B.

2. Mailing address

Check here if your mailing address is the same as your current residential address provided above. Otherwise, complete the following:

(number, street, city, province, territory or state, country, postal code)

Item 3 – Personal information

1. Date of birth (YYYY/MM/DD) _____

2. Place of birth _____
(city, province, territory or state, country)

3. Gender
Female Male

4. Eye colour _____

5. Hair colour _____

6. Height _____ in. _____ cm.

7. Weight _____ lbs. _____ kg.

Item 4 – Citizenship

Citizenship information

What is your citizenship?

Canadian

Other, specify:

If you are a citizen of any other countries besides Canada, complete the following for those other citizenships.

Passport number: _____

Country of citizenship: _____

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Date of issue: _____
(YYYY/MM/DD)

Place of issue: _____
(city, province, territory or state, country)

Check here if you do not have a valid passport

Item 5 – Registration jurisdictions

Indicate, by checking the appropriate box, each province or territory to which you are submitting this form:

- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Newfoundland and Labrador
- Northwest Territories
- Nova Scotia
- Nunavut
- Ontario
- Prince Edward Island
- Québec
- Saskatchewan
- Yukon

Item 6 – Individual categories

Indicate, by checking the appropriate box in Schedule C, each registration category for which you are applying. If you are a permitted individual, indicate each category that describes your position with your sponsoring firm.

Item 7 – Address and agent for service

1. Address for service

You must have one address for service in each province or territory where you are submitting this form. A post office box is not an acceptable address for service. A residential address is acceptable. Complete Schedule D for each additional address for service you are providing.

Address for service:

(number, street, city, province or territory, postal code)

Telephone number _____

Fax number, if applicable _____

E-mail address, if available _____

2. Agent for service

If you have appointed an agent for service, provide the following information for the agent in each province or territory where you have an agent for service. The address of your agent for service must be the same as the address for service above. If your agent for service is a firm, also provide the name of your contact person.

Name for agent for service: _____

Contact person: _____
Last name, First name

Item 8 - Proficiency

1. Course or examination information

Complete Schedule E to indicate each course and examination that you have successfully completed or have been exempted from. Under "Other", include all post-secondary education, degrees and diplomas.

2. Student numbers

If you have a student number for a course that was successfully completed with one of the following institutions, provide it below:

Canadian Securities Institute (CSI): _____

Investment Funds Institute of Canada (IFIC): _____

Institute of Canadian Bankers (ICB): _____

CFA Institute: _____

Advocis: _____

3. Exemption refusal

Has any securities regulatory authority or self-regulatory organization refused to grant you an exemption from a course, examination or experience requirement?

Yes No

If "Yes", complete Schedule F.

Item 9 – Location of employment

Provide the following information for the location of the sponsoring firm at which you will be working. If you will be working out of more than one location, provide the following information for the location out of which you will be doing most of your business.

NRD location number: _____

Unique Identification Number (optional) _____

Branch Transit number/Cost Centre number, if applicable: _____

Business address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: (____) _____ Fax number: (____) _____

[The following is for the paper version only]

Type of Location: Head Office Branch Sub-branch

Name of Branch Manager: _____

Effective date: _____

Check here if the mailing address of the location is the same as the business address provided above. Otherwise, complete the following:

Mailing address: _____
(number, street, city, province, territory or state, country, postal code)

Item 10 – Current employment and other business activities

On Schedule G, provide the information requested for each of your current business and employment activities, including those with your sponsoring firm and outside of your sponsoring firm. If you are applying for a type of registration that requires specific experience, include details of that experience (for example, level of responsibility, value of accounts under direct supervision, number of years of that experience and research experience, as well as percentage of time spent on each activity).

Item 11 – Previous employment

On Schedule H, provide complete employment history for the 10-year period before the date of this application.

Item 12 – Resignations and terminations

Have you ever resigned, been terminated or discharged by an employer for just cause for dismissal from a position following allegations that you:

a) Violated any statutes, regulations, rules or standards of conduct?

Yes No

If "Yes", complete Schedule I

b) Failed to supervise compliance with any statutes, regulations, rules or standards of conduct?

Yes No

If "Yes", complete Schedule I

c) Committed fraud or the wrongful taking of property, including theft?

Yes No

If "Yes", complete Schedule I

Item 13 – Regulatory disclosure

1. Securities regulatory authorities

a) Are you now, or have you ever been, registered or licensed with any securities regulator in any province, territory, state or country to trade in or advise on securities or derivatives?

Yes No

Check here if the information has been recorded on NRD under the NRD number you are using to make this submission. Otherwise, complete Schedule J, section 1(a)

b) Have you ever been refused registration or a license to trade in or advise on securities or derivatives in any province, territory state or country?

Yes No

If "Yes", complete Schedule J, section 1(b)

c) Have you ever been denied the benefit of any exemption from registration provided by any securities regulator in any province, territory, state or country, other than what was disclosed in Item 8(3) of this form?

Yes No

If "Yes", complete Schedule J, section 1(c)

- d) Are you now, or have you ever been subject to any disciplinary proceedings or any order resulting from disciplinary proceedings under any securities legislation or derivatives legislation in any province, territory, state or country?

Yes No

If "Yes", complete Schedule J, section 1(d)

2. Self-regulatory organizations

- a) Are you now, or have you ever been, an approved person of a self-regulatory organization or similar organization in any province, territory, state or country?

Yes No

Check here if the information has been recorded on NRD under the NRD number you are using to make this submission. Otherwise, complete Schedule J, section 2(a).

- b) Have you ever been refused becoming an approved person of a self-regulatory organization or similar organization in any province, territory, state or country?

Yes No

If "Yes", complete Schedule J, section 2(b).

- c) Are you now, or have you ever been, subject to any disciplinary proceedings conducted by any self-regulatory organization or similar organization in any province, territory, state or country?

Yes No

If "Yes", complete Schedule J, section 2(c).

3. Non-securities regulation

- a) Are you now, or have you ever been, registered or licensed under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or derivatives in any province, territory, state or country (e.g. insurance, accountant, lawyer, teacher)?

Yes No

If "Yes", complete Schedule J, section 3(a)

- b) Have you ever been refused registration or a license under any legislation relating to your professional qualifications unrelated to securities in any province, territory, state or country?

Yes No

If "Yes", complete Schedule J, section 3(b)

- c) Are you now, or have you ever been a subject of any disciplinary actions conducted under any legislation relating to your professional qualifications unrelated to securities in any province, territory, state or country?

Yes No

If "Yes", complete Schedule J, section 3(c)

Item 14 – Criminal disclosure

Offences under federal statutes such as the *Income Tax Act (Canada)*, the *Competition Act (Canada)* and the *Immigration Act (Canada)* constitute criminal offences and must be disclosed when answering this question. It should be noted that pleas or findings of guilt for impaired driving are *Criminal Code (Canada)* matters and must be disclosed. Where you have been found guilty of an offence, such offence must be reported even though an absolute or conditional discharge has been granted. You are not required to report crimes for which you received an absolute or conditional discharge provided that it has been purged from the criminal records in accordance with the *Criminal Records Act (Canada)*. Under such circumstances, the appropriate

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response would be "No". You are not required to disclose speeding, parking violations or any offence for which a pardon has been granted under the *Criminal Records Act (Canada)* and such pardon has not been revoked. Under such circumstances, the appropriate response would be "No".

If you do not tell us about an offence under any statute other than the *Young Offenders Act (Canada)* or the *Young Criminal Justice Act (Canada)*, we may treat it as a non-disclosure of material information.

With respect to questions (b) and (d) below, if you or your firm have been found guilty of an offence, or participated in the Alternative Measures Program, that offence must be reported even if an absolute or conditional discharge has been granted or the charge has been dismissed or withdrawn with respect to the offence. You are not required to disclose an offence for which you were found guilty if you participated in the Alternative Measures Program for the offence if your participation in the Alternative Measures program occurred more than three years ago.

- a) Are there any outstanding or stayed charges against you alleging an offence that was committed in any province, territory, state or country?

Yes No

If "Yes", complete Schedule K, section (a).

- b) Have you ever been found guilty or pleaded no contest to, or were granted an absolute or conditional discharge from, any offence that was committed in any province, territory, state or country?

Yes No

If "Yes", complete Schedule K, section (b).

- c) To the best of your knowledge, are there any outstanding charges against any firm of which you were, at the time the offence was alleged to have taken place in any province, territory, state or country, a partner, director, officer or major shareholder?

Yes No

If "Yes", complete Schedule K, section (c).

Check here if the firm is your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(a) and/or recorded on NRD. Otherwise, complete Schedule K, section (c).

- d) To the best of your knowledge, has any firm, when you were a partner, officer, director or major shareholder, ever been found guilty or pleaded no contest to, or was granted an absolute or conditional discharge from, an offence that was committed in any province, territory, state or country?

Yes N

If "Yes", complete Schedule K, section (d).

Check here if the firm is your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(a) and/or recorded on NRD. Otherwise, complete Schedule K, section (d).

Item 15 – Civil disclosure

- a) Are there currently any outstanding civil actions alleging fraud, theft, deceit, misrepresentation, or similar misconduct against you or a firm where you are or were a partner, director, officer or major shareholder in any province, territory, state or country?

Yes No

If "Yes", complete Schedule L, section (a).

Request for Comments

- b) Have you or a firm where you are or were a partner, director, officer or major shareholder ever been a defendant or respondent in any civil proceeding in which fraud, theft, deceit, misrepresentation, or similar misconduct is, or was, successfully established in a judgement in any province, territory, state or country?

Yes No

If "Yes", complete Schedule L, section (b).

Item 16 – Financial disclosure**1. Bankruptcy**

Under the laws of any applicable jurisdictions, have you, or has any firm when you were a partner, director, officer or major shareholder of that firm:

- a) Had a petition in bankruptcy issued or made a voluntary assignment in bankruptcy?

Yes No

If "Yes", complete Schedule M, section 1(a)

- b) Made a proposal under any legislation relating to bankruptcy or insolvency?

Yes No

If "Yes", complete Schedule M, section 1(b)

- c) Been subject to proceedings under any legislation relating to the winding up, the dissolution or the companies' creditors arrangement?

Yes No

If "Yes", complete Schedule M, section 1(c)

- d) Been subject to or initiated any proceedings, arrangement or compromise with creditors. This includes having a receiver, receiver-manager, administrator or trustee appointed by or at the request of creditors, privately, through court process or by order of a regulator, to hold your assets?

Yes No

If "Yes", complete Schedule M, section 1(d)

2. Debt Obligations

For the past ten years, have you failed to meet a financial obligation of \$5,000 or more as it came due, or to the best of your knowledge, has any firm, while you were a partner, director, officer or major shareholder of, failed to meet a financial obligation as it came due?

Yes No

If "Yes", complete Schedule M, section 2.

3. Surety bond or fidelity bond

Have you ever been refused for a surety or fidelity bond?

Yes No

If "Yes", complete Schedule M, section 3.

4. Garnishments, unsatisfied judgements or directions to pay

Has any federal, provincial, territorial or state authority ever issued any of the following against you or a firm where you are or were a partner, director, officer or major shareholder :

| | Yes | No |
|-----------------------|--------------------------|--------------------------|
| Garnishment | <input type="checkbox"/> | <input type="checkbox"/> |
| Unsatisfied judgement | <input type="checkbox"/> | <input type="checkbox"/> |
| Direction to pay | <input type="checkbox"/> | <input type="checkbox"/> |

If "Yes", complete Schedule M, section 4.

Item 17 – Ownership of securities firms

Are you now, or have you ever been, a partner or major shareholder of any firm (including your sponsoring firm) whose business is trading in or advising on securities or derivatives?

Yes No

If "Yes", complete Schedule N

Agent for service

By submitting this form, you certify that in each Canadian jurisdiction where you have appointed an agent for service, you have completed the appointment of agent for service required in that jurisdiction.

Submission to jurisdiction

By submitting this form, you:

- are subject to the securities and/or derivatives legislation of each Canadian jurisdiction and you agree that you are subject to the by-laws, regulations, rules, rulings and policies (hereunder collectively referred to as "rules") of the self regulatory organizations (SROs) to which you have submitted this form, including the jurisdiction of any tribunals or any proceedings that relate to your activities as a registrant or a partner, director or officer of a registrant under that securities and/or derivatives legislation or as an Approved Person under those SRO rules.

Collection and use of personal information

Securities regulators require personal information about you as part of the review of your application for registration or approval, and if you are approved, to assess whether you continue to meet the registration requirements. This includes information that your sponsoring firm may disclose to the regulators concerning your conduct or alleged conduct.

This information is collected under the requirements set out in securities and/or derivatives legislation and SRO rules and will only be used to administer and enforce provisions of this legislation or SRO rules. In addition to personal information collected on this form, securities regulators may also need to collect personal information from other government organizations, law enforcement bodies, self regulatory bodies and private sector organizations. This information may include police records, regulatory records, credit records and other employment records.

By submitting this form, you consent to the collection and disclosure of your personal information (i) by securities regulators, (ii) by your sponsoring firm, in each case, for registration and other related regulatory purposes.

If you have any questions about the collection and use of your personal information, contact the securities regulator in the relevant jurisdiction. Please see Schedule O for details. In Québec, you can also contact the Commission d'accès à l'information at 1-888-528-7741 or visit its website at www.cai.gouv.qc.ca.

Self-Regulatory organizations

The principal purpose for the collection of personal information is to assess your suitability for registration or approval and to assess your continued fitness for registration or approval in accordance with the applicable securities legislation and the rules of the self-regulatory organizations.

Request for Comments

By submitting this application, you authorize the self-regulatory organizations to which this application is submitted to collect any information from any source whatsoever, including, but not limited to, personal confidential information about you that is otherwise protected by law such as, police, credit, employment, education and proficiency course completion records, and records from other government or non-governmental regulatory authorities, securities commissions, stock exchanges, or other self-regulatory organizations, private bodies, agencies, individuals or corporations, as may be necessary for the self-regulatory organizations to complete their review of your application or continued fitness for registration or approval in accordance with their rules for the duration of the period you remain so registered or approved. You further consent to and authorize the transfer of confidential information between self-regulatory organizations, securities commissions or stock exchanges to which you now, or may in the future, apply for registration or approval, or with which you are currently registered or approved for the purpose of determining fitness or continued fitness for registration or approval or in connection with the performance of an investigation or other exercise of regulatory authority, whether or not you are registered with or approved by them.

By submitting this application, you certify that you are conversant with the rules of the applicable self-regulatory organizations of which you are seeking registration or approval or of which your sponsoring firm is a member or participating organization. You also undertake to become conversant with the rules of any self-regulatory organizations of which you or your sponsoring firm becomes a member or participating organization. You agree to be bound by, observe and comply with these rules as they are from time to time amended or supplemented, and you agree to keep yourself fully informed about them as they are amended and supplemented. You submit to the jurisdiction of the self-regulatory organizations to which you are applying for registration or approval, or of which your sponsoring firm is now or in the future becomes a member or participating organization and, wherever applicable, their Governors, Directors and Committees. You agree that any registration or approval granted pursuant to this application may be revoked, terminated or suspended at any time in accordance with the then applicable rules of the respective self-regulatory organizations. In the event of any such revocation or termination, you must terminate all activities which require registration or approval and, thereafter, not perform services that require registration or approval for any member of the self-regulatory organizations or any approved affiliated company or other affiliate of such member without obtaining the approval of or registration with the self-regulatory organizations, in accordance with their rules.

By submitting this application, you undertake to notify the self-regulatory organizations to which you are applying for registration or approval or with which you are currently or may in the future be registered or approved of any material change to the information herein provided in accordance with their respective rules. You agree to the transfer of this application form, without amendment, to other self-regulatory organizations in the event that at some time in the future you apply to such other self-regulatory organizations for registration or approval.

You certify that you have discussed the questions in this application, together with this Agreement, with an Officer or Branch Manager of your sponsoring member firm and, to your knowledge and belief, the authorized Officer or Branch Manager was satisfied that you fully understood the questions and the terms of this Agreement. You further certify that your business activities will be limited strictly to those permitted by the category of your registration or approval.

It is an offence under securities and/or derivatives legislation to provide false or misleading information on this form.

[Online version]

Certification

I am making this submission as agent for the applicant. By checking this box, I certify that the applicant provided me with all of the information on this form.

[Paper version]

Signatures**Applicant**

By signing below, you confirm that:

- you have read and understand the questions in this form
- you understand that it is an offence under the securities and/or derivatives legislation to provide false or misleading information on this form
- all of the information provided on this form is true.

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Signature of applicant

Date

Authorized partner or officer

By signing below, you confirm that:

- the applicant will be engaged by the sponsoring firm as a registered individual or a permitted individual
- you have discussed the questions set out in this form with the applicant and are satisfied that he or she fully understands the questions.

Name of firm

Name of authorized signing officer

Title of authorized signing officer

Signature

Date signed (YYYY/MM/DD)

SCHEDULE A

Name

Item 1

Other personal names

| | | | |
|-----------|------------|---|--|
| Last Name | First Name | Second Name (N/A <input type="checkbox"/>) | Third Name (N/A <input type="checkbox"/>) |
|-----------|------------|---|--|

Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name or nickname).

| | | |
|-----------------------------|-----------|-----------|
| When did you use this name? | From: | To: |
| | _____ | _____ |
| | (YYYY/MM) | (YYYY/MM) |

| | | | |
|-----------|------------|---|--|
| Last Name | First Name | Second Name (N/A <input type="checkbox"/>) | Third Name (N/A <input type="checkbox"/>) |
|-----------|------------|---|--|

Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name or nickname).

| | | |
|-----------------------------|-----------|-----------|
| When did you use this name? | From: | To: |
| | _____ | _____ |
| | (YYYY/MM) | (YYYY/MM) |

| | | | |
|-----------|------------|---|--|
| Last Name | First Name | Second Name (N/A <input type="checkbox"/>) | Third Name (N/A <input type="checkbox"/>) |
|-----------|------------|---|--|

Provide the reasons for the use of this name (for example, marriage, divorce, court order, commonly used name or nickname).

| | | |
|-----------------------------|-----------|-----------|
| When did you use this name? | From: | To: |
| | _____ | _____ |
| | (YYYY/MM) | (YYYY/MM) |

Business names

Name: _____

Provide the reason(s) for the use of this name (for example, trade name):

| | | |
|-----------------------------|-----------|-----------|
| When did you use this name? | From: | To: |
| | _____ | _____ |
| | (YYYY/MM) | (YYYY/MM) |

If the name is/was used in connection with your sponsoring firm, did the sponsoring firm approve the use of the name?

Name: _____

Provide the reason/s for the use of this name (for example, trade name):

| | | |
|-----------------------------|-----------|-----------|
| When did you use this name? | From: | To: |
| | _____ | _____ |
| | (YYYY/MM) | (YYYY/MM) |

If the name is/was used in connection with your sponsoring firm, did the sponsoring firm approve the use of the name?

Name: _____

Request for Comments

Provide the reason/s for the use of this name (for example, trade name):

When did you use this name?

From:

To:

(YYYY/MM)

(YYYY/MM)

If the name is/was used in connection with your sponsoring firm, did the sponsoring firm approve the use of the name?

SCHEDULE B

Residential address

Item 2

Previous addresses

A postal code (or ZIP code) and a telephone number are not required for any previous address.

Residential address: _____
(number, street, city, province, territory or state, country)

| | | |
|------------------------------------|-----------|-----------|
| When did you live at this address? | From: | To: |
| | _____ | _____ |
| | (YYYY/MM) | (YYYY/MM) |

Residential address: _____
(number, street, city, province, territory or state, country)

| | | |
|------------------------------------|-----------|-----------|
| When did you live at this address? | From: | To: |
| | _____ | _____ |
| | (YYYY/MM) | (YYYY/MM) |

Residential address: _____
(number, street, city, province, territory or state, country)

| | | |
|------------------------------------|-----------|-----------|
| When did you live at this address? | From: | To: |
| | _____ | _____ |
| | (YYYY/MM) | (YYYY/MM) |

SCHEDULE C

Individual Categories

Item 6

Categories Indicate, by checking the appropriate box, each category for which you are applying.

Firm Categories Common to all Jurisdictions

Under which firm category(ies) are you applying?

- Investment Dealer
- Mutual Fund Dealer
- Scholarship Plan Dealer
- Exempt Market Dealer
- Restricted Dealer
- Portfolio Manager
- Restricted Portfolio Manager
- Investment Fund Manager

Registration Categories and Permitted Activities

- Dealing Representative
- Advising Representative
- Associate Advising Representative
- Ultimate Designated Person
- Chief Compliance Officer
- Officer
- Director
- Partner
- Shareholder
- Branch Manager (MFDA members only)
- Supervisor (IDA members only)

Firm Categories Unique to Ontario

Under which firm category(ies) are you applying?

- Commodity Trading Adviser
- Commodity Trading Counsel
- Commodity Trading Manager
- Futures Commission Merchant

Registration Categories and Permitted Activities

- Advising Representative
- Salesperson
- Branch Manager

- Officer
- Director
- Partner
- Shareholder
- Supervisor (IDA members only)

Firm Categories Unique to Manitoba

Under which firm category(ies) are you applying?

- Dealer (Merchant)
- Dealer (Futures Commission Merchant)
- Dealer (Floor Broker)
- Adviser

Registration Categories and Permitted Activities

- Floor Trader
- Floor Broker
- Salesperson
- Branch Manager
- Adviser
- Officer
- Director
- Partner
- Supervisor (IDA members only)

Investment Dealers Association of Canada – Additional Information

Approval Categories

- Executive
- Director (Non-Industry)
- Supervisor
- Investor
- Registered Representative
- Investment Representative
- Trader

Designated Persons

- Chief Compliance Officer
- Chief Financial Officer
- Ultimate Designated Person
- Designated Registered Options Principal
- Designated Registered Futures Options Principal

Trading Activity

Non-Trading

Equities

Options

Futures

Mutual Funds only

Portfolio Management

Portfolio Management (Supervised)

Account Type

Retail

Non-Retail

Not Applicable

SCHEDULE D

Address and agent for service

Item 7

1. Address for service

You must have one address for service in each province or territory in which you are now, or are applying to become, a registered individual or permitted individual. A post office box is not an acceptable address for service.

Address for service:

(number, street, city, province or territory, postal code)

Telephone number: (____) _____ Fax number: (____) _____

E-mail address: _____

2. Agent for service

If you have appointed an agent for service, provide the following information for the agent. The address for service provided above must be the address of the agent named below.

Name of agent for service: _____

(if applicable)

Contact person: _____

Last name, First name

SCHEDULE E

Proficiency

Item 8

| COURSE OR EXAMINATION | DATE COMPLETED | DATE EXEMPTED AND BY WHICH JURISDICTION OR REGULATOR (YYYY/MM/DD) | OTHER |
|-----------------------|----------------|---|-------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

SCHEDULE F

Proficiency

Item 8

Exemption refusal

Complete the following for each exemption that was refused.

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

Date exemption refused: (YYYY/MM/DD)

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

Date exemption refused: (YYYY/MM/DD)

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

Date exemption refused: (YYYY/MM/DD)

SCHEDULE G

Current employment and other business activities

Item 10

- Full-time student
- Employed or self-employed

From: _____
(YYYY/MM/DD)

You are only required to fill in the following if you have indicated above that you are employed or self-employed.

Current Employment information

- Check here if your employment is with your sponsoring firm. If not, you are required to provide the firm name and address information for your current employer:

Name of business or employer:

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of your immediate supervisor:

For your sponsoring firm, include a description of the duties you currently perform and intend to perform.

Describe all other employment or business activities related to this employer or business, whether or not the activities are related to investments. Include the nature of the business, your duties, start date, title or relationship with the business (including director or officer positions).

Indicate the number of hours per week you will be devoting to this business or employment.

- Check here if you are working more than 30 hours per week for the sponsoring firm. Otherwise, explain why you are working less than 30 hours per week for the sponsoring firm.

Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your proposed activities as a registrant with affiliated or unaffiliated sponsoring firm(s) and with the other business described above (include whether the other business is listed on an exchange). Confirm whether the firm has procedures for minimizing potential conflicts of interest and confirm that you are aware of these procedures.

SCHEDULE H

Previous employment

Item 11

Provide the information requested for your previous business and employment activities for the 10-year period before the date of this application. Account for all time including full and part-time employment, self-employment, military service and homemaking. Include statuses such as unemployed, full-time education, extended travel, or other similar statuses. (Please do not include short-term employment (four months or less) while a student unless it was in the securities industry.)

In addition, provide the information requested for all of your securities or derivatives (including exchange contracts and options) business and employment activities during and prior to the ten-year period.

- Unemployed
- Full-time student
- Employed or self-employed

From: _____
(YYYY/MM)

To: _____
(YYYY/MM)

You are only required to fill in the following if you have indicated above that you are, or were, employed or self-employed.

Name of business or employer:

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of immediate supervisor, if applicable.

Describe the firm's business, your position, duties and your relationship to the firm. If you are applying for a type of registration that requires specific experience, include details of that experience (for example, level of responsibility, value of accounts under direct supervision, number of year of that experience and research experience, as well as percentage of time spent on each activity):

Reason why you left the firm

SCHEDULE I

Resignations and terminations

Item 12

- a) For each allegation of violation of any statutes, regulations, rules or standards of conduct, indicate below, (1) the name of the firm from which you resigned, were terminated or discharged for just cause for dismissal, (2) whether you resigned, were terminated or discharged for just cause for dismissal, (3) the date you resigned, were terminated or discharged for just cause for dismissal, and (4) the circumstances relating to your resignation, termination or discharge for just cause for dismissal.

- b) For each allegation of failure to supervise compliance with any statutes, regulations, rules or standards of conduct, indicate below, (1) the name of the firm from which you resigned, were terminated or discharged for just cause for dismissal, (2) whether you resigned, were terminated or discharged for just cause for dismissal, (3) the date you resigned, were terminated or discharged for just cause for dismissal, and (4) the circumstances relating to your resignation, termination or discharge for just cause for dismissal.

- c) For each allegation of fraud or the wrongful taking of property, including theft, indicate below, (1) the name of the firm from which you resigned, were terminated or discharged for just cause for dismissal, (2) whether you resigned, were terminated or discharged for just cause for dismissal, (3) the date you resigned, were terminated or discharged for just cause for dismissal, and (4) the circumstances relating to your resignation, termination or discharge for just cause for dismissal.

SCHEDULE J

Regulatory disclosure

Item 13

1. Securities regulatory authorities

a) For each registration or license, indicate below (1) the name of the firm, (2) the securities regulatory authority with which you are, or were, registered or licensed, (3) the type or category of registration or license, and (4) the dates between which you held the registration or license.

b) For each registration or license refused, indicate below (1) the name of the firm, (2) the securities regulatory authority that refused the registration or license, (3) the type or category of registration or license refused, (4) the date of the refusal, and (5) the reasons for the refusal.

c) For each exemption from registration denied or license refused, *other than what was disclosed in Item 8(3) of this form*, indicate below (1) the party that was refused the registration or license, (2) the securities regulatory authority that refused the registration or license, (3) the type or category of registration or license refused, (4) the date of the refusal, and (5) the reasons for the refusal.

d) For each order or disciplinary proceeding, indicate below (1) the name of the firm, (2) the securities regulatory authority that issued the order or is conducting or conducted the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding, and (7) any other relevant details.

2. Self-regulatory organizations

a) For each approval, indicate below (1) the name of the firm, (2) the self-regulatory organization which you are or were an approved person, (3) the categories of approval, and (4) the dates you held the approval.

b) For each approval refused, indicate below (1) the name of the firm, (2) the self-regulatory organization that refused the approval, (3) the category of approval refused, (4) the date of the refusal, and (5) the reasons for the refusal.

c) For each order or disciplinary proceeding, indicate below (1) the name of the firm, (2) the self-regulatory organization that issued the order or that is, or was, conducting the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding, and (7) any other information that you think is relevant or that is requested by the regulator.

3. Non-securities regulation

a) For each registration or license, indicate below (1) the party who is, or was, registered or licensed (if insurance licensed, also indicate the name of the insurance agency), (2) with which regulatory authority, or under what legislation, the party is, or was, registered or licensed, (3) the type or category of registration or license, and (4) the dates between which the party held the registration or license.

Request for Comments

b) For each registration or license refused, indicate below (1) the party that was refused registration or licensing (if insurance licensed, also indicate the name of the insurance agency), (2) with which regulatory authority, or under what legislation, the registration or license was refused, (3) the type or category of registration or license refused, (4) the date of the refusal, and (5) the reasons for the refusal.

c) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken (if insurance licensed, indicate the name of the insurance agency), (2) the regulatory authority that made the order or that is, or was, conducting the proceeding, or under what legislation the order was made or the proceeding is being, or was conducted, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding and (7) any other information that you think is relevant or that is requested by the regulator.

SCHEDULE K

Criminal disclosure

Item 14

Criminal offences

- a) For each charge, indicate below (1) the type of charge, (2) the date of the charge, (3) any trial or appeal dates, and (4) the court location.

- b) For each finding of guilty, pleading no contest to, or granting of an absolute or conditional discharge indicate below (1) the offence, (2) the date found guilty, and (3) the disposition (state any penalty or fine and the date any fine was paid).

- c) For each charge, indicate below (1) the name of the firm, (2) the type of charge, (3) the date of the charge, (4) any trial or appeal dates, and (5) the court location.

- d) For each conviction, indicate below (1) the name of the firm, (2) the offence, (3) the date of the conviction, and (4) the disposition (state any penalty or fine and the date any fine was paid).

SCHEDULE L

Civil disclosure

Item 15

a) For each current and outstanding civil proceeding, state below (1) the dates the statement of claim and statement of defence were issued, (2) each plaintiff in the proceeding, (3) whether the proceeding is pending or on appeal, (4) whether the civil proceeding was about a firm where you are or were a partner, director, officer or major shareholder and whether you have been named individually in the allegations, and (5) the jurisdiction where the action is being pursued.

b) For each civil proceeding, state below (1) the dates the statement of claim and statement of defence were issued, (2) each plaintiff in the proceeding, (3) the jurisdiction where the action was pursued, (4) whether the civil proceeding was about a firm where you are, or were a partner, director, officer or major shareholder and whether you have been named individually in the allegations and (5) a summary of any disposition or any settlement over \$10,000. (Disclosure must include those actions settled without admission of liability.)

SCHEDULE M

Financial Disclosure

Item 16

1. Bankruptcy

a) For each event, indicate below (1) the date of the petition or voluntary assignment, (2) the person or firm about whom this disclosure is being made, (3) any amounts currently owing, (4) the creditors, (5) the status of the matter, (6) a summary of any disposition or settlement, (7) date of discharge or release, if applicable, and (8) any other information that you think is relevant or that is requested by the regulator.

b) For each event, indicate below (1) the date of the proposal, (2) the person or firm about whom this disclosure is being made, (3) any amounts currently owing, (4) the creditors, (5) the status of the matter, (6) a summary of any disposition or settlement, and (7) any other information that you think is relevant or that is requested by the regulator.

c) For each event, indicate below (1) the date of the proceeding, (2) the person or firm about whom this disclosure is being made, (3) the status of the matter, (4) a summary of any disposition or settlement, and (5) any other information that you think is relevant or that is requested by the regulator.

d) For each proceeding, arrangement or compromise with creditors, indicate below (1) the date of proceeding, (2) the person or firm about whom this disclosure is being made, (3) the status of the matter, (4) a summary of any disposition or settlement, and (5) any other information that you think is relevant or that is requested by the regulator.

2. Debt Obligation

For each event, indicate below (1) the person or firm that failed to meet its financial obligation, (2) the amount that was owing at the time the person or firm failed to meet its financial obligation, (3) the person or firm to whom the amount is, or was, owing, (4) any relevant dates (for example, when payments are due or when final payment was made), (5) any amounts currently owing, and (6) any other information that you think is relevant or that is requested by the regulator.

3. Surety Bond or Fidelity Bond

For each bond refused, indicate below (1) the name of the bonding company, (2) the address of the bonding company, (3) the date of the refusal, and (4) the reasons for the refusal.

4. Garnishments, Unsatisfied Judgements or Directions to Pay

For each garnishment, unsatisfied judgement or direction to pay, indicate below (1) the amount that was owing at the time the garnishment, judgement or direction to pay was rendered, (2) the person or firm to whom the amount is, or was, owing, (3) any relevant dates (for example, when payments are due or when final payment was made), (4) the percentage of earnings to be garnished or the amount to be paid, (5) any amounts currently owing, and (6) any other information that you think is relevant or that is requested by the regulator.

SCHEDULE N

Ownership of securities firms

Item 17

Indicate below (a) the name of the firm and (b) your relationship to the firm.

a) Firm name:

b) Relationship to the firm and period of relationship:

Partner
From: _____ To: _____ (if applicable)
(YYYY/MM) (YYYY/MM)

Major Shareholder (as defined in Item 13 of this form)
From: _____ To: _____ (if applicable)
(YYYY/MM) (YYYY/MM)

If you are a partner or major shareholder of the firm, provide the following information:

a) State the number, value, class and percentage of securities or the amount of partnership interest you own or propose to acquire upon approval. If acquiring shares upon approval, state source (for example, treasury shares, or if upon transfer, state name of transferor).

b) State the value (approximate, if necessary) of subordinated debentures or bonds of the firm to be held by you or any other subordinated loan to be made by you to the firm (if applicable):

c) If another person or firm has provided you with funds to invest in the firm, identify the person or firm and state the relationship between you and that person or firm:

d) Are the funds to be invested (or proposed to be invested) guaranteed directly or indirectly by any person or firm?

Yes No

If "Yes", identify the person or firm and state the relationship between you and that person or firm:

e) Have you either directly or indirectly given up any rights with respect to such securities or partnership interest, or do you, on approval of this application, intend to give up any such rights (including by hypothecation, pledging or depositing as collateral the securities or partnership interest with any institution or person)?

Yes No

If "Yes", identify the person or firm, state the relationship between you and that person or firm and describe the rights that have been or will be given up:

f) Is a person other than you the beneficial owner of the shares, bonds, debentures, partnership units or other notes held by you?

Yes No

If "Yes", complete (g), (h) and (i).

Request for Comments

g) Name of beneficial owner:

| Last name | First name | Second name <i>(if applicable)</i> | Third name <i>(if applicable)</i> |
|-----------|------------|---------------------------------------|--------------------------------------|
|-----------|------------|---------------------------------------|--------------------------------------|

h) Residential address:

(number, street, city, province, territory or state, country, postal code)

i) Occupation:

SCHEDULE O

Who to contact if you have questions about the collection and use of your personal information.

Contact Information

Alberta

Alberta Securities Commission,
4th Floor, 300 B 5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Market Regulation
Telephone: (506) 658-3021

Newfoundland and Labrador

Securities Commission of Newfoundland and Labrador
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NF A1B 4J6
Attention: Director of Securities
Tel: (709) 729-4189

Nova Scotia

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Registrar of Securities
Telephone: (867) 920-8984

Nunavut

Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6190

Ontario

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Prince Edward Island

Securities Registry
Office of the Attorney General B Consumer, Corporate and
Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-4569

Québec

Autorité des marchés financiers
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Saskatchewan

Saskatchewan Financial Services Commission
800 B1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5842

Yukon

Department of Community Services Yukon
P.O. Box 2703
Whitehorse, YU Y1A 2C6
Attention: Registrar of Securities
Telephone: (867) 667-5225

FORM 33-109F5
CHANGE OF INFORMATION IN FORM 33-109F4

GENERAL INSTRUCTIONS

1. This notice must be submitted when notifying a regulator of changes to Form 33-109F6 or Form 33-109F4 information in accordance with NI 33-109.
2. If the NRD filer is relying on the temporary hardship exemption in NI 31-102, this form is required to be delivered to the regulator in paper format when notifying a regulator of changes to Form 33-109F4.
3. If this form is being submitted in respect of a change to a Form 33-109F6 or Form 33-109F4 an authorized partner or officer of the firm must sign the form.

1. Type of form

Identify the part of the Form 33-109F6 or Form 33-109F4 for which this notice is being provided. If this notice is being provided to update an individual's Form 33-109F4, provide the name of the individual.

[] Form 33-109F6, Item(s) _____, or

[] Form 33-109F4, Item(s) _____, name of individual _____

2. Details of Change

Provide the details of the change for each item identified above:

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory, and Nunavut.

By submitting this information you consent to the collection by the securities regulatory authority of the personal information provided above, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of your continued fitness for registration, if applicable, in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority.

The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number provided in Schedule "A".

WARNING: It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION

I, the undersigned, certify that I have read and that I understand the questions in this notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

Signature of registered or permitted individual

Date

(No signature is required here if this form is being submitted in respect of a change to Form 33-109F6 information.)

If this form is being submitted in respect of a change to Form 33-109F6, I, the undersigned, certify that I understand the requirements and the Warning in this notice and that all statements of fact provided in this notice are true.

Request for Comments

Signature of authorized officer or partner

Date

Firm name

Signature

Signature

SCHEDULE "A"

Notice and collection and use of personal information

Contact Information

Alberta

Alberta Securities Commission,
4th Floor, 300 B 5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Market Regulation
Telephone: (506) 658-3021

Newfoundland and Labrador

Securities Commission of Newfoundland and Labrador
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NF A1B 4J6
Attention: Director of Securities
Tel: (709) 729-4189

Nova Scotia

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Registrar of Securities
Telephone: (867) 920-8984

Nunavut

Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6190

Ontario

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Prince Edward Island

Securities Registry
Office of the Attorney General B Consumer, Corporate and
Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-4569

Québec

Autorité des marchés financiers
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 940-2150 or
(800) 361-5072 (in Québec)

Saskatchewan

Saskatchewan Securities Commission
800 B1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5842

Yukon

Department of Community Services Yukon
P.O. Box 2703
Whitehorse, YU Y1A 2C6
Attention: Registrar of Securities
Telephone: (867) 667-5225

PROPOSED FORM 33-109F6
APPLICATION FOR REGISTRATION AS A DEALER, ADVISER
OR INVESTMENT FUND MANAGER FOR SECURITIES AND/OR
DERIVATIVES [PAPER VERSION]

Complete this form to apply for the firm's initial registration in any province or territory of Canada. If you are unable to answer the question fully on the form, attach additional details as a schedule using a separate sheet of paper, clearly identifying the relevant section and item.

Please complete and sign the form, and send it to the appropriate Canadian securities regulator(s) in each Canadian jurisdiction where the firm is applying for registration. Make sure to include the required attachments, including all schedules, and have them initialed and dated by a senior officer of the applicant firm.

A. Contact information

1. Legal name of the applicant firm

2. Other than the legal name of the applicant firm provided in Item A.1, please list the names the applicant firm will be "carrying on business as" and any trade names the applicant firm operates under.

Please provide effective date of trade names and the end date if applicable.

3. List all the previous names ever used by the applicant firm, and all previous names used by any of its affiliates or predecessors within the last 10 years.

4. Address

Head office address _____

Telephone number (land line) _____ Fax number _____

E-mail address _____

Website (If not applicable to your firm, indicate N/A) _____

Mailing address (if different from head office address)

If the head office is not in Canada, does the applicant firm have a place of business in Canada?

Yes No

If yes, provide the mailing address.

5. Key contact person for the applicant firm (This is the primary person with whom the regulators will address all matters relating to the application and ongoing requirements. This person may be external legal counsel to the applicant firm.)

Name _____ Telephone number _____

Firm Name (if not applicant firm name) _____

Title _____ E-mail address _____

Request for Comments

6. Address for service in home jurisdiction

If address for service is the same address as the head office address, check this box

7. Who is responsible for the applicant firm's compliance in the Canadian jurisdiction(s) where the firm is applying for registration (e.g. Ultimate Designated Person and Chief Compliance Officer)? If it is the same person as indicated in question 5, state this.

| | |
|-------------------|------------------------|
| Name of UDP: | NRD #: |
| Title: | E-mail address: |
| Telephone number: | Province or territory: |

| | |
|-------------------|------------------------|
| Name of CCO: | NRD #: |
| Title: | E-mail address: |
| Telephone number: | Province or territory: |

8. Who is the Chief Authorized Firm Representative for the National Registration Database (NRD)?

| | |
|-------------------|------------------------|
| Name of CAFR: | NRD # if applicable: |
| Title: | E-mail address: |
| Telephone number: | Province or territory: |

B. Jurisdictions where firm is applying

Corporate Registration Number or
Québec Enterprise Number (NEQ)

| | | |
|-------------------------|--------------------------|-------|
| Alberta | <input type="checkbox"/> | _____ |
| British Columbia | <input type="checkbox"/> | _____ |
| Manitoba | <input type="checkbox"/> | _____ |
| New Brunswick | <input type="checkbox"/> | _____ |
| Newfoundland & Labrador | <input type="checkbox"/> | _____ |
| Northwest Territories | <input type="checkbox"/> | _____ |
| Nova Scotia | <input type="checkbox"/> | _____ |
| Nunavut | <input type="checkbox"/> | _____ |
| Ontario | <input type="checkbox"/> | _____ |
| Prince Edward Island | <input type="checkbox"/> | _____ |
| Quebec | <input type="checkbox"/> | _____ |
| Saskatchewan | <input type="checkbox"/> | _____ |
| Yukon | <input type="checkbox"/> | _____ |

C. Categories of registration

What type of registration is the firm applying for? (Check all that apply.)

In all jurisdictions or in some jurisdictions where the firm is applying for registration

(identify the jurisdictions)

| | | |
|------------------------------|--------------------------|-------|
| Investment dealer | <input type="checkbox"/> | _____ |
| Mutual fund dealer | <input type="checkbox"/> | _____ |
| Scholarship plan dealer | <input type="checkbox"/> | _____ |
| Exempt market dealer | <input type="checkbox"/> | _____ |
| Restricted dealer | <input type="checkbox"/> | _____ |
| Investment fund manager | <input type="checkbox"/> | _____ |
| Portfolio manager | <input type="checkbox"/> | _____ |
| Restricted portfolio manager | <input type="checkbox"/> | _____ |

D. Business structure and history

1. Type of legal structure (e.g. corporation, partnership, sole proprietor)

2. In which state/province and country are the majority of the senior officers located?

3. Provide a brief history of the applicant firm and any affiliates, i.e. nature of the applicant firm’s business and how long it has been in business.

4. Has the applicant firm amalgamated with, merged, made arrangements with, or reorganized, within the last 10 years?

Yes No

If yes, provide names of entities, relevant dates, and type of transaction.

5. List all beneficial owners of the applicant firm that own, directly or indirectly, or exercise control or direction over, 10 per cent or more of the voting securities of the firm.

| Name | Date of birth (if applicable) | Title (if applicable) | E-mail address | Security ownership (class, type, amount and voting percentage) |
|------|-------------------------------|-----------------------|----------------|--|
| | | | | |
| | | | | |
| | | | | |

6. List all of the principals (i.e. officers, directors, senior management, and permitted individuals as defined in NI -33-109) of the applicant firm. (If they are the same as above, state this.)

| Name | Title | E-mail address | NRD # |
|------|-------|----------------|-------|
| | | | |
| | | | |
| | | | |

Please attach the following documents:

7. A business plan for the next five years that includes:

- the nature of services, including types of securities and/or derivatives to be distributed or discretionary or non-discretionary advice provided

In this form, “derivatives” means financial instruments, such as futures contracts, options and swaps whose market price, value or payment obligations are derived from or based on one or more underlying interests. Derivatives can be in the form of instruments, agreements or securities.

- relating to the financial services to be provided, please provide details of relationships and any arrangements and/or contracts with other persons and/or companies
- proposed or existing investment models for your portfolios, sectors and types of securities in models, research to be conducted, etc.
- products the applicant firm intends to develop, manage or administer and how they will be distributed
- the applicant firm’s intentions about providing any financial services, such as lending or margining
- target client market (e.g. accredited investors, retail clients, types of institutions, etc.)

Request for Comments

- how assets of clients will be held
 - identify names of third parties holding assets
 - fees charged to clients (e.g. commissions, percentage of profits, transaction fees, pre-paid fees)
 - details of outsourcing arrangements, such as names of entities involved, dates of agreements, and relationship with those entities
 - list of products that will be sold under an exemption and which exemptions the applicant firm intends to rely on
 - number of representatives and branches anticipated
 - plans for non-securities business activities requiring a license
 - plans for non-securities business that is not subject to licensing or registration
8. Organization chart showing the applicant firm's reporting structure. This must include directors, senior officers/partners, ultimate designated person and chief compliance officer.
9. Ownership chart showing all controlling and beneficial owners and affiliates.
10. Copy of the articles of incorporation or any other constating document. If the applicant firm is a partnership or sole proprietor, provide a copy of the partnership agreement or registration of trade name.

E. Capital requirements

1. If the applicant firm is less than five years old, where did the applicant firm's start-up capital come from and what was the amount?
2. For assets of the applicant firm held by a financial institution, provide the following:

| Name and address of financial institution | Description of asset | Amounts (\$) |
|---|----------------------|--------------|
| | | |
| | | |
| | | |

3(A). Are any people acting as guarantor for the applicant firm?

Yes No

If yes and the guarantor has an NRD number, please provide this number _____

If yes, provide the names, address, telephone number and email address of the guarantor(s).

If yes, disclose any influence the guarantor(s) may have over the applicant firm and any potential for conflict of interest the firm may have with the individual(s) acting as guarantor(s), and describe how the applicant firm will minimize the potential for conflict of interest.

Request for Comments

3(B). Is the applicant firm acting as a guarantor? If so, please provide details.

4. Does the applicant firm currently have any executed subordination agreements in relation to any loans from an associate owing by the firm?

Yes No

If yes, provide a copy of each agreement.

Please attach the following documents:

- Calculation of excess working capital form (for non SRO members use Form 31-103F1; for SRO members use the appropriate capital calculation form required to be filed by the SRO).
- Audited financial statements prepared within the last 90 days (Note: we will accept an opening balance sheet if the applicant firm is a start-up company).

F. Financial information

1. Fiscal year end (MM/DD) _____

(If the applicant firm does not have a definite date for its year end, state this and provide details)

2. Firm's auditor

3. Insurance (for securities-related activities in all jurisdictions)

| Name of insurer | Specific insuring agreements | Policy # |
|-----------------------|------------------------------|--------------|
| _____ | _____ | _____ |
| Amount of coverage \$ | Amount of the deductible \$ | Renewal date |
| _____ | _____ | _____ |

List jurisdictions where insurance is held

If the applicant firm has made an application to exempt it from insurance coverage that is not in the form of a Financial Institution Bond, provide details demonstrating that the insurance coverage is equivalent to this bond and that it has more appropriate coverage.

Does the applicant firm's insurance cover all jurisdictions where it is applying for registration?

Yes No N/A

If No or N/A, explain why _____

Request for Comments

4. Has the applicant firm or any of its affiliates ever been declared bankrupt or made an assignment in bankruptcy?

Yes No

If yes, provide details about how and when it happened, whether it was voluntary or involuntary, and the jurisdiction.

5. Has the applicant firm or any of its affiliates ever appointed a receiver or receiver manager, or had one appointed?

Yes No

If yes, provide details, the date and the jurisdiction.

6. In the last ten years, has the applicant firm ever,

| | | |
|-------------------------|------------------------------|-----------------------------|
| been denied bonding? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| made a claim on a bond? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| had a bond revoked? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

If yes, provide details of the bond, the date and the jurisdiction and the reasons for the denial, claim or revocation.

7. Has the applicant firm made any claims to its insurance company during the last ten years for any securities-related activity?

Yes No

If yes, provide amount of the claim, the date and the jurisdiction.

Please attach the following documents:

- Letter of direction authorizing the auditor to conduct any audit of the applicant firm that the regulator may request at any time while the firm is registered. The letter must state that applicant firm will pay for the costs of the audit and will provide the regulator with a copy of the report if requested.
- Directors' resolution on sufficiency of insurance for the securities-related activities.

G. Operations

1. Does the applicant firm have any conflicts of interest related to securities or financial dealings of clients? For example, relationships with other registrants, referral arrangements with other registrants, or any affiliates registered in the same category for which the applicant is seeking registration.

Yes No

If yes, provide details.

2. Does the applicant firm take possession or intend to take possession of client funds and/or securities?

Yes No

If yes, provide name and address for each bank where the trust accounts are held.

Please attach the following documents:

- Policies and procedures manual
- Account opening documentation including the firm's Know Your Client form
- Written policy on fairness in allocation of investment opportunities (advisers only)

- Copy of the applicant firm's letterhead and a sample business card
- Proposed marketing material to be distributed by the firm
- Copy of the firm's standard employment/agent agreement between registered individuals and the firm specifically identifying the compensation arrangement
- Where applicable, client-related documents, such as financial plans, investment policy statement and investment management agreements

H. Registration, licensing and memberships (financial services-related)

1. Is the applicant firm or any of its affiliates currently registered or have they ever been registered in any province, territory, state or country to deal or advise in securities or derivatives?

Yes No

If yes, list the jurisdiction(s), categories of registration, date registered and expiry date of registration, if applicable.

2. Is the applicant firm a member of a securities and/or commodities exchange, a self-regulatory organization (SRO) or similar organization in any province, territory, state or country?

Yes No

If yes, list the organization(s) and jurisdiction(s).

If no, has the applicant firm applied for registration or membership with a securities and/or commodities exchange, an SRO or similar organization?

Yes No

If yes, list the organization(s) and jurisdiction(s).

3. Is the applicant firm or any of its affiliates currently registered or have they ever been registered in any province, territory, state or country under legislation that requires licensing or registration to sell or advise in financial products other than securities (e.g. mortgage broker, financial planning, life insurance, derivatives, etc.)?

Yes No

If yes, list the type of license or registration, jurisdiction, date registered and expiry date of registration, if applicable.

4. Does the firm currently have clients in the jurisdiction where the firm is applying for registration?

Yes No

If yes, please provide details.

Request for Comments

5. Has the applicant firm or any of its affiliates or predecessors ever entered into a settlement agreement with any financial services regulator or with any organizations referred to in question 2 above?

Yes No

If yes, please provide details.

6. Has any financial services regulator or any of the organizations referred to in question 2 ever:

| | Yes | No |
|---|--------------------------|--------------------------|
| a. Determined that the applicant firm or any of its affiliates or predecessors made a false statement or omission? | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Determined that the applicant firm or any of its affiliates or predecessors violated regulations or laws of any province, territory, state or country, or violated the rules of an SRO or commodities exchange? | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Determined that the applicant firm or any of its affiliates or predecessors is not suitable for registration, licensing or membership? | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Refused the applicant firm or any of its affiliates or predecessors registration, licensing or membership in any province, territory, state or country for securities-related activities or in any other capacity? | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Suspended or terminated any registration, licensing or membership of the applicant firm or any of its affiliates or predecessors? | <input type="checkbox"/> | <input type="checkbox"/> |
| f. Appointed a monitor for the applicant firm or any of its affiliates or predecessors? | <input type="checkbox"/> | <input type="checkbox"/> |
| g. Issued an order to the applicant firm or any of its affiliates or predecessors about investment-related activity (e.g. cease trade order)? | <input type="checkbox"/> | <input type="checkbox"/> |
| h. Denied the applicant firm or any of its affiliates or predecessors any exemption from registration, licensing or membership in any province, territory, state or country? | <input type="checkbox"/> | <input type="checkbox"/> |
| i. Imposed conditions on any registration or membership of the applicant firm or any of its affiliates or predecessors? | <input type="checkbox"/> | <input type="checkbox"/> |

If yes to any of the above items, provide full details, including the regulator/organization, jurisdiction and the date.

7. Within the last 10 years has the applicant firm ever been:

| | Yes | No |
|---|--------------------------|--------------------------|
| a. Subject to an order, a proceeding or the initiation of a proceeding by a financial services regulator, securities and/or commodities exchange or SRO, or similar organization of which it is a member? | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Sanctioned by a financial services regulator, securities and/or commodities exchange or SRO, or organization of which it is a member? | <input type="checkbox"/> | <input type="checkbox"/> |

If yes to any of the above items, describe the proceeding or sanction, the regulator, SRO or organization and the relevant date(s).

Request for Comments

8. Is the applicant firm currently involved in a situation that would reasonably be expected to result in a YES answer to any of the items in question 6 or 7 in this section?

Yes No

If yes, describe the situation.

I. Legal action

1. Has the applicant firm or any of its affiliates ever been convicted under the laws of any province, territory, state or country?

Yes No

If yes, describe the type of conviction, the date of the conviction and the jurisdiction.

2. Is the applicant firm or any of its affiliates currently the subject of any outstanding charges or indictments under the laws of any province, territory, state or country?

Yes No

If yes, describe the charges or indictments and the jurisdiction.

3. Are there currently any outstanding civil actions against the applicant firm or its affiliates?

Yes No

If yes, describe the nature of the action, the current stage of the litigation and the specific remedies requested by the plaintiff(s).

4. Has the applicant firm or any of its affiliates ever received a judgement of fraud or theft against it in a civil court, criminal court or administrative tribunal in any jurisdiction in the world?

Yes No

If yes, describe the case, the date it took place and the jurisdiction.

5. Are there any judgements or liens against the applicant firm or any of its affiliates?

Yes No

If yes, describe the judgements or liens, the date and the jurisdiction.

J. National Registration System

1. Election to use the national registration system (NRS)

Has the applicant firm elected to use the NRS?

Yes No

If yes, by submitting this form, the applicant firm:

- certifies that in each Canadian jurisdiction where it has appointed an agent for service, it has completed the appointment of agent for service required in that jurisdiction
- is subject to the securities and/or derivatives legislation of each Canadian jurisdiction where it has applied for registration, including the jurisdiction of any tribunals or any proceedings that relate to the registrant's activities under that securities and/or derivatives legislation
- waives any right to use lack of jurisdiction as a defence in any of those tribunals or proceedings.

Please attach the following documents:

- A completed Form 31-101F1
- Cheque payable to each of the regulators where the applicant firm is seeking registration
- Confirmation that insurance covers all jurisdictions where applying for registration

K. Collection of personal information

Securities regulators require personal information about the people listed on this form so they can complete their review of this application, and if the firm is approved, to assess whether the firm continues to meet the registration requirements.

Securities regulators may collect this information only under the requirements in securities and/or derivatives legislation and may only use personal information to administer and enforce provisions of the securities and/or derivatives legislation. Securities regulators may collect personal information from this application, police records, records of other regulators or self-regulatory organizations, credit records, employment records, government and private bodies or agencies, individuals, corporations, and other organizations. They may also collect personal information indirectly.

Securities regulators may also provide personal information about the individuals listed on this form to other regulators, SROs or similar organizations or stock exchanges if required for an investigation or other regulatory issue.

If any one listed on this form has any questions about the collection and use of their personal information, they can contact the securities regulator in the relevant jurisdiction. See Schedule A for details. In Québec, they can also contact the Commission d'accès à l'information du Québec at 1-888-528-7741 or visit its website at www.cai.gouv.qc.ca.

By completing this section, you:

- Acknowledge that the securities regulator in the relevant jurisdiction(s) may collect personal information about the individuals listed on this form and to provide it to any regulator, SRO or similar organization or stock exchange if required for an investigation or other regulatory issue.
- confirm that the individuals listed on this form have been notified that their personal information is disclosed on this form, the legal reason for doing so, how it will be used and who to contact for more information.

Name of authorized signing officer

Title of authorized signing officer

Signature

Date signed (YYYY/MM/DD) _____

L. Submission to jurisdiction and appointment of agent for service of process (Those firms that are considered to be non-resident firms must complete this section for each jurisdiction where they are applying for registration.)

By submitting this form, the applicant firm:

Request for Comments

- is subject to the securities and/or derivatives legislation of each Canadian jurisdiction where you have submitted this form, including the jurisdiction of any tribunals or any proceedings that relate to your activities as a registrant under that securities and/or derivatives legislation;
- appoints the agent at the address below to be served any documents for any of these tribunals or proceedings;

Name of the applicant firm

Jurisdiction where the applicant firm was incorporated

Agent Contact Information:

Name of agent for service of process (agent)

Address of agent in jurisdiction(s) where firm is applying for registration

Firm Name (if applicable)

Telephone Number

Fax number

E-mail address

The applicant firm agrees to file a new submission to jurisdiction and appointment of agent for service of process if any of the following changes occur within six years of the termination of the firm's registration:

- the name or address of the agent for service changes
- the firm changes its agent for service.

The new submission for jurisdiction and appointment for agent for service of process must be filed at least 30 days before the change comes into effect.

This submission to jurisdiction and appointment of agent for service of process is governed by the securities and/or derivatives legislation of the relevant jurisdiction in Canada.

Firm's authorization

Name of applicant firm's authorized signing officer

Title of applicant firm's authorized signing officer

Signature

Date signed (YYYY/MM/DD)

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Agent's authorization

By signing below, you agree to act as agent for service of process for the applicant firm according to the terms set out in this submission to jurisdiction and appointment of agent for service of process.

Name of agent's authorized signing officer

Title of agent's authorized signing officer

Signature

Date signed (YYYY/MM/DD)

Please attach the following:

1. The firm's privacy statement for collection and disclosure of personal information
2. The firm's executed consent to collection of personal information

M. Signatures

By signing below, you confirm that:

- you have read and understand the questions in this form
- you understand that it is an offence under the securities and/or derivatives legislation to provide false or misleading information on this form
- all of the information provided on this form is true.

Name of applicant firm

Name of authorized signing officer

Title of authorized signing officer

Signature

Date signed (YYYY/MM/DD)

Witnessed by a lawyer, notary public or commissioner of oaths:

Name

Title

Signature
(indicate in which capacity witness has signed, i.e. lawyer, notary public or commissioner of oaths)

Date signed (YYYY/MM/DD)

Schedule A

Who to contact if you have questions about the collection and use of your personal information.

Alberta

Alberta Securities Commission,
4th Floor, 300 B 5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Analyst
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Market Regulation
Telephone: (506) 658-3021

Newfoundland and Labrador

Securities Commission of Newfoundland and Labrador
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NF A1B 4J6
Attention: Director of Securities
Tel: (709) 729-4189

Nova Scotia

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Registrar of Securities
Telephone: (867) 920-8984

Nunavut

Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6190

Ontario

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Prince Edward Island

Securities Registry
Office of the Attorney General B Consumer, Corporate and
Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-4569

Québec

Autorité des marchés financiers
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Saskatchewan

Saskatchewan Financial Services Commission
800 B1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5842

Yukon

Department of Community Services Yukon
P.O. Box 2703
Whitehorse, YU Y1A 2C6
Attention: Registrar of Securities
Telephone: (867) 667-5225

**PROPOSED FORM 33-109F7
NOTICE OF REINSTATEMENT
OF REGISTERED INDIVIDUALS AND PERMITTED INDIVIDUALS**

You are only permitted to use this form if, since leaving your former sponsoring firm, there have been no changes to the information you previously provided in respect of Items 13 (Regulatory Disclosure), 14 (Criminal Disclosure), 15 (Civil Disclosure) and 16 (Financial Disclosure) of your Form 33-109F4.

In this form, “you”, “your” and “applicant” means the person who is submitting this form.

“Former sponsoring firm” means the registered firm where you most recently carried out duties as a registered or permitted individual.

“New sponsoring firm” means the registered firm where you will commence carrying out duties as a registered or permitted individual upon the transfer of your registration.

Several terms used in this form are defined in the Form 33-109F4 *Application for registration of individuals and review of permitted individuals* that you submitted when first becoming registered or elsewhere in the securities legislation of your province or territory. Please refer to those definitions.

[*Online version*] If you have questions, please contact an authorized officer of your sponsoring firm or a legal adviser, or visit the national registration database (NRD) information website at www.nrd-info.ca.

[*Paper version*] Complete this form if you are relying on the temporary hardship exemption in NI 31-102. Otherwise, complete and submit this form online at the national registration database (NRD) website at www.nrd.ca.

Failure to answer all applicable questions may cause delays in the processing of your reinstatement.

Item 1 – Name

1. **NRD number:**
2. **Legal name**

| | | | |
|-----------|------------|---|--|
| Last Name | First Name | Second Name (N/A <input type="checkbox"/>) | Third Name (N/A <input type="checkbox"/>) |
|-----------|------------|---|--|

3. **Date of Birth** (YYYY/MM/DD):

4. **Business names**

Are you currently operating under or carrying on business under any name (e.g., trade names, team names) other than the name(s) mentioned above, or do you intend to do so?

Yes No

If “yes”, complete Schedule A

Item 2 – Address and agent for service

1. **Address for service**

You must have one address for service in each province or territory where you are submitting this form. A post office box is not an acceptable address for service. A residential address is acceptable. Complete Schedule B for each additional address for service you are providing.

Address for service:

(number, street, city, province or territory, postal code)

Request for Comments

Telephone number _____

Fax number, if applicable _____

E-mail address, if available

2. Agent for service

If you have appointed an agent for service, provide the following information for the agent in each province or territory where you have an agent for service. The address of your agent for service must be the same as the address for service above. If your agent for service is a firm, also provide the name of your contact person.

Name for agent for service:

Contact person:

Last name, First name

Item 3 – Passport/National Registration System

Is this submission being filed under Passport/National Registration System

Yes No

Item 4 – Registration jurisdictions

Indicate, by checking the appropriate box, each province or territory to which you are submitting this form:

- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Newfoundland and Labrador
- Northwest Territories
- Nova Scotia
- Nunavut
- Ontario
- Prince Edward Island
- Québec
- Saskatchewan
- Yukon

Item 5 – Individual categories

Indicate, by checking the appropriate box in Schedule C, each registration category for which you are being reinstated. If you are a permitted individual, indicate each category that describes your position with your sponsoring firm.

Item 6 – Previous employment

Provide the following information for your former sponsoring firm.

Name: _____

NRD location number: _____

Date on which you ceased to be authorized to act on behalf of your former sponsoring firm as a registered individual or permitted individual (YYYY/MM/DD): _____

Request for Comments

The reason why you left your former sponsoring firm:

Item 7 – Resignations and terminations

Did you resign or were you terminated or discharged by your former sponsoring firm for just cause following allegations that you:

a) Violated any statutes, regulations, rules or standards of conduct?

Yes No

If "Yes", complete Schedule D

b) Failed to supervise compliance with any statutes, regulations, rules or standards of conduct?

Yes No

c) Committed fraud or the wrongful taking of property, including theft?

Yes No

If "Yes", complete Schedule D

Item 8 – New sponsoring firm and other business or employment

Name of your new sponsoring firm: _____

On Schedule E, provide the information requested for your employment activities with your new sponsoring firm and, if applicable, your other business or employment activities.

Item 9 – Location of employment

Provide the following information for your new sponsoring firm. If you will be working out of more than one location, provide the following information for the location out of which you will be doing most of your business.

NRD location number: _____

Unique Identification Number (optional): _____

Branch Transit number/Cost Centre number, if applicable: _____

Business address:

(number, street, city, province, territory or state, country, postal code)

Telephone number: (____) _____ Fax number: (____) _____

[The following is for the paper version only]

Type of Location: Head Office Branch Sub-branch

Name of Branch Manager: _____

Effective date: _____

Check here if the mailing address of the location is the same as the business address provided above. Otherwise, complete the following:

Request for Comments

Mailing address:

_____ (number, street, city, province, territory or state, country, postal code)

Date on which you will become authorized to act on behalf of the firm as a registered individual or permitted individual (YYYY/MM/DD): _____

Item 10 – Ownership of securities firms

Are you now, or have you ever been, a partner or major shareholder of any firm (including your sponsoring firm) whose business is trading in or advising on securities or derivatives?

Yes No

If "Yes", complete Schedule F

Acknowledgements etc.

By submitting this form, you acknowledge that the submission to jurisdiction, consent to collection and use of personal information, and authorization in respect of SROs (to the extent applicable) that you provided in your Form 33-109F4 remain in effect and extend to this form.

You acknowledge that you are required to notify the regulator of changes to any information previously submitted in Form 33-109F4 and confirm that as of the date of submitting this form, there is no unreported change to my Form 33-109F4 information. Confirm, by checking the boxes, there has been no change to the following disclosure items:

- Regulatory disclosure
- Criminal disclosure
- Civil disclosure
- Financial disclosure

You further acknowledge and agree that if you are applying for reinstatement of your registration and it was subject to any undischarged terms and conditions when you left your former sponsoring firm, those terms and conditions will remain in effect at your new sponsoring firm.

It is an offence under securities and/or derivatives legislation to provide false or misleading information on this form.

[*Online version*]

Certification

- I am making this submission as agent for the applicant. By checking this box, I certify that the applicant provided me with all of the information on this form.

[*Paper version*]

Signatures**Applicant**

By signing below, you confirm that:

- you have read and understand the questions in this form
- you understand that it is an offence under the securities and/or derivatives legislation to provide false or misleading information on this form
- all of the information provided on this form is true.

Request for Comments

Signature of applicant _____

Date signed (YYYY/MM/DD) _____

New sponsoring firm by an authorized partner or officer

By signing below, you confirm that:

- the applicant will be engaged by the new sponsoring firm as a registered individual or a permitted individual
- you have discussed the questions set out in this form with the applicant and are satisfied that he or she fully understands the questions
- the new sponsoring firm acknowledges and agrees that if the individual is applying for reinstatement of his or her registration and it was subject to any undischarged terms and conditions when the individual left the former sponsoring firm, those terms and conditions will remain in effect and the new sponsoring firm will assume any ongoing obligations that apply to the sponsoring firm of the registrant under those terms and conditions.

Name of firm

Name of authorized signing officer

Title of authorized signing officer

Signature

Date signed (YYYY/MM/DD)

SCHEDULE A

Business names – provide the information below for each business name you are currently using or intending to use

Name: _____

Provide the reason(s) for the use of this name (for example, trade name):

When did you use this name? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

If the name will be used in connection with your new sponsoring firm, has your new sponsoring firm approved your use of the name?

Name: _____

Provide the reason/s for the use of this name (for example, trade name):

When did you use this name? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

If the name will be used in connection with your new sponsoring firm, has your new sponsoring firm approved your use of the name?

Name: _____

Provide the reason/s for the use of this name (for example, trade name):

When did you use this name? From: _____ To: _____
(YYYY/MM) (YYYY/MM)

If the name will be used in connection with your new sponsoring firm, has your new sponsoring firm approved your use of the name?

SCHEDULE B

Address and agent for service

1. Address for service

You must have one address for service in each province or territory in which you are now, or are applying to become, a registered individual or permitted individual. A post office box is not an acceptable address for service.

Address for service:

_____ (number, street, city, province or territory, postal code)

Telephone number: (____) _____ Fax number: (____) _____

E-mail address: _____

2. Agent for service

If you have appointed an agent for service, provide the following information for the agent. The address for service provided above must be the address of the agent named below.

Name of agent for service: _____
(if applicable)

Contact person:

_____ Last name, First name

SCHEDULE C

Individual Categories

Categories Indicate, by checking the appropriate box, each category for which you are applying.

Firm Categories Common to all Jurisdictions

Under which firm category(ies) are you applying?

- Investment Dealer
- Mutual Fund Dealer
- Scholarship Plan Dealer
- Exempt Market Dealer
- Restricted Dealer
- Portfolio Manager
- Restricted Portfolio Manager
- Investment Fund Manager

Registration Categories and Permitted Activities

- Dealing Representative
- Advising Representative
- Associate Advising Representative
- Ultimate Designated Person
- Chief Compliance Officer
- Officer
- Director
- Partner
- Shareholder
- Branch Manager (MFDA members only)
- Supervisor (IDA members only)

Firm Categories Unique to Ontario

Under which firm category(ies) are you applying?

- Commodity Trading Adviser
- Commodity Trading Counsel
- Commodity Trading Manager
- Futures Commission Merchant

Registration Categories and Permitted Activities

- Advising Representative
- Salesperson
- Branch Manager
- Officer

- Director
- Partner
- Shareholder
- Supervisor (IDA members only)

Firm Categories Unique to Manitoba

Under which firm category(ies) are you applying?

- Dealer (Merchant)
- Dealer (Futures Commission Merchant)
- Dealer (Floor Broker)
- Adviser

Registration Categories and Permitted Activities

- Floor Trader
- Floor Broker
- Salesperson
- Branch Manager
- Adviser
- Officer
- Director
- Partner
- Supervisor (IDA members only)

Investment Dealers Association of Canada – Additional Information

Approval Categories

- Executive
- Director (Non-Industry)
- Supervisor
- Investor
- Registered Representative
- Investment Representative
- Trader

Designated Persons

- Chief Compliance Officer
- Chief Financial Officer
- Ultimate Designated Person
- Designated Registered Options Principal
- Designated Registered Futures Options Principal

Trading Activity

Non-Trading

Equities

Options

Futures

Mutual Funds only

Portfolio Management

Portfolio Management (Supervised)

Account Type

Retail

Non-Retail

Not Applicable

SCHEDULE D

Resignations and terminations

- a) For each allegation that you violated statutes, regulations, rules or standards of conduct, indicate below the circumstances relating to your resignation, termination or discharge for just cause.

- b) For each allegation that you failed to supervise compliance with statutes, regulations, rules or standards of conduct, indicate below the circumstances relating to your resignation, termination or discharge for just cause.

- c) For each allegation that you committed fraud or the wrongful taking of property, including theft, indicate below the circumstances relating to your resignation, termination or discharge for just cause.

SCHEDULE E

New sponsoring firm and other business or employment

[Online version]

- Check here if your employment is with your new sponsoring firm. If not, you are required to provide the firm name and address information:

Name of business or employer: _____

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of your immediate supervisor: _____

For your sponsoring firm, include the duties you currently perform and intend to perform.

Describe all other employment or business activities related to this employer or business, whether or not the activities are related to investments. Include the nature of the business, your duties, start date, title or relationship with the business (including director or officer positions).

Indicate the number of hours per week you will be devoting to this business or employment.

- Check here if you are working more than 30 hours per week for the sponsoring firm. Otherwise, explain why you are working less than 30 hours per week for the sponsoring firm.

Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your proposed activities as a registrant with affiliated or unaffiliated sponsoring firm(s) and with the other business described above (include whether the other business is listed on an exchange). Confirm whether the firm has procedures for minimizing potential conflicts of interest and confirm that you are aware of these procedures.

[Paper version]

For your new sponsoring firm, provide the following information:

Address of head office:

(number, street, city, province, territory or state, country)

Name and title of your immediate supervisor: _____

The duties you intend to perform:

Will you be working more than 30 hours per week for your new sponsoring firm? If not, explain why:

Request for Comments

Will you be working for any other employer or engaged in any other business activities? If so, provide the following information for each other employer or business:

Name of business or employer: _____

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of your immediate supervisor: _____

The duties you currently perform and intend to perform:

Describe all employment or business activities related to this employer or business, whether or not the activities are related to investments. Include the nature of the business, your duties, start date, title or relationship with the business (including director or officer positions):

Indicate the number of hours per week you will be devoting to this business or employment.

Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your activities as a registrant with affiliated or unaffiliated sponsoring firm(s) and with the other employment or business described above (include whether the other employment or business is listed on an exchange). Confirm whether the firm has procedures for minimizing potential conflicts of interest and confirm that you are aware of these procedures.

SCHEDULE F

Ownership of securities firms

Provide details of ownership that include class, voting percentage, type and number of shares:

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

**COMPANION POLICY 33-109CP
TO NATIONAL INSTRUMENT 33-109 REGISTRATION INFORMATION**

PART 1 APPLICATION AND PURPOSE

- 1.1 Purpose** – The purpose of NI 33-109 is to consolidate and harmonize requirements regarding the initial submission of registration information and the updating of that information.

PART 2 REINSTATEMENT

2.1 Reinstatement

- (1) If an individual joins a new sponsoring firm within 90 days of leaving registered employment and is seeking registration in the same category as previously held, the individual's registration will be automatically reinstated. This means that an individual who transfers directly from one sponsoring firm to another may start engaging in activities requiring registration from the first day with the new sponsoring firm, if a completed Form 33-109F7 has been filed. This process does not apply, however, if after the leaving his or her former sponsoring firm, the individual has become insolvent or the subject of criminal charges or civil claims, or involved in an incident of regulatory non-compliance.
- (2) Despite automatic reinstatement or any other procedure, maintaining suitability for registration is an ongoing requirement and the regulator has discretionary authority to suspend or revoke an individual's registration or restrict it with terms and conditions at any time. The regulator may do this, for example, if it receives information through the notice of termination or other sources that causes it to question the individual's continued suitability for registration. Individuals will be given an opportunity to be heard before a decision is made to suspend or revoke registration or to impose terms and conditions.
- (3) If the individual joins another sponsoring firm more than 90 days after leaving registered employment, the new sponsoring firm will have to file an application for reinstatement of registration for the individual. This process is referred to as a "reactivation" and involves updating the individual's Form 33-109F4 information. The same process applies in the case of an individual who, after leaving his or her former sponsoring firm has become insolvent or the subject of criminal charges or civil claims, or involved in an incident of regulatory non-compliance, even if fewer than 90 days have passed since the individual left his or her former employer. In both cases, the individual may not conduct activities requiring registration until the regulator has reinstated registration.

PART 3 BUSINESS LOCATIONS

- 3.1 Business Locations** – The securities regulatory authority or regulator is of the view that a business location for a registered firm, or a person or company that is applying for registration, is a location within the jurisdiction, including a residence, where a firm's registered individuals are based for the purpose of carrying out registerable activity.

PART 4 NOTICE OF CHANGES

4.1 Bulk Transfer of Locations and Individuals

- (1) If a registered firm is acquiring a large number of business locations (for example, as a result of an amalgamation or asset purchase) from one or more other registered firms that are located in the same jurisdictions and registered in the same categories as the acquiring firm, and if a significant number of individuals are associated on NRD with the locations, the securities regulatory authority or regulator will consider exempting the firms and individuals involved in the transaction from the following requirements:
 1. the requirement to submit a notice regarding the termination of each employment, partner, or agency relationship under section 4.3 of NI 33-109.
 2. the requirement to submit a registration application for each individual applying to become a registered individual under section 2.2 of NI 33-109.
 3. the requirement to submit a Form 33-109F4 for each permitted individual under section 2.2 of NI 33-109.
 4. the requirement under section 3.1 of NI 33-109 to notify the regulator of a change to the business location information in Form 33-109F3.

- (2) To exempt the firms and individuals involved in the transaction from the requirements set out above, the application should include the following information:
 - (a) the name and NRD number of the registered firm that will acquire control of the business locations;
 - (b) for each registered firm that is transferring control of the business locations,
 - (i) the name and NRD number of the registered firm;
 - (ii) the address and NRD number of each business location that is being transferred from the registered firm named in (b)(i) to the registered firm named in (a); and
 - (c) the date that the business locations and individuals will be transferred to the registered firm named in (a).
- (3) To facilitate the processing of the exemption application, the applicant may put the information referred to in subsection (2) in the form set out in Appendix A to this Companion Policy.
- (4) This exemption application should be submitted by the registered firm that will acquire control of the business locations at the closing of the transaction and should be submitted sufficiently in advance of the date on which the business locations are to be transferred (the "transfer date"). The securities regulatory authority is of the view that submitting the application at least 30 days prior to the transfer date is sufficient.
- (5) In addition to any application fee, it is likely that the payment of a fee will be a condition of this type of exemption order and that the fee will be related to the number of registered firms, business locations, registered individuals, and permitted individuals involved in the transaction.
- (6) If the exemption is granted, as soon as practicable after the transfer date, the regulator will instruct the NRD administrator to indicate the transfer of the business locations, the registered individuals, and the permitted individuals on NRD.
- (7) Bulk transfers involving firms that are registered in different categories or different jurisdictions may need to take additional steps. Firms involved in such a transaction should contact the applicable regulators to discuss what steps are required to allow the firms to use the bulk transfer process described above.

4.2 Notifying the Regulator About Changes in Information - The requirements in sections 3.1 and 4.1 of NI 33-109 apply to all information submitted in Form 33-109F6 and Form 33-109F4. For example, Form 33-109F6 asks for certain information dating back 10 years from the date of the form. If that information changes after the date of the form, the firm must notify the regulator about the change in that information. As another example, Form 33-109F6 asks the firm to provide certain agreements. If the firm executes such an agreement after the date of the form, it must provide the regulator with a copy of that agreement.

PART 5 DUE DILIGENCE

5.1 Sponsoring Firm Obligations

- (1) The securities regulatory authority or regulator is of the view that the reasonable efforts firms are required to undertake in Part 5 of NI 33-109 include
 - (a) establishing written policies and procedures relating to the investigation of an individual prior to submitting a Form 33-109F4 on behalf of the individual;
 - (b) ensuring that the review of an individual pursuant to these policies and procedures is documented;
 - (c) regularly reminding registered individuals and permitted individuals about their disclosure obligations under NI 33-109, such as notifying the regulator about changes to information; and
 - (d) correcting any incorrect or deficient information submitted in a Form 33-109F7 as soon as practicable and normally within five days of the securities regulatory authority or regulator communicating with the NRD filer to identify the incorrect or deficient information.
- (2) The purpose of subsection 5.1(2) of NI 33-109 is to assist sponsoring firms in complying with their obligation under subsections 5.1(1) of NI 33-109.

5.2 Form 33-109F1

- (1) If a sponsoring firm has not obtained the most recent Form 33-109F1 or termination notice according to section 5.1(2) of NI 33-109, as a last resort the sponsoring firm should ask the individual to request it from the regulator.
- (2) Registered firms should make a practice of providing individuals with the Form 33-109F1 upon termination of employment.
- (3) The information in Part E *Further Details* of Form 33-109F1 will assist sponsoring firms in making their decision whether to hire the registered individual or permitted individual. However, we acknowledge that the individual may be hired before the sponsoring firm receives the information in Part E of Form 33-109F1. The sponsoring firm will typically receive this information during the individual's probation period, which should allow the sponsoring firm to act accordingly on that information.

PART 6 COMMODITY FUTURES ACT SUBMISSIONS

- 6.1 **Ontario** - In Ontario, if a person or company is required to make a submission under both NI 33-109 and OSC Rule 33-506 (*Commodity Futures Act*) with respect to the same information, the securities regulatory authority is of the view that a single filing on a form required under either rule satisfies both requirements.
- 6.2 **Manitoba** - In Manitoba, NI 33-109 has been enacted as a rule under each of The Securities Act and The Commodity Futures Act. A single submission with respect to the same information will satisfy the requirements of both statutes.

PART 7 FORMS

7.1 Forms

- (1) A registered firm submits Form 33-109F1 – *Notice of Termination of Registered Individuals and Permitted Individuals* to notify the regulator of a termination of an employment, partner, or agency relationship with a registered individual or a permitted individual, other than a shareholder.
- (2) Both registered individuals and permitted individuals use Form 33-109F2 – *Change or Surrender of Individual Categories*. A registered individual changing or surrendering a registration category in one or more jurisdictions submits to the regulator a completed Form 33-109F2. A permitted individual applying to become a registered individual with the same registered firm submits to the regulator a completed Form 33-109F2.
- (3) Form 33-109F3 – *Business Locations other than Head Office* is used by applicants as a dealer, adviser or investment fund manager to inform the regulator of all business locations other than the head office, and by registered firms opening or closing business locations, or changing the information previously submitted about a business location.
- (4) Form 33-109F4 – *Application for Registration of Individuals and Review of Permitted Individuals* is the application for registration for an individual and for the review of a permitted individual.
- (5) Form 33-109F5 – *Change of Registration Information in Form 33-109F4* is submitted to notify a regulator of changes to Form 33-109F4 or Form 33-109F6.
- (6) Form 33-109F6 – *Application for Dealer, Adviser or Investment Fund Manager for Securities and/or Derivatives* is the application for registration as a dealer, adviser or investment fund manager.
- (7) Form 33-109F7 – *Notice of Reinstatement of Registered Individuals and Permitted Individuals* is used by registered individuals to provide notice of automatic reinstatement in accordance with section 2.3 of NI 33-109. It is also used for transferring permitted individuals.

Appendix A

Request for NRD Bulk Transfer of Business Locations

This is an application for exemption under National Instrument 33-109.

A) Registered firm that will acquire the business locations

Name: _____

Firm NRD number _____

B) Registered firm transferring the business locations

Name: _____

Firm NRD number: _____

Business locations that will be transferred

Address of business location: _____

NRD number of business location: _____

Address of business location: _____

NRD number of business location: _____

(Repeat for each business location as necessary.) _____

C) Date that business locations will be transferred: _____

Unofficial Consolidated – February 29, 2008

This document is an unofficial consolidation of all proposed amendments to National Instrument 31-102 current to February 29, 2008. This document is for reference purposes only and is not an official statement of the law.

**NATIONAL INSTRUMENT 31-102
NATIONAL REGISTRATION DATABASE**

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NATIONAL INSTRUMENT 31-102
NATIONAL REGISTRATION DATABASE

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions - In this Instrument

"authorized firm representative" or "AFR" means, for a firm filer, an individual with his or her own NRD user ID and who is authorized by the firm filer to submit information in NRD format for that firm filer and individual filers with respect to whom the firm filer is the sponsoring firm;

"chief AFR" means, for a firm filer, an individual who is an AFR and has accepted an appointment as a chief AFR by the firm filer;

"firm filer" means a person or company that is required under securities legislation to make an NRD submission in accordance with this Instrument and that is registered as, or has applied for registration as, a dealer, adviser, or underwriter;

"individual filer" means an individual that is required under securities legislation to make an NRD submission in accordance with this Instrument;

"NI 33-109" means National Instrument 33-109 Registration Information;

"National Registration Database" or "NRD" means the online electronic database of registration information regarding NRD filers and includes the computer system providing for the transmission, receipt, review, and dissemination of that registration information by electronic means;

"NRD account" means an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit;

"NRD administrator" means CDS INC. or a successor appointed by the securities regulatory authority to operate NRD;

"NRD filer" means an individual filer or a firm filer;

"NRD format" means the electronic format for submitting information through the NRD website;

"NRD number" means the unique number first generated by NRD to identify an NRD filer, a permitted individual, or a business location;

"NRD submission" means information that is submitted under securities legislation or securities directions in NRD format, or the act of submitting information under securities legislation or securities directions in NRD format, as the context requires;

"NRD website" means the website operated by the NRD administrator for the NRD submissions.

1.2 Interpretation - Terms defined in NI 33-109 and used in this Instrument have the respective meanings ascribed to those terms in NI 33-109.

PART 2 INFORMATION TO BE SUBMITTED IN NRD FORMAT

2.1 Registration Information - A person or company that is required to submit any of the following to the securities regulatory authority or regulator must make the submission in NRD format:

1. Form 33-109F1;
2. Form 33-109F2;
3. Form 33-109F3;
4. Form 33-109F4 or a change to any information previously submitted in respect of Form 33-109F4;
5. Form 33-109F5;

6. Form 33-109F7.

PART 3 MAKING NRD SUBMISSIONS

3.1 NRD Submissions

- (1) An NRD filer that is required under securities legislation to submit information in NRD format must make that NRD submission
 - (a) through the NRD website;
 - (b) using the NRD number of the NRD filer, permitted individual, or business location; and
 - (c) in accordance with this Instrument.
- (2) A requirement in securities legislation relating to the format in which a document or other information to be submitted must be printed, or specifying the number of copies of a document that must be submitted, does not apply to an NRD submission required to be made in accordance with this Instrument.
- (3) An NRD filer making an NRD submission must make the NRD submission through an AFR.

3.2 Ongoing Firm Filer Requirements - A firm filer must

- (a) be enrolled with the NRD administrator to use NRD;
- (b) have one and no more than one chief AFR enrolled with the NRD administrator;
- (c) maintain one and no more than one NRD account;
- (d) notify the NRD administrator of the appointment of a chief AFR within 5 business days of the appointment;
- (e) notify the NRD administrator of any change in the name, telephone number, or e-mail address of the firm's chief AFR within 5 business days of the change; and
- (f) submit any change in the name of an AFR, other than the firm's chief AFR, in NRD format within 5 business days of the change.

PART 4 PAYMENT OF FEES THROUGH NRD

4.1 Payment of Submission Fees

- (1) If a fee is required with respect to an NRD submission, a firm filer must pay the required fee by electronic preauthorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.2 Payment of Annual Registration Fees

- (1) If a firm filer is required to pay an annual registration fee, the firm filer must pay the required fee by electronic preauthorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.3 Payment of NRD User Fees – Annual

- (1) If a firm filer is required to pay an annual NRD user fee, the firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.4 Payment of Late Filing Fees

- (1) If a firm filer is required to pay late filing fees because of an activity that creates a submission on NRD, the firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.5 Exemption for Registrants not Resident in Canada - Sections 3.2(c), 4.1, 4.2, 4.3 and 4.4 do not apply to a registered firm that

- (a) has no business office in a jurisdiction in Canada;
- (b) does not have an account with a member of the Canadian Payments Association;
- (c) is not an affiliate of a registered firm resident in a jurisdiction in Canada; and
- (d) pays the fees referred to in sections 4.1 to 4.4 to the NRD administrator within 10 business days of the date the payment is due.

PART 5 TEMPORARY HARDSHIP EXEMPTION

5.1 Temporary Hardship Exemption

- (1) If unanticipated technical difficulties prevent an NRD filer from making a submission in NRD format within the time required under securities legislation, the NRD filer is exempt from the requirement to make the submission within the required time period, if the NRD filer makes the submission in paper format or NRD format no later than 5 business days after the day on which the information was required to be submitted.

- (2) Form 33-109F5 is the paper format for submitting a notice of a change to Form 33-109F4 information.

- (3) If unanticipated technical difficulties prevent an individual filer from submitting an application in NRD format, the individual filer may submit the application in paper format.

- (4) If an NRD filer makes a paper format submission under this section, the NRD filer must include the following legend in capital letters at the top of the first page of the submission:

IN ACCORDANCE WITH SECTION 5.1 OF NATIONAL INSTRUMENT 31-102 NATIONAL REGISTRATION DATABASE (NRD), THIS [SPECIFY DOCUMENT] IS BEING SUBMITTED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP EXEMPTION.

- (5) If an NRD filer makes a paper format submission under this section, the NRD filer must resubmit the information in NRD format as soon as practicable and in any event within 10 business days after the unanticipated technical difficulties have been resolved.

PART 6 EXEMPTION

6.1 Exemption

- (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

- (2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

- (3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions*, opposite the name of the local jurisdiction.

**COMPANION POLICY 31-102CP
TO NATIONAL INSTRUMENT 31-102
NATIONAL REGISTRATION DATABASE**

PART 1 APPLICATION AND PURPOSE

- 1.1 **Purpose** – The purpose of NI 31-102 is to establish requirements for the electronic submission of registration information through NRD.

PART 2 PRODUCTION OF NRD FILINGS

- 2.1 The securities legislation of several jurisdictions contains a requirement to produce or make available an original or certified copy of information filed under the securities legislation. Each relevant securities regulatory authority or regulator, as applicable, considers that it may satisfy such a requirement in the case of information filed in NRD format by providing a printed copy or other output of the information in readable form that contains or is accompanied by a certification by the securities regulatory authority or regulator that the printed copy or output is a copy of the information filed in NRD format.

PART 3 DATE OF FILING

- 3.1 The securities regulatory authority or regulator takes the view that information filed in NRD format is, for purposes of securities legislation, filed on the day that the transmission of the information to NRD is completed.

PART 4 OFFICIAL COPY OF NRD FILINGS

- 4.1 For purposes of securities legislation, securities directions or any other related purpose, the securities regulatory authority or regulator takes the view that the official record of any information filed in NRD format by an NRD filer is the electronic information stored in NRD.

PART 5 AUTHORIZED FIRM REPRESENTATIVE AS AGENT

- 5.1 The securities regulatory authority or regulator is of the view that when making an NRD submission an AFR is an agent of the firm or individual to whom the filing relates.

PART 6 ONGOING FIRM FILER REQUIREMENTS

- 6.1 The securities regulatory authority or regulator expects that firm filers will follow the processes set out in the NRD Filer Manual to
- (a) enroll with the NRD administrator;
 - (b) keep their enrolment information current; and
 - (c) keep their NRD account information current.

PART 7 COMMODITY FUTURES ACT SUBMISSIONS

- 7.1 In Ontario, if a person or company is required to make a submission under both NI 31-102 and OSC Rule 31-509 (*Commodity Futures Act*) with respect to the same information, the securities regulatory authority is of the view that a single filing on a form required under either rule satisfies both requirements.
- 7.2 In Manitoba, NI 31-102 has been enacted as a rule under each of The Securities Act and The Commodity Futures Act. A single submission with respect to the same information will satisfy the requirements of both statutes.

**AMENDMENTS TO
NATIONAL INSTRUMENT 31-102 NATIONAL REGISTRATION DATABASE**

- 1. National Instrument 31-102 National Registration Database is amended by this Instrument.**
- 2. The table of contents is amended by adding the following after “4.3 Payment of NRD User Fees- Annual”**
 - 4.4 Payment of Late Filing Fees
 - 4.5 Exemption for Registrants not Resident in Canada
- 3. Section 2.1 is amended by adding the following after paragraph 4:**
 5. Form 33-109F5;
 6. Form 33-109F7.
- 4. Section 3.2(e) is amended by adding “, telephone number, or e-mail address” after “change in the name”.**
- 5. Part 4 is amended by added the following after section 4.3(2):**
 - 4.4 Payment of Late Filing Fees
 - (1) If a firm filer is required to pay late filing fees because of an activity that creates a submission on NRD, the firm filer must pay the required fee by electronic pre-authorized debit through NRD.
 - (2) A payment under subsection (1) must be made from the firm filer's NRD account.
 - 4.5 Exemption for Registrants not Resident in Canada – Sections 3.2(c), 4.1, 4.2, 4.3 and 4.4 do not apply to a registered firm that
 - (a) has no business office in a jurisdiction in Canada,
 - (b) does not have an account with a member of the Canadian Payments Association,
 - (c) is not an affiliate of a registered firm resident in a jurisdiction in Canada, and
 - (d) pays the fees referred to in sections 4.1 to 4.4 to the NRD administrator within 10 business days of the date the payment is due.
- 5. Part 7 is repealed.**
- 6. This Instrument comes into force on •.**

6.3.1 Notice of Proposed Revocation and Replacement of OSC Rule 33-506 (Commodity Futures Act) Registration Information and Companion Policy 33-506CP, and Notice of Proposed Amendments to OSC Rule 31-509 (Commodity Futures Act) National Registration Database and Companion Policy 31-509CP

REQUEST FOR COMMENT

**NOTICE OF PROPOSED REVOCATION AND REPLACEMENT OF
OSC RULE 33-506 (COMMODITY FUTURES ACT) REGISTRATION INFORMATION
AND COMPANION POLICY 33-506CP,**

AND

**NOTICE OF PROPOSED AMENDMENTS TO
OSC RULE 31-509 (COMMODITY FUTURES ACT) NATIONAL REGISTRATION DATABASE
AND COMPANION POLICY 31-509CP**

Introduction

The Ontario Securities Commission (the **Commission** or **OSC**) is publishing for a 90-day comment period OSC Rule 33-506 (*Commodity Futures Act*) *Registration Information* (**OSC Rule 33-506**) and Companion Policy 33-506CP (**33-506CP**). The proposed rule and policy are intended to replace the rule and policy currently in force under the same numbers.

The Commission is also publishing for comment proposed amendments to OSC Rule 31-509 (*Commodity Futures Act*) *National Registration Database* (**OSC Rule 31-509**) and Companion Policy 31-509CP (**31-509CP**).

Substance and purpose of proposed amendments

We are proposing the changes chiefly as a consequence of the new requirements in proposed National Instrument 31-103 *Registration Requirements* (**NI 31-103**).

Proposed changes to OSC Rule 33-506, which will be revoked and replaced

1. *Permitted individual*

A non-registered individual is defined in OSC Rule 33-506 as a director, partner, officer, or branch manager of a registered firm if the individual does not trade or advise on behalf of the firm. The definition also includes shareholders controlling 10 per cent or more of the voting securities of the firm.

Securities regulators require information on non-registered individuals because those individuals are the directing minds of registrant firms. The firms are required to provide securities regulators with that information.

Since OSC Rule 33-506 came into force, staff have fielded questions about why a non-registered individual must submit a Form 33-109F4, leading to confusion. Furthermore, the term has led some applicants to assume incorrectly that information filed by non-registered individuals is not reviewed by the regulator.

As a result, we propose to change the term to "permitted individual". This term is not similar to any other in use in the financial services industry, and the term carries with it the implication that the application is not automatically granted. This change does not require any operational or functional changes to the NRD system; it requires only that the term be replaced on NRD.

2. *Deadlines*

OSC Rule 33-506 currently sets out a number of deadlines for registrants to notify the regulator in accordance with OSC Rule 31-509 of a change to any information submitted in Form 33-109F4. The deadlines vary with the importance of the information. For example, the deadline to notify the regulator about a termination of an individual is five business days; other less critical information can be submitted later.

The current deadlines are based on the pre-NRD system in which registrants submitted information to the regulator, and the regulator input the changes into its computers. With NRD, registrants bear the responsibility of inputting their own information, and for maintaining records of proof for that information. With this increased load on registrants, they have found that some of the deadlines are too short.

One deadline proposed to be changed, for a change in previous employment, has been lengthened from five business days to 10 business days in consideration of requests from industry for more time. Since this information is not as critical as, say, a

termination notice, a longer deadline seems appropriate. Another deadline proposed to be changed would lengthen the amount of time in which a new non-registered individual is required to apply to the regulator from five business days to 20. Industry has requested this change because five business days is an unreasonably short amount of time to prepare all the required information.

Two deadlines, for changes in personal information and in proficiency information, have been changed from the previous maximum deadline of one year to 20 business days. The year-long deadline was so long that it was easy for a firm NRD filer to forget to submit the information.

3. *Changes in financial year end and changes of auditor*

Applicants for registration are required to submit information to the regulator about their financial year end and auditor, but they are not currently required to inform the regulator of any changes to that information. Proposed revisions to OSC Rule 33-506 will close this gap immediately, requiring registrants to inform the regulator of changes to their financial year end or to their auditor within five business days of the change.

4. *Changes resulting from proposed NI 31-103 Registration Requirements*

We have made the following changes:

- revised the definition of *permitted individual* to include only the following officers: chief executive officer, chief financial officer, or chief operating officer of the firm, or those performing the functional equivalent of any of those positions. More junior officers that neither trade nor advise, or that have no dealings in Canada are therefore excluded. We have regularly granted exemptions from the requirement for junior officers to submit a Form 33-506F4. This change merely codifies that practice.
- added references to the registration categories of ultimate designated person and chief compliance officer.
- condensed Parts 4 and 5 into one part containing the requirements for both registered individuals and permitted individuals.
- expanded sections 4.3 and 5.1 to take into account the proposed two-stage disclosure process in Form 33-506F1.

Proposed changes to Form 33-506F1

We have revised Form 33-506F1 to support the proposal in proposed NI 31-103 for permanent registration and more efficient reinstatement of registered individuals. The version now published for comment adds permitted individuals.

Proposed changes to Form 33-506F2

Cross references have been updated.

Item 3 Details of Surrender now specifies that it applies if the individual is surrendering his or her registration with the sponsoring firm in the local jurisdiction.

Proposed changes to Form 33-506F3

Cross references have been updated.

Proposed changes from Form 33-506F4

We have made the following changes:

- a number of minor housekeeping changes as a consequence of the proposals in proposed NI 31-103. In particular, the new categories of registration in proposed NI 31-103 have resulted in changes to Schedule C of Form 33-506F4.
- applied plain language principles to make Form 33-506F4 easier to understand.
- defined certain terms used in Form 33-506F4 that are not defined elsewhere.

Proposed changes to Form 33-506F5

Cross references have been updated.

Proposed Form 33-506F6

We have made the following changes:

- a number of minor housekeeping changes as a consequence of proposed NI 31-103. In particular, the new categories of registration in NI 31-103 have resulted in changes to Schedule C of Form 33-506F6.
- applied plain language principles to make Form 33-506F6 easier to understand.
- defined certain terms used in Form 33-506F6 that are not defined elsewhere.

Proposed Form 33-506F7

This is a new form to support more efficient reinstatement of registered individuals.

Proposed changes to 33-506CP

We have made the following changes:

- removed the existing section 1.1 because it is no longer necessary.
- added Part 2 to explain the reinstatement process.
- added section 4.2 to clarify the ongoing requirements to update information in applications for registration.
- expanded section 5.1 to address the sponsoring firm's due diligence obligations on their review of individuals, including correcting incorrect or deficient information in Form 33-506F7.
- added section 5.2 to explain issues relating to Form 33-506F1.
- added Part 7 to explain the intended use of each of the forms.

Proposed changes to NI 31-509

We have made the following changes:

- added Forms 33-506F5 and 33-506F7 to the list in section 2.1.
- amended section 3.2(e) to require a firm filer to notify the NRD administrator of any change in the name, telephone number, or e-mail address of the firm's chief AFR.
- added section 4.4 to require a firm filer to pay through NRD any late filing fees arising because of an activity that creates a submission on NRD.
- added section 4.5 to codify the exemptions that are regularly granted from the requirement to pay fees through NRD.
- removed Part 7 because it is no longer necessary.

Proposed changes to 31-509CP

We have made the following changes:

- removed the existing section 1.1 because it is no longer necessary.

Summary of proposed amendments

The proposed changes will:

- reflect the proposals in proposed NI 31-103
- reflect the proposed amendments to certain forms

Request for Comments

- codify exemptions that are granted regularly
- address minor housekeeping matters.

Authority for proposed amendments

The Commission is seeking amendments to the *Commodity Futures Act* (Ontario) to provide it with the requisite authority to make certain provisions in Rule 33-506 and Rule 31-509. The remaining provisions are made under the authority of the following paragraphs of subsection 65(1) of the *Commodity Futures Act* (Ontario): 1, 7, 11, 23, 29, 30, 31, and 32.

Unpublished materials

In proposing the amendments to Rule 33-506, 33-506CP, Rule 31-509, and 31-509CP, the Commission has not relied on any significant unpublished study, report, or other written materials.

Alternatives considered

The Commission did not consider any alternatives to the proposed changes to Rule 33-506, 33-506CP, Rule 31-509, and 31-509CP.

Anticipated costs and benefits

We anticipate that the proposed changes will facilitate the implementation of proposed NI 31-103 and eliminate the need for certain exemptions that are granted routinely.

Comments

Interested parties are invited to make written submissions about these proposed changes. Submissions received by May 29, 2008 will be considered. If you are not sending your submissions by e-mail, please include a diskette or CD containing your submission (in Windows format, Word). Please send them to:

c/o John Stevenson
Secretary to the Commission
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, Ontario
M5H 3S8
Fax: (416) 593-2318
e-mail: jstevenson@osc.gov.on.ca

We cannot keep submissions confidential because securities legislation in certain jurisdictions requires that a summary of the written submissions received during the comment period be published.

Questions

Please refer your questions to:

Martha Rafuse
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, Ontario M5H 3S8
Direct: (416) 593-2321
Fax: (416) 593-8240
E-mail: mrafuse@osc.gov.on.ca

The text of the proposed amendments follow.

February 29, 2008

Unofficial Consolidated – February 29, 2008

The document is an unofficial consolidation of all proposed amendments to Rule 33-506 current to February 29, 2008. This document is for reference purposes only and is not an official statement of the law.

**ONTARIO SECURITIES COMMISSION RULE 33-506
(COMMODITY FUTURES ACT) REGISTRATION INFORMATION**

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**ONTARIO SECURITIES COMMISSION RULE 33-506
(COMMODITY FUTURES ACT) REGISTRATION INFORMATION**

PART 1 DEFINITIONS

1.1 Definitions – In this Rule

“effective date of a termination of an employment, partnership, or agency relationship” means the first day on which the individual ceased to have authority to act in a registerable capacity on behalf of the firm or ceased to act in a permitted individual capacity;

“NRD submission number” means the unique number generated by NRD to identify each NRD submission;

“permitted individual” means, for a registered firm or for a person or company that is applying for registration, an individual who is not registered to trade or to advise on behalf of the firm and who

- (a) is a director, chief executive officer, chief financial officer, or chief operating officer of the firm, or performs the functional equivalent of any of those positions, or
- (b) beneficially owns, directly or indirectly, or exercises control or direction over, 10 percent or more of the voting securities of the firm;

“registered firm” means a person or company that is registered as a dealer or adviser;

“registered individual” means an individual who is registered

- (a) to trade or advise on behalf of a registered firm,
- (b) in the category of ultimate designated person, or
- (c) in the category of chief compliance officer;

“Rule 31-509” means Ontario Securities Commission Rule 31-509 (*Commodity Futures Act*) *National Registration Database*

“sponsoring firm” means,

- (a) for a registered individual, the registered firm on whose behalf the individual trades or advises, or acts as ultimate designated person or chief compliance officer,
- (b) for an individual applying for registration, the registered firm, or the person or company applying to become a registered firm, on whose behalf the individual proposes to trade or advise,
- (c) for a permitted individual of a registered firm, the registered firm on whose behalf the individual acts, or
- (d) for a permitted individual of a person or company that is applying for registration, the person or company that is applying for registration on whose behalf the permitted individual proposes to act.

1.2 Interpretation – Terms defined in Rule 31-509 and used in this Rule have the respective meanings ascribed to those terms in Rule 31-509.

PART 2 APPLICATION FOR REGISTRATION AND REVIEW OF PERMITTED INDIVIDUALS

2.1 Dealer, Adviser and Investment Fund Manager Registration – Except as provided in subsection 2.3(1), an applicant for registration as a dealer, adviser or investment fund manager must submit to the Director,

- (a) in paper format, a completed Form 33-506F6; and
- (b) in accordance with Rule 31-509, a completed Form 33-506F3 for each business location of the applicant, other than the applicant's head office.

2.2 Individual Applicants

- (1) An individual who applies for registration under securities legislation must make the application by submitting to the regulator in accordance with Rule 31-509 a completed Form 33-506F4.
- (2) Despite subsection (1), a permitted individual of a registered firm who applies to become a registered individual with the firm must make the application by submitting to the regulator in accordance with Rule 31-509 a completed Form 33-506F2.

2.3 Reinstatement – The registration of an individual suspended under section 7.5 of National Instrument 31-103 *Registration Requirements* is reinstated on the date the individual submits a completed Form 33-506F7 in accordance with Rule 31-509 if

- (a) the Form 33-506F7 is submitted on or before the 90th day after the date the individual was suspended;
- (b) there have been no changes to the information previously submitted in respect of Items 13, 14, 15 and 16 of the Form 33-506F4 of the individual since the individual was suspended;
- (c) the individual is seeking reinstatement in the same category of registration in which the individual was registered at the time of the suspension; and
- (d) the registered firm sponsoring the individual's reinstatement is registered in the same category of registration in which the individual's former sponsoring firm was registered.

2.4 Permitted Individuals

- (1) A permitted individual must submit to the regulator in accordance with Rule 31-509 a completed Form 33-506F4, or, if required under subsection (2), a Form 33-506F7, within the later of
 - (a) the 5th business day after becoming a permitted individual; and
 - (b) the date the sponsoring firm applies for registration.
- (2) A permitted individual must submit to the regulator in accordance with Rule 31-509 a completed Form 33-506F7 under subsection (1), provided that there have been no changes to the information previously submitted in respect of Items 13, 14, 15 and 16 of the Form 33-506F4 of the individual since the date the permitted individual ceased to have authority to act in a permitted individual capacity with the individual's former sponsoring firm.

2.3 Securities Act Registrants

- (1) If an applicant for registration under section 2.1 is registered under the *Securities Act*, the applicant is not required to submit a completed Form 33-506F3 under subsection 2.1(b) for any business location of the applicant that is recorded on NRD.
- (2) Despite subsection 2.2(1), if an individual applies to become a registered individual and is recorded on NRD with his or her sponsoring firm as registered under the *Securities Act*, the individual must make the application by submitting to the Director, in accordance with Rule 31-509, a completed Form 33-506F2.

PART 3 CHANGES TO REGISTERED FIRM INFORMATION

3.1 Changes to Form 33-506F6 Information

- (1) A registered firm must notify the Director of a change to any information previously submitted in Form 33-506F5, or under this subsection, within 5 business days of the change.
- (2) Except as provided in subsection (1), a notice of change must be made by submitting a completed Form 33-506F5 in paper format.
- (3) A notice of change under this section is not required to be in Form 33-506F5 if the change relates to
 - (a) the addition of an officer, partner, or director to the registered firm, and if

- (i) a completed Form 33-506F4 in respect of the officer, partner, or director is submitted under section 2.2; or
- (ii) a completed Form 33-506F7 in respect of the officer, partner, or director is submitted under section 2.3;
- (b) the resignation or termination of an officer, partner or director of the registered firm, and if a completed Form 33-506F1 is submitted under section 4.3; or
- (c) a business location other than head office, and if a completed Form 33-506F3 is submitted under section 3.2.

3.2 Changes to Business Locations

- (1) A registered firm must notify the Director of the opening of a business location, other than a new head office, by submitting in accordance with Rule 31-509 a completed Form 33-506F3 within 5 business days of the opening.
- (2) A registered firm must notify the Director of a change to any information previously submitted in Form 33-506F3 by submitting in accordance with Rule 31-509 a completed Form 33-506F3 within 5 business days of the change.

3.3 Changes to Other Registration Information – A registered firm must notify the regulator of a change in its auditor or financial year-end within 5 business days of the change.

PART 4 CHANGES TO REGISTERED INDIVIDUAL AND PERMITTED INDIVIDUAL INFORMATION

4.1 Changes to Form 33-506F4 Information

- (1) A registered individual or permitted individual must notify the regulator in accordance with Rule 31-509 of a change to any information previously submitted in Form 33-506F4, in Form 33-506F7, or under this subsection, within 5 business days of the change.
- (2) Despite subsection (1), a registered individual or permitted individual must notify the regulator in accordance with Rule 31-509 of a change to information previously submitted in Item 11 of Form 33-506F4, or under this subsection, within 10 business days of the change.
- (3) Despite subsection (1), a registered individual or permitted individual must notify the regulator in accordance with Rule 31-509 of a change to information previously submitted in Items 3, 4, or paragraph 1 of Item 8 of Form 33-506F4, or under this subsection, within 20 business days of the change.

4.2 Application to Change or Surrender Individual Registration Categories – A registered individual of a registered firm who applies to change or surrender his or her registration category with the firm must make the application by submitting to the Director in accordance with Rule 31-509 a completed Form 33-506F2.

4.4 Termination of Employment, etc.

- (1) A registered firm must, within 5 business days of the effective date of a termination of an employment, partnership, or agency relationship with a registered individual or permitted individual, notify the regulator of the termination of the relationship by submitting in accordance with Rule 31-509 a completed Form 33-506F1 with Parts A through D completed.
- (2) A registered firm must, within 30 business days of the effective date of a termination of an employment, partnership, or agency relationship with a registered individual or permitted individual who resigned or was dismissed, submit in accordance with Rule 31-509 a Form 33-506F1 with Part E completed.
- (3) A registered firm must, within 5 business days of a request from a registered individual or permitted individual, provide to the individual a copy of the Form 33-506F1 with Parts A through D completed, as submitted under subsection (1) in relation to the individual.
- (4) Upon a request from an individual, a registered firm must provide to the registered individual or permitted individual who resigned or was dismissed a copy of the Form 33-506F1 with Part E completed, as submitted pursuant to subsection (2) in relation to the individual, within the later of

- (a) 5 business days of a request from the individual; and
- (b) 5 business days of the submission pursuant to subsection (2).

PART 5 DUE DILIGENCE AND RECORD-KEEPING

5.1 Sponsoring Firm Obligations

- (1) A sponsoring firm must make reasonable efforts to ensure the truth and completeness of information that is submitted by
 - (a) a registered individual;
 - (b) a permitted individual; or
 - (c) an individual applying for registration, for whom the firm is the sponsoring firm.
- (2) A registered firm that has submitted a Form 33-506F4 or Form 33-506F7 on behalf of a registered individual or permitted individual must obtain from that individual a copy of the Form 33-506F1 most recently submitted in respect of the individual, within 45 business days of the submission of the relevant Form 33-506F4 or Form 33-506F7.
- (3) A sponsoring firm must retain all documents used by the firm to satisfy its obligation under subsection (1),
 - (a) in the case of a permitted individual, for a period of seven years after the individual ceases to be a permitted individual with the firm; or
 - (b) in the case of a registered individual, or an individual applying for registration, for a period of seven years after the individual ceases to be a registered individual with the firm.
- (4) Without limiting the generality of subsection (3), if a registered individual, an individual applying for registration, or a permitted individual appoints an agent for service, the sponsoring firm must keep the original Appointment of Agent for Service executed by the individual for the period of time set out in paragraph (3)(b).
- (5) A sponsoring firm that retains a document under subsection (3) or (4) in respect of an NRD submission must record the NRD submission number on the first page of the document.

PART 6 EXEMPTION

6.1 Exemption – The Director may grant an exemption from this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 7 REVOCATION AND EFFECTIVE DATE

7.1 Revocation – Ontario Securities Commission Rule 33-506 *Registration Information*, which came into force on February 21, 2003, is revoked.

7.2 Effective Date – This Rule comes into force on ●.

PROPOSED FORM 33-506F1
NOTICE OF TERMINATION OF REGISTERED INDIVIDUALS AND PERMITTED INDIVIDUALS

Complete this form to notify the appropriate Canadian securities regulator(s) or self-regulatory organization(s) (SRO) that a registered individual or permitted person has been terminated by his or her sponsoring firm.

Complete and submit this form online at the national registration database (NRD) website at www.nrd.ca. Otherwise, complete the paper version of this form if you are relying on the temporary hardship exemption in NI 31-102.

A. Information about the terminating firm

- 1. Name _____
- 2. NRD number _____

B. Information about the terminated individual

- 1. Name _____
- 2. NRD number _____

C. Business location of the terminated individual

- 1. Address _____
- 2. NRD number _____

D. Information about the termination

- 1. Effective date (the first day on which the individual ceased to have authority to act in a registerable capacity on behalf of the firm or ceased to act in his/her permitted individual activity) _____
(YYYY/MM/DD)

- 2. Reason for the termination (check one)

- | | | | | |
|--|--------------------------|--|---------------------------------|--------------------------------|
| Resigned | <input type="checkbox"/> | requested or encouraged to do so by the firm? | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Dismissed for just cause? | <input type="checkbox"/> | | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| Completed temporary employment contract | <input type="checkbox"/> | | | |
| Retired | <input type="checkbox"/> | | | |
| Deceased | <input type="checkbox"/> | | | |
| Other (provide details) | <input type="checkbox"/> | | | |

E. Further details

(You do not have to provide the information in this Part E unless the individual resigned or was dismissed. If so, you have until 30 business days after the effective date of the termination to file your responses to the questions in this Part E – the remainder of the form should still be filed within 5 days business days after the effective date of the termination.)

If the individual resigned or was dismissed (whether or not for just cause), explain why in the space provided and answer the following questions to the best of the firm's knowledge.

Reasons for resignation or dismissal: _____

Request for Comments

If the answer to any of the following questions is “yes”, provide details (you may cross-reference the information provided immediately above if the relevant details have been set out there). Answers should be with reference to events in the past twelve months.

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1. Was the individual charged with any criminal offence? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Was the individual the subject of any investigation by any securities or financial industry regulator? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Was the individual subject to any significant internal disciplinary measures at the firm or any affiliate of the firm related to the individual's integrity or competence as a registrant? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Were there any written complaints, civil claims and/or arbitration notices filed against the individual or against the firm concerning securities-related activities of the individual that occurred while the individual was registered or a permitted individual authorized to act on behalf of the firm? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the individual have any undischarged financial obligations to clients of the firm? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Has the firm or any affiliate suffered significant monetary loss or harm to its reputation as a result of the individual's actions? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Did the firm or any affiliate investigate the individual in connection with possible material violations of fiduciary duties, regulatory requirements or the compliance policies and procedures of the firm or any affiliate? Examples include making unsuitable trades or investment recommendations, stealing or borrowing client money or securities, hiding losses from clients, forging client signatures, money laundering, deliberately making false representations and engaging in undisclosed outside business activity. | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Did the individual demonstrate a pattern of failing to follow compliance policies and procedures of the firm or any affiliate? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Did the individual engage in discretionary management of client accounts or otherwise engage in registerable activity without appropriate registration or without the firm's authorization? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. Is there any other matter relating to the individual's termination or conduct leading up to it that the firm is aware of and believes is relevant to the individual's integrity or competence as a registrant or permitted individual? | <input type="checkbox"/> | <input type="checkbox"/> |

F. Collection and use of personal information

Securities regulators may collect the personal information on this form only under the requirements in securities and/or derivatives legislation and may only use this information to administer and enforce provisions of the securities and/or derivatives legislation.

If you have any questions about the collection and use of this personal information, you can contact the securities regulator in the relevant jurisdiction. See Schedule A for details. In Québec, you can also contact the Commission d'accès à l'information at 1-888-528-7741 or visit its website at www.cai.gouv.qc.ca.

G. Warning

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue. In addition, failure to report materially important information may lead to regulatory sanctions, including a fitness for registration review or enforcement action against the firm and/or persons responsible for preparing the information in this form. It should not be assumed that information is known to any securities regulatory authority merely because it is in the public domain or has previously been disclosed to one or more of them or any other regulatory body. If there is any doubt about the relevance of information, it should be included.

H. Certification

Use the following certification when submitting this form in NRD electronic format:

I am making this submission as agent for the firm. By checking this box, I certify that the firm provided me with all of the information in this form.

Use the following certification when submitting this form in paper format:

I certify that I have read and understand the warning set out above and that the information in this form is accurate and complete to the best of my knowledge and belief.

Name of firm

Name of authorized signing partner or officer

Title of authorized signing partner or officer

Signature

Date signed (YYYY/MM/DD)

FORM 33-506F2
CHANGE OR SURRENDER OF INDIVIDUAL CATEGORIES

Enter the following information using the online version of this submission at the NRD web site (www.nrd.ca). If the NRD filer is relying on the temporary hardship exemption in NI 31-102 this form is required to be delivered to the regulator in paper format.

1. Individual

Name of individual: _____

NRD number of individual: _____

2. Individual categories

Indicate the individual categories that the individual is adding or removing:

3. Details of surrender

If the individual is surrendering his or her registration with the sponsoring firm in the local jurisdiction, include details regarding any:

- unresolved client complaints:

- internal discipline matters:

- restrictions for violation of regulatory requirements that occurred at any time during the individual's employment with the firm:

- financial obligations the individual has to clients:

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory, and Nunavut.

By submitting this information you consent to the collection by the securities regulatory authority of the personal information provided above, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of the information submitted above including your continued fitness for registration, if applicable, in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority. The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number provided in Schedule "A".

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION:

The following certification is to be used when submitting this form in NRD format:

[] I am making this submission as agent for the individual to whom this submission relates. By checking this box I certify that all statements of fact in this submission were provided to me by the individual.

Both of the following certifications are to be used when submitting this form in paper format:

I, the undersigned, certify that I have read and that I understand the questions in this form and the Warning set out above.

I also certify that all statements of fact provided in this application are true.

Signature of applicant or non-registered individual

Date

I, the undersigned, certify on behalf of the sponsoring firm that the individual will be engaged by the sponsoring firm as a registered individual or a non-registered individual. I certify that I have, or a branch manager or another officer or partner has, discussed the questions set out in this form and I am satisfied that the individual fully understands the questions.

Signature of authorized officer or partner

Date

Firm name

SCHEDULE "A"
NOTICE AND COLLECTION AND USE OF PERSONAL INFORMATION

Contact Information

Alberta

Alberta Securities Commission,
4th Floor, 300 B 5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Market Regulation
Telephone: (506) 658-3021

Newfoundland and Labrador

Securities Commission of Newfoundland and Labrador
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NF A1B 4J6
Attention: Director of Securities
Tel: (709) 729-4189

Nova Scotia

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Registrar of Securities
Telephone: (867) 920-8984

Nunavut

Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6190

Ontario

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Prince Edward Island

Securities Registry
Office of the Attorney General B Consumer, Corporate and
Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-4569

Québec

Autorité des marchés financiers
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 940-2150 or
(800) 361-5072 (in Québec)

Saskatchewan

Saskatchewan Securities Commission
800 B1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5842

Yukon

Department of Community Services Yukon
P.O. Box 2703
Whitehorse, YU Y1A 2C6
Attention: Registrar of Securities
Telephone: (867) 667-5225

FORM 33-506F3
BUSINESS LOCATIONS OTHER THAN HEAD OFFICE

Enter the following information using the online version of this submission at the NRD web site (www.nrd.ca). If the NRD filer is relying on the temporary hardship exemption in NI 31-102 this form is required to be delivered to the regulator in paper format. Please select one box:

- This form is being submitted to notify the regulator of the opening of this business location. Complete the entire form.
- This form is being submitted to notify the regulator of the closing of this business location. Complete the entire form.
- This form is being submitted to notify the regulator of the change of information previously submitted in respect of this business location. Complete the entire form and describe the information that has changed (for example, "telephone number" or "type of business location"):

1. Type of business location

_____ branch
_____ sub-branch

2. Supervisor or branch manager

NRD number of the designated supervisor or branch manager: _____

Name of designated supervisor or branch manager: _____

3. Business location information

Business address: _____

Telephone number: (_____) _____

Facsimile number: (_____) _____

Mailing address (if different from business address): _____

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory, and Nunavut.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number provided in Schedule "A".

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION:

The following certification is to be used when submitting this form in NRD format:

- I am making this submission as agent for the NRD filer. By checking this box I certify that all statements of fact in this submission were provided to me by the NRD filer.

The following certification is to be used when submitting this form in paper format:

I, the undersigned, certify that I have read and that I understand the questions in this notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

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Signature of authorized officer or partner

Date

Firm name

SCHEDULE "A"
NOTICE AND COLLECTION AND USE OF PERSONAL INFORMATION

Contact Information

Alberta

Alberta Securities Commission,
4th Floor, 300 B 5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Market Regulation
Telephone: (506) 658-3021

Newfoundland and Labrador

Securities Commission of Newfoundland and Labrador
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NF A1B 4J6
Attention: Director of Securities
Tel: (709) 729-4189

Nova Scotia

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Registrar of Securities
Telephone: (867) 920-8984

Nunavut

Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6190

Ontario

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Prince Edward Island

Securities Registry
Office of the Attorney General B Consumer, Corporate and
Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-4569

Québec

Autorité des marchés financiers
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 940-2150 or
(800) 361-5072 (in Québec)

Saskatchewan

Saskatchewan Securities Commission
800 B1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5842

Yukon

Department of Community Services Yukon
P.O. Box 2703
Whitehorse, YU Y1A 2C6
Attention: Registrar of Securities
Telephone: (867) 667-5225

**PROPOSED FORM 33-506F4
APPLICATION FOR REGISTRATION
OF INDIVIDUALS AND REVIEW OF PERMITTED INDIVIDUALS**

In this form, “you”, “your” and “applicant” mean the person who is applying for registration or approval as an individual under [the national registration rule].

“Sponsoring firm” means the registered firm where you will carry out your duties as a registered or permitted individual.

“Derivatives” means financial instruments, such as futures contracts, options and swaps whose market price, value or payment obligations are derived from or based on one or more underlying interests. Derivatives can be in the form of instruments, agreements or securities.

“Major shareholder” means a shareholder who, in total, directly or indirectly holds voting securities carrying 10 per cent or more of the votes carried by all outstanding voting securities.

“Approved person” means, in respect of a member of the IDA (Member), an individual who is a partner, director, officer, employee or agent of a Member who is approved by the IDA or another Canadian self-regulatory organization to perform any function required under any IDA By-law, Regulation, or Policy.

Several terms used in this form are defined in the securities legislation of your province or territory. Please refer to those local definitions.

[Online version] If you have questions, please contact an authorized officer of your sponsoring firm or a legal adviser, or visit the national registration database (NRD) information website at www.nrd-info.ca.

[Paper version] Complete this form if you are relying on the temporary hardship exemption in OSC Rule 31-509. Otherwise, complete and submit this form online at the national registration database (NRD) website at www.nrd-info.ca.

If you need more space, use a separate sheet of paper, clearly identifying the section and item. Please complete and sign the form, and send it to the appropriate Canadian securities regulator(s), self-regulatory organization (SRO) or similar authority. The number of originally signed copies of the form you are required to submit depends on the province or territory, and jurisdiction.

Failure to answer all applicable questions may cause delays in the processing of the application form.

If you have questions, please contact an authorized officer of your sponsoring firm or a legal adviser, or visit the national registration database (NRD) information website at www.nrd-info.ca.

Item 1 – Name

1. Legal name

| | | | |
|-----------|------------|---|--|
| Last Name | First Name | Second Name (N/A <input type="checkbox"/>) | Third Name (N/A <input type="checkbox"/>) |
|-----------|------------|---|--|

2. Other personal names

Are you currently, or have you ever been, known by any names other than your full legal name above?

Yes No

If “yes”, complete Schedule A

3. Business names

Are you currently, or have you ever used, operated under, or carried on business under any name (e.g., trade names, team names) other than the name(s) mentioned above?

Yes No

If “yes”, complete Schedule A

Item 2 – Residential address

Provide all residential addresses, including any foreign residential addresses, for the past 10 years.

1. Current residential address

(number, street, city, province, territory or state, country, postal code)

Telephone number: _____

Lived at this address since (YYYY/MM) _____

If you have resided at this address for less than 10 years, complete Schedule B.

2. Mailing address

Check here if your mailing address is the same as your current residential address provided above. Otherwise, complete the following:

(number, street, city, province, territory or state, country, postal code)

Item 3 – Personal information

1. Date of birth (YYYY/MM/DD) _____

2. Place of birth _____
(city, province, territory or state, country)

3. Gender
Female Male

4. Eye colour _____

5. Hair colour _____

6. Height _____ in. _____ cm.

7. Weight _____ lbs. _____ kg.

Item 4 – Citizenship

Citizenship information

What is your citizenship?

Canadian

Other, specify:

If you are a citizen of any other countries besides Canada, complete the following for those other citizenships.

Passport number: _____

Country of citizenship: _____

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Date of issue: _____
(YYYY/MM/DD)

Place of issue: _____
(city, province, territory or state, country)

Check here if you do not have a valid passport

Item 5 – Registration jurisdictions

Indicate, by checking the appropriate box, each province or territory to which you are submitting this form:

- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Newfoundland and Labrador
- Northwest Territories
- Nova Scotia
- Nunavut
- Ontario
- Prince Edward Island
- Québec
- Saskatchewan
- Yukon

Item 6 – Individual categories

Indicate, by checking the appropriate box in Schedule C, each registration category for which you are applying. If you are a permitted individual, indicate each category that describes your position with your sponsoring firm.

Item 7 – Address and agent for service

1. Address for service

You must have one address for service in each province or territory where you are submitting this form. A post office box is not an acceptable address for service. A residential address is acceptable. Complete Schedule D for each additional address for service you are providing.

Address for service:

(number, street, city, province or territory, postal code)

Telephone number _____

Fax number, if applicable _____

E-mail address, if available _____

2. Agent for service

If you have appointed an agent for service, provide the following information for the agent in each province or territory where you have an agent for service. The address of your agent for service must be the same as the address for service above. If your agent for service is a firm, also provide the name of your contact person.

Name for agent for service: _____

Contact person: _____
Last name, First name

Item 8 - Proficiency

1. Course or examination information

Complete Schedule E to indicate each course and examination that you have successfully completed or have been exempted from. Under "Other", include all post-secondary education, degrees and diplomas.

2. Student numbers

If you have a student number for a course that was successfully completed with one of the following institutions, provide it below:

Canadian Securities Institute (CSI): _____

Investment Funds Institute of Canada (IFIC): _____

Institute of Canadian Bankers (ICB): _____

CFA Institute: _____

Advocis: _____

3. Exemption refusal

Has any securities regulatory authority or self-regulatory organization refused to grant you an exemption from a course, examination or experience requirement?

Yes No

If "Yes", complete Schedule F.

Item 9 – Location of employment

Provide the following information for the location of the sponsoring firm at which you will be working. If you will be working out of more than one location, provide the following information for the location out of which you will be doing most of your business.

NRD location number: _____

Unique Identification Number (optional) _____

Branch Transit number/Cost Centre number, if applicable: _____

Business address: _____
(number, street, city, province, territory or state, country, postal code)

Telephone number: (____) _____ Fax number: (____) _____

[The following is for the paper version only]

Type of Location: Head Office Branch Sub-branch

Name of Branch Manager: _____

Effective date: _____

Check here if the mailing address of the location is the same as the business address provided above. Otherwise, complete the following:

Mailing address: _____
(number, street, city, province, territory or state, country, postal code)

Item 10 – Current employment and other business activities

On Schedule G, provide the information requested for each of your current business and employment activities, including those with your sponsoring firm and outside of your sponsoring firm. If you are applying for a type of registration that requires specific experience, include details of that experience (for example, level of responsibility, value of accounts under direct supervision, number of years of that experience and research experience, as well as percentage of time spent on each activity).

Item 11 – Previous employment

On Schedule H, provide complete employment history for the 10-year period before the date of this application.

Item 12 – Resignations and terminations

Have you ever resigned, been terminated or discharged by an employer for just cause for dismissal from a position following allegations that you:

a) Violated any statutes, regulations, rules or standards of conduct?

Yes No

If "Yes", complete Schedule I

b) Failed to supervise compliance with any statutes, regulations, rules or standards of conduct?

Yes No

If "Yes", complete Schedule I

c) Committed fraud or the wrongful taking of property, including theft?

Yes No

If "Yes", complete Schedule I

Item 13 – Regulatory disclosure

1. Securities regulatory authorities

a) Are you now, or have you ever been, registered or licensed with any securities regulator in any province, territory, state or country to trade in or advise on securities or derivatives?

Yes No

Check here if the information has been recorded on NRD under the NRD number you are using to make this submission. Otherwise, complete Schedule J, section 1(a)

b) Have you ever been refused registration or a license to trade in or advise on securities or derivatives in any province, territory state or country?

Yes No

If "Yes", complete Schedule J, section 1(b)

c) Have you ever been denied the benefit of any exemption from registration provided by any securities regulator in any province, territory, state or country, other than what was disclosed in Item 8(3) of this form?

Yes No

If "Yes", complete Schedule J, section 1(c)

- d) Are you now, or have you ever been subject to any disciplinary proceedings or any order resulting from disciplinary proceedings under any securities legislation or derivatives legislation in any province, territory, state or country?

Yes No

If "Yes", complete Schedule J, section 1(d)

2. Self-regulatory organizations

- a) Are you now, or have you ever been, an approved person of a self-regulatory organization or similar organization in any province, territory, state or country?

Yes No

Check here if the information has been recorded on NRD under the NRD number you are using to make this submission. Otherwise, complete Schedule J, section 2(a).

- b) Have you ever been refused becoming an approved person of a self-regulatory organization or similar organization in any province, territory, state or country?

Yes No

If "Yes", complete Schedule J, section 2(b).

- c) Are you now, or have you ever been, subject to any disciplinary proceedings conducted by any self-regulatory organization or similar organization in any province, territory, state or country?

Yes No

If "Yes", complete Schedule J, section 2(c).

3. Non-securities regulation

- a) Are you now, or have you ever been, registered or licensed under any legislation which requires registration or licensing to deal with the public in any capacity other than to trade in or advise on securities or derivatives in any province, territory, state or country (e.g. insurance, accountant, lawyer, teacher)?

Yes No

If "Yes", complete Schedule J, section 3(a)

- b) Have you ever been refused registration or a license under any legislation relating to your professional qualifications unrelated to securities in any province, territory, state or country?

Yes No

If "Yes", complete Schedule J, section 3(b)

- c) Are you now, or have you ever been a subject of any disciplinary actions conducted under any legislation relating to your professional qualifications unrelated to securities in any province, territory, state or country?

Yes No

If "Yes", complete Schedule J, section 3(c)

Item 14 – Criminal disclosure

Offences under federal statutes such as the *Income Tax Act (Canada)*, the *Competition Act (Canada)* and the *Immigration Act (Canada)* constitute criminal offences and must be disclosed when answering this question. It should be noted that pleas or findings of guilt for impaired driving are *Criminal Code (Canada)* matters and must be disclosed. Where you have been found guilty of an offence, such offence must be reported even though an absolute or conditional discharge has been granted. You are not required to report crimes for which you received an absolute or conditional discharge provided that it has been purged from the criminal records in accordance with the *Criminal Records Act (Canada)*. Under such circumstances, the appropriate

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response would be "No". You are not required to disclose speeding, parking violations or any offence for which a pardon has been granted under the *Criminal Records Act (Canada)* and such pardon has not been revoked. Under such circumstances, the appropriate response would be "No".

If you do not tell us about an offence under any statute other than the *Young Offenders Act (Canada)* or the *Young Criminal Justice Act (Canada)*, we may treat it as a non-disclosure of material information.

With respect to questions (b) and (d) below, if you or your firm have been found guilty of an offence, or participated in the Alternative Measures Program, that offence must be reported even if an absolute or conditional discharge has been granted or the charge has been dismissed or withdrawn with respect to the offence. You are not required to disclose an offence for which you were found guilty if you participated in the Alternative Measures Program for the offence if your participation in the Alternative Measures program occurred more than three years ago.

- a) Are there any outstanding or stayed charges against you alleging an offence that was committed in any province, territory, state or country?

Yes No

If "Yes", complete Schedule K, section (a).

- b) Have you ever been found guilty or pleaded no contest to, or were granted an absolute or conditional discharge from, any offence that was committed in any province, territory, state or country?

Yes No

If "Yes", complete Schedule K, section (b).

- c) To the best of your knowledge, are there any outstanding charges against any firm of which you were, at the time the offence was alleged to have taken place in any province, territory, state or country, a partner, director, officer or major shareholder?

Yes No

If "Yes", complete Schedule K, section (c).

Check here if the firm is your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(a) and/or recorded on NRD. Otherwise, complete Schedule K, section (c).

- d) To the best of your knowledge, has any firm, when you were a partner, officer, director or major shareholder, ever been found guilty or pleaded no contest to, or was granted an absolute or conditional discharge from, an offence that was committed in any province, territory, state or country?

Yes N

If "Yes", complete Schedule K, section (d).

Check here if the firm is your sponsoring firm or a firm that is or was registered in a Canadian jurisdiction and identified in response to Item 13(1)(a) and/or recorded on NRD. Otherwise, complete Schedule K, section (d).

Item 15 – Civil disclosure

- a) Are there currently any outstanding civil actions alleging fraud, theft, deceit, misrepresentation, or similar misconduct against you or a firm where you are or were a partner, director, officer or major shareholder in any province, territory, state or country?

Yes No

If "Yes", complete Schedule L, section (a).

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- b) Have you or a firm where you are or were a partner, director, officer or major shareholder ever been a defendant or respondent in any civil proceeding in which fraud, theft, deceit, misrepresentation, or similar misconduct is, or was, successfully established in a judgement in any province, territory, state or country?

Yes No

If "Yes", complete Schedule L, section (b).

Item 16 – Financial disclosure**1. Bankruptcy**

Under the laws of any applicable jurisdictions, have you, or has any firm when you were a partner, director, officer or major shareholder of that firm:

- a) Had a petition in bankruptcy issued or made a voluntary assignment in bankruptcy?

Yes No

If "Yes", complete Schedule M, section 1(a).

- b) Made a proposal under any legislation relating to bankruptcy or insolvency?

Yes No

If "Yes", complete Schedule M, section 1(b).

- c) Been subject to proceedings under any legislation relating to the winding up, the dissolution or the companies' creditors arrangement?

Yes No

If "Yes", complete Schedule M, section 1(c).

- d) Been subject to or initiated any proceedings, arrangement or compromise with creditors. This includes having a receiver, receiver-manager, administrator or trustee appointed by or at the request of creditors, privately, through court process or by order of a regulator, to hold your assets?

Yes No

If "Yes", complete Schedule M, section 1(d).

2. Debt Obligations

For the past ten years, have you failed to meet a financial obligation of \$5,000 or more as it came due, or to the best of your knowledge, has any firm, while you were a partner, director, officer or major shareholder of, failed to meet a financial obligation as it came due?

Yes No

If "Yes", complete Schedule M, section 2.

3. Surety bond or fidelity bond

Have you ever been refused for a surety or fidelity bond?

Yes No

If "Yes", complete Schedule M, section 3.

4. Garnishments, unsatisfied judgements or directions to pay

Has any federal, provincial, territorial or state authority ever issued any of the following against you or a firm where you are or were a partner, director, officer or major shareholder :

| | Yes | No |
|-----------------------|--------------------------|--------------------------|
| Garnishment | <input type="checkbox"/> | <input type="checkbox"/> |
| Unsatisfied judgement | <input type="checkbox"/> | <input type="checkbox"/> |
| Direction to pay | <input type="checkbox"/> | <input type="checkbox"/> |

If "Yes", complete Schedule M, section 4.

Item 17 – Ownership of securities firms

Are you now, or have you ever been, a partner or major shareholder of any firm (including your sponsoring firm) whose business is trading in or advising on securities or derivatives?

Yes No

If "Yes", complete Schedule N

Agent for service

By submitting this form, you certify that in each Canadian jurisdiction where you have appointed an agent for service, you have completed the appointment of agent for service required in that jurisdiction.

Submission to jurisdiction

By submitting this form, you:

- are subject to the securities and/or derivatives legislation of each Canadian jurisdiction and you agree that you are subject to the by-laws, regulations, rules, rulings and policies (hereunder collectively referred to as "rules") of the self regulatory organizations (SROs) to which you have submitted this form, including the jurisdiction of any tribunals or any proceedings that relate to your activities as a registrant or a partner, director or officer of a registrant under that securities and/or derivatives legislation or as an Approved Person under those SRO rules.

Collection and use of personal information

Securities regulators require personal information about you as part of the review of your application for registration or approval, and if you are approved, to assess whether you continue to meet the registration requirements. This includes information that your sponsoring firm may disclose to the regulators concerning your conduct or alleged conduct.

This information is collected under the requirements set out in securities and/or derivatives legislation and SRO rules and will only be used to administer and enforce provisions of this legislation or SRO rules. In addition to personal information collected on this form, securities regulators may also need to collect personal information from other government organizations, law enforcement bodies, self regulatory bodies and private sector organizations. This information may include police records, regulatory records, credit records and other employment records.

By submitting this form, you consent to the collection and disclosure of your personal information (i) by securities regulators, (ii) by your sponsoring firm, in each case, for registration and other related regulatory purposes.

If you have any questions about the collection and use of your personal information, contact the securities regulator in the relevant jurisdiction. Please see Schedule O for details. In Québec, you can also contact the Commission d'accès à l'information at 1-888-528-7741 or visit its website at www.cai.gouv.qc.ca.

Self-Regulatory Organizations

The principal purpose for the collection of personal information is to assess your suitability for registration or approval and to assess your continued fitness for registration or approval in accordance with the applicable securities legislation and the rules of the self-regulatory organizations.

Request for Comments

By submitting this application, you authorize the self-regulatory organizations to which this application is submitted to collect any information from any source whatsoever, including, but not limited to, personal confidential information about you that is otherwise protected by law such as, police, credit, employment, education and proficiency course completion records, and records from other government or non-governmental regulatory authorities, securities commissions, stock exchanges, or other self-regulatory organizations, private bodies, agencies, individuals or corporations, as may be necessary for the self-regulatory organizations to complete their review of your application or continued fitness for registration or approval in accordance with their rules for the duration of the period you remain so registered or approved. You further consent to and authorize the transfer of confidential information between self-regulatory organizations, securities commissions or stock exchanges to which you now, or may in the future, apply for registration or approval, or with which you are currently registered or approved for the purpose of determining fitness or continued fitness for registration or approval or in connection with the performance of an investigation or other exercise of regulatory authority, whether or not you are registered with or approved by them.

By submitting this application, you certify that you are conversant with the rules of the applicable self-regulatory organizations of which you are seeking registration or approval or of which your sponsoring firm is a member or participating organization. You also undertake to become conversant with the rules of any self-regulatory organizations of which you or your sponsoring firm becomes a member or participating organization. You agree to be bound by, observe and comply with these rules as they are from time to time amended or supplemented, and you agree to keep yourself fully informed about them as they are amended and supplemented. You submit to the jurisdiction of the self-regulatory organizations to which you are applying for registration or approval, or of which your sponsoring firm is now or in the future becomes a member or participating organization and, wherever applicable, their Governors, Directors and Committees. You agree that any registration or approval granted pursuant to this application may be revoked, terminated or suspended at any time in accordance with the then applicable rules of the respective self-regulatory organizations. In the event of any such revocation or termination, you must terminate all activities which require registration or approval and, thereafter, not perform services that require registration or approval for any member of the self-regulatory organizations or any approved affiliated company or other affiliate of such member without obtaining the approval of or registration with the self-regulatory organizations, in accordance with their rules.

By submitting this application, you undertake to notify the self-regulatory organizations to which you are applying for registration or approval or with which you are currently or may in the future be registered or approved of any material change to the information herein provided in accordance with their respective rules. You agree to the transfer of this application form, without amendment, to other self-regulatory organizations in the event that at some time in the future you apply to such other self-regulatory organizations for registration or approval.

You certify that you have discussed the questions in this application, together with this Agreement, with an Officer or Branch Manager of your sponsoring member firm and, to your knowledge and belief, the authorized Officer or Branch Manager was satisfied that you fully understood the questions and the terms of this Agreement. You further certify that your business activities will be limited strictly to those permitted by the category of your registration or approval.

It is an offence under securities and/or derivatives legislation to provide false or misleading information on this form.

[Online version]

Certification

I am making this submission as agent for the applicant. By checking this box, I certify that the applicant provided me with all of the information on this form.

[Paper version]

Signatures**Applicant**

By signing below, you confirm that:

- you have read and understand the questions in this form
- you understand that it is an offence under the securities and/or derivatives legislation to provide false or misleading information on this form
- all of the information provided on this form is true.

Request for Comments

Signature of applicant

Date

Authorized partner or officer

By signing below, you confirm that:

- the applicant will be engaged by the sponsoring firm as a registered individual or a permitted individual
- you have discussed the questions set out in this form with the applicant and are satisfied that he or she fully understands the questions.

Name of firm

Name of authorized signing officer

Title of authorized signing officer

Signature

Date signed (YYYY/MM/DD)

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Provide the reason/s for the use of this name (for example, trade name):

When did you use this name?

From:

To:

(YYYY/MM)

(YYYY/MM)

If the name is/was used in connection with your sponsoring firm, did the sponsoring firm approve the use of the name?

SCHEDULE C

Individual Categories

Item 6

Categories Indicate, by checking the appropriate box, each category for which you are applying.

Firm Categories Common to all Jurisdictions

Under which firm category(ies) are you applying?

- Investment Dealer
- Mutual Fund Dealer
- Scholarship Plan Dealer
- Exempt Market Dealer
- Restricted Dealer
- Portfolio Manager
- Restricted Portfolio Manager
- Investment Fund Manager

Registration Categories and Permitted Activities

- Dealing Representative
- Advising Representative
- Associate Advising Representative
- Ultimate Designated Person
- Chief Compliance Officer
- Officer
- Director
- Partner
- Shareholder
- Branch Manager (MFDA members only)
- Supervisor (IDA members only)

Firm Categories Unique to Ontario

Under which firm category(ies) are you applying?

- Commodity Trading Adviser
- Commodity Trading Counsel
- Commodity Trading Manager
- Futures Commission Merchant

Registration Categories and Permitted Activities

- Advising Representative
- Salesperson
- Branch Manager

- Officer
- Director
- Partner
- Shareholder
- Supervisor (IDA members only)

Firm Categories Unique to Manitoba

Under which firm category(ies) are you applying?

- Dealer (Merchant)
- Dealer (Futures Commission Merchant)
- Dealer (Floor Broker)
- Adviser

Registration Categories and Permitted Activities

- Floor Trader
- Floor Broker
- Salesperson
- Branch Manager
- Adviser
- Officer
- Director
- Partner
- Supervisor (IDA members only)

Investment Dealers Association of Canada – Additional Information

Approval Categories

- Executive
- Director (Non-Industry)
- Supervisor
- Investor
- Registered Representative
- Investment Representative
- Trader

Designated Persons

- Chief Compliance Officer
- Chief Financial Officer
- Ultimate Designated Person
- Designated Registered Options Principal
- Designated Registered Futures Options Principal

Trading Activity

Non-Trading

Equities

Options

Futures

Mutual Funds only

Portfolio Management

Portfolio Management (Supervised)

Account Type

Retail

Non-Retail

Not Applicable

SCHEDULE D

Address and agent for service

Item 7

1. Address for service

You must have one address for service in each province or territory in which you are now, or are applying to become, a registered individual or permitted individual. A post office box is not an acceptable address for service.

Address for service:

(number, street, city, province or territory, postal code)

Telephone number: (____) _____ Fax number: (____) _____

E-mail address: _____

2. Agent for service

If you have appointed an agent for service, provide the following information for the agent. The address for service provided above must be the address of the agent named below.

Name of agent for service: _____

(if applicable)

Contact person: _____

Last name, First name

SCHEDULE E

Proficiency

Item 8

| COURSE OR EXAMINATION | DATE COMPLETED | DATE EXEMPTED AND BY WHICH JURISDICTION OR REGULATOR (YYYY/MM/DD) | OTHER |
|-----------------------|----------------|---|-------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

SCHEDULE F

Proficiency

Item 8

Exemption refusal

Complete the following for each exemption that was refused.

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

Date exemption refused: (YYYY/MM/DD)

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

Date exemption refused: (YYYY/MM/DD)

Which securities regulatory authority or self-regulatory organization refused to grant the exemption?

State the name of the course, examination or experience requirement:

State the reason given for not being granted the exemption:

Date exemption refused: (YYYY/MM/DD)

SCHEDULE G

Current employment and other business activities

Item 10

- Full-time student
- Employed or self-employed

From: _____
(YYYY/MM/DD)

You are only required to fill in the following if you have indicated above that you are employed or self-employed.

Current Employment information

- Check here if your employment is with your sponsoring firm. If not, you are required to provide the firm name and address information for your current employer:

Name of business or employer:

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of your immediate supervisor:

For your sponsoring firm, include a description of the duties you currently perform and intend to perform.

Describe all other employment or business activities related to this employer or business, whether or not the activities are related to investments. Include the nature of the business, your duties, start date, title or relationship with the business (including director or officer positions).

Indicate the number of hours per week you will be devoting to this business or employment.

- Check here if you are working more than 30 hours per week for the sponsoring firm. Otherwise, explain why you are working less than 30 hours per week for the sponsoring firm.

Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your proposed activities as a registrant with affiliated or unaffiliated sponsoring firm(s) and with the other business described above (include whether the other business is listed on an exchange). Confirm whether the firm has procedures for minimizing potential conflicts of interest and confirm that you are aware of these procedures.

SCHEDULE H

Previous employment

Item 11

Provide the information requested for your previous business and employment activities for the 10-year period before the date of this application. Account for all time including full and part-time employment, self-employment, military service and homemaking. Include statuses such as unemployed, full-time education, extended travel, or other similar statuses. (Please do not include short-term employment (four months or less) while a student unless it was in the securities industry.)

In addition, provide the information requested for all of your securities or derivatives (including exchange contracts and options) business and employment activities during and prior to the ten-year period.

- Unemployed
- Full-time student
- Employed or self-employed

From: _____
(YYYY/MM)

To: _____
(YYYY/MM)

You are only required to fill in the following if you have indicated above that you are, or were, employed or self-employed.

Name of business or employer:

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of immediate supervisor, if applicable.

Describe the firm's business, your position, duties and your relationship to the firm. If you are applying for a type of registration that requires specific experience, include details of that experience (for example, level of responsibility, value of accounts under direct supervision, number of year of that experience and research experience, as well as percentage of time spent on each activity):

Reason why you left the firm:

SCHEDULE I

Resignations and terminations

Item 12

- a) For each allegation of violation of any statutes, regulations, rules or standards of conduct, indicate below, (1) the name of the firm from which you resigned, were terminated or discharged for just cause for dismissal, (2) whether you resigned, were terminated or discharged for just cause for dismissal, (3) the date you resigned, were terminated or discharged for just cause for dismissal, and (4) the circumstances relating to your resignation, termination or discharge for just cause for dismissal.

- b) For each allegation of failure to supervise compliance with any statutes, regulations, rules or standards of conduct, indicate below, (1) the name of the firm from which you resigned, were terminated or discharged for just cause for dismissal, (2) whether you resigned, were terminated or discharged for just cause for dismissal, (3) the date you resigned, were terminated or discharged for just cause for dismissal, and (4) the circumstances relating to your resignation, termination or discharge for just cause for dismissal.

- c) For each allegation of fraud or the wrongful taking of property, including theft, indicate below, (1) the name of the firm from which you resigned, were terminated or discharged for just cause for dismissal, (2) whether you resigned, were terminated or discharged for just cause for dismissal, (3) the date you resigned, were terminated or discharged for just cause for dismissal, and (4) the circumstances relating to your resignation, termination or discharge for just cause for dismissal.

SCHEDULE J

Regulatory disclosure

Item 13

1. Securities regulatory authorities

a) For each registration or license, indicate below (1) the name of the firm, (2) the securities regulatory authority with which you are, or were, registered or licensed, (3) the type or category of registration or license, and (4) the dates between which you held the registration or license.

b) For each registration or license refused, indicate below (1) the name of the firm, (2) the securities regulatory authority that refused the registration or license, (3) the type or category of registration or license refused, (4) the date of the refusal, and (5) the reasons for the refusal.

c) For each exemption from registration denied or license refused, *other than what was disclosed in Item 8(3) of this form*, indicate below (1) the party that was refused the registration or license, (2) the securities regulatory authority that refused the registration or license, (3) the type or category of registration or license refused, (4) the date of the refusal, and (5) the reasons for the refusal.

d) For each order or disciplinary proceeding, indicate below (1) the name of the firm, (2) the securities regulatory authority that issued the order or is conducting or conducted the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding, and (7) any other relevant details.

2. Self-regulatory organizations

a) For each approval, indicate below (1) the name of the firm, (2) the self-regulatory organization which you are or were an approved person, (3) the categories of approval, and (4) the dates you held the approval.

b) For each approval refused, indicate below (1) the name of the firm, (2) the self-regulatory organization that refused the approval, (3) the category of approval refused, (4) the date of the refusal, and (5) the reasons for the refusal.

c) For each order or disciplinary proceeding, indicate below (1) the name of the firm, (2) the self-regulatory organization that issued the order or that is, or was, conducting the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding, and (7) any other information that you think is relevant or that is requested by the regulator.

3. Non-securities regulation

a) For each registration or license, indicate below (1) the party who is, or was, registered or licensed (if insurance licensed, also indicate the name of the insurance agency), (2) with which regulatory authority, or under what legislation, the party is, or was, registered or licensed, (3) the type or category of registration or license, and (4) the dates between which the party held the registration or license.

Request for Comments

b) For each registration or license refused, indicate below (1) the party that was refused registration or licensing (if insurance licensed, also indicate the name of the insurance agency), (2) with which regulatory authority, or under what legislation, the registration or license was refused, (3) the type or category of registration or license refused, (4) the date of the refusal, and (5) the reasons for the refusal.

c) For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken (if insurance licensed, indicate the name of the insurance agency), (2) the regulatory authority that made the order or that is, or was, conducting the proceeding, or under what legislation the order was made or the proceeding is being, or was conducted, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding and (7) any other information that you think is relevant or that is requested by the regulator.

SCHEDULE K

Criminal disclosure

Item 14

Criminal offences

- a) For each charge, indicate below (1) the type of charge, (2) the date of the charge, (3) any trial or appeal dates, and (4) the court location.

- b) For each finding of guilty, pleading no contest to, or granting of an absolute or conditional discharge indicate below (1) the offence, (2) the date found guilty, and (3) the disposition (state any penalty or fine and the date any fine was paid).

- c) For each charge, indicate below (1) the name of the firm, (2) the type of charge, (3) the date of the charge, (4) any trial or appeal dates, and (5) the court location.

- d) For each conviction, indicate below (1) the name of the firm, (2) the offence, (3) the date of the conviction, and (4) the disposition (state any penalty or fine and the date any fine was paid).

SCHEDULE L

Civil disclosure

Item 15

a) For each current and outstanding civil proceeding, state below (1) the dates the statement of claim and statement of defence were issued, (2) each plaintiff in the proceeding, (3) whether the proceeding is pending or on appeal, (4) whether the civil proceeding was about a firm where you are or were a partner, director, officer or major shareholder and whether you have been named individually in the allegations, and (5) the jurisdiction where the action is being pursued.

b) For each civil proceeding, state below (1) the dates the statement of claim and statement of defence were issued, (2) each plaintiff in the proceeding, (3) the jurisdiction where the action was pursued, (4) whether the civil proceeding was about a firm where you are, or were a partner, director, officer or major shareholder and whether you have been named individually in the allegations and (5) a summary of any disposition or any settlement over \$10,000. (Disclosure must include those actions settled without admission of liability.)

SCHEDULE M

Financial Disclosure

Item 16

1. Bankruptcy

a) For each event, indicate below (1) the date of the petition or voluntary assignment, (2) the person or firm about whom this disclosure is being made, (3) any amounts currently owing, (4) the creditors, (5) the status of the matter, (6) a summary of any disposition or settlement, (7) date of discharge or release, if applicable, and (8) any other information that you think is relevant or that is requested by the regulator.

b) For each event, indicate below (1) the date of the proposal, (2) the person or firm about whom this disclosure is being made, (3) any amounts currently owing, (4) the creditors, (5) the status of the matter, (6) a summary of any disposition or settlement, and (7) any other information that you think is relevant or that is requested by the regulator.

c) For each event, indicate below (1) the date of the proceeding, (2) the person or firm about whom this disclosure is being made, (3) the status of the matter, (4) a summary of any disposition or settlement, and (5) any other information that you think is relevant or that is requested by the regulator.

d) For each proceeding, arrangement or compromise with creditors, indicate below (1) the date of proceeding, (2) the person or firm about whom this disclosure is being made, (3) the status of the matter, (4) a summary of any disposition or settlement, and (5) any other information that you think is relevant or that is requested by the regulator.

2. Debt Obligation

For each event, indicate below (1) the person or firm that failed to meet its financial obligation, (2) the amount that was owing at the time the person or firm failed to meet its financial obligation, (3) the person or firm to whom the amount is, or was, owing, (4) any relevant dates (for example, when payments are due or when final payment was made), (5) any amounts currently owing, and (6) any other information that you think is relevant or that is requested by the regulator.

3. Surety Bond or Fidelity Bond

For each bond refused, indicate below (1) the name of the bonding company, (2) the address of the bonding company, (3) the date of the refusal, and (4) the reasons for the refusal.

4. Garnishments, Unsatisfied Judgements or Directions to Pay

For each garnishment, unsatisfied judgement or direction to pay, indicate below (1) the amount that was owing at the time the garnishment, judgement or direction to pay was rendered, (2) the person or firm to whom the amount is, or was, owing, (3) any relevant dates (for example, when payments are due or when final payment was made), (4) the percentage of earnings to be garnished or the amount to be paid, (5) any amounts currently owing, and (6) any other information that you think is relevant or that is requested by the regulator.

SCHEDULE N

Ownership of securities firms

Item 17

Indicate below (a) the name of the firm and (b) your relationship to the firm.

- a) Firm name:
- b) Relationship to the firm and period of relationship:
 - Partner
From: _____ To: _____ (if applicable)
(YYYY/MM) (YYYY/MM)
 - Major Shareholder (as defined in Item 13 of this form)
From: _____ To: _____ (if applicable)
(YYYY/MM) (YYYY/MM)

If you are a partner or major shareholder of the firm, provide the following information:

- a) State the number, value, class and percentage of securities or the amount of partnership interest you own or propose to acquire upon approval. If acquiring shares upon approval, state source (for example, treasury shares, or if upon transfer, state name of transferor).

- b) State the value (approximate, if necessary) of subordinated debentures or bonds of the firm to be held by you or any other subordinated loan to be made by you to the firm (if applicable):

- c) If another person or firm has provided you with funds to invest in the firm, identify the person or firm and state the relationship between you and that person or firm:

- d) Are the funds to be invested (or proposed to be invested) guaranteed directly or indirectly by any person or firm?
Yes No
If "Yes", identify the person or firm and state the relationship between you and that person or firm:
- e) Have you either directly or indirectly given up any rights with respect to such securities or partnership interest, or do you, on approval of this application, intend to give up any such rights (including by hypothecation, pledging or depositing as collateral the securities or partnership interest with any institution or person)?
Yes No
If "Yes", identify the person or firm, state the relationship between you and that person or firm and describe the rights that have been or will be given up:
- f) Is a person other than you the beneficial owner of the shares, bonds, debentures, partnership units or other notes held by you?
Yes No
If "Yes", complete (g), (h) and (i).

Request for Comments

g) Name of beneficial owner:

| Last name | First name | Second name <i>(if applicable)</i> | Third name <i>(if applicable)</i> |
|-----------|------------|---------------------------------------|--------------------------------------|
|-----------|------------|---------------------------------------|--------------------------------------|

h) Residential address:

(number, street, city, province, territory or state, country, postal code)

i) Occupation:

SCHEDULE O

Who to contact if you have questions about the collection and use of your personal information.

Contact Information

Alberta

Alberta Securities Commission,
4th Floor, 300 B 5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Market Regulation
Telephone: (506) 658-3021

Newfoundland and Labrador

Securities Commission of Newfoundland and Labrador
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NF A1B 4J6
Attention: Director of Securities
Tel: (709) 729-4189

Nova Scotia

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Registrar of Securities
Telephone: (867) 920-8984

Nunavut

Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6190

Ontario

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Prince Edward Island

Securities Registry
Office of the Attorney General B Consumer, Corporate and
Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-4569

Québec

Autorité des marchés financiers
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Saskatchewan

Saskatchewan Financial Services Commission
800 B1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5842

Yukon

Department of Community Services Yukon
P.O. Box 2703
Whitehorse, YU Y1A 2C6
Attention: Registrar of Securities
Telephone: (867) 667-5225

FORM 33-506F5
CHANGE OF INFORMATION IN FORM 33-506F4

GENERAL INSTRUCTIONS

1. This notice must be submitted when notifying a regulator of changes to Form 33-109F6 or Form 33-109F4 information in accordance with NI 33-109.
2. If the NRD filer is relying on the temporary hardship exemption in NI 31-102, this form is required to be delivered to the regulator in paper format when notifying a regulator of changes to Form 33-109F4.
3. If this form is being submitted in respect of a change to a Form 33-109F6 or Form 33-109F4 an authorized partner or officer of the firm must sign the form.

1. Type of form

Identify the part of the Form 33-109F6 or Form 33-109F4 for which this notice is being provided. If this notice is being provided to update an individual's Form 33-109F4, provide the name of the individual.

[] Form 33-109F6, Item(s) _____, or

[] Form 33-109F4, Item(s) _____, name of individual _____

2. Details of Change

Provide the details of the change for each item identified above:

Notice of Collection and Use of Personal Information

The personal information required under this form is collected on behalf of and used by the securities regulatory authorities set out below for the administration and enforcement of certain provisions of the securities legislation in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory, and Nunavut.

By submitting this information you consent to the collection by the securities regulatory authority of the personal information provided above, police records, records from other government or non-governmental regulatory authorities or self-regulatory organizations, credit records and employment records about you as may be necessary for the securities regulatory authority to complete its review of your continued fitness for registration, if applicable, in accordance with the legal authority of the securities regulatory authority for the duration of the period which you remain registered or approved by the securities regulatory authority.

The sources the securities regulatory authority may contact include government and private bodies or agencies, individuals, corporations and other organizations.

If you have any questions about the collection and use of this information, you may contact the securities regulatory authority in any jurisdiction in which the required information is filed, at the address or telephone number provided in Schedule "A".

WARNING:

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

CERTIFICATION:

I, the undersigned, certify that I have read and that I understand the questions in this notice and the Warning set out above. I also certify that all statements of fact made in the answers to the questions are true.

Signature of registered or permitted individual

Date

(No signature is required here if this form is being submitted in respect of a change to Form 33-109F6 information.)

Request for Comments

If this form is being submitted in respect of a change to Form 33-109F6, I, the undersigned, certify that I understand the requirements and the Warning in this notice and that all statements of fact provided in this notice are true.

Signature of authorized officer or partner

Date

Firm name

SCHEDULE "A"

Notice and collection and use of personal information

Contact Information

Alberta

Alberta Securities Commission,
4th Floor, 300 B 5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Officer
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Market Regulation
Telephone: (506) 658-3021

Newfoundland and Labrador

Securities Commission of Newfoundland and Labrador
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NF A1B 4J6
Attention: Director of Securities
Tel: (709) 729-4189

Nova Scotia

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Registrar of Securities
Telephone: (867) 920-8984

Nunavut

Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6190

Ontario

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Prince Edward Island

Securities Registry
Office of the Attorney General B Consumer, Corporate and
Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-4569

Québec

Autorité des marchés financiers
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 940-2150 or
(800) 361-5072 (in Québec)

Saskatchewan

Saskatchewan Securities Commission
800 B1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5842

Yukon

Department of Community Services Yukon
P.O. Box 2703
Whitehorse, YU Y1A 2C6
Attention: Registrar of Securities
Telephone: (867) 667-5225

PROPOSED FORM 33-506F6
APPLICATION FOR REGISTRATION AS A DEALER, ADVISER
OR INVESTMENT FUND MANAGER FOR SECURITIES AND/OR
DERIVATIVES [PAPER VERSION]

Complete this form to apply for the firm's initial registration in any province or territory of Canada. If you are unable to answer the question fully on the form, attach additional details as a schedule using a separate sheet of paper, clearly identifying the relevant section and item.

Please complete and sign the form, and send it to the appropriate Canadian securities regulator(s) in each Canadian jurisdiction where the firm is applying for registration. Make sure to include the required attachments, including all schedules, and have them initialed and dated by a senior officer of the applicant firm.

A. Contact information

1. Legal name of the applicant firm

2. Other than the legal name of the applicant firm provided in Item A.1, please list the names the applicant firm will be "carrying on business as" and any trade names the applicant firm operates under.

Please provide effective date of trade names and the end date if applicable.

3. List all the previous names ever used by the applicant firm, and all previous names used by any of its affiliates or predecessors within the last 10 years.

4. Address

Head office address _____

Telephone number (land line) _____ Fax number _____

E-mail address _____

Website (If not applicable to your firm, indicate N/A) _____

Mailing address (if different from head office address)

If the head office is not in Canada, does the applicant firm have a place of business in Canada?

Yes No

If yes, provide the mailing address.

5. Key contact person for the applicant firm (This is the primary person with whom the regulators will address all matters relating to the application and ongoing requirements. This person may be external legal counsel to the applicant firm.)

Name _____ Telephone number _____

Firm Name (if not applicant firm name) _____

Title _____ E-mail address _____

Request for Comments

6. Address for service in home jurisdiction

If address for service is the same address as the head office address, check this box

7. Who is responsible for the applicant firm's compliance in the Canadian jurisdiction(s) where the firm is applying for registration (e.g. Ultimate Designated Person and Chief Compliance Officer)? If it is the same person as indicated in question 5, state this.

| | |
|-------------------|------------------------|
| Name of UDP: | NRD #: |
| Title: | E-mail address: |
| Telephone number: | Province or territory: |

| | |
|-------------------|------------------------|
| Name of CCO: | NRD #: |
| Title: | E-mail address: |
| Telephone number: | Province or territory: |

8. Who is the Chief Authorized Firm Representative for the National Registration Database (NRD)?

| | |
|-------------------|------------------------|
| Name of CAFR: | NRD # if applicable: |
| Title: | E-mail address: |
| Telephone number: | Province or territory: |

B. Jurisdictions where firm is applying

Corporate Registration Number or
Québec Enterprise Number (NEQ)

| | | |
|-------------------------|--------------------------|-------|
| Alberta | <input type="checkbox"/> | _____ |
| British Columbia | <input type="checkbox"/> | _____ |
| Manitoba | <input type="checkbox"/> | _____ |
| New Brunswick | <input type="checkbox"/> | _____ |
| Newfoundland & Labrador | <input type="checkbox"/> | _____ |
| Northwest Territories | <input type="checkbox"/> | _____ |
| Nova Scotia | <input type="checkbox"/> | _____ |
| Nunavut | <input type="checkbox"/> | _____ |
| Ontario | <input type="checkbox"/> | _____ |
| Prince Edward Island | <input type="checkbox"/> | _____ |
| Quebec | <input type="checkbox"/> | _____ |
| Saskatchewan | <input type="checkbox"/> | _____ |
| Yukon | <input type="checkbox"/> | _____ |

C. Categories of registration

What type of registration is the firm applying for? (Check all that apply.)

In all jurisdictions or in some jurisdictions where the firm is applying for registration

(identify the jurisdictions)

| | | |
|------------------------------|--------------------------|-------|
| Investment dealer | <input type="checkbox"/> | _____ |
| Mutual fund dealer | <input type="checkbox"/> | _____ |
| Scholarship plan dealer | <input type="checkbox"/> | _____ |
| Exempt market dealer | <input type="checkbox"/> | _____ |
| Restricted dealer | <input type="checkbox"/> | _____ |
| Investment fund manager | <input type="checkbox"/> | _____ |
| Portfolio manager | <input type="checkbox"/> | _____ |
| Restricted portfolio manager | <input type="checkbox"/> | _____ |

D. Business structure and history

1. Type of legal structure (e.g. corporation, partnership, sole proprietor)

2. In which state/province and country are the majority of the senior officers located?

3. Provide a brief history of the applicant firm and any affiliates, i.e. nature of the applicant firm’s business and how long it has been in business.

4. Has the applicant firm amalgamated with, merged, made arrangements with, or reorganized, within the last 10 years?

Yes No

If yes, provide names of entities, relevant dates, and type of transaction.

5. List all beneficial owners of the applicant firm that own, directly or indirectly, or exercise control or direction over, 10 per cent or more of the voting securities of the firm.

| Name | Date of birth (if applicable) | Title (if applicable) | E-mail address | Security ownership (class, type, amount and voting percentage) |
|------|-------------------------------|-----------------------|----------------|--|
| | | | | |
| | | | | |
| | | | | |

6. List all of the principals (i.e. officers, directors, senior management, and permitted individuals as defined in NI 33-109) of the applicant firm. (If they are the same as above, state this.)

| Name | Title | E-mail address | NRD # |
|------|-------|----------------|-------|
| | | | |
| | | | |
| | | | |

Please attach the following documents:

7. A business plan for the next five years that includes:

- the nature of services, including types of securities and/or derivatives to be distributed or discretionary or non-discretionary advice provided

In this form, “derivatives” means financial instruments, such as futures contracts, options and swaps whose market price, value or payment obligations are derived from or based on one or more underlying interests. Derivatives can be in the form of instruments, agreements or securities.

- relating to the financial services to be provided, please provide details of relationships and any arrangements and/or contracts with other persons and/or companies
- proposed or existing investment models for your portfolios, sectors and types of securities in models, research to be conducted, etc.
- products the applicant firm intends to develop, manage or administer and how they will be distributed
- the applicant firm’s intentions about providing any financial services, such as lending or margining
- target client market (e.g. accredited investors, retail clients, types of institutions, etc.)

Request for Comments

- how assets of clients will be held
 - identify names of third parties holding assets
 - fees charged to clients (e.g. commissions, percentage of profits, transaction fees, pre-paid fees)
 - details of outsourcing arrangements, such as names of entities involved, dates of agreements, and relationship with those entities.
 - list of products that will be sold under an exemption and which exemptions the applicant firm intends to rely on
 - number of representatives and branches anticipated
 - plans for non-securities business activities requiring a license
 - plans for non-securities business that is not subject to licensing or registration
8. Organization chart showing the applicant firm's reporting structure. This must include directors, senior officers/partners, ultimate designated person and chief compliance officer.
9. Ownership chart showing all controlling and beneficial owners and affiliates.
10. Copy of the articles of incorporation or any other constating document. If the applicant firm is a partnership or sole proprietor, provide a copy of the partnership agreement or registration of trade name.

E. Capital requirements

1. If the applicant firm is less than five years old, where did the applicant firm's start-up capital come from and what was the amount?
2. For assets of the applicant firm held by a financial institution, provide the following:

| Name and address of financial institution | Description of asset | Amounts (\$) |
|---|----------------------|--------------|
| | | |
| | | |
| | | |

3(A). Are any people acting as guarantor for the applicant firm?

Yes No

If yes and the guarantor has an NRD number, please provide this number _____

If yes, provide the names, address, telephone number and email address of the guarantor(s).

If yes, disclose any influence the guarantor(s) may have over the applicant firm and any potential for conflict of interest the firm may have with the individual(s) acting as guarantor(s), and describe how the applicant firm will minimize the potential for conflict of interest.

3(B). Is the applicant firm acting as a guarantor? If so, please provide details.

Request for Comments

4. Does the applicant firm currently have any executed subordination agreements in relation to any loans from an associate owing by the firm?

Yes No

If yes, provide a copy of each agreement.

Please attach the following documents:

- Calculation of excess working capital form (for non SRO members use Form 31-103F1; for SRO members use the appropriate capital calculation form required to be filed by the SRO).
- Audited financial statements prepared within the last 90 days (Note: we will accept an opening balance sheet if the applicant firm is a start-up company).

F. Financial information

1. Fiscal year end (MM/DD) _____

(If the applicant firm does not have a definite date for its year end, state this and provide details)

2. Firm's auditor

3. Insurance (for securities-related activities in all jurisdictions)

| Name of insurer | Specific insuring agreements | Policy # |
|-----------------|------------------------------|----------|
|-----------------|------------------------------|----------|

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
|-------|-------|-------|

| Amount of coverage \$ | Amount of the deductible \$ | Renewal date |
|-----------------------|-----------------------------|--------------|
|-----------------------|-----------------------------|--------------|

| | | |
|-------|-------|-------|
| _____ | _____ | _____ |
|-------|-------|-------|

List jurisdictions where insurance is held

If the applicant firm has made an application to exempt it from insurance coverage that is not in the form of a Financial Institution Bond, provide details demonstrating that the insurance coverage is equivalent to this bond and that it has more appropriate coverage.

Does the applicant firm's insurance cover all jurisdictions where it is applying for registration?

Yes No N/A

If No or N/A, explain why _____

4. Has the applicant firm or any of its affiliates ever been declared bankrupt or made an assignment in bankruptcy?

Yes No

If yes, provide details about how and when it happened, whether it was voluntary or involuntary, and the jurisdiction.

Request for Comments

5. Has the applicant firm or any of its affiliates ever appointed a receiver or receiver manager, or had one appointed?

Yes No

If yes, provide details, the date and the jurisdiction.

6. In the last ten years, has the applicant firm ever,

| | | | | |
|-------------------------|-----|--------------------------|----|--------------------------|
| been denied bonding? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| made a claim on a bond? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| had a bond revoked? | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

If yes, provide details of the bond, the date and the jurisdiction and the reasons for the denial, claim or revocation.

7. Has the applicant firm made any claims to its insurance company during the last ten years for any securities-related activity?

Yes No

If yes, provide amount of the claim, the date and the jurisdiction.

Please attach the following documents:

- Letter of direction authorizing the auditor to conduct any audit of the applicant firm that the regulator may request at any time while the firm is registered. The letter must state that applicant firm will pay for the costs of the audit and will provide the regulator with a copy of the report if requested.
- Directors' resolution on sufficiency of insurance for the securities-related activities.

G. Operations

1. Does the applicant firm have any conflicts of interest related to securities or financial dealings of clients? For example, relationships with other registrants, referral arrangements with other registrants, or any affiliates registered in the same category for which the applicant is seeking registration.

Yes No

If yes, provide details.

2. Does the applicant firm take possession or intend to take possession of client funds and/or securities?

Yes No

If yes, provide name and address for each bank where the trust accounts are held

Please attach the following documents:

- Policies and procedures manual
- Account opening documentation including the firm's Know Your Client form
- Written policy on fairness in allocation of investment opportunities (advisers only)
- Copy of the applicant firm's letterhead and a sample business card
- Proposed marketing material to be distributed by the firm
- Copy of the firm's standard employment/agent agreement between registered individuals and the firm specifically identifying the compensation arrangement

- Where applicable, client-related documents, such as financial plans, investment policy statement and investment management agreements

H. Registration, licensing and memberships (financial services-related)

1. Is the applicant firm or any of its affiliates currently registered or have they ever been registered in any province, territory, state or country to deal or advise in securities or derivatives?

Yes No

If yes, list the jurisdiction(s), categories of registration, date registered and expiry date of registration, if applicable.

2. Is the applicant firm a member of a securities and/or commodities exchange, a self-regulatory organization (SRO) or similar organization in any province, territory, state or country?

Yes No

If yes, list the organization(s) and jurisdiction(s).

If no, has the applicant firm applied for registration or membership with a securities and/or commodities exchange, an SRO or similar organization?

Yes No

If yes, list the organization(s) and jurisdiction(s).

3. Is the applicant firm or any of its affiliates currently registered or have they ever been registered in any province, territory, state or country under legislation that requires licensing or registration to sell or advise in financial products other than securities (e.g. mortgage broker, financial planning, life insurance, derivatives, etc.)?

Yes No

If yes, list the type of license or registration, jurisdiction, date registered and expiry date of registration, if applicable.

4. Does the firm currently have clients in the jurisdiction where the firm is applying for registration?

Yes No

If yes, please provide details.

5. Has the applicant firm or any of its affiliates or predecessors ever entered into a settlement agreement with any financial services regulator or with any organizations referred to in question 2 above?

Yes No

If yes, please provide details.

Request for Comments

6. Has any financial services regulator or any of the organizations referred to in question 2 ever:

- | | Yes | No |
|---|--------------------------|--------------------------|
| a. Determined that the applicant firm or any of its affiliates or predecessors made a false statement or omission? | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Determined that the applicant firm or any of its affiliates or predecessors violated regulations or laws of any province, territory, state or country, or violated the rules of an SRO or commodities exchange? | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Determined that the applicant firm or any of its affiliates or predecessors is not suitable for registration, licensing or membership? | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Refused the applicant firm or any of its affiliates or predecessors registration, licensing or membership in any province, territory, state or country for securities-related activities or in any other capacity? | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Suspended or terminated any registration, licensing or membership of the applicant firm or any of its affiliates or predecessors? | <input type="checkbox"/> | <input type="checkbox"/> |
| f. Appointed a monitor for the applicant firm or any of its affiliates or predecessors? | <input type="checkbox"/> | <input type="checkbox"/> |
| g. Issued an order to the applicant firm or any of its affiliates or predecessors about investment-related activity (e.g. cease trade order)? | <input type="checkbox"/> | <input type="checkbox"/> |
| h. Denied the applicant firm or any of its affiliates or predecessors any exemption from registration, licensing or membership in any province, territory, state or country? | <input type="checkbox"/> | <input type="checkbox"/> |
| i. Imposed conditions on any registration or membership of the applicant firm or any of its affiliates or predecessors? | <input type="checkbox"/> | <input type="checkbox"/> |

If yes to any of the above items, provide full details, including the regulator/organization, jurisdiction and the date.

7. Within the last 10 years has the applicant firm ever been:

- | | Yes | No |
|---|--------------------------|--------------------------|
| a. Subject to an order, a proceeding or the initiation of a proceeding by a financial services regulator, securities and/or commodities exchange or SRO, or similar organization of which it is a member? | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Sanctioned by a financial services regulator, securities and/or commodities exchange or SRO, or organization of which it is a member? | <input type="checkbox"/> | <input type="checkbox"/> |

If yes to any of the above items, describe the proceeding or sanction, the regulator, SRO or organization and the relevant date(s).

8. Is the applicant firm currently involved in a situation that would reasonably be expected to result in a YES answer to any of the items in question 6 or 7 in this section?

Yes No

If yes, describe the situation.

I. Legal action

1. Has the applicant firm or any of its affiliates ever been convicted under the laws of any province, territory, state or country?

Yes No

If yes, describe the type of conviction, the date of the conviction and the jurisdiction.

2. Is the applicant firm or any of its affiliates currently the subject of any outstanding charges or indictments under the laws of any province, territory, state or country?

Yes No

If yes, describe the charges or indictments and the jurisdiction.

3. Are there currently any outstanding civil actions against the applicant firm or its affiliates?

Yes No

If yes, describe the nature of the action, the current stage of the litigation and the specific remedies requested by the plaintiff(s)

4. Has the applicant firm or any of its affiliates ever received a judgement of fraud or theft against it in a civil court, criminal court or administrative tribunal in any jurisdiction in the world?

Yes No

If yes, describe the case, the date it took place and the jurisdiction.

5. Are there any judgements or liens against the applicant firm or any of its affiliates?

Yes No

If yes, describe the judgements or liens, the date and the jurisdiction.

J. National Registration System

1. Election to use the national registration system (NRS)

Has the applicant firm elected to use the NRS?

Yes No

If yes, by submitting this form, the applicant firm:

- certifies that in each Canadian jurisdiction where it has appointed an agent for service, it has completed the appointment of agent for service required in that jurisdiction
- is subject to the securities and/or derivatives legislation of each Canadian jurisdiction where it has applied for registration, including the jurisdiction of any tribunals or any proceedings that relate to the registrant's activities under that securities and/or derivatives legislation

Request for Comments

- waives any right to use lack of jurisdiction as a defence in any of those tribunals or proceedings.

Please attach the following documents:

- A completed Form 31-101F1
- Cheque payable to each of the regulators where the applicant firm is seeking registration
- Confirmation that insurance covers all jurisdictions where applying for registration

K. Collection of personal information

Securities regulators require personal information about the people listed on this form so they can complete their review of this application, and if the firm is approved, to assess whether the firm continues to meet the registration requirements.

Securities regulators may collect this information only under the requirements in securities and/or derivatives legislation and may only use personal information to administer and enforce provisions of the securities and/or derivatives legislation. Securities regulators may collect personal information from this application, police records, records of other regulators or self-regulatory organizations, credit records, employment records, government and private bodies or agencies, individuals, corporations, and other organizations. They may also collect personal information indirectly.

Securities regulators may also provide personal information about the individuals listed on this form to other regulators, SROs or similar organizations or stock exchanges if required for an investigation or other regulatory issue.

If any one listed on this form has any questions about the collection and use of their personal information, they can contact the securities regulator in the relevant jurisdiction. See Schedule A for details. In Québec, they can also contact the Commission d'accès à l'information du Québec at 1-888-528-7741 or visit its website at www.cai.gouv.qc.ca.

By completing this section, you:

- Acknowledge that the securities regulator in the relevant jurisdiction(s) may collect personal information about the individuals listed on this form and to provide it to any regulator, SRO or similar organization or stock exchange if required for an investigation or other regulatory issue.
- confirm that the individuals listed on this form have been notified that their personal information is disclosed on this form, the legal reason for doing so, how it will be used and who to contact for more information.

Name of authorized signing officer

Title of authorized signing officer

Signature

Date signed (YYYY/MM/DD) _____

L. Submission to jurisdiction and appointment of agent for service of process (Those firms that are considered to be non-resident firms must complete this section for each jurisdiction where they are applying for registration.)

By submitting this form, the applicant firm:

- is subject to the securities and/or derivatives legislation of each Canadian jurisdiction where you have submitted this form, including the jurisdiction of any tribunals or any proceedings that relate to your activities as a registrant under that securities and/or derivatives legislation;
- appoints the agent at the address below to be served any documents for any of these tribunals or proceedings;

Request for Comments

Name of the applicant firm

Jurisdiction where the applicant firm was incorporated

Agent Contact Information:

Name of agent for service of process (agent)

Address of agent in jurisdiction(s) where firm is applying for registration

Firm Name (if applicable)

Telephone Number

Fax number

E-mail address

The applicant firm agrees to file a new submission to jurisdiction and appointment of agent for service of process if any of the following changes occur within six years of the termination of the firm's registration:

- the name or address of the agent for service changes
- the firm changes its agent for service.

The new submission for jurisdiction and appointment for agent for service of process must be filed at least 30 days before the change comes into effect.

This submission to jurisdiction and appointment of agent for service of process is governed by the securities and/or derivatives legislation of the relevant jurisdiction in Canada.

Firm's authorization

Name of applicant firm's authorized signing officer

Title of applicant firm's authorized signing officer

Signature

Date signed (YYYY/MM/DD)

Agent's authorization

By signing below, you agree to act as agent for service of process for the applicant firm according to the terms set out in this submission to jurisdiction and appointment of agent for service of process.

Name of agent's authorized signing officer

Title of agent's authorized signing officer

Request for Comments

Signature

Date signed (YYYY/MM/DD)

Please attach the following:

- 1. The firm's privacy statement for collection and disclosure of personal information
- 2. The firm's executed consent to collection of personal information

M. Signatures

By signing below, you confirm that:

- you have read and understand the questions in this form
- you understand that it is an offence under the securities and/or derivatives legislation to provide false or misleading information on this form
- all of the information provided on this form is true.

Name of applicant firm

Name of authorized signing officer

Title of authorized signing officer

Signature

Date signed (YYYY/MM/DD)

Witnessed by a lawyer, notary public or commissioner of oaths:

Name

Title

Signature
(indicate in which capacity witness has signed, i.e. lawyer, notary public or commissioner of oaths)

Date signed (YYYY/MM/DD)

Schedule A

Who to contact if you have questions about the collection and use of your personal information.

Alberta

Alberta Securities Commission,
4th Floor, 300 B 5th Avenue S.W.
Calgary, AB T2P 3C4
Attention: Information Officer
Telephone: (403) 297-6454

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Attention: Freedom of Information Analyst
Telephone: (604) 899-6500 or (800) 373-6393 (in BC)

Manitoba

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Telephone (204) 945-2548
Fax (204) 945-0330

New Brunswick

New Brunswick Securities Commission
Suite 300, 85 Charlotte Street
Saint John, NB E2L 2J2
Attention: Director, Market Regulation
Telephone: (506) 658-3021

Newfoundland and Labrador

Securities Commission of Newfoundland and Labrador
P.O. Box 8700, 2nd Floor, West Block
Confederation Building
St. John's, NF A1B 4J6
Attention: Director of Securities
Tel: (709) 729-4189

Nova Scotia

Nova Scotia Securities Commission
2nd Floor, Joseph Howe Building
1690 Hollis Street
P.O. Box 458
Halifax, NS B3J 3J9
Attention: FOI Officer
Telephone: (902) 424-7768

Northwest Territories

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NWT X1A 2L9
Attention: Deputy Registrar of Securities
Telephone: (867) 920-8984

Nunavut

Legal Registries Division
Department of Justice
Government of Nunavut
P.O. Box 1000 Station 570
Iqaluit, NU X0A 0H0
Attention: Deputy Registrar of Securities
Telephone: (867) 975-6190

Ontario

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: FOI Coordinator
Telephone: (416) 593-8314

Prince Edward Island

Securities Registry
Office of the Attorney General B Consumer, Corporate and
Insurance Services Division
P.O. Box 2000
Charlottetown, PE C1A 7N8
Attention: Deputy Registrar of Securities
Telephone: (902) 368-4569

Québec

Autorité des marchés financiers
Stock Exchange Tower
P.O. Box 246, 22nd Floor
800 Victoria Square
Montréal, PQ H4Z 1G3
Attention: Responsable de l'accès à l'information
Telephone: (514) 395-0337 or (877) 525-0337 (in Québec)

Saskatchewan

Saskatchewan Financial Services Commission
800 B1920 Broad Street
Regina, SK S4P 3V7
Attention: Director
Telephone: (306) 787-5842

Yukon

Department of Community Services Yukon
P.O. Box 2703
Whitehorse, YU Y1A 2C6
Attention: Registrar of Securities
Telephone: (867) 667-5225

**PROPOSED FORM 33-506F7
NOTICE OF REINSTATEMENT
OF REGISTERED INDIVIDUALS AND PERMITTED INDIVIDUALS**

You are only permitted to use this form if, since leaving your former sponsoring firm, there have been no changes to the information you previously provided in respect of Items 13 (Regulatory Disclosure), 14 (Criminal Disclosure), 15 (Civil Disclosure) and 16 (Financial Disclosure) of your Form 33-109F4.

In this form, “you”, “your” and “applicant” means the person who is submitting this form.

“Former sponsoring firm” means the registered firm where you most recently carried out duties as a registered or permitted individual.

“New sponsoring firm” means the registered firm where you will commence carrying out duties as a registered or permitted individual upon the transfer of your registration.

Several terms used in this form are defined in the Form 33-109F4 *Application for registration of individuals and review of permitted individuals* that you submitted when first becoming registered or elsewhere in the securities legislation of your province or territory. Please refer to those definitions.

[*Online version*] If you have questions, please contact an authorized officer of your sponsoring firm or a legal adviser, or visit the national registration database (NRD) information website at www.nrd-info.ca.

[*Paper version*] Complete this form if you are relying on the temporary hardship exemption in NI 31-102. Otherwise, complete and submit this form online at the national registration database (NRD) website at www.nrd.ca.

Failure to answer all applicable questions may cause delays in the processing of your reinstatement.

Item 1 – Name

1. **NRD number:** _____
2. **Legal name**

| | | | |
|-----------|------------|---|--|
| Last Name | First Name | Second Name (N/A <input type="checkbox"/>) | Third Name (N/A <input type="checkbox"/>) |
|-----------|------------|---|--|

3. **Date of Birth** (YYYY/MM/DD):

4. **Business names**

Are you currently operating under or carrying on business under any name (e.g., trade names, team names) other than the name(s) mentioned above, or do you intend to do so?

Yes No

If “yes”, complete Schedule A

Item 2 – Address and agent for service

1. **Address for service**

You must have one address for service in each province or territory where you are submitting this form. A post office box is not an acceptable address for service. A residential address is acceptable. Complete Schedule B for each additional address for service you are providing.

Address for service:

(number, street, city, province or territory, postal code)

Request for Comments

Telephone number _____ Fax number, if applicable _____

E-mail address, if available _____

2. Agent for service

If you have appointed an agent for service, provide the following information for the agent in each province or territory where you have an agent for service. The address of your agent for service must be the same as the address for service above. If your agent for service is a firm, also provide the name of your contact person.

Name for agent for service:

Contact person:

Last name, First name

Item 3 – Passport/National Registration System

Is this submission being filed under Passport/National Registration System

Yes No

Item 4 – Registration jurisdictions

Indicate, by checking the appropriate box, each province or territory to which you are submitting this form:

- Alberta
- British Columbia
- Manitoba
- New Brunswick
- Newfoundland and Labrador
- Northwest Territories
- Nova Scotia
- Nunavut
- Ontario
- Prince Edward Island
- Québec
- Saskatchewan
- Yukon

Item 5 – Individual categories

Indicate, by checking the appropriate box in Schedule C, each registration category for which you are being reinstated. If you are a permitted individual, indicate each category that describes your position with your sponsoring firm.

Item 6 – Previous employment

Provide the following information for your former sponsoring firm.

Name: _____

NRD location number: _____

Date on which you ceased to be authorized to act on behalf of your former sponsoring firm as a registered individual or permitted individual (YYYY/MM/DD): _____

The reason why you left your former sponsoring firm:

Item 7 – Resignations and terminations

Did you resign or were you terminated or discharged by your former sponsoring firm for just cause following allegations that you:

a) Violated any statutes, regulations, rules or standards of conduct?

Yes No

If "Yes", complete Schedule D

b) Failed to supervise compliance with any statutes, regulations, rules or standards of conduct?

Yes No

c) Committed fraud or the wrongful taking of property, including theft?

Yes No

If "Yes", complete Schedule D

Item 8 – New sponsoring firm and other business or employment

Name of your new sponsoring firm: _____

On Schedule E, provide the information requested for your employment activities with your new sponsoring firm and, if applicable, your other business or employment activities.

Item 9 – Location of employment

Provide the following information for your new sponsoring firm. If you will be working out of more than one location, provide the following information for the location out of which you will be doing most of your business.

NRD location number: _____

Unique Identification Number (optional): _____

Branch Transit number/Cost Centre number, if applicable: _____

Business address:

(number, street, city, province, territory or state, country, postal code)

Telephone number: (____) _____ Fax number: (____) _____

[The following is for the paper version only]

Type of Location: Head Office Branch Sub-branch

Name of Branch Manager: _____

Effective date: _____

Check here if the mailing address of the location is the same as the business address provided above. Otherwise, complete the following:

Mailing address:

(number, street, city, province, territory or state, country, postal code)

Request for Comments

Date on which you will become authorized to act on behalf of the firm as a registered individual or permitted individual (YYYY/MM/DD): _____

Item 10 – Ownership of securities firms

Are you now, or have you ever been, a partner or major shareholder of any firm (including your sponsoring firm) whose business is trading in or advising on securities or derivatives?

Yes No

If “Yes”, complete Schedule F

Acknowledgements etc.

By submitting this form, you acknowledge that the submission to jurisdiction, consent to collection and use of personal information, and authorization in respect of SROs (to the extent applicable) that you provided in your Form 33-109F4 remain in effect and extend to this form.

You acknowledge that you are required to notify the regulator of changes to any information previously submitted in Form 33-109F4 and confirm that as of the date of submitting this form, there is no unreported change to my Form 33-109F4 information. Confirm, by checking the boxes, there has been no change to the following disclosure items:

- Regulatory disclosure
- Criminal disclosure
- Civil disclosure
- Financial disclosure

You further acknowledge and agree that if you are applying for reinstatement of your registration and it was subject to any undischarged terms and conditions when you left your former sponsoring firm, those terms and conditions will remain in effect at your new sponsoring firm.

It is an offence under securities and/or derivatives legislation to provide false or misleading information on this form.

[Online version]

Certification

I am making this submission as agent for the applicant. By checking this box, I certify that the applicant provided me with all of the information on this form.

[Paper version]

Signatures

Applicant

By signing below, you confirm that:

- you have read and understand the questions in this form
- you understand that it is an offence under the securities and/or derivatives legislation to provide false or misleading information on this form
- all of the information provided on this form is true.

Signature of applicant _____

Date signed (YYYY/MM/DD) _____

Request for Comments

New sponsoring firm by an authorized partner or officer

By signing below, you confirm that:

- the applicant will be engaged by the new sponsoring firm as a registered individual or a permitted individual
- you have discussed the questions set out in this form with the applicant and are satisfied that he or she fully understands the questions
- the new sponsoring firm acknowledges and agrees that if the individual is applying for reinstatement of his or her registration and it was subject to any undischarged terms and conditions when the individual left the former sponsoring firm, those terms and conditions will remain in effect and the new sponsoring firm will assume any ongoing obligations that apply to the sponsoring firm of the registrant under those terms and conditions.

Name of firm

Name of authorized signing officer

Title of authorized signing officer

Signature

Date signed (YYYY/MM/DD)

SCHEDULE B

Address and agent for service

1. Address for service

You must have one address for service in each province or territory in which you are now, or are applying to become, a registered individual or permitted individual. A post office box is not an acceptable address for service.

Address for service:

_____ (number, street, city, province or territory, postal code)

Telephone number: (____) _____ Fax number: (____) _____

E-mail address: _____

2. Agent for service

If you have appointed an agent for service, provide the following information for the agent. The address for service provided above must be the address of the agent named below.

Name of agent for service: _____
(if applicable)

Contact person:

_____ Last name, First name

SCHEDULE C

Individual Categories

Categories Indicate, by checking the appropriate box, each category for which you are applying.

Firm Categories Common to all Jurisdictions

Under which firm category(ies) are you applying?

- Investment Dealer
- Mutual Fund Dealer
- Scholarship Plan Dealer
- Exempt Market Dealer
- Restricted Dealer
- Portfolio Manager
- Restricted Portfolio Manager
- Investment Fund Manager

Registration Categories and Permitted Activities

- Dealing Representative
- Advising Representative
- Associate Advising Representative
- Ultimate Designated Person
- Chief Compliance Officer
- Officer
- Director
- Partner
- Shareholder
- Branch Manager (MFDA members only)
- Supervisor (IDA members only)

Firm Categories Unique to Ontario

Under which firm category(ies) are you applying?

- Commodity Trading Adviser
- Commodity Trading Counsel
- Commodity Trading Manager
- Futures Commission Merchant

Registration Categories and Permitted Activities

- Advising Representative
- Salesperson
- Branch Manager
- Officer

Request for Comments

- Director
- Partner
- Shareholder
- Supervisor (IDA members only)

Firm Categories Unique to Manitoba**Under which firm category(ies) are you applying?**

- Dealer (Merchant)
- Dealer (Futures Commission Merchant)
- Dealer (Floor Broker)
- Adviser

Registration Categories and Permitted Activities

- Floor Trader
- Floor Broker
- Salesperson
- Branch Manager
- Adviser
- Officer
- Director
- Partner
- Supervisor (IDA members only)

Investment Dealers Association of Canada – Additional Information**Approval Categories**

- Executive
- Director (Non-Industry)
- Supervisor
- Investor
- Registered Representative
- Investment Representative
- Trader

Designated Persons

- Chief Compliance Officer
- Chief Financial Officer
- Ultimate Designated Person
- Designated Registered Options Principal
- Designated Registered Futures Options Principal

Trading Activity

- Non-Trading
- Equities
- Options
- Futures
- Mutual Funds only
- Portfolio Management
- Portfolio Management (Supervised)

Account Type

- Retail
- Non-Retail
- Not Applicable

SCHEDULE D

Resignations and terminations

- a) For each allegation that you violated statutes, regulations, rules or standards of conduct, indicate below the circumstances relating to your resignation, termination or discharge for just cause.

- b) For each allegation that you failed to supervise compliance with statutes, regulations, rules or standards of conduct, indicate below the circumstances relating to your resignation, termination or discharge for just cause.

- c) For each allegation that you committed fraud or the wrongful taking of property, including theft, indicate below the circumstances relating to your resignation, termination or discharge for just cause.

SCHEDULE E

New sponsoring firm and other business or employment

[Online version]

- Check here if your employment is with your new sponsoring firm. If not, you are required to provide the firm name and address information:

Name of business or employer: _____

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of your immediate supervisor: _____

For your sponsoring firm, include the duties you currently perform and intend to perform.

Describe all other employment or business activities related to this employer or business, whether or not the activities are related to investments. Include the nature of the business, your duties, start date, title or relationship with the business (including director or officer positions).

Indicate the number of hours per week you will be devoting to this business or employment.

- Check here if you are working more than 30 hours per week for the sponsoring firm. Otherwise, explain why you are working less than 30 hours per week for the sponsoring firm.

Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your proposed activities as a registrant with affiliated or unaffiliated sponsoring firm(s) and with the other business described above (include whether the other business is listed on an exchange). Confirm whether the firm has procedures for minimizing potential conflicts of interest and confirm that you are aware of these procedures.

[Paper version]

For your new sponsoring firm, provide the following information:

Address of head office:

(number, street, city, province, territory or state, country)

Name and title of your immediate supervisor: _____

The duties you intend to perform:

Will you be working more than 30 hours per week for your new sponsoring firm? If not, explain why:

Request for Comments

Will you be working for any other employer or engaged in any other business activities? If so, provide the following information for each other employer or business:

Name of business or employer: _____

Address of business or employer:

(number, street, city, province, territory or state, country)

Name and title of your immediate supervisor: _____

The duties you currently perform and intend to perform:

Describe all employment or business activities related to this employer or business, whether or not the activities are related to investments. Include the nature of the business, your duties, start date, title or relationship with the business (including director or officer positions):

Indicate the number of hours per week you will be devoting to this business or employment.

Disclose any potential for confusion by clients and any potential for conflicts of interest arising from your activities as a registrant with affiliated or unaffiliated sponsoring firm(s) and with the other employment or business described above (include whether the other employment or business is listed on an exchange). Confirm whether the firm has procedures for minimizing potential conflicts of interest and confirm that you are aware of these procedures.

SCHEDULE F

Ownership of securities firms

Provide details of ownership that include class, voting percentage, type and number of shares:

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

**COMPANION POLICY 33-506CP
TO ONTARIO SECURITIES COMMISSION RULE 33-506
(COMMODITY FUTURES ACT) REGISTRATION INFORMATION**

PART 1 PURPOSE

1.1 Purpose – The purpose of Ontario Securities Commission Rule 33-506 (*Commodity Futures Act*) *Registration Information* (“Rule 33-506”) is to consolidate and harmonize requirements regarding the initial submission of registration information and the updating of that information.

PART 2 REINSTATEMENT

2.1 Reinstatement

- (1) If an individual joins a new sponsoring firm within 90 days of leaving registered employment and is seeking registration in the same category as previously held, the individual’s registration will be automatically reinstated. This means that an individual who transfers directly from one sponsoring firm to another may start engaging in activities requiring registration from the first day with the new sponsoring firm, if a completed Form 33-506F7 has been filed. This process does not apply, however, if after the leaving his or her former sponsoring firm, the individual has become insolvent or the subject of criminal charges or civil claims, or involved in an incident of regulatory non-compliance.
- (2) Despite automatic reinstatement or any other procedure, maintaining suitability for registration is an ongoing requirement and the regulator has discretionary authority to suspend or revoke an individual’s registration or restrict it with terms and conditions at any time. The regulator may do this, for example, if it receives information through the notice of termination or other sources that causes it to question the individual’s continued suitability for registration. Individuals will be given an opportunity to be heard before a decision is made to suspend or revoke registration or to impose terms and conditions.
- (3) If the individual joins another sponsoring firm more than 90 days after leaving registered employment, the new sponsoring firm will have to file an application for reinstatement of registration for the individual. This process is referred to as a “reactivation” and involves updating the individual’s Form 33-506F4 information. The same process applies in the case of an individual who, after leaving his or her former sponsoring firm has become insolvent or the subject of criminal charges or civil claims, or involved in an incident of regulatory non-compliance, even if fewer than 90 days have passed since the individual left his or her former employer. In both cases, the individual may not conduct activities requiring registration until the regulator has reinstated registration.

PART 3 BUSINESS LOCATIONS

3.1 Business Locations – The Commission is of the view that a business location for a registered firm, or a person or company that is applying for registration, is a location within the jurisdiction, including a residence, where a firm’s registered individuals are based for the purpose of carrying out registerable activity.

PART 4 NOTICE OF CHANGES

4.1 Bulk Transfer of Locations and Individuals

- (1) If a registered firm is acquiring a large number of business locations (for example, as a result of an amalgamation or asset purchase) from one or more other registered firms that are located in the same jurisdictions and registered in the same categories as the acquiring firm, and if a significant number of individuals are associated on NRD with the locations, the Commission will consider exempting the firms and individuals involved in the transaction from the following requirements:
 1. the requirement to submit a notice regarding the termination of each employment, partner, or agency relationship under section 4.3 of Rule 33-506.
 2. the requirement to submit a registration application for each individual applying to become a registered individual under section 2.2 of Rule 33-506.
 3. the requirement to submit a Form 33-506F4 for each non-registered individual under section 3.3 of Rule 33-506.

4. the requirement under section 3.1 of Rule 33-506 to notify the regulator of a change to the business location information in Form 33-506F3.
- (2) In order to exempt the firms and individuals involved in the transaction from the requirements set out above, the application should include the following information:
 - (a) the name and NRD number of the registered firm that will acquire control of the business locations;
 - (b) for each registered firm that is transferring control of the business locations,
 - (i) the name and NRD number of the registered firm;
 - (ii) the address and NRD number of each business location that is being transferred from the registered firm named in (b)(i) to the registered firm named in (a); and
 - (c) the date that the business locations and individuals will be transferred to the registered firm named in (a).
 - (3) To facilitate the processing of the exemption application, the applicant may put the information referred to in subsection (2) in the form set out in Appendix A to this Companion Policy.
 - (4) This exemption application should be submitted by the registered firm that will acquire control of the business locations at the closing of the transaction and should be submitted sufficiently in advance of the date on which the business locations are to be transferred (the "transfer date"). The Commission is of the view that submitting the application at least 30 days prior to the transfer date is sufficient.
 - (5) In addition to any application fee, it is likely that the payment of a fee will be a condition of this type of exemption order and that the fee will be related to the number of registered firms, business locations, registered individuals, and permitted individuals involved in the transaction.
 - (6) If the exemption is granted, as soon as practicable after the transfer date, the regulator will instruct the NRD administrator to indicate the transfer of the business locations, the registered individuals, and the permitted individuals on NRD.
 - (7) Bulk transfers involving firms that are registered in different categories or different jurisdictions may need to take additional steps. Firms involved in such a transaction should contact the applicable regulators to discuss what steps are required to allow the firms to use the bulk transfer process described above.

4.2 Notifying the Regulator About Changes in Information – The requirements in sections 3.1 and 4.1 of Rule 33-506 apply to all information submitted in Form 33-506F6 and Form 33-506F4. For example, Form 33-506F6 asks for certain information dating back 10 years from the date of the form. If that information changes after the date of the form, the firm must notify the regulator about the change in that information. As another example, Form 33-506F6 asks the firm to provide certain agreements. If the firm executes such an agreement after the date of the form, it must provide the regulator with a copy of that agreement.

PART 5 DUE DILIGENCE

5.1 Sponsoring Firm Obligations

- (1) The Commission is of the view that the reasonable efforts firms are required to undertake in Part 5 of Rule 33-506 include
 - (a) establishing written policies and procedures relating to the investigation of an individual prior to submitting a Form 33-506F4 on behalf of the individual; and
 - (b) ensuring that the review of an individual pursuant to these policies and procedures is documented;
 - (c) regularly reminding registered individuals and permitted individuals about their disclosure obligations under Rule 33-506, such as notifying the regulator about changes to information; and
 - (d) correcting any incorrect or deficient information submitted in a Form 33-506F7 as soon as practicable and normally within five days of the securities regulatory authority or regulator communicating with the NRD filer to identify the incorrect or deficient information.

- (2) The purpose of subsection 5.1(2) of Rule 33-506 is to assist sponsoring firms in complying with their obligation under subsections 5.1(1) of Rule 33-506.

5.2 Form 33-506F1

- (1) If a sponsoring firm has not obtained the most recent Form 33-506F1 or termination notice according to section 5.1(2) of Rule 33-506, as a last resort the sponsoring firm should ask the individual to request it from the regulator.
- (2) Registered firms should make a practice of providing individuals with the Form 33-506F1 upon termination of employment.
- (3) The information in Part E *Further Details* of Form 33-506F1 will assist sponsoring firms in making their decision whether to hire the registered individual or permitted individual. However, we acknowledge that the individual may be hired before the sponsoring firm receives the information in Part E of Form 33-506F1. The sponsoring firm will typically receive this information during the individual's probation period, which should allow the sponsoring firm to act accordingly on that information.

PART 6 SECURITIES ACT SUBMISSIONS

6.1 If a person or company is required to make a submission under both National Instrument 33-109 and Rule 33-506 with respect to the same information, the Commission is of the view that a single filing on a form required under either rule satisfies both requirements.

PART 7 FORMS

7.1 Forms

- (1) A registered firm submits Form 33-506F1 – *Notice of Termination* to notify the regulator of a termination of an employment, partner, or agency relationship with a registered individual or a permitted individual, other than a shareholder.
- (2) Both registered individuals and permitted individuals use Form 33-506F2 – *Change or Surrender of Individual Categories*. A registered individual changing or surrendering a registration category in one or more jurisdictions submits to the regulator a completed Form 33-506F2. A permitted individual applying to become a registered individual with the same registered firm submits to the regulator a completed Form 33-506F2.
- (3) Form 33-506F3 – *Business Locations other than Head Office* is used by applicants as a dealer, adviser or investment fund manager to inform the regulator of all business locations other than the head office, and by registered firms opening or closing business locations, or changing the information previously submitted about a business location.
- (4) Form 33-506F4 – *Application for Registration of Individuals and Review of Permitted Individuals* is the application for registration for an individual and for the review of a permitted individual.
- (5) Form 33-506F5 – *Change of Registration Information in Form 33-506F4* is submitted to notify a regulator of changes to Form 33-506F4 or Form 33-506F6.
- (6) Form 33-506F6 – *Application for Dealer, Adviser or Investment Fund Manager for Securities and/or Derivatives* is the application for registration as a dealer, adviser or investment fund manager.
- (7) Form 33-506F7 – *Notice of Reinstatement of Registered Individuals and Transfer of Permitted Individuals* is used by registered individuals to provide notice of automatic reinstatement in accordance with section 2.3 of Rule 33-506. It is also used for transferring permitted individuals.

Appendix A

Request for NRD Bulk Transfer of Business Locations

This is an application for exemption under National Instrument 33-109.

A) Registered firm that will acquire the business locations

Name: _____

Firm NRD number _____

B) Registered firm transferring the business locations

Name: _____

Firm NRD number: _____

Business locations that will be transferred

Address of business location: _____

NRD number of business location: _____

Address of business location: _____

NRD number of business location: _____

(Repeat for each business location as necessary.) _____

C) Date that business locations will be transferred: _____

Unofficial Consolidation – February 29

The document is an unofficial consolidation of all proposed amendments to Rule 31-509 current to February 29, 2008. This document is for reference purposes only and is not an official statement of the law.

**ONTARIO SECURITIES COMMISSION RULE 31-509
(COMMODITY FUTURES ACT) NATIONAL REGISTRATION DATABASE**

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- 2.1 Registration Information

PART 3 MAKING NRD SUBMISSIONS

- 3.1 NRD Submissions
- 3.2 Ongoing Firm Filer Requirements

PART 4 PAYMENT OF FEES THROUGH NRD

- 4.1 Payment of Submission Fees
- 4.2 Payment of Annual Registration Fees
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- 4.4 Payment of Late Filing Fees
- 4.5 Exemption for Registrants not Resident in Canada

PART 5 TEMPORARY HARDSHIP EXEMPTION

- 5.1 Temporary Hardship Exemption

PART 6 EXEMPTION

- 6.1 Exemption

ONTARIO SECURITIES COMMISSION RULE 31-509
(COMMODITY FUTURES ACT) NATIONAL REGISTRATION DATABASE
PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions – In this Rule

"authorized firm representative" or "AFR" means, for a firm filer, an individual with his or her own NRD user ID and who is authorized by the firm filer to submit information in NRD format for that firm filer and individual filers with respect to whom the firm filer is the sponsoring firm;

"chief AFR" means, for a firm filer, an individual who is an AFR and has accepted an appointment as a chief AFR by the firm filer;

"firm filer" means a person or company that is required under Ontario commodity futures law to make an NRD submission in accordance with this Rule and that is registered as, or has applied for registration as, a dealer or adviser;

"individual filer" means an individual that is required under Ontario commodity futures law to make an NRD submission in accordance with this Rule;

"National Registration Database" or "NRD" means the online electronic database of registration information regarding NRD filers and includes the computer system providing for the transmission, receipt, review and dissemination of that registration information by electronic means;

"NRD account" means an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit;

"NRD administrator" means CDS INC. or a successor appointed by the securities regulatory authority to operate NRD;

"NRD filer" means an individual filer or a firm filer;

"NRD format" means the electronic format for submitting information through the NRD website;

"NRD number" means the unique number first generated by NRD to identify an NRD filer, a non-registered individual, or a business location;

"NRD submission" means information that is submitted under Ontario commodity futures law in NRD format, or the act of submitting information under Ontario commodity futures law in NRD format, as the context requires;

"NRD website" means the website operated by the NRD administrator for the NRD submissions;

"Rule 33-506" means "Rule 33-506 (*Commodity Futures Act*) Registration Information";

1.2 Interpretation – Terms defined in Rule 33-506 and used in this Rule have the respective meanings ascribed to those terms in Rule 33-506.

PART 2 INFORMATION TO BE SUBMITTED IN NRD FORMAT

2.1 Registration Information- A person or company that is required to submit any of the following to the Commission or the Director must make the submission in NRD format:

1. Form 33-506F1;
2. Form 33-506F2;
3. Form 33-506F3;
4. Form 33-506F4 or a change to any information previously submitted in respect of Form 33-506F4;
5. Form 33-506F5;
6. Form 33-506F7.

PART 3 MAKING NRD SUBMISSIONS

3.1 NRD Submissions

- (1) An NRD filer that is required under Ontario commodity futures law to submit information in NRD format must make that NRD submission
 - (a) through the website;
 - (b) using the NRD number of the NRD filer, non-registered individual, or business location; and
 - (c) in accordance with this Rule.
- (2) A requirement in Ontario commodity futures law relating to the format in which a document or other information to be submitted must be printed, or specifying the number of copies of a document that must be submitted, does not apply to an NRD submission required to be made in accordance with this Rule.
- (3) An NRD filer making an NRD submission must make the NRD submission through an AFR.

3.2 Ongoing Firm Filer Requirements – A firm filer must

- (a) be enrolled with the NRD administrator to use NRD;
- (b) have one and no more than one chief AFR enrolled with the NRD administrator;
- (c) maintain one and no more than one NRD account;
- (d) notify the NRD administrator of the appointment of a chief AFR within 5 business days of the appointment;
- (e) notify the NRD administrator of any change in the name, telephone number, or e-mail address of the firm's chief AFR within 5 business days of the change; and
- (f) submit any change in the name of an AFR, other than the firm's chief AFR, in NRD format within 5 business days of the change.

PART 4 PAYMENT OF FEES THROUGH NRD

4.1 Payment of Submission Fees

- (1) If a fee is required with respect to an NRD submission, a firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.2 Payment of Annual Registration Fees

- (1) If a firm filer is required to pay an annual registration fee, the firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.3 Payment of NRD User Fees – Annual

- (1) If a firm filer is required to pay an annual NRD user fee, the firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.4 Payment of Late Filing Fees

- (1) If a firm filer is required to pay late filing fees because of an activity that creates a submission on NRD, the firm filer must pay the required fee by electronic pre-authorized debit through NRD.

- (2) A payment under subsection (1) must be made from the firm filer's NRD account.

4.5 Exemption for Registrants not Resident in Canada – Sections 3.2(c), 4.1, 4.2, 4.3 and 4.4 do not apply to a registered firm that

- (a) has no business office in a jurisdiction in Canada;
- (b) does not have an account with a member of the Canadian Payments Association;
- (c) is not an affiliate of a registered firm resident in a jurisdiction in Canada; and
- (d) pays the fees referred to in sections 4.1 to 4.4 to the NRD administrator within 10 business days of the date the payment is due.

PART 5 TEMPORARY HARDSHIP EXEMPTION

5.1 Temporary Hardship Exemption

- (1) If unanticipated technical difficulties prevent an NRD filer from making a submission in NRD format within the time required under Ontario commodity futures law, the NRD filer is exempt from the requirement to make the submission within the required time period, if the NRD filer makes the submission in paper format or NRD format no later than 5 business days after the day on which the information was required to be submitted.
- (2) Form 33-506F5 is the paper format for submitting a notice of a change to Form 33-506F4 information.
- (3) If unanticipated technical difficulties prevent an individual filer from submitting an application in NRD format, the individual filer may submit the application in paper format.
- (4) If an NRD filer makes a paper format submission under this section, the NRD filer must include the following legend in capital letters at the top of the first page of the submission:

IN ACCORDANCE WITH SECTION 5.1 OF ONTARIO SECURITIES COMMISSION RULE 31-509 NATIONAL REGISTRATION DATABASE (NRD), THIS [SPECIFY DOCUMENT] IS BEING SUBMITTED IN PAPER FORMAT UNDER A TEMPORARY HARDSHIP EXEMPTION.
- (5) If an NRD filer makes a paper format submission under this section, the NRD filer must resubmit the information in NRD format as soon as practicable and in any event within 10 business days after the unanticipated technical difficulties have been resolved.

PART 6 EXEMPTION

- 6.1 Exemption** – The Director may grant an exemption from this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

**COMPANION POLICY 31-509CP TO
ONTARIO SECURITIES COMMISSION RULE 31-509
(COMMODITY FUTURES ACT) NATIONAL REGISTRATION DATABASE**

PART 1 PURPOSE

- 1.1 **Purpose-** The purpose of Ontario Securities Commission Rule 31-509 (*Commodity Futures Act*) *National Registration Database* ("Rule 31-509") is to establish requirements for the electronic submission of registration information through NRD.

PART 2 PRODUCTION OF NRD FILINGS

- 2.1 The *Commodity Futures Act* contains a requirement to produce or make available an original or certified copy of information filed under the Act. The Commission considers that it may satisfy such a requirement in the case of information filed in NRD format by providing a printed copy or other output of the information in readable form that contains or is accompanied by a certification by the Director that the printed copy or output is a copy of the information filed in NRD format.

PART 3 DATE OF FILING

- 3.1 The Commission takes the view that information filed in NRD format is, for purposes of Ontario commodity futures law, filed on the day that the transmission of the information to NRD is completed.

PART 4 OFFICIAL COPY OF NRD FILINGS

- 4.1 For purposes of Ontario commodity futures law, the Commission takes the view that the official record of any information filed in NRD format by an NRD filer is the electronic information stored in NRD.

PART 5 AUTHORIZED FIRM REPRESENTATIVE AS AGENT

- 5.1 The Commission is of the view that when making an NRD submission an AFR is an agent of the firm or individual to whom the filing relates.

PART 6 ONGOING FIRM FILER REQUIREMENTS

- 6.1 The Commission expects that firm filers will follow the processes set out in the NRD Filer Manual to (a) enroll with the NRD administrator, (b) keep their enrolment information current, and (c) keep their NRD account information current.

PART 7 SECURITIES ACT SUBMISSIONS

- 7.1 If a person or company is required to make a submission under both National Instrument 31-102 and Rule 31-509 with respect to the same information, the Commission is of the view that a single filing on a form required under either rule satisfies both requirements.

**AMENDMENTS TO
ONTARIO SECURITIES COMMISSION RULE 31-509
(COMMODITY FUTURES ACT) NATIONAL REGISTRATION DATABASE**

5. ***Ontario Securities Commission Rule 31-509 (Commodity Futures Act) National Registration Database is amended by this Instrument***
6. ***The table of contents is amended***
- a. ***by adding the following after “4.3 Payment of NRD User Fees – Annual”:***
- 4.4 Payment of Late Filing Fees
- 4.5 Exemption for Registrants not Resident in Canada, ***and***
- b. ***by striking out the following:***
- PART 7 TRANSITION
- 7.1 Definitions
- 7.2 NRD Enrolment for Transition Firms
- 7.3 Accuracy of Business Location Information
- 7.5 Individual Included in the Data Transfer
- 7.6 Individual not included in the Data Transfer
- 7.7 Changes to Form 7 Information – Registered Individuals
- 7.8 Changes to Form 7 Information – Non-registered Individuals
- 7.9 Pending Application to Change Individual’s Registration Category
- 7.10 Currency of Form 33-506F4
- 7.11 Termination or Cessation of Relationship
- PART 8 EFFECTIVE DATE
- 8.1 Effective Date.
7. ***Section 2.1 is amended***
- a. ***in item 4 by striking out “in respect of Form 33-506F4.” and substituting “in respect of Form 33-506F4;”, and***
- b. ***by adding the following after item 4:***
5. Form 33-506F5;
6. Form 33-506F7.
8. ***Section 3.2(e) is repealed and the following is substituted:***
- (e) notify the NRD administrator of any change in the name, telephone number, or e-mail address of the firm’s chief AFR within 5 business days of the change; and
9. ***The following is added after section 4.3:***
- 4.4 Payment of Late Filing Fees
- (1) If a firm filer is required to pay late filing fees because of an activity that creates a submission on NRD, the firm filer must pay the required fee by electronic pre-authorized debit through NRD.
- (2) A payment under subsection (1) must be made from the firm filer's NRD account.
- 4.5 Exemption for Registrants not Resident in Canada – Sections 3.2(c), 4.1, 4.2, 4.3 and 4.4 do not apply to a registered firm that
- (a) has no business office in a jurisdiction in Canada,

Request for Comments

- (b) does not have an account with a member of the Canadian Payments Association,
- (c) is not an affiliate of a registered firm resident in a jurisdiction in Canada, and
- (d) pays the fees referred to in sections 4.1 to 4.4 to the NRD administrator within 10 business days of the date the payment is due.

10. *Part 7 is repealed.*

11. *Part 8 is repealed.*

8. *This Instrument comes into force on ●.*

6.4.1 NI 31-103 Registration Requirements – Summary of Comments received by June 30, 2007

The Summary of Comments is published online at the following:

<http://www.osc.gov.on.ca>

[http:// www.rrp-info.ca](http://www.rrp-info.ca)

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 Purchase | Issuer/Security | Total Purchase Price (\$) | No of Securities Distributed |
|--------------------------|----------------|---|---------------------------|------------------------------|
| 02/18/2008 | 19 | 20/20 Diversified Income Trust - Units | 242,100.00 | 269.00 |
| 11/30/2007 | 1 | Abitibi Mining Corp. - Units | 50,000.00 | 357,142.00 |
| 02/05/2008 | 15 | AMADOR GOLD CORP. - Common Shares | 140,000.00 | 600,000.00 |
| 02/13/2008 | 75 | Amarone Oil & Gas Ltd. - Units | 13,284,604.00 | N/A |
| 02/12/2008 | 1 | Arbor Networks, Inc. - Common Shares | 6,978.63 | 1,836.48 |
| 02/12/2008 | 1 | Arbor Networks, Inc. - Preferred Shares | 11,887,985.82 | 2,562,065.91 |
| 11/27/2007 to 12/03/2007 | 7 | Archer Education Group Inc. - Unit | 1,075,000.00 | N/A |
| 12/01/2007 to 12/31/2007 | 123 | Ark Fund Management Ltd. - Units | 3,469,726.93 | 7.00 |
| 02/05/2008 | 1 | Bankers Petroleum Ltd. - Common Shares | 49,999,999.50 | 55,555,555.00 |
| 02/08/2008 | 7 | Bell Resources Corporation - Flow-Through Units | 1,000,000.00 | 2,000,000.00 |
| 02/08/2008 | 11 | Bighorn Petroleum Ltd. - Units | 232,500.00 | 465,000.00 |
| 01/01/2007 to 11/01/2007 | 2 | Bridgewater Pure Alpha Fund II Ltd - Common Shares | 350,817,066.00 | 338,358.51 |
| 10/01/2007 to 10/31/2007 | 1 | Bridgewater Pure Alpha Funds Ltd. - Common Shares | 10,961,241.86 | 5,979.95 |
| 01/01/2008 to 01/31/2008 | 6 | Canadian Arrow Mines Limited - Common Shares | 3,117,000.04 | 5,757,143.00 |
| 02/12/2008 | 85 | Canplats Resources Corporation - Units | 15,750,000.00 | 7,000,000.00 |
| 11/23/2007 | 1 | Carthew Bay Technologies Inc. - Common Shares | 5,595.68 | 254,349.00 |
| 02/15/2008 | 2 | Chateauguay Multisport Complex LP - Units | 1,000,000.00 | 1,000.00 |
| 02/20/2008 | 1 | Cidel Bank & Trust Inc. - Common Shares | 5,604,500.00 | 1,718,750.00 |
| 12/31/2007 | 6 | Claim Lake Resources Inc. - Flow-Through Units | 65,500.00 | 436,667.00 |
| 02/11/2008 to 02/15/2008 | 4 | CMC Markets Canada Inc. - Contracts for Differences | 16,200.00 | 4.00 |
| 04/02/2007 to 06/30/2007 | 3 | DCI Long/Short Credit Feeder PLC - Common Shares | 38,597,500.00 | 344,000.00 |
| 02/06/2008 | 6 | Diagnos Inc. - Common Shares | 3,000,000.00 | 5,000,000.00 |
| 02/07/2008 | 13 | Digifonica International Inc. - Units | 1,829,100.00 | 1,407,000.00 |

Notice of Exempt Financings

| Transaction Date | No of Purchase | Issuer/Security | Total Purchase Price (\$) | No of Securities Distributed |
|--------------------------|-----------------------|---|----------------------------------|-------------------------------------|
| 01/31/2008 | 2 | E-House China Holdings Limited - American Depository Shares | 570,752.90 | 33,500.00 |
| 02/13/2008 | 1 | Earth Class Mail Corporation - Preferred Shares | 26,756.58 | 26,778.00 |
| 12/01/2007 to 12/13/2007 | 74 | Edgestone Capital Energy Fund L.P. - Limited Partnership Interest | 6,475,000.00 | 0.00 |
| 01/01/2007 to 12/31/2007 | 1 | Elliott & Page Generation Wave Fund - Units | 51,107.40 | 2,502.12 |
| 12/31/2007 | 44 | Enviromena Power Systems - Special Warrants | 3,042,425.00 | 12,169,700.00 |
| 02/11/2008 | 2 | Evergreen Solar, Inc. - Common Shares | 2,142,000.00 | 225,000.00 |
| 02/12/2008 | 1 | Excalibur Limited Partnership - Limited Partnership Units | 199,260.00 | 0.72 |
| 02/06/2008 to 02/12/2008 | 2 | First Leaside Fund - Units | 649,425.00 | 649,425.00 |
| 10/01/2007 | 1 | FrontPoint Offshore Financial Services Fund, Ltd. - Units | 2,381,453.80 | 2,398.00 |
| 01/01/2007 to 02/01/2007 | 2 | FrontPoint Offshore Healthcare Fund 2X, L.P. - Limited Partnership Interest | 12,927,300.00 | N/A |
| 01/01/2007 to 11/01/2007 | 1 | FrontPoint Offshore Healthcare Fund, Ltd. - Units | 14,809,945.20 | 13,861.00 |
| 02/01/2007 to 12/01/2007 | 1 | FrontPoint Offshore Japan Fund Ltd - Units | 2,535,026.40 | 2,533.00 |
| 02/01/2007 to 07/01/2007 | 1 | FrontPoint Offshore Multi-Strategy Fund Series A, Ltd. - Units | 2,604,436.70 | 2,357.00 |
| 01/01/2007 to 11/01/2007 | 1 | FrontPoint Offshore Utility and Energy Fund, Ltd. - Units | 5,475,677.70 | 5,039.00 |
| 12/01/2007 | 3 | FrontPoint Onshore Enhanced Alpha Fund I, L.P. - Limited Partnership Interest | 4,002,000.00 | N/A |
| 01/01/2007 to 12/31/2007 | 118 | Galaxy Monthly Income Fund - Units | 326,666.81 | 33,722.08 |
| 01/01/2007 to 12/31/2007 | 6 | Galaxy Premium Money Fund - Units | 1,056,832.05 | 108,875.44 |
| 02/07/2008 | 10 | Gentree Market Risk Reduction Strategy Fund - Trust Units | 1,395,000.00 | 139,500.00 |
| 01/01/2008 to 01/31/2008 | 4 | Global Trader Europe Ltd. - Contracts for Differences | 19,601.50 | 8,522.00 |
| 02/15/2008 | 4 | GPM Real Property (11) Limited Partnership - Units | 96,000.00 | 96,000.00 |
| 02/07/2008 | 13 | Hillsborough Resources Limited - Debentures | 9,691,000.00 | 9,691.00 |
| 01/01/2007 to 12/31/2007 | 51 | Horizons Northern Rivers Fund LP - Units | 4,210,432.07 | 4,210,432.07 |
| 02/12/2008 | 1 | Impact Mobile Inc. - Debentures | 1,000,000.00 | N/A |

Notice of Exempt Financings

| Transaction Date | No of Purchase | Issuer/Security | Total Purchase Price (\$) | No of Securities Distributed |
|--------------------------|-----------------------|---|----------------------------------|-------------------------------------|
| 07/24/2007 to 10/29/2007 | 2 | Julius Baer International Equity Fund - Units | 8,138,000.00 | 688,739.58 |
| 12/22/2007 | 4 | Kalahari Resources Inc. - Flow-Through Units | 944,000.00 | 11,800,000.00 |
| 12/20/2007 | 10 | KBSH Private - Canadian Equity Fund - Units | 240,000.00 | 12,868.63 |
| 01/21/2008 | 5 | KBSH Private - Canadian Equity Fund - Units | 652,000.00 | 39,011.55 |
| 12/20/2007 | 1 | KBSH Private - Fixed Income Fund - Units | 280,000.00 | 27,689.87 |
| 02/08/2008 | 2 | KBSH Private - Fixed Income Fund - Units | 152,000.00 | 15,036.11 |
| 01/21/2008 | 5 | KBSH Private - Fixed Income Fund - Units | 2,432,000.00 | 239,252.34 |
| 12/20/2007 | 1 | KBSH Private - Global Value Fund - Units | 360,000.00 | 38,927.34 |
| 02/21/2008 | 1 | KBSH Private - Global Value Fund - Units | 652,000.00 | 74,480.24 |
| 12/20/2007 | 1 | KBSH Private North American Special Equity Fund - Units | 50,000.00 | 2,019.06 |
| 01/21/2008 | 5 | KBSH Private North American Special Equity Fund - Units | 160,000.00 | 7,111.74 |
| 11/25/2007 | 39 | Klondike Gold Corp. - Units | 1,160,500.00 | 11,575,000.00 |
| 12/28/2007 | 6 | Klondike Silver Corp. - Flow-Through Units | 1,225,000.00 | 4,083,000.00 |
| 12/29/2007 | 11 | Klondike Silver Corp. - Units | 1,318,500.00 | N/A |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Canadian Core Fund - Units | 64,578,155.32 | 4,075,705.08 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Canadian Equity Fund - Units | 208,427,627.37 | 5,122,239.11 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Canadian Value Fund - Units | 42,120,423.77 | 2,274,528.93 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Core Balanced Fund - Units | 14,669,935.19 | 1,336,494.08 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Corporate Bond Fund - Units | 13,080,992.00 | 1,319,584.75 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Dividend Fund - Units | 71,703,325.86 | 4,430,293.57 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Global Dividend Fund - Units | 1,717,678.98 | 169,482.17 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Global Monthly Income Fund - Units | 6,939,725.74 | 771,470.78 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Growth Opportunities Fund - Units | 42,499,743.13 | 1,158,297.80 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Money Fund - Units | 204,429,382.99 | 20,442,938.30 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Monthly High Income Fund - Units | 275,090,335.43 | 14,996,939.01 |

Notice of Exempt Financings

| Transaction Date | No of Purchase | Issuer/Security | Total Purchase Price (\$) | No of Securities Distributed |
|--------------------------|-----------------------|---|----------------------------------|-------------------------------------|
| 01/01/2007 to 12/31/2007 | 1 | Manulife Sector Rotation Fund - Units | 16,888,182.43 | 892,631.33 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Simplicity Conservative Portfolio - Units | 31,799,314.72 | 3,007,210.14 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Simplicity Aggressive Portfolio - Units | 14,048,245.18 | 1,077,484.03 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Simplicity Balanced Portfolio - Units | 369,771,593.69 | 27,122,622.21 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Simplicity Global Balanced Portfolio - Units | 47,057,906.57 | 4,270,874.67 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Simplicity Growth Portfolio - Units | 440,305,568.96 | 31,815,751.93 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Simplicity Income Portfolio - Units | 69,914,701.56 | 6,859,484.67 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Simplicity Moderate Portfolio - Units | 53,946,730.77 | 4,963,042.33 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Strategic Income Fund - Units | 25,755,132.37 | 2,575,281.65 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife Tax-Managed Growth Fund - Units | 5,076,418.20 | 372,196.04 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife U.S. Core Fund - Units | 1,760,351.56 | 93,435.23 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife U.S. Mid-Cap Fund - Units | 87,339.18 | 6,506.60 |
| 01/01/2007 to 12/31/2007 | 1 | Manulife U.S. Value Fund - Units | 7,112,590.36 | 848,839.55 |
| 02/13/2008 | 1 | MBIA Inc. - Common Shares | 1,821,000.00 | 150,000.00 |
| 01/01/2008 to 01/31/2008 | 57 | Merk International Minerals Inc. - Units | 1,750,000.00 | 5,000,000.00 |
| 02/05/2008 | 3 | Merrill Lynch & Co., Inc. - Notes | 753,225.00 | 750.00 |
| 02/14/2008 | 12 | Metanor Resources Inc. - Common Shares | 5,000,000.00 | 5,000,000.00 |
| 02/13/2008 | 1 | Mill City Gold Corp. - Common Shares | 102,500.00 | 250,000.00 |
| 12/31/2007 | 44 | MineralFields 2007-II Super Flow-Through Limited Partnership - Units | 4,210,000.00 | 42,100.00 |
| 12/31/2007 | 69 | MineralFields 2007-IV Super Flow-Through Limited Partnership - Units | 3,630,000.00 | 36,300.00 |
| 12/31/2007 | 456 | MineralFields 2007 -IX Special Flow-Through Limited Partnership - Units | 20,000,000.00 | 200,000.00 |
| 12/31/2007 | 20 | MineralFields 2007 Special Flow-Through Limited Partnership - Units | 557,000.00 | 5,570.00 |
| 12/31/2007 | 65 | MineralFields 2007 V Special Flow-Through Limited Partnership - Units | 8,250,000.00 | 82,500.00 |

Notice of Exempt Financings

| Transaction Date | No of Purchase | Issuer/Security | Total Purchase Price (\$) | No of Securities Distributed |
|--------------------------|-----------------------|--|----------------------------------|-------------------------------------|
| 12/31/2007 | 301 | MineralFields 2007 VI Special Flow-Through Limited Partnership - Units | 11,447,500.00 | 114,445.00 |
| 12/31/2007 | 352 | MineralFields 2007 VII Special Flow-Through Limited Partnership - Units | 15,000,000.00 | 150,000.00 |
| 12/31/2007 | 84 | MineralFields 2007 VIII Special Flow-Through Limited Partnership - Units | 3,860,000.00 | 38,600.00 |
| 12/31/2007 | 453 | MineralFields 2007 X Special Flow-Through Limited Partnership - Units | 13,818,000.00 | 138,180.00 |
| 02/19/2008 | 1 | National Australia Bank Limited - Notes | 80,000,000.00 | 800,000.00 |
| 12/01/2007 to 12/14/2007 | 14 | Newmac Resources Inc. - Flow-Through Units | 2,500,000.00 | 2,666,664.00 |
| 01/01/2007 to 12/01/2007 | 38 | Northern Rivers Conservative Growth Fund L.P. - Limited Partnership Units | 3,190,282.00 | 1,857.79 |
| 08/27/2007 to 12/03/2007 | 6 | Northern Rivers Conservative Growth Fund L.P. - Units | 423,025.00 | N/A |
| 08/27/2007 to 11/06/2007 | 9 | Northern Rivers Evolution Fund - Units | 572,234.00 | N/A |
| 01/01/2007 to 12/01/2007 | 15 | Northern Rivers Global Energy Fund L.P. - Limited Partnership Units | 1,145,000.00 | 762.50 |
| 01/01/2007 to 03/01/2007 | 87 | Northern Rivers Innovation Fund L.P. - Limited Partnership Units | 16,216,796.00 | 2,754.47 |
| 02/01/2007 to 12/01/2007 | 26 | Northern Rivers Innovation RSP Fund - Trust Units | 2,143,950.00 | 95,410.99 |
| 01/02/2007 to 10/29/2007 | 19 | Northern Rivers Monthly Income and Capital Appreciation Fund - Units | 4,516,500.00 | 178,872.79 |
| 01/02/2007 to 08/11/2007 | 1 | Northern Rivers Monthly Income and Capital Appreciation Trust Pool - Units | 12,457,455.00 | 482,112.15 |
| 02/20/2008 | 1 | Octopz Inc. - Debentures | 250,000.00 | N/A |
| 02/15/2008 | 7 | Pele Mountain Resources Inc. - Units | 1,500,000.00 | 3,260,865.00 |
| 01/01/2007 to 12/31/2007 | 24 | Peregrine Investment Management Fund LP - Units | 10,945,000.00 | 40,108,754.00 |
| 01/01/2007 to 12/31/2007 | 308 | Phillips, Hager & North Absolute Return Fund - Units | 71,966,870.00 | 6,078,878.00 |
| 01/01/2007 to 12/31/2007 | 107 | Phillips, Hager & North High Grade Corporate Bond Fund - Units | 2,633,461.67 | 269,468.00 |
| 01/01/2007 to 12/31/2007 | 10 | Phillips, Hager & North Institutional S.T. I. F. - Units | 95,253,328.83 | 95,253,328.38 |
| 01/01/2007 to 12/31/2007 | 3 | Phillips, Hager & North Investment Grade Corporate Bond Trust - Units | 31,569,849.89 | 3,209,085.55 |
| 01/01/2007 to 12/31/2007 | 179 | Phillips, Hager & North Mortgage Pension Trust - Units | 46,619,593.44 | 4,514,039.08 |
| 01/01/2007 to 12/31/2007 | 70 | Picton Mahoney Global Market Neutral Equity Fund - Units | 5,140,292.56 | N/A |

Notice of Exempt Financings

| Transaction Date | No of Purchase | Issuer/Security | Total Purchase Price (\$) | No of Securities Distributed |
|--------------------------|-----------------------|---|----------------------------------|-------------------------------------|
| 01/01/2007 to 12/31/2007 | 451 | Picton Mahoney Long Short Equity Fund - Units | 29,233,723.08 | N/A |
| 01/01/2007 to 12/31/2007 | 632 | Picton Mahoney Market Neutral Equity Fund - Units | 49,985,785.12 | N/A |
| 01/01/2007 to 12/31/2007 | 103 | Pictor Mahoney Global Long Short Equity Fund - Units | 6,537,293.03 | N/A |
| 02/01/2008 | 1 | Praetorian Institutional LLC - Units | 99,430.00 | 100.00 |
| 02/01/2008 | 1 | Praetorian Institutional LLC - Units | 273,432.50 | 275.00 |
| 10/28/2007 | 6 | Prince of Wales Development Corporation - Common Shares | 1,498.70 | 14,987.00 |
| 01/01/2007 to 06/30/2007 | 9 | RBC O'Shaughnessy International Fund Series O - Units | 4,749,506.00 | 328,807,341.00 |
| 01/01/2007 to 06/30/2007 | 1 | RBC Balanced Fund Series O - Units | 4,290,826.09 | 326,586,902.00 |
| 01/01/2007 to 06/30/2007 | 6 | RBC Bond Fund - O Series - Units | 3,528,748.72 | 570,583,269.00 |
| 01/01/2007 to 06/30/2007 | 10 | RBC Canadian Dividend Fund - O Series - Units | 16,373,051.14 | 329,391.55 |
| 01/01/2007 to 06/30/2007 | 7 | RBC Canadian Equity Fund - O Series - Units | 3,100,693.17 | 109,629.00 |
| 01/01/2007 to 06/30/2007 | 11 | RBC Global Dividend Growth Fund Series O - Units | 4,512,611.98 | 365,169,047.00 |
| 01/01/2007 to 06/30/2007 | 7 | RBC North American Growth Fund - O Series - Units | 1,166,550.00 | 33,195,689.00 |
| 01/31/2007 to 06/30/2007 | 3 | RBC O'Shaughnessy US Value Fund Series O - Units | 1,464,240.99 | 103,586,980.00 |
| 01/01/2007 to 06/30/2007 | 6 | RBC Short-Term Income Fund Series O - Units | 862,043.72 | 80,732,806.00 |
| 01/01/2007 to 06/30/2007 | 9 | RBC US Equity Fund Series O - Units | 2,512,505.18 | 97,071,609.00 |
| 01/01/2007 to 06/30/2007 | 7 | RBC US Mid Cap Equity Fund Series O - Units | 1,755,785.91 | 84,634,955.00 |
| 12/01/2007 to 12/28/2007 | 33 | Redwood Long/Short Conservative Equity Fund - Units | 1,141,980.36 | 99,780.21 |
| 02/23/2007 to 11/16/2007 | 26 | Redwood Long/Short Fund - Units | 1,093,124.22 | 75,399.14 |
| 01/01/2007 to 12/31/2007 | 736 | ROI High Yield Private Placement Fund - Units | 47,811,166.00 | 457,704.12 |
| 02/05/2008 | 35 | Sanatana Diamonds Inc. - Common Shares | 3,798,814.25 | N/A |
| 12/24/2007 | 1 | Sedex Mining Corp. - Flow-Through Units | 200,000.00 | 2,000,000.00 |
| 02/08/2008 | 4 | Sextant Strategic Opportunities Hedge Fund LP - Units | 104,315.00 | 3,138.70 |

Notice of Exempt Financings

| Transaction Date | No of Purchase | Issuer/Security | Total Purchase Price (\$) | No of Securities Distributed |
|--------------------------|-----------------------|---|----------------------------------|-------------------------------------|
| 09/24/2007 | 5 | Sitefinders Capital 9 Corporation - Bonds | 469,500.00 | 4,695.00 |
| 02/01/2007 to 10/01/2007 | 1 | Stadia Capital Limited - Common Shares | 2,386,038.50 | 94,713.64 |
| 01/01/2007 to 12/31/2007 | 4 | Taliesin Multistrategy Fund Class - Units | 106,500.00 | 13,412.96 |
| 12/01/2007 to 12/31/2007 | 4 | The Magpie Mines Inc. - Flow-Through Shares | 14,105,490.50 | 15,000,000.00 |
| 03/30/2007 to 12/31/2007 | 90 | The Pembroke Canadian Growth Fund - Units | 8,918,499.23 | 863,602.94 |
| 03/30/2007 to 12/31/2007 | 19 | The Pembroke U.S. Growth Fund - Units | 14,616,189.67 | 1,849,853.78 |
| 02/08/2008 to 02/15/2008 | 2 | The Toronto United Church Council - Notes | 500,160.00 | 500,160.00 |
| 09/07/2007 to 09/14/2007 | 78 | Tiberius Gold Corp. - Common Shares | 405,500.00 | 4,055,000.00 |
| 02/15/2008 | 2 | Toyota Credit Canada Inc. - Notes | 100,000,000.00 | 1,000,000.00 |
| 02/14/2008 | 16 | Trade Winds Ventures Inc. - Units | 1,160,000.00 | 4,640,000.00 |
| 01/24/2008 to 01/29/2008 | 2 | Trez Capital Corporation - Mortgage | 1,845,000.00 | 2.00 |
| 02/12/2008 | 1 | Verizon Communications Inc. - Notes | 4,981,500.00 | N/A |
| 12/01/2007 to 12/31/2007 | 15 | Wallbridge Mining Co. Ltd. - Units | 1,065,720.00 | 2,664,300.00 |
| 02/08/2008 | 21 | Walton AZ Picacho View 2 Investment Corporation - Common Shares | 470,222.00 | 47,013.00 |
| 02/08/2008 | 14 | Walton AZ Picacho View Limited Partnership 2 - Units | 798,357.36 | 78,749.00 |
| 01/01/2007 to 12/31/2007 | 364 | Webb Asset Management Canadian Performance Fund - Units | 15,590,761.92 | 1,353,881.54 |
| 02/13/2008 | 5 | Wescorp Energy Inc. - Units | 450,000.00 | 5.00 |
| 11/30/2007 | 1 | White Pine Pictures Inc. - Common Shares | 500,000.00 | 500,000.00 |
| 02/14/2008 | 1 | Windsor Auto Trust - Note | 53,049,466.86 | 1.00 |
| 03/01/2007 to 12/01/2007 | 8 | Wingate Investment Management Ltd. - Limited Partnership Units | 1,075,490.00 | 488.00 |
| 03/01/2007 to 12/01/2007 | 4 | Wingate Technology Performance Fund - Limited Partnership Units | 537,745.00 | 488.00 |
| 02/21/2008 | 2 | XTO Energy Inc. - Common Shares | 11,650,485.00 | 210,000.00 |

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Akela Pharma Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated February 22, 2008
Mutual Reliance Review System Receipt dated February 22, 2008

Offering Price and Description:

\$9,000,000.00 - 7,500,000 Units Price: \$1.20 per Unit

Underwriter(s) or Distributor(s):

Jennings Capital Inc.
Desjardins Securities Inc.

Promoter(s):

-

Project #1219294

Issuer Name:

AIC Global Real Estate Corporate Class
Brookfield Redding Global Infrastructure Corporate Class
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectuses dated February 20, 2008
Mutual Reliance Review System Receipt dated February 21, 2008

Offering Price and Description:

Mutual Fund Shares and Series F Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

AIC Limited

Project #1218448

Issuer Name:

Augen Gold Corp.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated February 19, 2008
Mutual Reliance Review System Receipt dated February 20, 2008

Offering Price and Description:

\$4,000,000 Minimum - \$9,000,000 Maximum
Minimum \$2,000,000.00 - Maximum \$4,000,000.00 - *
Common Shares Price: \$ * per Common Share
Minimum \$2,000,000 - Maximum \$5,000,000 - * Flow-
Through Shares Price: \$ * Per Flow-Through Share
- and - 1,543,500 Common Shares Issuable Upon the
Exercise of 1,543,500 Previously Issued Special Warrants

Underwriter(s) or Distributor(s):

Union Securities Ltd.

Promoter(s):

Augen Capital Corp.
Envoy Capital Group Inc.

Project #1218004

Issuer Name:

Canada Dominion Resources 2008 II Limited Partnership
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated February 22, 2008
Mutual Reliance Review System Receipt dated February 22, 2008

Offering Price and Description:

\$100,000,000.00 (maximum) - 4,000,000 Limited
Partnership Units Price per Unit: \$25.00
Minimum Subscription: \$5,000 (200 Units)

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

Promoter(s):

Canada Dominion Resources 2008 II Corporation
Goodman & Company, Investment Counsel Ltd.

Project #1219524

Issuer Name:

Eight Seas Capital Corporation
Principal Regulator - British Columbia

Type and Date:

Preliminary CPC Prospectus dated February 22, 2008
Mutual Reliance Review System Receipt dated February 22, 2008

Offering Price and Description:

\$200,000.00 - 2,000,000 Common Shares at a price of
\$0.10 per Common Share Agent's warrants to acquire
200,000 Common Shares at a price of \$0.10 per Common
Share

Underwriter(s) or Distributor(s):

Northern Securities Inc.

Promoter(s):

-

Project #1219388

Issuer Name:

Front Street Real Estate 2008 Limited Partnership
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated February 22, 2008
Mutual Reliance Review System Receipt dated February 22, 2008

Offering Price and Description:

\$75,000,000.00 - (Maximum Offering – 3,000,000 Units);
(Minimum Offering 400,000 Units)
Price: \$25.00 per Unit Minimum Purchase: \$5,000 (200 Units)

Underwriter(s) or Distributor(s):

-

Promoter(s):

FS GP V Corp.
Front Street Investment Management Inc.
Project #1219513

Issuer Name:

Master Credit Card Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Base Shelf Prospectus dated February 20, 2008
Mutual Reliance Review System Receipt dated February 20, 2008

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.

Promoter(s):

Bank of Montreal
Project #1218431

Issuer Name:

MRF 2008 II Resource Limited Partnership

Type and Date:

Preliminary Prospectus dated February 25, 2008
Received on February 26, 2008

Offering Price and Description:

\$ * - * Units PRICE: \$25.00 PER UNIT MINIMUM
SUBSCRIPTION: \$2,500
(One Hundred Units)

Underwriter(s) or Distributor(s):

Middlefield Capital Corporation

Promoter(s):

Middlefield Fund Management Limited
Middlefield Goup Limited
Project #1220015

Issuer Name:

Penfold Capital Acquisition II Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary CPC Prospectus dated February 21, 2008
Mutual Reliance Review System Receipt dated February 22, 2008

Offering Price and Description:

\$500,000.00 - 2,500,000 Common Shares PRICE: \$0.20 per Common Share

Underwriter(s) or Distributor(s):

Evergreen Capital Partners Inc.

Promoter(s):

Gary M. Clifford
Project #1219021

Issuer Name:

Raymond James Canadian Focus Picks Portfolio
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated February 20, 2008
Mutual Reliance Review System Receipt dated February 21, 2008

Offering Price and Description:

Series A and F Shares

Underwriter(s) or Distributor(s):

First Defined Portfolio Management Co.

Promoter(s):

First Defined Portfolio Management Co.
Project #1218451

Issuer Name:

Redwood Global Small Cap Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated February 25, 2008
Mutual Reliance Review System Receipt dated February 25, 2008

Offering Price and Description:

Series A, O and F Units

Underwriter(s) or Distributor(s):

Redwood Asset Management Inc.

Promoter(s):

Redwood Asset Management Inc.
Project #1219964

Issuer Name:

Vatic Ventures Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary CPC Prospectus dated February 21, 2008
Mutual Reliance Review System Receipt dated February 21, 2008

Offering Price and Description:

\$200,000.00 - 2,000,000 COMMON SHARES Price: \$0.10 per Common Share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Murtaza Qureshi
Project #1218963

Issuer Name:

Veritas Canadian Select Portfolio
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated February 20, 2008
Mutual Reliance Review System Receipt dated February 21, 2008

Offering Price and Description:

Series A and F Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

First Defined Portfolio Management Co.
Project #1218457

Issuer Name:

Visa Inc.
Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary PREP Prospectus dated February 25, 2008
Mutual Reliance Review System Receipt dated February 25, 2008

Offering Price and Description:

US\$ * - 406,000,000 Shares of Class A Common Stock
Price: \$ * per Share

Underwriter(s) or Distributor(s):

J.P. Morgan Securities Canada Inc.
Goldman Sachs Canada Inc.
CIBC World Markets Inc.
RBC Dominion Securities
TD Securities Inc.
Scotia Capital Inc.
Dundee Securities Corporation

Promoter(s):

-

Project #1216282

Issuer Name:

Aerocast Inc.
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated February 22, 2008
Mutual Reliance Review System Receipt dated February 26, 2008

Offering Price and Description:

MINIMUM OF \$900,000.00 AND MAXIMUM OF \$2,400,000 BY WAY OF A NEW ISSUE AND 728,400 COMMON SHARES AND 775,470 WARRANTS ISSUABLE UPON THE EXERCISE OF 775,470 PREVIOUSLY ISSUED SPECIAL WARRANTS

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

Robert Jamieson Sr.
Project #1145289

Issuer Name:

AIC World Equity Fund
AIC Global Diversified Fund
AIC Global Balanced Fund
Principal Regulator - Ontario

Type and Date:

Amendment No. 1 dated February 15th, 2008 to the Amended and Restated Annual Information Forms dated January 31st, 2008, amending and restating the Annual Information Forms dated May 28th, 2007
Mutual Reliance Review System Receipt dated February 26, 2008

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

AIC Limited
Project #1088780

Issuer Name:

AIC World Equity Corporate Class
AIC Global Diversified Corporate Class
Principal Regulator - Ontario

Type and Date:

Amendment #3 dated February 15, 2008 to the Annual Information Forms dated March 27, 2007
Mutual Reliance Review System Receipt dated February 26, 2008

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

AIC Limited
Project #1054845

Issuer Name:

CARDS II Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Base Shelf Prospectus dated February 22, 2008

Mutual Reliance Review System Receipt dated February 25, 2008

Offering Price and Description:

Up to \$11,000,000,000.00 - Credit Card Receivables
Backed Notes

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.

NATIONAL BANK FINANCIAL INC.

BROOKFIELD FINANCIAL CORP.

HSBC SECURITIES (CANADA) INC.

MERRILL LYNCH CANADA INC.

Promoter(s):

Canadian Imperial Bank of Commerce

Project #1214510

Issuer Name:

Challenger Energy Corp.
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated February 25, 2008

Mutual Reliance Review System Receipt dated February 26, 2008

Offering Price and Description:

Minimum: 6,250,000.00 Units (\$25,000,000); Maximum:
6,956,525 Units (\$27,826,100.00) Price: \$4.00 per Unit

Underwriter(s) or Distributor(s):

Blackmont Capital Inc.
Thomas Weisel Partners Canada Inc.
Wolverton Securities Ltd.

Promoter(s):

Gregory S. Noval

Project #1216399

Issuer Name:

Dioro Exploration NL
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated February 22, 2008

Mutual Reliance Review System Receipt dated February 22, 2008

Offering Price and Description:

23,675,000 Shares and 11,837,500 Share Purchase
Warrants Issuable upon Conversion of 23,675,000
Subscription Receipts

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:

InterOil Corporation
Principal Regulator - Ontario

Type and Date:

Final Short Form Base Shelf Prospectus dated February 21, 2008

Mutual Reliance Review System Receipt dated February 22, 2008

Offering Price and Description:

1,510,588 Common Shares 517,777 Series A Preferred
Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1212101

Issuer Name:

Intrinsyc Software International, Inc.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated February 20, 2008

Mutual Reliance Review System Receipt dated February 20, 2008

Offering Price and Description:

\$30,030,000.00 - 28,600,000 Common Shares Price: \$1.05
per Common Share

Underwriter(s) or Distributor(s):

GMP Securities L.P.
Canaccord Capital Corporation
Haywood Securities Inc.
Raymond James Ltd.

Promoter(s):

-

Project #1216158

Issuer Name:

K-Bro Linen Income Fund
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated February 20, 2008
Mutual Reliance Review System Receipt dated February 20, 2008

Offering Price and Description:

\$17,501,700.00 - 1,362,000 Units Price: \$12.85 per Unit

Underwriter(s) or Distributor(s):

TD Securities Inc.
National Bank Financial Inc.
Blackmont Capital Inc.
Cormark Securities Inc.
Dundee Securities Corp.
Canaccord Capital Corporation

Promoter(s):

-

Project #1215572

Issuer Name:

Peak Gold Ltd.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated February 25, 2008
Mutual Reliance Review System Receipt dated February 25, 2008

Offering Price and Description:

C\$110,792,500.50 - 147,723,334 Common Shares and
73,861,667 Common Share Purchase Warrants
Issuable on Exercise of 147,723,334 Special Warrants

Underwriter(s) or Distributor(s):

GMP Securities L.P.
Canaccord Capital Corporation
CIBC World Markets Inc.
Genuity Capital Markets
Macquarie Capital Markets Canada Ltd.
Brant Securities Limited
Paradigm Capital Inc.
PI Financial Corp.

Promoter(s):

Goldcorp Inc.
Project #1205705

Issuer Name:

Strategic Resource Acquisition Corporation
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated February 25, 2008
Mutual Reliance Review System Receipt dated February 25, 2008

Offering Price and Description:

\$10,000,000.00 - 10,000 Unsecured Subordinated
Convertible Notes Price: \$1,000 per Convertible Note

Underwriter(s) or Distributor(s):

Blackmont Capital Inc.
Haywood securities Inc.
Paradigm Capital Inc.

Promoter(s):

-

Project #1217205

Issuer Name:

Transformative Ventures Ltd.
Principal Regulator - British Columbia

Type and Date:

Final Prospectus dated February 25, 2008
Mutual Reliance Review System Receipt dated February 26, 2008

Offering Price and Description:

\$700,000.00 - 7,000,000 COMMON SHARES Price: \$0.10
per Common Share

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

James Beesley
Project #1200783

Issuer Name:

Canadian Capital Auto Receivables Asset Trust II
Principal Jurisdiction - Ontario

Type and Date:

Preliminary Short Form Prospectus dated November 20th,
2007

Withdrawn on February 25th, 2008

Offering Price and Description:

\$ * - * % Auto Loan Receivables-Backed Notes, Series
2007-2, Class A-1

\$ * - * % Auto Loan Receivables-Backed Notes, Series
2007-2, Class A-2

\$ * - * % Auto Loan Receivables-Backed Notes, Series
2007-2, Class A-3

\$ * - * % Auto Loan Receivables-Backed Notes, Series
2007-2, Class B

\$ * - * % Auto Loan Receivables-Backed Notes, Series
2007-2, Class C

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.
TD Securities Inc.

Promoter(s):

General Motors Acceptance Corporation of Canada,
Limited

Project #1185195

Issuer Name:

Lavell Systems Inc.
Principal Jurisdiction - Ontario

Type and Date:

Preliminary Prospectus dated September 28th, 2007
Amended and Restated Preliminary Prospectus dated
October 31st, 2007
Withdrawn on February 21st, 2008

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

Blackmont Capital Inc.

Promoter(s):

Balaton Group Inc.

Project #1163015

Chapter 12

Registrations

12.1.1 Registrants

| Type | Company | Category of Registration | Effective Date |
|-------------------------------|--|---|-------------------|
| Reinstatement of Registration | Newhouse Capital Corporation | Limited Market Dealer | February 6, 2008 |
| New Registration | Fox-Davies Capital Inc. | Limited Market Dealer | February 20, 2008 |
| Change of Category | TFP Investment Counsel Corp. | From: Investment Counsel To: Extra-Provincial Investment Counsel and Portfolio Manager | February 20, 2008 |
| New Registration | Worsley Enterprise Corp. | Limited Market Dealer | February 21, 2008 |
| New Registration | Casimir Capital L.P. | Limited Market Dealer | February 22, 2008 |
| Reinstatement of Registration | Northern Precious Metals Management Inc./Gestion Métaux Précieux Northern Inc. | Investment Counsel & Portfolio Manager | February 23, 2008 |
| New Registration | Home Investment Management Inc. | Investment Counsel & Portfolio Manager | February 25, 2008 |
| New Registration | Pyramis Canada ULC | Investment Counsel and Portfolio Manager under the Securities Act and Commodity Trading Manager under the Commodity Futures Act | February 26, 2008 |

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 Establishment and Amendment of IDA Rules to Implement the Core Principles of the Client Relationship Model

INVESTMENT DEALERS ASSOCIATION OF CANADA - ESTABLISHMENT AND AMENDMENT OF IDA RULES TO IMPLEMENT THE CORE PRINCIPLES OF THE CLIENT RELATIONSHIP MODEL

I OVERVIEW

These rule proposals seek to implement the core principles of the Client Relationship Model (CRM), a model outlined in the Fair Dealing Model concept paper issued by the Ontario Securities Commission (OSC) in January 2004. The CRM core principles are:

- clarity and transparency of the account relationship entered into between the client, the adviser and the dealer;
- transparency of the account costs to be borne by the client;
- transparency of conflicts that the adviser and the dealer must manage in order to put the client's interests first;
- transparency of account performance and the risks borne to achieve that performance; and
- client communication should be in plain understandable language.

A CURRENT RULES

There are a number of current IDA rules that relate to the CRM core principles. Specifically, the types of account relationships that may be offered to clients and the obligations of Members and advisers under each account type are generally well articulated in the current IDA rules. However, there are no current rules that mandate that clients be informed of the essential features of the account relationship they've entered into and the account performance / risk they are receiving / incurring.

B THE ISSUE

The concern with the current rules is that they focus more on regulating the activities of the adviser and the Member than on setting account relationship and service disclosure standards to be met by the advisor and the Member in communicating with their retail clients. As a result, the current account agreements and account opening documents tend to focus on the rights of the parties under the account agreement rather than describing the account relationship that has been entered into and the services that are to be provided. Disclosure of the details of the account relationship and the services to be provided are necessary to better inform the client of the nature of their account relationship as well as equip them to monitor whether their account performance is satisfactory (in relation to the risks they are assuming).

C OBJECTIVE

The rule proposals relate to:

- Relationship disclosure [new requirements]
- Account cost disclosure [revised requirements]
- Conflicts resolution / disclosure [revised requirements]
- Retail client suitability [revised requirements]
- Account performance reporting [new requirements]

Relationship disclosure

The objective of the relationship disclosure rule proposals is to better inform the retail client about the following aspects of their account relationship:

- The products and services offered by the Member;
- The type of account relationship they have entered into;
- The roles and responsibilities of the Member and, where applicable, the adviser / portfolio manager and the client; and
- The disclosures the client will be provided up-front, at time of transaction and on an ongoing basis.

As the relationship the client enters into varies with the type of account, the rule proposals have been developed to set out the different minimum information disclosure requirements that apply to: (1) advisory accounts, (2) order-execution service accounts and (3) managed accounts.

Account cost disclosure

The objective of the account cost disclosure rule proposals is to better inform the retail client at time of account opening about the:

- account service fees and charges the client will or may incur relating to the general operation of their account; and
- costs the client will or may incur in making and holding investments by type of investment product.

The rule proposals would require that this information be included as part of the relationship disclosure information that is to be provided to the client at time of account opening.

Conflicts resolution / disclosure

The objective of the conflicts resolution / disclosure rule proposals is to establish a general standard to be followed in either resolving or disclosing Member and adviser conflict of interest situations. The proposal wording is based on the existing wording of MFDA Rule 2.1.4 and Section 6.1 of proposed National Instrument 31-103, Registration Requirements.

Retail client suitability

The objective of the retail client suitability rule proposals is to better inform the retail client of the Member's minimum obligations to assess individual investment and investment portfolio suitability. The amendments seek to provide clients with enough information to enable them to answer the following questions about their account:

- How is my investment risk tolerance level determined?
- What is my investment risk tolerance level?
- What are the adviser's / Member's obligations to assess suitability?
- Is the level of investment risk in my account in line with my investment risk tolerance level?

Account performance reporting

The objective of the account performance reporting amendments is to better inform the retail client about their account performance. The amendments seek to provide clients with enough information to enable them to answer the following questions about their account:

- Are my current account holdings making money?
- Has my account made money over time?
- Are the account returns satisfactory in relation to the investment risk I have assumed?

D EFFECT OF PROPOSED RULES

The intended effect of the proposed policies is to establish minimum standards for relationship disclosure [new requirements], account cost disclosure [revised requirements], conflicts resolution / disclosure [revised requirements], retail client suitability [revised requirements] and account performance reporting [new requirements].

II DETAILED ANALYSIS**A CURRENT RULES, RELEVANT HISTORY AND PROPOSED POLICY****Current rules**

There are a number of current IDA rules that relate to the CRM core principles as follows:

| CRM core principle | Current IDA rules |
|---|--|
| Account relationship transparency | <p>IDA Regulation 1300 and Policy No. 9 set out the regulatory structure for advisory accounts, order-execution service accounts and managed accounts.</p> <p>So, while the account types are described in the rules, there are no current requirements for the Member to describe to the client the type of account relationship they've entered into.</p> |
| Account costs transparency | <p>IDA By-law No. 29.8 prohibits the Member from deducting fees or costs from a client account unless the client was informed of such charges at the time of account opening or 60 days in advance in the case of a change in the charge.</p> |
| Conflicts transparency | <p>IDA By-law No. 29.1 sets out general conduct rules that apply to the Member and its advisers. IDA Policy No. 2 requires that the branch manager perform a daily transaction review to detect client / adviser conflicts of interest. Requirements 1 and 2(a) of IDA Policy No. 11 require each Member to have conflict of interest procedures designed to minimize conflicts faced by analysts and Member and analyst conflicts disclosure requirements.</p> <p>So, while there are specific conflicts related requirements, there is no current general requirement to disclose Member and advisor conflict of interest situations to the client as part of an account opening document.</p> |
| Account performance and risk transparency | <p>IDA Regulation 200.1 requires that clients be provided with security position market value information as part of their account statement. There is no current requirement to provide security position cost (other than at time of trade), account activity or percentage return information to the client.</p> <p>IDA Regulations 1300.1(q) and (r) require that orders accepted from a client and orders recommended to the client be suitable for the client. Part of the suitability determination is comparing the risk of investment product to the client's risk tolerance. There is no requirement to provide investment risk information to the client.</p> |
| Plain language | No specific requirements. |

However, there are no current rules that mandate that clients be informed of the essential features of the account relationship they've entered into and the account performance / risk they are receiving / incurring.

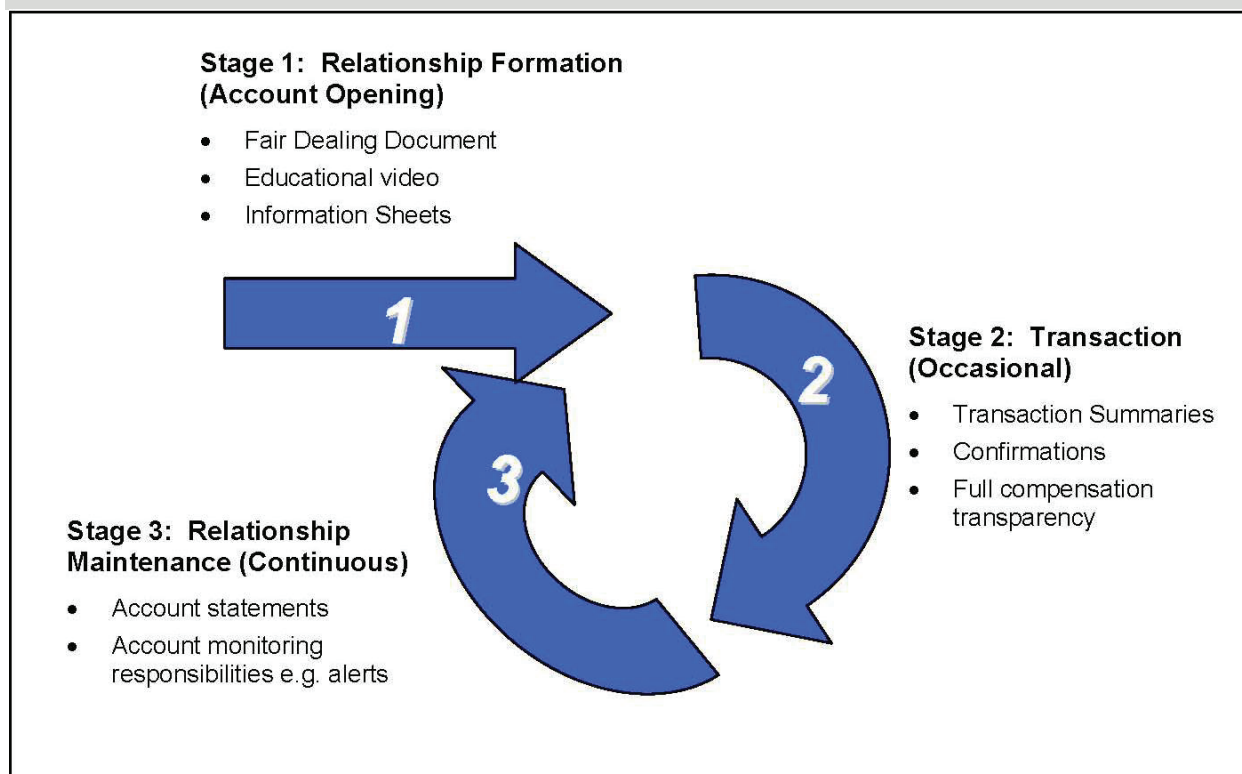
Relevant history

The Ontario Securities Commission (OSC) established the OSC Fair Dealing Model Committee (OSC Committee) in February 2000. This committee proposed that changes be made to the client / advisor relationship through adoption of the Fair Dealing Model (FDM). The main FDM proposed changes were presented in April and May 2000 at a series of focus group meetings comprised of industry participants with expertise in compliance, marketing, and operations.

FDM Concept Paper

In January 2004, the OSC published the FDM Concept Paper. The concept paper envisioned bringing the regulatory requirements into line with the industry's move to an account advisory model and matching client expectations with the products and services firms provide. The concept paper discussed three stages of the account relationship as follows: (1) relationship formation, (2) transaction, and (3) relationship maintenance. Recommendations, most of which proposed more disclosure, were provided for in the concept paper for each of the account relationship stages as follows:

Tracking the Fair Dealing Model through the three stages of a relationship



The OSC Committee then established six industry working groups, which met in the first half of 2004 to flesh out the rulemaking needed to implement the FDM.

CSA FDM Committee Direction Document Recommendations

In September 2004, the FDM came under the umbrella of the CSA Registration Reform Project (RRP). The objectives of the CSA FDM initiative was to focus on developing rules for the most important of the original OSC Concept Paper recommendations that could be implemented nationally and that would apply to all registrants. It was therefore decided that specific rulemaking recommendations would focus on the following three areas:

1. Account opening documentation;
2. Costs, conflicts and compensation transparency; and
3. Performance reporting.

Three CSA FDM working groups were created to develop rulemaking recommendations for each of these areas. The working group direction documents were finalized and approved by the CSA in May 2005. The SROs were then asked by the CSA to commence drafting the necessary rules to implement the CSA direction document recommendations.

SRO rulemaking efforts

A joint IDA / Mutual Fund Dealers Association (MFDA) rulemaking committee, the SRO Rulemaking Committee was struck in June 2005. To enable an initial dealer review of the rulemaking proposals, three joint IDA/MFDA industry subcommittees were established as follows:

1. Compliance Subcommittee;
2. Operations / Technology Subcommittee;
3. Retail Sales Advisors / Managers Subcommittee.

The SRO Rulemaking Committee finalized its initial drafts of proposals relating to account relationship disclosure and performance reporting and risk assessment in May 2006 and July 2006, respectively. The proposals were reviewed and commented on by each of the three industry subcommittees in June 2006 and August 2006, respectively. Further, samples of the proposed new disclosures were reviewed and commented on by the approximately 370 advisors that participated in an 11 city broadcast consultation that was held on August 16, 2006. These initial drafts were also distributed for comment to the IDA Compliance and Legal Section and the IDA Financial Administrators Section in September 2006. Finally, presentations on the contents of these initial drafts were also provided to each of the IDA District Councils in October and November 2006.

In response to the comments received on these initial drafts, IDA and MFDA (SRO) staff met in July 2007 to develop a common set of proposals that was more focused on the CRM core principles and that could be implemented on a timely basis. The next section details the revised proposals that have been developed.

CSA / SRO costs versus benefits analysis efforts

In the fall of 2006, discussions commenced between SRO and OSC staff as to the approaches to be taken in performing costs versus benefits analysis work. To assist in the performance of this work, an independent research company was hired to make recommendations on the investor survey approaches to be used and to perform the surveys themselves.

It was determined that the first set of proposals to be analyzed would be the relationship disclosure proposals. As a result, the initial work of the research company was to develop a recommended approach for surveying investors to assess the potential benefits of the relationship disclosure proposals. The research company initially proposed a telephone survey that would be targeted at the general public as a whole along with a smaller number of face to face meetings with identified SRO clients. The advantage of this approach was that it would allow for quick completion of the survey and analysis of the survey results. The disadvantage of this approach, of not necessarily talking to clients who had recently opened IDA and MFDA dealer offered accounts, was that the results might not demonstrate that the proposed relationship disclosures provide an incremental benefit to clients over existing account opening disclosures. It was therefore decided to target the survey at clients that had recently opened accounts at IDA and MFDA dealers.

In March 2007 an invitation was sent to IDA and MFDA Members inviting their participation in the costs versus benefits survey work. The invitation requested that dealers provide their SRO with names of their new clients in order for a targeted new client survey to be performed. An information session was also held on April 2nd to explain the intended survey work and respond to dealer questions on the survey approach. A further meeting was held on May 16th involving staff from the IDA, IFIC, IIAC, MFDA and the OSC and representatives from certain dealers. The intention of this meeting was to discuss and agree upon a costs versus benefits survey approach to be pursued. No such agreement was reached and therefore no costs versus benefits work has been performed to date.

Proposal details

Relationship disclosure [new requirements]

The SROs are proposing that every dealer will provide its retail clients with the following essential details of the relationship they are entering into with the client:

- A description of the types of products and services offered by the dealer;
- A description of the account relationship to which the client has consented;

- Where applicable, a description of the process used by the adviser / portfolio manager and the Member to assess the client's investment objectives and risk tolerance and a statement that the client will be provided with a copy of the "know your client" information that is obtained from the client and documented at time of account opening and when there are material changes to the information;
- A description of the dealer's minimum obligations to assess investment suitability at the time of a trade, when certain "trigger" events occur (i.e., transfer of account, material change in client circumstances, change in the account advisor) and whether or not the dealer will undertake ongoing suitability monitoring of client holdings;
- A statement indicating Member and adviser conflicts of interest and stating that future conflicts of interest situations, where not resolved, will be disclosed to the client as they arise;
- A description of all fees, charges and costs associated with operating the account and services the dealer will offer to the client;
- A statement identifying when account statements and trade confirmations will be sent to the client;
- A description of the types of account performance information that will be sent to the client (including whether or not percentage return information will be sent) and when the information will be sent;
- A request that the client advise the dealer of material changes in personal circumstances or investment objectives;
- A listing of the account documents required to be provided to the client with respect to the account; and
- A description of the Member's complaint handling procedures and a statement that the client will be provided with a copy of an IDA approved complaint handling process brochure at time of account opening.

Some of these disclosures are already current regulatory requirements. The SROs will not mandate the format of the disclosures, but will require that the disclosures be:

- Provided to the client in writing at the time of account opening;
- Written in plain language; and
- Included in a document entitled "Relationship Disclosure".

Account cost disclosure [revised requirements]

The SROs are also proposing that general fee and cost disclosure will be provided to the client:

- At time of account opening (see relationship disclosure proposals above)¹
- In advance of implementing changes in fees and costs²
- In the case of transaction costs, at time of transaction³

Again, a number of these disclosures are already current requirements.

Conflicts resolution / disclosure [revised requirements]

Both SROs already have conflicts rules. The MFDA's conflicts rule requires that all conflicts be addressed in favour of the client. The IDA is proposing to adopt a similar general rule to clearly state that where conflict situations cannot be avoided, all such conflicts must be resolved in favour of the client.

¹ Disclosure at time of account opening is a current requirement set out in IDA By-law 29.8. Including the disclosure in with the relationship disclosure information will be new.

² Advance disclosure is a current requirement set out in IDA By-law 29.8.

³ Separate projects are underway to enhance the current transaction cost disclosure requirements for mutual fund and debt.

Retail client suitability [revised requirement]

In addition to the current requirement to ensure that all retail client recommended trades are suitable, the SROs are proposing that an account wide suitability review must be performed when certain “trigger” events occur (i.e., transfer of account, material change in client circumstances, change in the account advisor). It is currently an industry best practice to perform suitability assessments on a periodic basis irrespective of the “trigger” events. We will mandate that the dealer must disclose whether or not it undertakes suitability assessments on a periodic basis, and any applicable costs for such services at the time of account opening.

Account performance reporting [new requirement]

The SROs have identified account security position cost disclosure, account activity disclosure and account percentage return disclosure as the three types of performance reporting that we believe will provide the retail client with meaningful account performance feedback:

1. Account security position cost disclosure

The IDA is proposing to mandate that account security position cost information be provided to all retail clients on an annual basis at a minimum. The MFDA is also considering mandating the provision of cost information but must satisfy itself that, particularly for account mutual fund holdings, accurate cost information is readily available to the dealer to disclose. As there are different types of cost information that could be disclosed (i.e., original cost, book or tax cost), the SROs are committed to mandating that the same type of cost information is disclosed by all dealers to their clients in order to ensure comparability and consistency in reporting.

2. Account activity disclosure

The SROs are proposing to mandate that account activity information be provided to all retail clients on an annual basis at a minimum. This reporting would detail the activity in the account that has taken place during the period of the report. In addition, as it is already an industry best practice of those IDA Member firms that currently provide their clients with account activity reporting, the IDA proposals will also require that the client be provided with a cumulative account activity report (commencing on the later of the date of account opening or the date of rule implementation).

3. Account percentage return disclosure

The SROs are not proposing at this time to mandate that account percentage return information be provided to retail clients.

This type of performance reporting would be more onerous to implement at this time due to the need to warehouse a significant amount of account data, covering the entire history of the account, in order to generate accurate percentage return information for a number of different reporting periods (i.e., 1, 3, 5 and 10 years and since account inception). Based on consultations to date, we have also determined that dealers will not be able to make this type of performance reporting available to their clients as quickly as they will be able to make the other types of performance reporting available. As a result, we have decided to move ahead separately with mandating the provision of account position cost and account activity information in order to implement most of the improvements described above as quickly as possible.

However, because we believe that account percentage return information is the most useful type of performance information a client can receive (i.e., it allows for easy comparison of account returns to returns that might have been received from other investments) we will continue to study the cost and implementation issues surrounding percentage return reporting with the objective of requiring that this information be provided to clients as soon as it is feasible to do so. We will continue to work with IDA Member firms in order to understand and address any existing impediments to the provision of this information to retail clients.

In the interim, in order to encourage dealers to provide their clients with percentage information on a voluntary basis, using a common standard from one dealer to the next, the SROs are proposing to mandate that dealers disclose to clients whether or not they will be provided with percentage return information and the cost (if any) to the client of receiving percentage information and we will also mandate the account percentage return calculation and disclosure standards that must be followed by the dealer and the advisor, where they choose to provide percentage return information to retail clients.

B ISSUES AND ALTERNATIVES CONSIDERED**Issues**

Issues have been raised during the course of our rulemaking consultations relating to the development of these policy proposals. The following is a summary of the issues raised (along with IDA staff comments):

| Issues raised | IDA staff comments |
|---|--|
| Relationship disclosure | |
| There is no identified demand for enhanced disclosure. | A recent survey of 1600 clients that is included in the research study, <i>How Are Investment Decisions Made</i> indicates that a significant number (51% of those surveyed) of Canadian investors do want access to more specific investment information and would be open to getting that information on-line. It is believed that a similar significant number would be interested in receiving more specific account information. |
| There will be increased compliance costs with the implementation of this disclosure and ongoing maintenance. | Increases in compliance costs have been mitigated as much as possible with the elimination of disclosure requirements that must be customized to the specific situation of each client (other than providing the client with a copy of the documented "know your client" information). |
| There will be an increase in legal liability resulting from this disclosure. | The essential nature of the liability of the firm and the advisers to deal honestly and in good faith and in the best interests of clients will not change. |
| Proposed requirements are too prescriptive. | <p>In order to allow a client to compare the account service offerings of more than one Member, the items covered in the relationship disclosure must be prescribed.</p> <p>The number of prescribed items has been reduced under the revised proposal to focus on the CRM core principles.</p> <p>Further, while the disclosure items are prescribed, the form and format of the disclosure has not been prescribed.</p> |
| Standardization v. customization of relationship disclosure. | <p>The relationship disclosure provided to the client must accurately describe:</p> <ul style="list-style-type: none"> (a) the account relationship the client has entered into with the Member and, where applicable, the adviser / portfolio manager; and (b) the advisory, suitability and performance reporting service levels the client will receive from with the Member and, where applicable, the adviser / portfolio manager. <p>If this can be achieved through standardized relationship disclosure, customization (and the associated costs) will not be a concern.</p> |
| Retail client suitability | |
| A periodic suitability review should be performed for those clients that want it but it should not be mandated that the review be performed annually. | Under the revised proposal, the performance of a periodic suitability review is now completely optional. The client will however have to be informed as part of the relationship disclosure whether or not they will receive this review service. |

| Issues raised | IDA staff comments |
|---|---|
| The performance of a periodic suitability review should be dictated by changes in client circumstances. | <p>Under the revised proposal, the occurrence of certain events will trigger the need for a suitability review. These events are as follows:</p> <ul style="list-style-type: none"> (a) An account is opened; or (b) An account is received in via transfer; or (c) There is a change in the adviser responsible for the account; or (d) There is a material change in client information for the account. <p>However, these are not the only situations that would lead to the performance of an account suitability review. The risk associated with account positions and the account as a whole can easily change over time such that the account risk can become out of sync with client risk tolerance. This type of situation should also prompt an account suitability review to the extent a periodic suitability review service is offered to the client.</p> |
| Certain accounts should be exempt from a periodic suitability review requirement. | Under the revised proposal, the performance of a periodic suitability review is now optional. |
| Account performance reporting | |
| Account security position cost disclosure | |
| The disclosure of book cost information is misleading for securities where distributions are reinvested in additional investment shares / units. Original cost should be disclosed rather than book cost. | <p>The original proposal would have required that book cost information be disclosed to clients. It was acknowledged at the time that original cost information more accurately indicated whether an individual security position was profitable or not, but book cost was selected as the basis for cost reporting. This was because book cost was the cost amount that clients use for tax reporting purposes and the potential client confusion over receiving reports with different cost amounts was seen as being a significant concern.</p> <p>The revised proposal not longer specifically refers to the type of cost information to be disclosed as we wish to solicit the views of proposal commenters before making a final decision. The cost disclosure alternatives we are considering are as follows:</p> <ul style="list-style-type: none"> (1) Disclosure of book cost only; (2) Disclosure of original cost only; or (3) Disclosure of both book cost and original cost. |
| Maintaining accurate book cost information will be a significant challenge. | This is a significant challenge for Member firms that currently provide cost information to their clients and will be a significant challenge with implementing this proposal. Accuracy issues arise from issuer initiated cost adjustments (i.e., return of capital distributions), client initiated cost adjustments (i.e., client override of cost information) and distribution reinvestments that are included in the determination of book cost. |

| Issues raised | IDA staff comments |
|--|---|
| It will be difficult to get this information for transferred accounts. | The current automated account transfer system (ATON) does not mandate the exchange of cost information for all account positions being transferred. The proposal therefore permits the use of market value at the transfer date as a proxy for cost. An alternative suggestion was to place the onus on the client to provide the cost information and, if none is provided, leave the cost column(s) blank. |
| For accounts transferred in, original cost or book cost information should be reported rather than transfer date market value information. | The proposal as drafted allows for the disclosure of either cost or market value information at time of transfer as cost information may be unavailable. |
| Cost information should be provided on a per unit basis to enable clients to compare cost information to current market prices which are predominantly expressed on a per unit basis. | The proposal has been amended to accommodate per unit reporting. |
| Providing an account cost report should be optional not mandatory. | We believe that providing all clients with some form of performance reporting should be a minimum industry standard. Providing all retail clients with an account cost report along with market value comparatives will equip clients to determine whether they are making or losing money on an individual investment or on their account as a whole. |
| Account activity disclosure | |
| It is better to provide customers with account activity information than the account security position cost information because it informs the client about account performance over a period of time rather than as at a point in time. | We agree but because it is a more sophisticated report, requiring the retention of a significant amount of historical data to produce, there are greater operational challenges to producing account activity information in comparison to account security position cost information. We believe that both reports would be of use to the client. |
| Account percentage return disclosure | |
| Most clients do / do not understand rate of return reporting. | <p>We do not agree with this commenter. However, the provision of account percentage return information will not be mandatory under the revised proposals. The client will however have to be informed as part of the relationship disclosure whether or not they will receive this information.</p> <p>Views were split on whether clients will understand account percentage return reporting.</p> <p>We believe, while clients may not understand the calculation methodologies used to calculate rate of return information, that clients do generally understand the meaning of rate of return reporting as similar reporting for deposit and debt instruments (i.e., yield reporting) is commonly provided to retail investors.</p> |
| Information will allow clients to rate broker performance. | Providing account percentage return reporting to a client will not on its own allow the client to rate broker performance. A full discussion of the report contents with the advisor will better equip the client to rate broker performance and to assess overall satisfaction with the service provided. |

| Issues raised | IDA staff comments |
|--|---|
| Information focuses on returns at the exclusion of risk. | It would be extremely difficult to design a report that consistently and accurately assesses whether the return versus risk balance has been properly achieved in each client account. We believe no report can replace regular account and position risk discussions between the client and the advisor. |
| Information may encourage clients to focus more on short term performance. | Initially, due to the planned future prospective implementation of this proposal, return information will be provided for shorter periods of time, starting with the latest one year account percentage return. This can't be helped unless this rule change is implemented retroactively. We don't believe retroactive implementation is a viable alternative. As time passes account percentage return information will be made available for the most recent 1, 3, 5 and 10 year periods. As a result, in the future once the proposal is fully implemented, we don't believe that the report will encourage clients to focus more on short term performance. We do believe the report will encourage clients to focus on account performance generally. |
| Greater than annual frequency of reporting should not be mandated. | The proposal would not mandate greater than annual reporting but would allow more frequent reporting if the firm and advisor wished to do so. |

C COMPARISON WITH SIMILAR PROVISIONS

United Kingdom

The Financial Services Authority (FSA) Conduct of Business sourcebook (COBS) sets account relationship related disclosure requirements as follows:

- COBS 2.2 - "A firm must provide appropriate information in a comprehensible form to a client about" the firm and the types of products (including specific types of investments and investment strategies) and services offered by the dealer and the costs and associated charges relating to these products and services before these products and services are provided. This disclosure may be provided in a standardized format.
- COBS 8.1 - Requirement to enter into a written basic agreement with a retail client setting out the rights and obligations of both parties.
- COBS 9.6.5R - Clients must be provided with basic advice disclosure information as follows:
 - (1) The name and address of the firm
 - (2) A statement as to whether investment products being offered come from one company, a limited number of companies or the capital markets as a whole
 - (3) A statement that the service being offered is basic on a limited range of investment products
 - (4) A statement that the firm is regulated by the FSA
 - (5) A statement disclosing any product provider loans
 - (6) A description of the complaint handling process and the circumstances under which a client can refer a matter to the Financial Ombudsman Service
 - (7) A description of the circumstances and the extent to the client will be entitled to compensation from the Financial Services Compensation Scheme.
- COBS 16.3 - A periodic statement shall be provided to the client every six months at a minimum (every three months if the client requests) which shall include the following information:

- (1) market value of each position held
- (2) cash balance at the beginning and end of each reporting period
- (3) the performance of the portfolio during the reporting period
- (4) the fees and charges incurred during the reporting period
- (5) a comparison of the performance during the reporting period to a performance benchmark agreed to between the firm and the client
- (6) details of the total amount of dividends, interest and other payments received during the reporting period

United States

Under the *Investment Advisers Act of 1940*, a registered adviser that gives personal advice generally is required to supply each advisory client and prospective advisory client with a copy of part of its registration application (Part II of Form ADV) or a written document, such as a brochure, containing the information required by the form. The adviser has two delivery methods available. The adviser may choose to deliver the document at least 48 hours prior to entering into an investment advisory contract with the client. In the alternative, the adviser may deliver the document at the time of entering into the contract if the client is given a right of termination of five business days. Additionally, the brochure is to be offered to current clients annually. Part II of Form ADV includes the following:

- The approximate percentage of billings from each type of advisory service itemized in the form;
- The types of compensation arrangements used by the adviser, the fee schedule, and how to obtain a refund or end an advisory contract before its expiration;
- The types of clients of the adviser;
- The categories of investments about which the adviser offers advice;
- Methods of security analysis, sources of information, and investment strategies;
- The education and business backgrounds of particular individuals;
- Other business activities of the adviser;
- Other financial industry activities or affiliations (including registration) of the adviser and related persons;
- Participation or interest in client transactions;
- Information on the frequency, level, and triggering factors for account reviews and the nature and frequency of reports to clients on their accounts.

D SYSTEMS IMPACT OF RULE

It is expected that the systems impacts will be the greatest for the relationship disclosure and performance reporting proposals.

Relationship disclosure

Relationship disclosure costs are believed to be directly influenced by two factors:

1. *Relationship disclosure customization* - The more the relationship disclosure must be customized to properly address individual client account details, the greater the initial and ongoing compliance costs. Greater customization will also lead to more frequent revisions to the relationship disclosure to ensure it properly reflects the specific client situation.
2. *Relationship disclosure implementation period for existing accounts* - A longer relationship disclosure implementation period for existing accounts will lessen the costs of initial compliance.

Performance reporting

Performance reporting costs are believed to be directly influenced by two factors:

1. *Report data requirements* - Reports requiring greater amounts of data to prepare will increase costs due to requirement to retain at the ready more historical information.
2. *Report calculation requirements* - Costs increase where a greater number of calculations must be performed to generate the report.

General comments

The costs incurred may also differ from Member to Member as many firms already furnish at least a portion of the information required by the minimum standards. The effect on a particular Member may only be determined once a firm specific assessment has been performed. Firms may take into consideration these variables: level of customization of materials, production of documents including printing and mailing, and imposition of new compliance / supervision rules.

A costs versus benefits study has not been completed for these proposals. There are significant challenges to performing such a study since, while work could be done to measure the implementation and ongoing costs (both in term of systems and compliance) relating to these proposals, the benefits of these proposals that will accrue to retail clients are difficult to quantify.

An appropriately long implementation period will be required in order to make substantial changes to firms' systems, and to ensure future application to all accounts. Nevertheless, the IDA will consult with Members on an implementation schedule.

E BEST INTERESTS OF THE CAPITAL MARKETS

The Board has determined that the proposed rule is in the public interest and is not detrimental to the best interests of the capital markets.

F PUBLIC INTEREST OBJECTIVE

According to the IDA's Order of Recognition as a self-regulatory organization, the IDA shall, where requested, provide in respect of a proposed rule change, "a concise statement of its nature, purposes (having regard to paragraph 13 above) and effects, including possible effects on market structure and competition". The nature and effects of the proposed amendments are described above.

The purposes of the proposal are to:

- Promote the protection of investors, just and equitable principles of trade and high standards of operations, business conduct and ethics; and
- Standardize industry practices where necessary or desirable for investor protection.

The proposal, if mandated nationwide for all registrants, will not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A FILING IN OTHER JURISDICTIONS

These proposed amendments will be filed for approval in Alberta, British Columbia, Ontario and Quebec and will be filed for information in Manitoba, Newfoundland and Labrador, Nova Scotia and Saskatchewan.

B EFFECTIVENESS

It is believed that the proposed policies will be effective in establishing minimum standards for relationship disclosure, at the time of account opening and as needed thereafter, for all retail clients.

C PROCESS

Previous versions of these proposals have been reviewed and commented on by the IDA/MFDA CRM Compliance Subcommittee, the IDA/MFDA CRM Operations / Technology Subcommittee, the IDA/MFDA CRM Retail Sales Advisors / Managers Subcommittee and most of the IDA District Councils. In addition, samples of the proposed new disclosures were reviewed and commented on by the approximately 370 advisors that participated in a 11 city broadcast consultation that was held on August 16, 2006.

These proposals have been circulated to and commented on by the IDA Compliance and Legal Section and the IDA Financial Administrators Section.

IV SOURCES

References

- The Fair Dealing Model, Concept Paper of the Ontario Securities Commission, January 2004
http://www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part3/cp_33-901_20040129_fdm.pdf
- IDA Regulation 1300 Supervision of Accounts
<http://ida.knotia.ca/Knowledge/View/Document.cfm?Ktype=445&linkType=toc&dbID=210711341&tocID=611>
- IDA Policy No. 2 Minimum Standards for Retail Account Supervision
<http://ida.knotia.ca/Knowledge/View/Document.cfm?Ktype=445&linkType=toc&dbID=210711341&tocID=733>
- IDA Policy No. 9 Minimum Requirements for Members Seeking Approval Under Regulation 1300.1(t) for Suitability for Trades not Recommended by the Member
<http://ida.knotia.ca/Knowledge/View/Document.cfm?Ktype=445&linkType=toc&dbID=210711341&tocID=794>
- MFDA Rule 2.1.4, Conflicts of Interest
<http://www.mfda.ca/regulation/rules/RulesJul-03-07.pdf>
- Proposed National Instrument 31-103, Registration Requirements, Section 6.1, Conflicts Management Obligations
http://www.osc.gov.on.ca/Regulation/Rulemaking/Current/Part3/rule_20070220_31-103_pro-ni-reg-require.pdf
- Research Study, *How Are Investment Decisions Made?*, by Richard Deaves, Catherine Dine, and William Horton, Commissioned by the Task Force to Modernize Securities Legislation in Canada, May 24, 2006, Volume 2, page 239
http://www.tfmsl.ca/docs/Volume2_en.pdf
- United Kingdom Financial Services Authority "Understanding the basics of the new Conduct of Business sourcebook (COBS) for retail markets
http://www.fsa.gov.uk/pubs/policy/key_markets.pdf
- United Kingdom Financial Services Authority, Conduct of Business sourcebook (COBS)
<http://fsahandbook.info/FSA/handbook/COBS.pdf>
- United States Investment Advisors Act of 1940
<http://www.sec.gov/rules/extra/ia1940.htm>

V REQUIREMENT TO PUBLISH FOR COMMENT

The IDA proposes to publish for comment the accompanying proposed amendments. The Association has determined that the proposed amendments are in the public interest. Comments are sought on the proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 60 days of the publication of this notice, addressed to the attention of Richard J. Corner, Vice President, Regulatory Policy, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

As part of any comment submission, we would appreciate it if you could indicate (with respect to proposed IDA Regulation 200.1(d) and Guide to Interpretation of Regulation 200.1(d)) which of the following individual security position cost disclosure alternatives you prefer and why:

- (1) Disclosure of book cost only;

SRO Notices and Disciplinary Proceedings

- (2) Disclosure of original cost only; or
- (3) Disclosure of both book cost and original cost.

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the IDA website (www.ida.ca) under the heading "Rule Book & Bulletins" and sub-heading "Regulatory Policy Proposals and Comment Letters Received").

Questions may be referred to:

Richard J. Corner
Vice President, Regulatory Policy
Investment Dealers Association of Canada
416.943.6908
rcorner@ida.ca

BOARD RESOLUTION - RELATIONSHIP DISCLOSURE

INVESTMENT DEALERS ASSOCIATION OF CANADA
RULE XX00 - RELATIONSHIP DISCLOSURE FOR ACCOUNTS OPENED BY RETAIL CLIENTS

BOARD RESOLUTION

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. A new rule⁴ detailing retail client relationship disclosure requirements is enacted as follows:

“RULE XX00

RELATIONSHIP DISCLOSURE FOR ACCOUNTS OPENED BY RETAIL CLIENTS

XX01. Objective of relationship disclosure requirements

- (1) This Rule establishes the minimum industry standards for relationship disclosure to retail clients at the time of opening an account or accounts. Relationship disclosure is a written communication from the Member and, where applicable, the adviser / portfolio manager to the client describing:
 - the products and services offered by the Member;
 - the nature of the account and the manner in which the account will operate;
 - the responsibilities of the Member and, where applicable, the adviser / portfolio manager to the client; and
 - the recommended steps to be taken by the client to maintain a successful relationship with the Member and, where applicable, the adviser / portfolio manager.

This Rule should be reviewed in conjunction with:

- Regulation 1300.2 - Know your client, suitability and supervision;
- Regulations 1300.3 to 1300.21 - Discretionary and managed accounts;
- Policy No. 2 - Minimum standards for retail account supervision; and
- Policy No. 9 - Minimum requirements for Members seeking approval under Regulation 1300.1(s) for suitability relief for trades not recommended by the Member.

XX02. Definition of account relationship types

- (1) An “advisory account” is an account where the client is responsible for investment decisions but is able to rely on advice given by the adviser. The adviser is responsible for the advice given. In providing this advice, the adviser must meet an appropriate standard of care, provide suitable investment recommendations and provide unbiased investment advice.
- (2) An “order-execution service account” is an account opened in accordance with “order-execution service” requirements set out in Policy No. 9.
- (3) A “managed account” is an account as defined in Regulation 1300.3.

XX03. Form of relationship disclosure

- (1) Members have the choice of providing customized relationship disclosure to each client, or appropriate standardized relationship disclosure to separate classes of clients.

⁴ The IDA is in the midst of a project to rewrite its Rule Book. As part of this project, IDA requirements currently referred to as by-laws, regulations, policies and forms are being rewritten as rules, policies and guidance notes. This proposal has been drafted using the new Rule Book format. Should these proposals be made effective prior to the implementation of the new Rule Book format, the rule and the guidance note being proposed will be implemented on an interim basis as a regulation and a member regulation notice, respectively.

- (2) Where standardized relationship disclosure is provided to the client the Member must determine that the disclosure is appropriate for the client. Specifically, the disclosure must accurately describe:
 - (a) the account relationship the client has entered into with the Member and, where applicable, the adviser / portfolio manager; and
 - (b) the advisory, suitability and performance reporting service levels the client will receive from with the Member and, where applicable, the adviser / portfolio manager.
- (3) Where a client has more than one account, a combined relationship disclosure document may be provided as long as the Member determines that the combined disclosure is appropriate for the client.

XX04. Format of relationship disclosure

- (1) The format of the relationship disclosure is not prescribed but:
 - (a) The relationship disclosure must be provided to the client in writing;
 - (b) The relationship disclosure must be written in plain language; and
 - (c) The relationship disclosure must include all the required content set out in Section XX05 below;
- (2) Members may choose to provide the disclosure as a separate document or to integrate it with other account openings materials.

XX05. Content of relationship disclosure

- (1) The relationship disclosure document must be entitled "Relationship Disclosure".
- (2) The relationship disclosure document requirements vary by type of account relationship and are as follows:

| | Advisory account | Order-execution service account | Managed account |
|---|-------------------------|---|------------------------|
| (a) A description of the products and services offered by the Member; | Required | Required | Required |
| (b) A description of the account relationship; | Required | Required | Required |
| (c) Where applicable, a description of the process used by the adviser / portfolio manager and the Member to assess the client's investment objectives and risk tolerance and a statement that the client will be provided with a copy of the "know your client" information that is obtained from the client and documented at time of account opening and when there are material changes to the information; | Required | Not applicable provided disclosure is made in compliance with the requirements in Policy No. 9. | Required |

| | Advisory account | Order-execution service account | Managed account |
|--|-------------------------|---|--|
| <p>(d) A description of the Member's minimum obligations to assess the investment suitability:</p> <p>(i) Prior to recommending an investment to the client; and</p> <p>(ii) When one or more of the following trigger events occurs:</p> <p>(A) An account is opened; or</p> <p>(B) An account is received in via transfer; or</p> <p>(C) There is a change in the adviser responsible for the account; or</p> <p>(D) There is a material change in client information for the account;</p> | Required | Not applicable provided disclosure is made in compliance with the requirements in Policy No. 9. | Required |
| <p>(e) A statement indicating whether or not ongoing monitoring of the suitability of the investments held in the account will be an option available to the client as part of the account service offering and, if so, the annual cost of such service;</p> | Required | Not applicable provided disclosure is made in compliance with the requirements in Policy No. 9. | Required, but disclosure will state that ongoing suitability is provided as part of the managed account services |
| <p>(f) A statement indicating Member and adviser conflicts of interest and stating that future conflicts of interest situations, where not resolved, will be disclosed to the client as they arise;</p> | Required | Required | Required |
| <p>(g) A description of all account service fees and charges the client will or may incur relating to the general operation of the account;</p> | Required | Required | Required |
| <p>(h) A description of all costs the client will or may incur in making and holding investments by type of investment product;</p> | Required | Required | Required |
| <p>(i) A statement indicating when trade confirmations and account statements will be sent to the client;</p> | Required | Required | Required |

| | Advisory account | Order-execution service account | Managed account |
|---|-------------------------|--|------------------------|
| (j) A description of the Member's minimum obligations to provide performance information to the client and a statement indicating when account position cost and account activity information will be provided to the client; | Required | Required | Required |
| (k) A statement indicating whether or not the provision of account percentage return information will be an option available to the client as part of the account service offering and, if so, the annual cost of such service; | Required | Required | Required |
| (l) A listing of the account documents required to be provided to the client with respect to the account; | Required | Required | Required |
| (m) A description of the Member's complaint handling procedures and a statement that the client will be provided with a copy of an IDA approved complaint handling process brochure at time of account opening. | Required | Required | Required |

(3) The relationship disclosure document may include the following recommended steps to be taken by the client to maintain a successful relationship with the Member and, where applicable, the adviser / portfolio manager:

- (a) Carefully and promptly review all documentation provided by the Member and, where applicable, the adviser / portfolio manager relating to the operation of your account, account investment recommendations, account investment transactions and account investment holdings. Documentation to be reviewed includes:
 - (i) The "know your client" information maintained by the Member for your account;
 - (ii) Member and, where applicable, the adviser / portfolio manager conflicts of interest disclosures;
 - (iii) Descriptions of all transaction costs and account service fees and charges relating to the account.
 - (iv) Trade confirmations;
 - (v) Account statements;
 - (vi) Account performance reports;
- (b) In either an advisory account or managed account relationship, promptly inform the Member of changes to the client's life circumstances or objectives that may materially affect the accuracy of the "know your client" information maintained by the Member for your account.
- (c) Promptly inform the Member of any trade confirmation, account statement or account performance report errors.
- (d) In either an advisory account or managed account relationship, proactively ask questions and request information from the adviser / portfolio manager to resolve any questions about

the operation of your account, account investment recommendations, account investment transactions and account investment holdings.

- (e) Contact the Member immediately if unsatisfied with the handling of the affairs in your account.

XX06. Review of relationship disclosure materials

- (1) Pursuant to Regulation 1300.2, the relationship disclosure provided to the client must be approved by a partner, director, officer or branch manager. This approval must occur regardless of the form the relationship disclosure takes. If the document is a standardized document, the document must be approved by head office and the branch manager or supervisor who approves new accounts must ensure that the correct document is used in each client circumstance. If the relationship disclosure is a customized document for each client, the branch manager must approve each document.

XX07. Client acknowledgement of receipt of relationship disclosure

- (1) The Member must maintain an audit trail to evidence that the information has been provided to the client. A client signature acknowledging receipt is preferred, but not required. If no signature is obtained, some other method of documenting the provision of the information to the client must be used.”

BE IT RESOLVED THAT the Board of Directors adopt, on this 30th day of January 2008, the English and French versions of these amendments. The Board of Directors also authorizes the Association Staff to make the minor changes that shall be required from time to time by the securities administrators with jurisdiction. These amendments shall take effect on the date determined by the Association Staff.

INVESTMENT DEALERS ASSOCIATION OF CANADA
RULE XX00 - RELATIONSHIP DISCLOSURE FOR ACCOUNTS OPENED BY RETAIL CLIENTS

BLACK-LINE COPY

Note: Proposed IDA Rule XX00 detailing retail client relationship disclosure requirements will be entirely new, so a black-line copy of these amendments is unnecessary.

BOARD RESOLUTION - CONFLICTS RESOLUTION / DISCLOSURE

INVESTMENT DEALERS ASSOCIATION OF CANADA
RULE XX00 – CONFLICTS RESOLUTION / DISCLOSURE

BOARD RESOLUTION

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. A new rule⁵ detailing conflicts of interest resolution and disclosure requirements is enacted as follows:

“RULE XX00

CONFLICTS OF INTEREST RESOLUTION AND DISCLOSURE REQUIREMENTS

XX01. Responsibility to identify conflict of interest situations

- (1) Each Member and, where applicable, Approved Person shall be aware of the possible conflicts of interest between the interests of the Member or advisor or portfolio manager and the interests of the client.
- (2) Where an Approved Person becomes aware of an existing or potential conflict of interest, the existing or potential conflict shall be reported immediately to the Member.

XX02. Conflicts of interest resolution

- (1) Where possible, conflict of interest situations should be avoided.
- (2) Where a conflict of interest situation cannot be avoided, the Member and, where applicable, the Approved Person shall resolve the existing or potential conflict of interest situation:
 - (a) in a fair, equitable and transparent manner, and
 - (b) by exercising responsible business judgment influenced only by the best interest of the client or clients

XX03. Conflicts of interest disclosure

- (1) Existing and potential conflict of interest situations, when there is reasonable likelihood that the client would consider the situation important, shall be disclosed to the client:
 - (a) for new clients, prior to opening an account for the client; and
 - (b) for existing clients, either as they occur or, in the case of transaction related conflicts of interest, prior to entering into the transaction with the client.

XX04. Conflicts of interest policies and procedures

- (1) Each Member shall develop and maintain written policies and procedures to identify, resolve and, where important, disclose conflict of interest situations.

BE IT RESOLVED THAT the Board of Directors adopt, on this 30th day of January 2008, the English and French versions of these amendments. The Board of Directors also authorizes the Association Staff to make the minor changes that shall be required from time to time by the securities administrators with jurisdiction. These amendments shall take effect on the date determined by the Association Staff.

⁵ The IDA is in the midst of a project to rewrite its Rule Book. As part of this project, IDA requirements currently referred to as by-laws, regulations, policies and forms are being rewritten as rules, policies and guidance notes. This proposal has been drafted using the new Rule Book format. Should these proposals be made effective prior to the implementation of the new Rule Book format, the rule and the guidance note being proposed will be implemented on an interim basis as a regulation and a member regulation notice, respectively.

INVESTMENT DEALERS ASSOCIATION OF CANADA
RULE XX00 – CONFLICTS RESOLUTION / DISCLOSURE

BLACK-LINE COPY

Note: Proposed IDA Rule XX00 detailing conflicts of interest resolution and disclosure requirements will be entirely new, so a black-line copy of these amendments is unnecessary.

BOARD RESOLUTION - RETAIL CLIENT SUITABILITY

INVESTMENT DEALERS ASSOCIATION OF CANADA
REGULATION 1300.1 - RETAIL CLIENT SUITABILITY

BOARD RESOLUTION

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. Regulation 1300.1(p) is repealed and replaced as follows:

“Suitability determination required when accepting order

(p) Subject to Regulations 1300.1(s) and 1300.1(t), each Member shall use due diligence to ensure that the acceptance of any order from a client is suitable for such client based on factors including the client’s financial situation, investment knowledge, investment objectives and risk tolerance.”

2. Regulation 1300.1 is amended by renumbering existing Regulations 1300.1(r) through (t) as Regulations 1300.1(s) through (u).
3. Regulation 1300.1 is amended by adding new Regulation 1300.1(r) as follows:

“Suitability determination required for account positions held when certain events occur

(r) Each Member shall, subject to Regulations 1300.1(s) and 1300.1(t), use due diligence to ensure that the positions held in a client’s account or accounts are suitable for such client based on factors including the client’s financial situation, investment knowledge, investment objectives and risk tolerance when one or more of the following trigger events occurs:

- (i) The client is new to the Member and a new account is opened or received in via transfer; or
- (ii) There is a change in the adviser / portfolio manager responsible for the account; or
- (iii) There is has been a material change to the client’s life circumstances or objectives that has results in revisions the client’s “know your client” information as maintained by the Member.”

4. Regulation 1300.1 is amended by repealing and replacing the references to other regulations in new Regulations 1300.1(s) and 1300.1(t) as follows:
 - (a) References to existing Regulation 1300.1(t) are repealed and replaced by references to new Regulation 1300.1(u); and
 - (b) References to existing Regulation 1300.1(p) are repealed and replaced by references to new Regulations 1300.1(p) and 1300.1(r).

BE IT RESOLVED THAT the Board of Directors adopt, on this 30th day of January 2008, the English and French versions of these amendments. The Board of Directors also authorizes the Association Staff to make the minor changes that shall be required from time to time by the securities administrators with jurisdiction. These amendments shall take effect on the date determined by the Association Staff.

INVESTMENT DEALERS ASSOCIATION OF CANADA
REGULATION 1300.1 - RETAIL CLIENT SUITABILITY

BLACK-LINE COPY

Suitability Determination required when accepting order

- (p) Subject to Regulations 1300.1(s) and 1300.1(t), each Member shall use due diligence to ensure that the acceptance of any order from a client is suitable for such client based on factors including the client's financial situation, investment knowledge, investment objectives and risk tolerance.

Suitability Determination Required When Recommendation Provided

- (q) Each Member, when recommending to a customer the purchase, sale, exchange or holding of any security, shall use due diligence to ensure that the recommendation is suitable for such customer based on factors including the customer's financial situation, investment knowledge, investment objectives and risk tolerance.

Suitability determination required for account positions held when certain events occur

- (r) Each Member shall, subject to Regulations 1300.1(s) and 1300.1(t), use due diligence to ensure that the positions held in a client's account or accounts are suitable for such client based on factors including the client's financial situation, investment knowledge, investment objectives and risk tolerance when one or more of the following trigger events occurs:
- (i) The client is new to the Member and a new account is opened or received in via transfer; or
 - (ii) There is a change in the adviser / portfolio manager responsible for the account; or
 - (iii) There is has been a material change to the client's life circumstances or objectives that has results in revisions the client's "know your client" information as maintained by the Member.

Suitability Determination Not Required

- (rs) Each Member that has applied for and received approval from the Association pursuant to Regulation 1300.1(~~tu~~), is not required to comply with Regulations 1300.1(p) and 1300.1(r), when accepting orders from a customer where no recommendation is provided, to make a determination that the order is suitable for such customer.
- (st) Each Member that executes a trade on the instructions of another Member, portfolio manager, investment counsel, limited market dealer, bank, trust company or insurer, pursuant to Section I.B (3) of Policy No. 4 is not required to comply with Regulations 1300.1(p) and 1300.1(r).

Association Approval

- (~~tu~~) The Association, in its discretion, shall only grant such approval where the Association is satisfied that the Member will comply with the policies and procedures outlined in Policy No. 9. The application for approval shall be accompanied by a copy of the policies and procedures of the Member. Following such approval, any material changes in the policies and procedures of the Member shall promptly be submitted to the Association.

BOARD RESOLUTION - ACCOUNT PERFORMANCE REPORTING

INVESTMENT DEALERS ASSOCIATION OF CANADA
REGULATION 200.1 - ACCOUNT PERFORMANCE REPORTING

BOARD RESOLUTION

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. Regulation 200.1 is amended by renumbering existing sections 200.1(d) through (n) as Regulations 200.1(g) through (q).
2. Regulation 200.1 is amended by adding new Regulation 200.1(d) as follows:

“(d) Customer account cost reports for all accounts other than those held by institutional customers, itemizing security position cost information as follows:

(1) For all new security positions added to the account on or after the latest of:

- (i) [Date of implementation];
- (ii) The date the account was opened;
- (iii) If applicable, the date the account was received in by the Member firm as a transferred account;

the [●] cost of the position.

(2) For all existing security positions in the account as of [Date of implementation], the [●] cost of the position.

Where [] information is unavailable, Member firm's may elect to provide market value information as at [Date of implementation], or as at an earlier date (referred to as “point in time market value”) instead of [●] cost information, provided that it is done for all accounts and as at the same date.

Where the account was received in by the Member firm as a transferred account, the market value of the positions as at the date the account was received in via transfer (also referred to as “point in time market value”) may be used instead of [●] cost.

For each security position, the current market value as at the report date shall be provided as a comparison to the cost information. The basis for costing each position (either [●] cost or point in time market value) must be disclosed.

Customer account cost reports shall be sent to customers annually, at a minimum.”

3. Regulation 200.1 is amended by adding new Regulation 200.1(e) as follows:

“(e) Customer account performance reports for all accounts other than those held by institutional customers, itemizing cumulative account performance information.

Cumulative account performance information

Cumulative account performance information to be provided includes:

- (1) *Account cumulative deposits*
- (2) *Account cumulative withdrawals*
- (3) *Account cumulative net investment*
- (4) *Account cumulative income and capital gains realized*
- (5) *Account book value, determined as the net sum of the account security position cost amounts plus/minus any account money credits/debits. The cost amounts used in the calculation of account book*

value must be determined in a manner consistent with the customer account cost report requirements set out in Regulation 200.1(d).

- (6) *Account market value*, determined as the net sum of the account security position market value amounts plus/minus any account money credits/debits.

The information shall be provided in a format which will enable the customer to determine: (i) whether or not the account market value exceeds the account cumulative net investment amount, a measure of account performance over time; and (ii) whether or not the account market value exceeds the account book value amount, a measure of current unrealized account gains/losses.

A report containing cumulative account performance information shall be sent to customers annually, at a minimum.

4. Regulation 200.1 is amended by adding new Regulation 200.1(f) as follows:

- “(f) Customer account performance reports for all accounts other than those held by institutional customers, itemizing account annualized compound percentage returns.

Account annualized compound percentage return information

Where account annualized compound percentage return information is provided to the client, it shall be provided indicating the account’s performance for the past ten, five, three and one year periods. Where the account has existed for more than one and less than ten years, the account’s annualized compound percentage return since inception shall be provided. Where the account has existed for less than one year, account annualized compound percentage return information shall not be provided. The computational method used in determining annualized compound percentage return information shall be a method permitted by the CFA Institute as set out in its Global Investment Performance Standards.

A report containing account annualized compound percentage return information shall be sent to customers annually, at a minimum.”

5. The Guide to Interpretation of Regulation 200.1 is amended by renumbering guide items (d) through (n) as guide items (g) through (q)
6. The Guide to Interpretation of Regulation 200.1 is amended by adding new guide item (d) as follows:

- “(d) **“Customer account cost reports”**

Reports must include all customer account security positions held by the Member firm for the customer in nominee name or physically in client name and all customer account security positions for which the Member firm continues to receive compensation, subject to the exceptions below.

Where, pursuant to Regulation 200.1(d)(2), the [●] cost information is unavailable and the point in time market value amount is not readily determinable for an individual security position held, cost information for the security position shall not be reported.

Where, a particular long security position held has been determined to be not readily marketable, current market value information for the security position shall not be reported. In such instance, a disclosure in the customer account cost report shall inform the customer that the information has not been reported and why the information has not been reported.

The information provided in the customer account cost report may be provided to the customer on either a dollar amount or dollar amount per share basis.

The customer account cost report may be provided to the customer as part of the customer account statement, referred to in Regulation 100.2(c), or separately.”

7. The Guide to Interpretation of Regulation 200.1 is amended by adding new guide item (e) as follows:

“(e) **“Cumulative account performance information”**

Cumulative account performance information must be determined based on all customer account security positions held by the Member firm for the customer in nominee name or physically in client name and all customer account security positions for which the Member firm continues to receive compensation, subject to the exceptions below.

Where, pursuant to Regulation 200.1(d)(2), the [] information is unavailable and the point in time market value amount is not readily determinable for an individual security position held, the security position shall not be considered in the determination of cumulative account performance. Where a particular long security position held has been determined to be not readily marketable, the security position shall not be considered in the determination of cumulative account performance. In either such instance, a disclosure in the cumulative account performance information shall inform the customer of the positions that have been excluded and why the positions have been excluded.

Cumulative account performance information may be provided to the customer as part of the customer account statement, referred to in Regulation 100.2(c), or separately.

8. The Guide to Interpretation of Regulation 200.1 is amended by adding new guide item (f) as follows:

“(f) **“Account annualized compound percentage return information”**

Where account annualized compound percentage return information is provided to the client, it must be determined based on all customer account security positions held by the Member firm for the customer in nominee name or physically in client name and all customer account security positions for which the Member firm continues to receive compensation, subject to the exceptions below.

Where, pursuant to Regulation 200.1(d)(2), the [] information is unavailable and the point in time market value amount is not readily determinable for an individual security position held, the security position shall not be considered in the determination of annualized compound percentage return information. Where, a particular long security position held has been determined to be not readily marketable, the security position shall not be considered in the determination of annualized compound percentage return information. In either such instance, a disclosure in the annualized compound percentage return information shall inform the customer of the positions that have been excluded and why the positions have been excluded.

At the option of the Member firm, customers may be provided with portfolio level (portfolio level being a consolidation of all account security positions and debit/credit money balances of the same customer) annualized compound percentage return information.

At the option of the Member firm, customers may instead be provided with annualized compound percentage return information that delineates advised/non-advised account security positions.

Account annualized compound percentage return information may be provided to the customer as part of the customer account statement, referred to in Regulation 100.2(c), or separately.”

BE IT RESOLVED THAT the Board of Directors adopt, on this 30th day of January 2008, the English and French versions of these amendments. The Board of Directors also authorizes the Association Staff to make the minor changes that shall be required from time to time by the securities administrators with jurisdiction. These amendments shall take effect on the date determined by the Association Staff.

INVESTMENT DEALERS ASSOCIATION OF CANADA
REGULATION 200.1 - ACCOUNT PERFORMANCE REPORTING

BLACK-LINE COPY

Note: The proposed amendments IDA Regulation 200.1 detailing account performance reporting requirements will be entirely new, so a black-line copy of these amendments is unnecessary.

13.1.2 IDA Amendments to Schedule 9 of Form 1 Relating to the Calculation of a Securities Concentration Charge for Positions in Broad Based Index Securities

**INVESTMENT DEALERS ASSOCIATION OF CANADA –
AMENDMENTS TO SCHEDULE 9 OF FORM 1 RELATING TO
THE CALCULATION OF A SECURITIES CONCENTRATION CHARGE
FOR POSITIONS IN BROAD BASED INDEX SECURITIES**

I OVERVIEW

A Current Rules

Schedule 9 of Form 1 requires disclosure of the largest ten issuer security positions that are being relied upon for loan value so that over exposure to an individual issuer and applicability of a concentration charge can be determined. The Notes and Instructions to Schedule 9 of Form 1 codify the definitions and the procedures to be followed.

B The Issue

Schedule 9 of Form 1 intends to identify significant issuer risk and capture issuer exposure. In order to focus in significant issuer risk the current Notes and Instructions to Schedule 9 exempt debt securities with margin rate of 10% or less from consideration. Other securities, namely broad based index securities, warrant different treatment in determining whether positions held represent significant issuer risk. This is because the issuer risk associated with these products is lessened as they provide the performance on a diversified basket of securities.

C Objective

The objective of the proposed amendments is to allow Member firms the option of treating positions in broad based index products in the same manner as the underlying basket of index securities for security concentration purposes. This will be achieved by including a definition for the term “broad based index” in the General Notes and Definitions to Form 1 and by providing in the Notes and Instructions to Schedule 9 of Form 1 the option of reporting the “amount loaned” exposure for each index constituent security position held in determining whether any concentration charge applies.

D Effect of Proposed Rules

It is believed the proposed amendments will have no impact in terms of capital market structure, member versus non-member level playing field, competition generally, costs of compliance and conformity with other rules.

II DETAILED ANALYSIS

A Present Rules, Relevant History And Proposed Policy

Schedule 9 of Form 1 requires disclosure of the largest ten issuer security positions that are being relied upon for loan value so that over exposure to an individual issuer and applicability of a concentration charge can be determined. In determining whether an exposure to a particular issuer is a concern, the combined inventory and customer account collateral “amount loaned” exposure is calculated and compared to the Member firm’s risk adjusted capital.

Broad based listed index products (i.e., index participation units) have become popular vehicles for both Member firms and their clients to invest in a broad range of companies without having to invest individually in the companies themselves. A broad based index product (as opposed to an index sector product) also has the advantage of reducing both the issuer and sector risk that may be associated with individual security holdings. As a result, it is believed that broad based index securities warrant different treatment in determining whether they represent significant issuer risk to the Member firm.

The proposed amendments seek to allow Member firms the option of treating positions in broad based index products in the same manner as the underlying basket of index securities for security concentration purposes. This will be achieved by including a definition for the term “broad based index” in the General Notes and Definitions to Form 1 and by providing in the Notes and Instructions to Schedule 9 of Form 1 the option of reporting the “amount loaned” exposure for each index constituent security position held in determining whether any concentration charge applies.

To qualify as a “broad based index” an index must, among other things, be comprised of thirty or more securities with an average market capitalization of at least \$50 million that represent a broad range of industry and market sectors. The requirement that a broad range of industry and market sectors be represented ensures that there is no change in the way sector index products are considered for securities concentration purposes. This is because sector risk in many situations may be as high as individual issuer risk as there is a higher likelihood of individual issuer concentrations occurring within sectors.

For products that qualify as broad based index products, Member firms will be given the option of treating these positions in the same manner as the underlying basket of index securities for security concentration purposes. Therefore, the proposal does not suggest that there is no issuer risk associated with holding broad based index securities, but rather suggests that the risk is no different than if positions were held in the underlying basket of index securities. The specific optional calculation proposed would allow the broad based index product position to be reported as though individual positions in the underlying securities to the index were held. These "constituent" issuer securities position held would be combined with other positions held for the same issuer to determine the overall amount loaned exposure to an individual issuer.

B Issues and Alternatives Considered

No alternatives have been considered.

C Comparison with Similar Provisions

Both the United Kingdom and the United States have issuer concentration rules. Since the amendment being proposed is a technical amendment designed to address the treatment of broad based index products under the IDA rules a detailed comparison to these rules was considered unnecessary.

D Systems Impact of Rule

The proposed amendments seek to ensure that the concentration calculation continues to focus on significant issuer risk exposures. Members firms will generally only take advantage of the optional "amount loaned" calculation for broad based index securities when it is likely that a securities concentration charge will otherwise result. It is therefore not believed that this rule proposal will result in significant costs or systems impacts.

The Bourse de Montréal is also in the process of passing this amendment. Implementation of this amendment will therefore take place once both the IDA and the Bourse de Montréal have received approval to do so from their respective recognizing regulators.

E Best Interests of the Capital Markets

The Board has determined that the proposed rule is in the public interest and is not detrimental to the best interests of the capital markets.

F Public Interest Objective

According to the IDA's Order of Recognition as a self regulatory organization, the IDA shall, where requested, provide in respect of a proposed rule change "a concise statement of its nature, purposes and effects, including possible effects on market structure and competition". Statements have been made elsewhere as to the nature and effects of the proposal. The purposes of the proposal are to:

- Facilitate an efficient capital-raising process and fair and open competition in securities transactions by imposing capital and margin requirement in relation to the inherent risks associated with the broad based index positions, and
- Standardize industry practices by spelling out more specific procedures for Members to follow.

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes.

III COMMENTARY

A Filing in Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia, Quebec and Ontario and will be filed for information in Manitoba, Newfoundland and Labrador, Nova Scotia, and Saskatchewan.

B Effectiveness

As indicated in the previous sections, the objective of the proposal is to ensure that the concentration calculation continues to focus on significant issuer risk exposures. It is believed that this proposal is effective in achieving this objective with respect to the treatment of broad based index products.

C Process

These proposed amendments were developed and recommended for approval by the FAS Capital Formula Subcommittee and recommended for approval by the FAS Executive Committee and the Financial Administrators Section.

IV SOURCES

- Form 1, General Notes and Definitions
- Form 1, Schedule 9

V REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is publishing for comment the accompanying proposed amendments. The Association has determined that the proposed amendments are in the public interest. Comments are sought on the proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Anwerd Ramcharan, Specialist, Regulatory Policy, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the IDA website (www.ida.ca under the heading "Rule Book & Bulletins" and sub-heading "Regulatory Policy Proposals and Comment Letters Received").

Questions may be referred to:

Anwerd Ramcharan
Specialist, Regulatory Policy
Investment Dealers Association of Canada
416.943.5850
aramcharan@ida.ca

INVESTMENT DEALERS ASSOCIATION OF CANADA

**AMENDMENTS TO SCHEDULE 9 OF FORM 1 RELATING TO THE CALCULATION OF A SECURITIES
CONCENTRATION CHARGE FOR POSITIONS IN BROAD BASED INDEX SECURITIES**

BOARD RESOLUTION

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. The General Notes and Definitions to Form 1 are amended by adding the following words after definition (e):
 - “(f) “broad based index” means an equity index whose underlying basket of securities is comprised of:
 1. thirty or more securities;
 2. the single largest security position by weighting comprises no more than 20% of the overall market value of the basket of equity securities;
 3. the average market capitalization for each security position in the basket of equity securities underlying the index is at least \$50 million;
 4. the securities shall be from a broad range of industries and market sectors as determined by the Joint Regulatory Bodies to represent index diversification; and
 5. in the case of foreign equity indices, the index is both listed and traded on an exchange that meets the criteria for being considered a recognized exchange, as set out in the definition of “regulated entities” in the General Notes and Definitions.”
2. The General Notes and Definitions to Form 1 are amended by renumbering definitions (f) through (i) to definitions (g) through (j).
3. The Notes and Instructions to Schedule 9 of Form 1 are amended by adding the following after Note 3:
 - “4. For the purpose of this schedule, an amount loaned exposure to “broad based index” (as defined in the General Notes and Definitions) positions may be treated as an amount loaned exposure to each of the individual securities comprising the index basket. These amount loaned exposures may be reported by breaking down the broad based index position into its constituent security positions and adding these constituent security positions to other amount loaned exposures for the same issuer to arrive at the combined amount loaned exposure.

To calculate the combined amount loaned exposure for each index constituent security position held, sum
 - a. the individual security positions held, and
 - b. the constituent security position held.
[For example, if ABC security has a 7.3% weighting in a broad based index, the number of securities that represents 7.3% of the value of the broad based index position shall be reported as the constituent security position.]”
4. The Notes and Instructions to Schedule 9 of Form 1 are amended by renumbering Notes 4 through 10 to Notes 5 through 11.

BE IT RESOLVED THAT the Board of Directors adopt, on this 30th day of January, 2008, the English and French versions of these amendments. The Board of Directors also authorizes the Association Staff to make the minor changes that shall be required from time to time by the securities administrators with jurisdiction. These amendments shall take effect on the date determined by the Association Staff.

INVESTMENT DEALERS ASSOCIATION OF CANADA

AMENDMENTS TO SCHEDULE 9 OF FORM 1 RELATING TO THE CALCULATION OF A SECURITIES
CONCENTRATION CHARGE FOR POSITIONS IN BROAD BASED INDEX SECURITIES

BLACK-LINE COMPARISON TO PREVIOUS BOARD RESOLUTION APPROVED BY THE
IDA BOARD OF DIRECTORS ON JUNE 13, 2004

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. The General Notes and Definitions to Form 1 are amended by adding the following words after definition (e):
 - “(f) “broad based index” means an equity index whose underlying basket of securities is comprised of:
 1. ~~twenty~~thirty or more securities;
 2. the single largest security position by weighting comprises no more than ~~35~~20% of the overall market value of the basket of equity securities;
 3. the average market capitalization for each security position in the basket of equity securities underlying the index is at least \$50 million;
 4. the securities shall be from a broad range of industries and market sectors as determined by the Joint Regulatory Bodies to represent index diversification; and
 5. in the case of foreign equity indices, the index is both listed and traded on an exchange that meets the criteria for being considered a recognized exchange, as set out in the definition of “regulated entities” in the General Notes and Definitions.”
2. The General Notes and Definitions to Form 1 are amended by renumbering definitions (f) through (i) to definitions (g) through (j).
3. The Notes and Instructions to Schedule 9 of Form 1 are amended by adding the following after Note 43:
 - “4. For the purpose of this schedule, an amount loaned exposure to “broad based index” (as defined in the General Notes and Definitions) positions may be treated as an amount loaned exposure to each of the individual securities comprising the index basket. These amount loaned exposures may be reported by breaking down the broad based index position into its constituent security positions and adding these constituent security positions to other amount loaned exposures for the same issuer to arrive at the combined amount loaned exposure.

To calculate the combined amount loaned exposure for each index constituent security position held, sum
 - a. the individual security positions held, and
 - b. the constituent security position held.
[For example, if ABC security has a 7.3% weighting in a broad based index, the number of securities that represents 7.3% of the value of the broad based index position shall be reported as the constituent security position.]”
4. The Notes and Instructions to Schedule 9 of Form 1 are amended by renumbering Notes 4 through 10 to Notes 5 through 11.

BE IT RESOLVED THAT the Board of Directors adopt, on this 30th day of January, 2008, the English and French versions of these amendments. The Board of Directors also authorizes the Association Staff to make the minor changes that shall be required from time to time by the securities administrators with jurisdiction. These amendments shall take effect on the date determined by the Association Staff. ~~PASSED AND ENACTED BY THE Board of Directors this 13th day of June 2004, to be effective on a date to be determined by Association staff.~~

13.1.3 MFDA Issues Notice of Hearing Regarding Joplin Leclair

NEWS RELEASE
For immediate release

**MFDA ISSUES NOTICE OF HEARING
REGARDING JOPLIN LECLAIR**

February 25, 2008 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada (“MFDA”) today announced that it has commenced disciplinary proceedings against Joplin Leclair.

MFDA staff alleges in its Notice of Hearing that Ms. Leclair engaged in the following conduct contrary to the By-laws, Rules or Policies of the MFDA:

Allegation #1: Between October 2006 and August 2007, the Respondent solicited and accepted a total of \$250,000 from two individuals which she failed to repay or otherwise account for, contrary to MFDA Rule 2.1.1.

Allegation #2: Between October 2006 and August 2007, the Respondent engaged in a gainful occupation outside the business of the Member without so advising the Member and obtaining approval of the Member, contrary to MFDA Rule 1.2.1(d).

Allegation #3: Commencing June 25, 2007, the Respondent failed to attend and give information to the MFDA during the course of an investigation, contrary to section 22.1(c) of MFDA By-law No. 1.

The first appearance in this matter will take place by teleconference before a Hearing Panel of the MFDA Central Regional Council in the Hearing Room located at the offices of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario on Monday, March 31, 2008 at 10:00 a.m. (Eastern) or as soon thereafter as can be held.

The purpose of the first appearance is to schedule the date for the commencement of the hearing on its merits and to address any other procedural matters.

The first appearance is open to the public, except as may be required for the protection of confidential matters. Members of the public attending the first appearance will be able to listen to the proceeding by teleconference.

A copy of the Notice of Hearing is available on the MFDA website at www.mfda.ca.

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 159 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:

Shaun Devlin
Vice-President, Enforcement
(416) 943-4672 or sdevlin@mfda.ca

13.1.4 MFDA Issues Notice of Hearing Regarding Calogero (Charles) Arcuri

NEWS RELEASE
For immediate release

**MFDA ISSUES NOTICE OF HEARING
REGARDING CALOGERO (CHARLES) ARCURI**

February 25, 2008 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada (“MFDA”) today announced that it has commenced disciplinary proceedings against Calogero (Charles) Arcuri.

MFDA staff alleges in its Notice of Hearing that Mr. Arcuri engaged in the following conduct contrary to the By-laws, Rules or Policies of the MFDA:

Allegation #1: Between June 2005 and September 2005, the Respondent solicited and accepted a total of \$45,000 from three individuals, one of whom was a client, which he failed to repay or otherwise account for, contrary to MFDA Rule 2.1.1.

Allegation #2: Commencing May 3, 2007, the Respondent failed to attend and give information to the MFDA during the course of an investigation, contrary to section 22.1(c) of MFDA By-law No. 1.

The first appearance in this matter will take place by teleconference before a Hearing Panel of the MFDA Central Regional Council in the Hearing Room located at the offices of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario on Thursday, March 13, 2008 at 10:00 a.m. (Eastern) or as soon thereafter as can be held.

The purpose of the first appearance is to schedule the date for the commencement of the hearing on its merits and to address any other procedural matters.

The first appearance is open to the public, except as may be required for the protection of confidential matters. Members of the public attending the first appearance will be able to listen to the proceeding by teleconference.

A copy of the Notice of Hearing is available on the MFDA website at www.mfda.ca.

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 159 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:

Shaun Devlin
Vice-President, Enforcement
(416) 943-4672 or sdevlin@mfda.ca

13.1.5 IDA Amendments To Regulations 100.2, 100.20, 400.4 And Form 1 – Margin Requirements For Precious Metals

**INVESTMENT DEALERS ASSOCIATION OF CANADA –
AMENDMENTS TO REGULATIONS 100.2, 100.20, 400.4 AND FORM 1 –
MARGIN REQUIREMENTS FOR PRECIOUS METALS**

I OVERVIEW

A Current Rules

Current margin requirements only allow certificates evidencing an interest in the precious metals gold, silver, and platinum to be margined. These certificates must be negotiable and issued by Canadian chartered banks and trust companies authorized to do business in Canada. The current margin requirements for precious metal certificates are set out in Regulation 100.2(i). The margin rates for these types of gold, silver, and platinum certificates are 10%, 15%, and 15%, respectively.

B The Issue(s)

The issue is that there are no IDA margin rules for precious metals bullion and as a result they are margined at 100% of their market value. Meanwhile, gold, platinum and silver precious metals certificates, which are just another form of holding precious metals investments, are margined at 10% to 15% of their market value.

C Objective(s)

The proposed amendments would allow gold and silver precious metals bullion to be margined like their respective certificates. The objective of the proposed amendments is to create margin rules that are commensurate with the risks associated with IDA members dealing in precious metals certificates and bullion.

D Effect of Proposed Rules

The proposed amendments are expected to be beneficial to Members, customers and the markets in general, because the margin and capital requirements will correspond to the risks involved in dealing with precious metals bullion. The costs of compliance will be higher for Members involved in this business as there are additional risks to themselves and their customers that must be covered.

II DETAILED ANALYSIS

A Present Rules, Relevant History and Proposed Policy

The current margin requirements for precious metal certificates are set out in Regulation 100.2(i). Regulation 100.2(i) permits certificates evidencing an interest in the precious metals gold, silver, and platinum to be margined. These certificates must be negotiable and issued by Canadian chartered banks and trust companies authorized to do business in Canada. The margin rates for these types of gold, silver, and platinum certificates are 10%, 15%, and 15%, respectively.

The proposed amendments would allow gold and silver precious metals bullion to be margined like their respective certificates. Current margin requirements only allow certificates evidencing an interest in the precious metals gold, silver, and platinum to be margined. An IDA member questioned the rationale for allowing only the certificates to be margined and showed that the precious metals markets around the world for gold and silver bullion were well established and liquid, and other comparable countries like the U.S. and the U.K. allowed these precious metals bullion to be margined.

IDA staff performed its risk analysis to determine whether gold and silver precious metals bullion should be allowed to be margined like their respective certificates and concluded that they should be. The proposed amendments result from the risk analysis performed and the extensive IDA subcommittee discussions, including informal discussions with the Royal Canadian Mint and ScotiaMocatta, to address concerns about authenticity and liquidity; storage, control and segregation; margin and capital; concentration; and insurance.

Furthermore, the proposed amendments would in the short-term increase the margin rates for gold, silver, and platinum certificates as the risk analysis showed that the current margin rates were not adequate to cover each metal's price volatility and liquidity risks. In the long-term, the margin rates for precious metals certificates and bullion would be based on the new methodology for margining equity securities and therefore, would be more dynamic and commensurate with their changing price volatility and liquidity risks.

Authenticity and Liquidity

To minimize the risks relating to the authenticity and liquidity of any gold and silver bullion carried in inventory and client margin accounts, the proposed amendments to Regulation 100.2(i) require that the gold and silver bullion be purchased by the Member from the Royal Canadian Mint or a Canadian chartered bank that is a full member (i.e. a market making member or an ordinary member) of the London Bullion Market Association (LBMA) and that these entities provide a written representation that the gold and silver bullion purchased are LBMA good delivery bars. Currently, the Bank of Nova Scotia (ScotiaMocatta), the Royal Bank of Canada and the Canadian Imperial Bank of Commerce are full members of the LBMA.

Storage, Control and Segregation

To address the storage, control and segregation risk issues, the definition of acceptable securities locations in the general notes and definitions to Form 1 was amended to limit the entities that may hold LBMA gold and silver good delivery bars on behalf of a Member (inventory and client positions) without capital penalty. These entities must be full members or associate members (the Royal Canadian Mint) of the LBMA and must also appear on the SROs list of entities considered suitable to hold these bars; this list is a new list that will be published as a Member Regulation Notice. Furthermore, a written precious metals storage agreement must be executed with the storage location and provide equivalent rights and protection to the Member as the standard securities custodial agreement.

Margin and Capital

To evaluate whether the current margin rates were still adequate to cover the price volatility and liquidity risks for gold, platinum and silver certificates, which would also apply to the underlying bullion, IDA staff calculated the margin rates as if the floating margin rate methodology in Regulation 100.9(a)(x) had applied to gold, platinum and silver for the last five years (January 2, 2002 to December 29, 2006). The daily London Fix prices were used, and the maximum margin rates calculated were 10.25%, 17.25% and 18.75% for gold, platinum and silver, respectively, which were higher than their current margin rates 10%, 15% and 15%, respectively. Consequently, the proposed amendments seek to increase these precious metals margin rates by a fixed amount in the short-term to 20%. In the long-term, the new methodology for margining equity securities would be used to calculate their margin rates, because the new methodology incorporates much of the floating rate methodology, in addition to providing an extra risk protection via minimum margin rates (i.e. 15% for Members and 25% for customers).

Concentration

In addressing the potential concentration exposure of a Member to a particular precious metal bullion, IDA staff looked at whether precious metal certificates should be considered as an exposure to the particular precious metal or to the issuer of the certificates. It was concluded that the precious metal certificates should be considered as an exposure to the underlying precious metal and not to the issuer of the certificates and consequently, the proposed amendments to Regulation 100.20 and Schedule 9 plan to combine the precious metal certificates and bullion as precious metal positions for the particular precious metal.

Insurance

To ensure that a Member's calculation for its minimum amount of insurance to be maintained considered its exposure to customer precious metals bullion positions in gold and silver, the net equity for each customer would need to be expanded beyond the current cash and securities only positions. Therefore, the proposed amendments to Regulation 400.4 and to the notes and instructions to Schedule 10, and a requirement for these Members to supplement their FIB policies with a rider to cover precious metals bullion to adequately address the insurance coverage issue have been made.

A blacklined copy of the proposed amendments is enclosed as Enclosures #1.

B Issues and Alternatives Considered

The proposed rule addresses the issue that the margin rates for precious metals certificates (10% and 15% margin rates) were significantly different from the underlying precious metals bullion (100% margin rate). Three alternatives were considered including the recommended alternative:

1. the status quo
2. only Member positions in gold and silver precious metals bullion to be margined
3. both Member and customer positions in gold and silver precious metals bullion to be margined

The first alternative, the status quo, was dismissed given that our analysis showed that the authenticity and liquidity risks involved in bullion positions can be mitigated by placing limits on who Members must purchase the precious metals bullion from, where they must hold them, and what standards the precious metals bullion must meet. The second alternative, only Member positions in gold and silver precious metals bullion to be margined, was also dismissed as the mitigating factors mentioned in the first alternative also works for client positions. Consequently, the third alternative was recommended.

C Comparison With Similar Provisions

The U.S. does allow margin lending on gold and silver bullion. The initial margin requirement is \$2,000 of minimum equity in the customer's account and a maintenance margin of 25% of the market value of gold or silver spot commodities (10% of the market value of the gold or silver spot commodities if "hedged by futures contracts" in the same commodity). The U.S. Securities Exchange Commission's (SEC) Rule 4 (http://www.sec.gov/rules/sro/pcx/34-49451_a4.pdf) requires that the firm be registered as an Options Trader Permit (OTP) Holder or an OTP Firm with the Pacific Exchange, which is now part of the New York Stock Exchange. The OTP Holder or OTP Firm is allowed to margin lend to customers provided that the gold or silver bullion purchased by customers are:

- within the OTP Holder's or OTP Firm's control,
- is in good deliverable form, and
- covered by appropriate insurance.

SEC Rule 4 also sets out the capital requirements for OTP Holders and OTP Firm, and the circumstances in which the gold and silver bullion are required to be deducted from their net worth in calculating net capital. In addition, SEC Rule 4 goes into significant detail about complying with the three bullet points above, including details about storage arrangements, custodial requirements, identifying customer pledged bullion from fully paid for bullion, utilizing foreign depositories, minimum purity requirements, acceptable refiners, and acceptable assayers. Furthermore, SEC Rule 4 requires OTP Holders and OTP Firms to fully disclose to customers all relevant information pertaining to the transaction: names and locations of depositories; insurance coverage; charges incidental to storage; requirements and costs related to taking delivery of the bullion (e.g. possible need for assay); applicable Federal, state and local laws (e.g. taxes); costs and commissions; special risks and unique characteristics of bullion; and that SIPC (Securities Investor Protection Corporation) coverage is not available on bullion.

One of the key aspects of SEC Rule 4 is that under no circumstances is an OTP Holder or OTP Firm to release the proceeds of sale or gold or silver to a customer unless the customer's gold or silver has been assayed by an acceptable assayer or is in a form acceptable to such assayer.

The U.K. does allow gold and silver positions to be margined. The U.K. Financial Services Authority (FSA) regulates investment dealers and determines how these precious metals are to be margined. Their equivalent term for margin is called position risk requirement (PRR). Gold positions are included within the scope of the foreign exchange PRR and silver positions are within the scope of the commodity PRR in sections 7.4 and 7.5 of the FSA Handbook, respectively.

For gold positions including physical positions, a firm must calculate its foreign currency PRR by calculating the net open position in gold and multiplying the sum of that net open position and the net gold position by 8%. Effectively, gold is margined at 8%. For silver positions including physical positions, a firm must calculate its commodity PRR by using either the commodity simplified approach, the commodity maturity ladder approach or the commodity extended maturity ladder approach. The commodity simplified approach is done by summing: 15% of the net silver position multiplied by the spot price for the commodity; and 3% of the gross silver position (long plus short, ignoring the sign) multiplied by the spot price for the silver. Effectively under this approach, silver is margined at 18%. In addition, a firm must treat silver positions in different grades or brands as different commodities unless they can be delivered against each other or are close substitutes and have price movements which have exhibited a stable correlation coefficient of at least 0.9 over the last 12 months.

D Systems Impact of Rule

The IDA believes the proposed amendments will have no impact on systems. The Bourse de Montréal is also in the process of passing these amendments. Implementation of these amendments will therefore take place once both the IDA and the Bourse de Montreal have received approval to do so from their respective recognizing regulators.

E Best Interests of the Capital Markets

The Board has determined that the proposed rule is in the public interest and is not detrimental to the best interests of the capital markets.

F Public Interest Objective

According to the IDA's Order of Recognition as a self regulatory organization, the IDA shall, where requested, provide in respect of a proposed rule change "a concise statement of its nature, purposes (having regard to paragraph 13 above) and effects, including possible effects on market structure and competition". Statements have been made elsewhere as to the nature and effects of the proposals with respect to margin requirements for precious metals. The purposes of the proposal are to: "prevent fraudulent and manipulative acts and practices; promote the protection of investors, just and equitable principles of trade and high standards of operations, business conduct and ethics; facilitate an efficient capital-raising process and to facilitate transparent, efficient and fair secondary market trading and the availability to members and investors of information with respect to offers and quotations for and transactions in securities, and efficient clearance and settlement procedures; facilitate fair and open competition in securities transactions generally; and standardize industry practices where necessary or desirable for investor protection."

The proposal does not permit unfair discrimination among customers, issuers, brokers, dealers, members or others. It does not impose any burden on competition that is not necessary or appropriate in furtherance of the above purposes. The proposed amendments are in the public interest as it sets requirements that are commensurate with the risk of holding precious metals (certificates and bullion) positions and it will allow Members and customers to hold precious metals bullion in a more capital efficient way.

III COMMENTARY

A Filing In Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia, Quebec and Ontario and will be filed for information in Manitoba, Newfoundland and Labrador, Nova Scotia and Saskatchewan.

B Effectiveness

An assessment of the effectiveness of the proposed rules in addressing the issues discussed above.

C Process

The proposal was developed in consultation with the Financial Administrators Section (FAS) Capital Formula Subcommittee, the FAS Insurance Subcommittee, the FAS Executive and the FAS. In addition, IDA staff conducted informal discussions with the Royal Canadian Mint and ScotiaMocatta. The previously mentioned FAS subcommittees and the FAS have recommended that the Board of Directors approve the proposal.

IV SOURCES

References:

- IDA Regulation 100.2(i) – Precious Metal Certificates
- IDA Regulation 100.9(a)(x) – Floating Margin Rate
- IDA Regulation 100.20 – Concentration of Securities
- IDA Regulation 400 – Insurance
- IDA Form 1 – Joint Regulatory Financial Questionnaire and Report: Definition of Acceptable Securities Locations; Definition of Market Value of Securities; Schedule 9 (Concentration of Securities); and Schedule 10 (Insurance).
- U.S. Securities Exchange Commission's (SEC) Rule 4 (http://www.sec.gov/rules/sro/pcx/34-49451_a4.pdf)
- U.K. Financial Services Authority (FSA) Handbook Section 7.4 Commodity PRR (<http://fsahandbook.info/FSA/handbook/BIPRU.pdf>)
- U.K. Financial Services Authority (FSA) Handbook Section 7.5 Foreign currency PRR (<http://fsahandbook.info/FSA/handbook/BIPRU.pdf>)

V REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is publishing for comment the accompanying proposed amendments. The Association has determined that the proposed amendments are in the public interest. Comments are sought on the proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of Anwerd Ramcharan, Specialist, Regulatory Policy, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager of Market Regulation, Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario, M5H 3S8.

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the IDA website (www.ida.ca) under the heading "Rule Book & Bulletins" and sub-heading "Regulatory Policy Proposals and Comment Letters Received".

Questions may be referred to:

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Specialist, Regulatory Policy
Investment Dealers Association of Canada
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**INVESTMENT DEALERS ASSOCIATION OF CANADA
MARGIN REQUIREMENTS FOR PRECIOUS METALS – REGULATIONS 100.2, 100.20, 400.4 AND FORM 1**

BOARD RESOLUTION

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

Prior to the implementation of the new methodology for margining equity securities

1. Subsection 100.2(i) of Regulation 100 is amended by:
 - (a) Adding the words “**and Bullion**” immediately following the words “**Precious Metal Certificates**”;
 - (b) In subparagraph 100.2(i)(i)
 - (i) Adding the number “(i)” immediately preceding the words “On negotiable certificates”;
 - (ii) Replacing the percentage immediately following the word “Gold:” with “20%”;
 - (iii) Deleting the words “and silver” immediately following the word “Platinum.”;
 - (iv) Replacing the percentage immediately following the words “Platinum and silver:” with “20%”;
 - (v) Adding the words “Silver: 20% of market value” immediately beneath the words “15% of market value”; and
 - (vi) Deleting the sentence “On silver certificates approved by Intermarket Services Inc. held by a Member, margin shall be 25% of market value.”.

and

- (c) Adding new subparagraph 100.2(i)(ii) as follows:
 - “(ii) On bullion purchased by a Member, for its inventory or on behalf of a client, from the Royal Canadian Mint or a Canadian chartered bank that is a market making member or ordinary member of the London Bullion Market Association (LBMA); and a written representation from them stating that the bullion purchased are LBMA good delivery bars:

Gold: 20% of market value

Silver: 20% of market value”
2. Section 100.20 of Regulation 100 is amended by:
 - (a) In subsection 100.20(a):
 - (i) In subparagraph 100.20(a)(i):
 - (I) Adding in subparagraph 100.20(a)(i)(A)1. the words “and precious metals” immediately following the words “long securities”;
 - (II) Adding in subparagraph 100.20(a)(i)(A)2. the words “and precious metals” immediately following the words “long securities”;
 - (III) Adding in subparagraph 100.20(a)(i)(A)3. the words “and precious metals” immediately following the words “long securities”; and
 - (IV) Adding in subparagraph 100.20(a)(i)(A)3. the words “and precious metals” immediately following the words “such securities”.
 - (ii) Adding new subparagraph 100.20(a)(iii) immediately following subparagraph 100.20(a)(ii) as follows:

“(iii) “Precious metal” includes:

- (A) long positions in certificates evidencing an interest in gold, platinum or silver that are acceptable for margin purposes as defined in Regulation 100.2(i)(i); and
- (B) long positions in London Bullion Market Association (LBMA) gold or silver good delivery bars that are acceptable for margin purposes as defined in Regulation 100.2(i)(ii).”

and

(iii) Renumbering existing subparagraph 100.20(a)(iii) as subparagraph 100.20(a)(iv).

(b) In subparagraph 100.20(b)(iv):

- (i) Adding the words “and precious metal” immediately following the words “any securities”; and
- (ii) Adding the words “and precious metal” immediately following the words “on each security”.

(c) In subparagraph 100.20(c)(i):

- (i) Adding the words “or precious metal” immediately following the words “any one security”; and
- (ii) Adding the words “or precious metal” immediately following the words “value of the security”.

(d) In subsection 100.20(d):

- (i) Adding the words “or precious metal” immediately following the words “any one security”;
- (ii) Adding the words “or precious metal” immediately following the words “on any other security”;
- (iii) Adding the words “or precious metal” immediately following the words “on the other security”; and
- (iv) Adding the words “or precious metal” immediately following the words “loan value of the security”.

and

(e) In subsection 100.20(e), adding the words “and precious metals” immediately following the words “first five securities”.

3. Subsection 400.4(i) of Regulation 400 is amended by:

- (a) Replacing the words “and securities” immediately following the words “determined as the total value of cash” with the words “, securities, and other acceptable property (as defined in Schedule 10 of Form 1)”; and
- (b) Replacing the words “and securities” immediately following the words “less the total value of cash” with the words “, securities, and other acceptable property (as defined in Schedule 10 of Form 1)”; and

4. The General Notes and Definitions to Form 1 are amended by:

(a) In the definition of “acceptable securities locations”, adding the following words immediately above the words “The entities are as follows.”:

“For London Bullion Market Association (LBMA) gold and silver good delivery bars, means those entities considered suitable to hold these bars on behalf of a Member, for both inventory and client positions, without capital penalty. These entities must:

- be a market making member, ordinary member or associate member of the LBMA;
 - be on the SROs list of entities considered suitable to hold LBMA gold and silver good delivery bars;
- and

- have executed a written precious metals storage agreement with the Member, outlining the terms upon which such LBMA good delivery bars are deposited. The terms must include provisions that no use or disposition of these bars shall be made without the written prior consent of the Member, and these bars can be delivered to the Member promptly on demand. The precious metals storage agreement must provide equivalent rights and protection to the Member as the standard securities custodial agreement.”

and

- (b) In the definition of “market value of securities”, adding the words “and precious metals bullion,” immediately following the text “2. for unlisted and debt securities.”.

5. The Notes and Instructions to Schedule 9 of Form 1 are amended by:

(a) In Note 1:

- (i) Adding the words “and precious metal positions” immediately preceding the words “that are being relied upon”;
- (ii) Adding the words “and precious metal positions” immediately preceding the words “where a concentration”; and
- (iii) Deleting the word “issuer” immediately preceding the words “positions must be listed”.

(b) In Note 2, adding the text “, a precious metal position must include all certificates and bullion of the particular precious metal (gold, platinum or silver)” immediately preceding the word “where”.

(c) In Note 3:

- (i) Adding the words “and precious metals” immediately following the text “3. Securities”;
- (ii) Adding the words “or precious metal position” immediately following the words “not be included in the issuer position”;
- (iii) Adding the words “and precious metals” immediately following the word “Securities” at the beginning of the second sentence; and
- (iv) Adding the words “and precious metal position” immediately following the words “must be included in the issuer position”.

(d) In Note 6(a), adding the words “and precious metal positions” immediately following the words “security positions”.

(e) In Note 7(a), adding the words “and precious metal positions” immediately following the words “security positions”.

(f) In Note 8:

(i) In Note 8(c):

- (I) Adding the words “or a precious metal position” immediately preceding the words “(net of issuer securities”;
- (II) Adding the words “or precious metal position” immediately following the words “(net of issuer securities”; and
- (III) Adding the words “or precious metal position” immediately following the words “in the case of an issuer position”.

and

- (ii) In Note 8(d):
 - (I) Adding in Note 8(d)(i) the words “and precious metal positions” immediately following the words “Security positions”;
 - (II) Adding in Note 8(d)(ii) the words “and precious metal positions” immediately following the words “Security positions”;
 - (III) Adding in Note 8(d)(ii) the words “or precious metal positions” immediately following the words “is securities”; and
 - (IV) Adding in Note 8(d)(vi) the words “or precious metal positions” immediately following the words “Any security positions”.

(g) In Note 9:

- (i) In Note 9(c):
 - (I) Adding the words “or a precious metal position” immediately following the words “described in note 9(a), or 9(b)”;
 - (II) Adding the words “or precious metal position” immediately following the words “such issuer securities”; and
 - (III) Adding the words “or precious metal position” immediately following the words “the issuer security(ies)”.
- (ii) In Note 9(d):
 - (I) Adding in Note 9(d)(ii) the words “or a precious metal position” immediately preceding the words “exceeds one-half”;
 - (II) Adding in Note 9(d)(iii) the words “or precious metal position” immediately following the words “any other issuer”;
 - (III) Adding in Note 9(d)(iv) the words “or precious metal position” immediately following the words “other issuer position”;
 - (IV) Adding in Note 9(d)(iv) the words “or precious metal position” immediately following the words “the other issuer”; and
 - (V) Adding in Note 9(d)(iv) the words “or precious metal position” immediately following the words “value of the security(ies)”.

and

- (iii) In Note 9(e), adding the words “and precious metal positions” immediately following the words “five issuer positions”.

and

(h) In Note 10:

- (i) Note 10(a), adding the words “or a precious metal position” immediately following the words “exposure in a security”; and
- (ii) Note 10(b), adding the words “or precious metal positions” immediately following the words “whether securities”.

6. Note 3 of the Notes and Instructions to Schedule 10 of Form 1 is amended by:

- (a) Replacing the words “and securities” immediately preceding the words “securities owed to the client” with the words “, securities, and other acceptable property”;

- (b) Replacing the words “and securities” immediately preceding the words “securities owed by the client” with the words “, securities, and other acceptable property”;
- (c) Adding the following words immediately following the words “treated as separate accounts.”:
“Other acceptable property means London Bullion Market Association good delivery bars of gold and silver bullion that are acceptable for margin purposes as defined in Regulation 100.2(i)(ii).”

Subsequent to the implementation of the new methodology for margining equity securities

7. Subsection 100.2(i) of Regulation 100 is further amended by:

- (a) In subparagraph 100.2(i)(i)
 - (i) Replacing the text “Gold: 20% of market value” with the following text:
“Gold, platinum and silver: the published long position basic margin rate for the metal as approved by a recognized self-regulatory organization, multiplied by the market value of the metal certificate position.”

and
 - (ii) Deleting the following text:
“Platinum: 20% of market value
Silver: 20% of market value”

and
- (b) In subparagraph 100.2(i)(ii)
 - (i) Replacing the text “Gold: 20% of market value” with the following text:
“Gold and silver: the published long position basic margin rate for the metal as approved by a recognized self-regulatory organization, multiplied by the market value of the metal bullion position.”

and
 - (ii) Deleting the following text:
“Silver: 20% of market value”

BE IT RESOLVED THAT the Board of Directors adopt, on this 30th day of January, 2008, the English and French versions of these amendments. The Board of Directors also authorizes the Association Staff to make the minor changes that shall be required from time to time by the securities administrators with jurisdiction. These amendments shall take effect on the date determined by the Association Staff.

INVESTMENT DEALERS ASSOCIATION OF CANADA
MARGIN REQUIREMENTS FOR PRECIOUS METALS – REGULATIONS 100.2, 100.20, 400.4 AND FORM 1

BLACK-LINE OF AMENDMENTS

Prior to the implementation of the new methodology for margining equity securities

1. Subsection 100.2(i) of Regulation 100

(i) Precious Metal Certificates and Bullion

(i) On negotiable certificates issued by Canadian chartered banks and trust companies authorized to do business in Canada evidencing an interest in precious metals:

Gold: ~~40%~~20% of market value

Platinum and silver: ~~45%~~20% of market value

Silver: 20% of market value

On silver certificates approved by Intermarket Services Inc. held by a Member, margin shall be 25% of market value."

(ii) On bullion purchased by a Member, for its inventory or on behalf of a client, from the Royal Canadian Mint or a Canadian chartered bank that is a market making member or ordinary member of the London Bullion Market Association (LBMA); and a written representation from them stating that the bullion purchased are LBMA good delivery bars:

Gold: 20% of market value

Silver: 20% of market value

2. Section 100.20 of Regulation 100

100.20 Concentration of Securities

(a) For the purposes of this paragraph:

(i) "Amount Loaned" includes:

(A) In respect of long positions:

1. The loan value of long securities and precious metals in margin accounts on settlement date;
2. The loan value of long securities and precious metals in a regular settlement cash account when any portion of the account is outstanding after settlement date;
3. The loan value of long securities and precious metals in a delivery against payment cash account when such securities and precious metals are outstanding after settlement date;
4. The loan value of long inventory positions on trade date; and
5. The loan value of new issues carried in inventory 20 business days after new issue settlement date.

(B) In respect of short positions:

1. The market value of short positions in margin accounts on settlement date;

2. The market value of short positions in a regular settlement cash account when any portion of the account is outstanding after settlement date;
 3. The market value of short positions in a delivery against payment cash account when such securities are outstanding after settlement date; and
 4. The market value of short inventory securities on trade date.
- (ii) **“Security”** includes:
- (A) all long and short positions in equity and convertible securities of an issuer; and
 - (B) all long and short positions in debt or other securities, other than debt securities with a margin requirement of 10% or less.
- (iii) **“Precious metal”** includes:
- (A) long positions in certificates evidencing an interest in gold, platinum or silver that are acceptable for margin purposes as defined in Regulation 100.2(i)(i); and
 - (B) long positions in London Bullion Market Association (LBMA) gold or silver good delivery bars that are acceptable for margin purposes as defined in Regulation 100.2(i)(ii).
- (iiiiv) **“Risk Adjusted Capital”** means a Member’s risk adjusted capital as calculated before the securities concentration charge (Statement B, Line 25 on Form 1) plus minimum capital (Statement B, Line 6 of Form 1).
- (b) For the purposes of calculating the amount loaned:
- (i) Security positions that qualify for margin offsets pursuant to Regulation 100, as applicable, may be netted;
 - (ii) Separate calculations must be made for long security positions and short security positions. The greater of the long or short position must be used in the calculations below;
 - (iii) In calculating the total amount loaned for each customer on long (or short) positions on any one security, there may be deducted from the loan value (market value) of the long (or short) position:
 - (A) Any excess margin in the customer’s account; and
 - (B) 25% of the market value of long positions in any non-marginable securities in the account provided such securities are carried in readily saleable quantities only.
 - (iv) In calculating the amount loaned on long positions for a customer, where such customer (the “guarantor”) has guaranteed another customer account (the “guaranteed account”), any securities and precious metal in the guarantor’s account which are used to reduce margin required in the guaranteed account in accordance with Regulation 100.14, shall be included in calculating the amount loaned on each security and precious metal for the purposes of the guarantor’s account;
 - (v) The values of trades made with acceptable institutions, acceptable counterparties and regulated entities that are outstanding 10 business days past settlement date and are:
 - (A) Not confirmed for clearing through a recognized clearing corporation; or
 - (B) Not confirmed by the acceptable institution, acceptable counterparty or a regulated entity,Must be included in the calculation below in the same manner as delivery against payment cash accounts; and
 - (vi) The value of trades made with a financial institution that is not an acceptable institution, acceptable counterparty or regulated entity, outstanding less than 10 business days past settlement date, may be excluded from the calculation below if each such trade was confirmed on or before settlement date with a settlement agent that is an acceptable institution or acceptable counterparty.

- (c) (i) Subject to subclause (ii) below, where the total amount loaned by a Member on any one security or precious metal for all customers and/or inventory accounts, as calculated hereunder, exceeds an amount equal to two-thirds of the sum of the Member's risk adjusted capital, before securities concentration charge and minimum capital, as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned over two-thirds of the sum of the Member's risk adjusted capital, before securities concentration charge and minimum capital (Statement B, Line 6 of Form 1), shall be deducted from the risk adjusted capital of the Member. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security or precious metal for which the charge is incurred.
- (ii) Notwithstanding subclause (i) above, where the loaned security issued by
- (A) The Member, or
- (B) A company, where the accounts of a Member are included in the consolidated financial statements and where the assets and revenues of the Member constitute more than 50% of the consolidated assets and 50% of the consolidated revenue, respectively, the company, based on the amounts shown in the audited consolidated financial statements of the company and the Member for the preceding fiscal year,
- And the total amount loaned by the Member on any one such security, as calculated hereunder, exceeds an amount equal to one third of the Member's risk adjusted capital before securities concentration charge plus minimum capital as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned over one-third of the sum of the Member's risk adjusted capital before securities concentration charge and minimum capital shall be deducted from the risk adjusted capital of the Member.
- (d) Where the total amount loaned by a Member on any one security or precious metal for all customers and/or inventory accounts as calculated hereunder exceeds an amount equal to one half of the sum of the Member's risk adjusted capital before securities concentration charge and minimum capital as most recently calculated, and the amount loaned on any other security or precious metal which is being carried by a Member for all customers and/or inventory accounts as calculated hereunder, exceeds an amount equal to one-half of the sum of the Member's risk adjusted capital before securities concentration charge and minimum capital as most recently calculated for more than five business days, an amount equal to 150% of the excess of the amount loaned on the other security or precious metal over one-half of the Member's risk adjusted capital shall be deducted from the risk adjusted capital of the Member. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security or precious metal for which the charge is incurred.
- (e) For the purposes of calculating the concentration charges as required by paragraphs (c) and (d) above, such calculations shall be performed for the first five securities and precious metals in which there is a concentration.
- (f) Where the capital charges described in subsections (c) and (d) would result in a capital deficiency or a violation of the rule permitting designation in early warning pursuant to By-law 30, the Member must report the over-concentration situation to the appropriate Joint Regulatory Bodies on the date the over-concentration first occurs.

3. Subsection 400.4(i) of Regulation 400

400.4 Amounts Required - The minimum amount of insurance to be maintained for each Clause under Regulation 400.2 shall be the greater of:

- (a) \$500,000, or, in the case of an Introducing Type 1 arrangement, \$200,000; and
- (b) 1% of the base amount (as defined herein), or in the case of Introducing Types 1 and 2 arrangements, ½% of the base amount;

provided that for each Clause such minimum amount need not exceed \$25,000,000.

For the purposes of this Regulation 400, the term "base amount" shall mean the greater of:

- (i) The aggregate of net equity for each customer determined as the total value of cash and securities, securities, and other acceptable property (as defined in Schedule 10 of Form 1) owed to the customers by the Member less the total value of cash and securities, securities, and other acceptable property (as defined in Schedule 10 of Form 1) owed by the customers to the Member; and
- (ii) The aggregate of total liquid assets and total other allowable assets of the Member determined in accordance with Statement A of Form 1.

4. The General Notes and Definitions to Form 1

- (d) **"acceptable securities locations"** means those entities considered suitable to hold securities on behalf of a Member, for both inventory and client positions, without capital penalty, given that the locations meet the requirements outlined in the segregation bylaws, rules or regulations of the Joint Regulatory Bodies including, but not limited to, the requirement for a written custody agreement outlining the terms upon which such securities are deposited and including provisions that no use or disposition of the securities shall be made without the prior written consent of the Member and the securities can be delivered to the Member promptly on demand.

For London Bullion Market Association (LBMA) gold and silver good delivery bars, means those entities considered suitable to hold these bars on behalf of a Member, for both inventory and client positions, without capital penalty. These entities must:

- be a market making member, ordinary member or associate member of the LBMA;
- be on the SROs list of entities considered suitable to hold LBMA gold and silver good delivery bars; and
- have executed a written precious metals storage agreement with the Member, outlining the terms upon which such LBMA good delivery bars are deposited. The terms must include provisions that no use or disposition of these bars shall be made without the written prior consent of the Member, and these bars can be delivered to the Member promptly on demand. The precious metals storage agreement must provide equivalent rights and protection to the Member as the standard securities custodial agreement.

The entities are as follows:

1. Depositories or Clearing Agencies

Securities depositories or clearing agencies incorporated or organized under the laws of Canada, the United States or other foreign country and operating a central system for handling securities or equivalent book-based entries in that country and subject to enabling legislation by a central government authority in the country of operation that provides for compliance and powers of enforcement over its members.

The SROs will maintain and regularly update a list of those depositories or clearing agencies that comply with these criteria.

- 2. (a) Acceptable Institutions which in their normal course of business offer custodial security services; or
- (b) Subsidiaries of Acceptable Institutions provided that each such subsidiary, together with the Acceptable Institution, has entered into a custodial agreement with the member containing a legally enforceable indemnity by the Acceptable Institution in favour of the Member covering all losses, claims, damages, costs and liabilities in respect of securities and other property held for the Member and its clients at the subsidiary's location.
- 3. Acceptable Counterparties - with respect to security positions maintained as a book entry of securities issued by the Acceptable Counterparty and for which the Acceptable Counterparty is unconditionally responsible.
- 4. Banks and Trust Companies otherwise classified as Acceptable Counterparties - with respect to securities for which they act as transfer agent and for which custody services are not being provided (in such case, a written custody agreement is not required).

5. Mutual Funds or their Agents - with respect to security positions maintained as a book entry of securities issued by the mutual fund and for which the mutual fund is unconditionally responsible.
6. Regulated entities.
7. Foreign institutions and securities dealers that satisfy the following criteria:
 - (a) the paid-up capital and surplus according to its most recent audited balance sheet is in excess of Cdn. \$150 million as evidenced by the audited financial statements of such entity;
 - (b) in respect of which a foreign custodian certificate has been completed and signed in the prescribed form by the Member's board of directors or authorized committee thereof;

provided that:

- (c) a formal application in respect of each such foreign location is made by the Member to the relevant joint regulatory authority in the form of a letter enclosing the financial statements and certificate described above; and
- (d) the Member reviews each such foreign location annually and files a foreign custodian certificate with the appropriate joint regulatory authority annually.

and such other locations which have been approved as acceptable securities locations by the Joint Regulatory Body having prime jurisdiction over the Member.

(f) "market value of securities" means:

1. for listed securities, the last bid price of a long security and, correspondingly, the last ask price of a short security, as shown on the exchange quotation sheets as of the close of business on the relevant date or last trading date prior to the relevant date, as the case may be, subject to an appropriate adjustment where an unusually large or unusually small quantity of securities is being valued. If not available, the last sale price of a board lot may be used. Where not readily marketable, no market value shall be assigned.
2. for unlisted and debt securities, and precious metals bullion, a value determined as reasonable from published market reports or inter-dealer quotation sheets on the relevant date or last trading day prior to the relevant date, or based on a reasonable yield rate. Where not readily marketable, no market value shall be assigned.
3. for commodity futures contracts, the settlement price on the relevant date or last trading day prior to the relevant date.
4. for money market fixed date repurchases (no borrower call feature), the market price is the price determined by applying the current yield for the security to the term of maturity from the repurchase date. This will permit calculation of any profit or loss based on the market conditions at the reporting date. Exposure due to future changes in market conditions is covered by the margin rate.
5. for money market open repurchases (no borrower call feature), prices are to be determined as of the reporting date or the date the commitment first becomes open, whichever is the later. Market price is to be determined as in 4. and commitment price is to be determined in the same manner using the yield stated in the repurchase commitment.
6. for money market repurchases with borrower call features, the market price is the borrower call price.

5. The Notes and Instructions to Schedule 9 of Form 1

SCHEDULE 9

NOTES AND INSTRUCTIONS

General

1. The purpose of this schedule is to disclose the largest ten issuer positions and precious metal positions that are being relied upon for loan value whether or not a concentration charge applies. If there are more than ten issuer positions and precious metal positions where a concentration exposure exists, then all such issuer positions must be listed on the schedule.
2. For the purpose of this schedule, an issuer position must include all classes of securities for an issuer (i.e. all long and short positions in equity, convertibles, debt or other securities of an issuer other than debt securities with a normal margin requirement of 10% or less), a precious metal position must include all certificates and bullion of the particular precious metal (gold, platinum or silver) where:
 - loan value is being extended in a margin account, cash account, delivery against payment account, receipt against payment account; or
 - an inventory position is being held.
3. Securities and precious metals that are required to be in segregation or safekeeping should not be included in the issuer position or precious metal position. Securities and precious metals that have been segregated, but are not required to be, can still be relied on by the Member for loan value, and must be included in the issuer position and precious metal position.
4. For the purpose of this schedule only, stripped coupons and residuals, [if they are held on a book based system, and are in respect of federal and provincial debt instruments], should be margined at the same rate as the underlying security.
5. For short positions, the loan value is the market value of the short position.

Client position

6. (a) Client positions are to be reported on a settlement date basis for client accounts including positions in margin accounts, regular cash accounts [when any transaction in the account is outstanding after settlement date] and delivery against payment and receipt against payment accounts [when any transaction in the account is outstanding after settlement date]. Within each client account, security positions and precious metal positions that qualify for a margin offset may be eliminated.
- (b) Positions in delivery against payment and receipt against payment accounts with Acceptable Institutions, Acceptable Counterparties, or Regulated Entities resulting from transactions that are outstanding less than ten business days past settlement date are not to be included in the positions reported. If the transaction has been outstanding ten business days or more past settlement and is not confirmed for clearing through an Acceptable Clearing Corporation or not confirmed by the Acceptable Institution, Acceptable Counterparty or Regulated Entity, then the position must be included in the position reported.

Firm's own position

7. (a) Firm's own inventory positions are to be reported on a trade date basis, including new issue positions carried in inventory twenty business days after new issue settlement date. All security positions and precious metal positions that qualify for a margin offset may be eliminated.
- (b) The amount reported must include uncovered stock positions in market-maker accounts.

Amount Loaned

8. The client and firm's own positions reported are to be determined based on the combined client/firm's own long or short position that results in the largest amount loaned exposure.

- (a) To calculate the combined amount loaned on the long position exposure, combine:
- the loan value of the gross long client position (if any) contained within client margin accounts;
 - the weighted market value (calculated pursuant to the weighted market value calculation set out in Schedule 4, Note 9, Cash Accounts Instruction (a)) and/or loan value (calculated pursuant to the loan value calculation set out in Schedule 4, Note 9, Cash Accounts Instruction (b)) of the gross long client position (if any) contained within client cash accounts;
 - the market value (calculated pursuant to the market value calculation set out in Schedule 4, Note 9, DAP and RAP Accounts Instruction (a)) and/or loan value (calculated pursuant to the loan value calculation set out in Schedule 4, Note 9, DAP and RAP Accounts Instruction (b)) of the gross long client position (if any) contained within client delivery against payment accounts; and
 - the loan value (calculated pursuant to the Notes and Instructions to Schedule 2) of the net long firm's own position (if any).
- (b) To calculate the combined amount loaned on the short position exposure, combine
- the market value of the gross short client position (if any) contained within client margin, cash and receipt against payment accounts; and
 - the market value of the net short firm's own position (if any).
- (c) If the loan value of an issuer position or a precious metal position (net of issuer securities or precious metal position required to be in segregation/safekeeping) does not exceed one-half (one-third in the case of an issuer position or precious metal position which qualifies under either Note 9(a) or 9(b) below) of the sum of the Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, line 4) as most recently calculated, the completion of the column titled "Adjustments in arriving at Amount Loaned" is optional. However, nil should be reflected for the concentration charge.
- (d) In determining the amount loaned on either a long, or short position exposure, the following adjustments may be made:
- (i) Security positions and precious metal positions that qualify for a margin offset may be excluded, as previously discussed in notes 6(a) and 7(a);
 - (ii) Security positions and precious metal positions that represent excess margin in the client's account may be excluded. (Note if the starting point of the calculations is securities or precious metal positions not required to be in segregation/safekeeping, this deduction has already been included in the loan value calculation of Column 6.);
 - (iii) In the case of margin accounts, 25% of the market value of long positions in any: (a) non-marginable securities or, (b) securities with a margin rate of 100%, in the account may be deducted from the amount loaned calculation, provided that such securities are carried in readily saleable quantities only;
 - (iv) In the case of cash accounts, 25% of the market value of long positions in any securities whose market value weighting is 0.000 (pursuant to Schedule 4, Note 9, Cash Accounts Instruction (a)) in the account may be deducted from the amount loaned calculation, provided that such securities are carried in readily saleable quantities only;
 - (v) The amount loaned values of trades made with financial institutions that are not Acceptable Institutions, Acceptable Counterparties or Regulated Entities, if the trades are outstanding less than 10 business days past settlement date, and the trades were confirmed on or before settlement date with a settlement agent that is an Acceptable Institution may be deducted from the amount loaned calculation; and
 - (vi) Any security positions or precious metal positions in the client's (the "Guarantor") account, which are used to reduce the margin required in another account pursuant to the terms of a

guarantee agreement, shall be included in calculating the amount loaned on each security for the purposes of the Guarantor's account.

- (e) Amount Loaned is the position exposure (either long or short) with the largest calculated amount loaned.

Concentration Charge

- 9. (a) Where the Amount Loaned reported relates to securities issued by
 - (i) the Member, or
 - (ii) a company, where the accounts of a Member are included in the consolidated financial statements and where the assets and revenue of the Member constitute more than 50% of the consolidated assets and 50% of the consolidated revenue, respectively, of the company, based on the amounts shown in the audited consolidated financial statements of the company and the Member for the preceding fiscal year and the total Amount Loaned by a Member on such issuer securities exceeds one-third of the sum of the Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, line 4), as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over one-third of the sum of the Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, line 4) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) for which such charge is incurred.
- (b) Where the Amount Loaned reported relates to non-marginable securities of an issuer held in a cash account(s), where loan value has been extended pursuant to the weighted market value calculation set out in Schedule 4, Note 9, and the total Amount Loaned by a Member on such issuer securities exceeds one-third of the sum of the Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, line 4), as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over one-third of the sum of the Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, line 4) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) for which such charge is incurred.
- (c) Where the Amount Loaned reported relates to arm's length marginable securities of an issuer (i.e., securities other than those described in note 9(a), or 9(b)) or a precious metal position, and the total Amount Loaned by a Member on such issuer securities or precious metal position exceeds two-thirds of the sum of the Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, line 4), as most recently calculated, a concentration charge of an amount equal to 150% of the excess of the Amount Loaned over two-thirds of the sum of the Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, line 4) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the issuer security(ies) or precious metal position for which such charge is incurred.
- (d) Where:
 - (i) The Member has incurred a concentration charge for an issuer position under either note 9(a) or 9(b) or 9(c); or
 - (ii) The Amount Loaned by a Member on any one issuer (other than issuers whose securities may be subject to a concentration charge under either Note 9(a) or 9(b) above) or a precious metal position exceeds one-half of the sum of the Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, line 4), as most recently calculated; and
 - (iii) The Amount Loaned on any other issuer or precious metal position exceeds one-half (one-third in the case of issuers whose securities may be subject to a concentration charge under either Note 9(a) or 9(b) above) of the sum of Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, line 4); then

- (iv) A concentration charge on such other issuer position or precious metal position of an amount equal to 150% of the excess of the Amount Loaned on the other issuer or precious metal position over one-half (one-third in the case of issuers whose securities may be subject to a concentration charge under either Note 9(a) or 9(b) above) of the sum of the Member's Risk Adjusted Capital before securities concentration charge and minimum capital (Stmt. B, line 4) is required unless the excess is cleared within five business days of the date it first occurs. For long positions, the concentration charge as calculated herein shall not exceed the loan value of the security(ies) or precious metal position for which such charge is incurred.
- (e) For the purpose of calculating the concentration charges as required by notes 9(a), 9(b), 9(c) and 9(d) above, such calculations shall be performed for the largest five issuer positions and precious metal positions by Amount Loaned in which there is a concentration exposure.

Other

- 10. (a) Where there is an over exposure in a security or a precious metal position and the concentration charge as referred to above would produce either a capital deficiency or a violation of the Early Warning Rule, the Member must report the over exposure situation to the appropriate Joint Regulatory Body on the date the over exposure first occurs.
- (b) A measure of discretion is left with the Joint Regulatory Bodies in dealing with the resolution of concentration situations, particularly as regards to time requirements for correcting any over exposure, as well as whether securities or precious metal positions are carried in "readily saleable quantities".

6. Note 3 of the Notes and Instructions to Schedule 10 of Form 1

- 3. Net equity for each client is the total value of cash, ~~and securities~~ securities, and other acceptable property owed to the client by the Member less the value of cash, ~~and securities~~ securities, and other acceptable property owed by the client to the Member. In determining net equity, accounts of a client such as cash, margin, short sale, options, futures, foreign currency and Quebec Stock Savings Plans are combined and treated as one account. Accounts such as RRSP, RRIF, RESP, Joint accounts are not combined with other accounts and are treated as separate accounts. Other acceptable property means London Bullion Market Association good delivery bars of gold and silver bullion that are acceptable for margin purposes as defined in Regulation 100.2(i)(ii).

Net equity is determined on a client by client basis on either a settlement date basis or trade date basis. Schedule 10 Part A line 1(a) is the aggregate net equity for each client. Negative client net equity, (i.e. total deficiency in net equity owed to the Member by the client) is not included in the aggregate.

For Schedule 10, guarantee/guarantor agreements should not be considered in the calculation of net equity.

The Client Net Equity calculation should include all retail and institutional client accounts, as well as accounts of broker dealers, repos, loan post, broker syndicates, affiliates and other similar accounts.

Subsequent to the implementation of the new methodology for margining equity securities

7. Subsection 100.2(i) of Regulation 100 (further amendments)

(i) Precious Metal Certificates and Bullion

- (i) On negotiable certificates issued by Canadian chartered banks and trust companies authorized to do business in Canada evidencing an interest in precious metals:

Gold, platinum and silver: ~~_____ 20% of market value~~ the published long position basic margin rate for the metal as approved by a recognized self-regulatory organization, multiplied by the market value of the metal certificate position.

Platinum: ~~_____ 20% of market value~~

Silver: ~~20% of market value~~

- (ii) On bullion purchased by a Member, for its inventory or on behalf of a client, from the Royal Canadian Mint or a Canadian chartered bank that is a market making member or ordinary member of the London Bullion Market Association (LBMA); and a written representation from them stating that the bullion purchased are LBMA good delivery bars:

Gold and silver: ~~20% of market value~~ the published long position basic margin rate for the metal as approved by a recognized self-regulatory organization, multiplied by the market value of the metal bullion position.

Silver: ~~20% of market value~~

Chapter 25

Other Information

25.1 Exemptions

25.1.1 BluMont Augen Quebec Limited Partnership 2008 - 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.

February 22, 2008

Fasken Martineau DuMoulin LLP

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

Attention: Jennifer I. Armstrong

Dear Sirs/Mesdames:

Re: Application filed by BluMont Augen Quebec Limited Partnership 2008 dated February 7, 2008 under Rule 41-501 Application No. 2008/0101; SEDAR Project No. 1201678

By letter dated February 7, 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 Blumont Capital Corporation, the portfolio manager of the Partnership.

Yours very truly,

"Vera Nunes"
Assistant Manager, Investment Funds Branch

25.2 Consents

25.2.1 Midasco Capital Corp. - s. 4(b) of the Regulation

Headnote

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

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am.

Regulations Cited

Ont. Reg. 289/00, as am., s. 4(b).

**IN THE MATTER OF
ONT. REG. 289/00, AS AMENDED
(THE "REGULATION") MADE UNDER
THE BUSINESS CORPORATIONS ACT,
R.S.O. 1990, c.B.16, AS AMENDED
(THE "OBCA")**

AND

**IN THE MATTER OF
MIDASCO CAPITAL CORP.**

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

UPON the application (the "**Application**") of Midasco Capital Corp. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") requesting consent from the Commission to continue in another jurisdiction, as required by subsection 4(b) of the Regulation;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated under the OBCA on May 16, 1991. Its head office is located at Suite 888, 609 West Hastings Street, Vancouver, British Columbia, V6B 4W4.
2. The authorized share capital of the Applicant consists of an unlimited number of common shares without nominal or par value and an unlimited number of a class of preferred shares without nominal or par value issuable in one or more series. As at January 30, 2008, there were 34,098,275 common shares (the "**Shares**") issued and outstanding and no preferred shares were issued and outstanding.

3. The Shares are listed for trading on the TSX Venture Exchange under the symbol "MGC".
4. The Applicant is proposing to submit to the Director under the OBCA an application for authorization to continue (the "**Continuance**") under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") pursuant to section 181 of the OBCA (the "**Application for Continuance**").
5. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission.
6. The Applicant is an offering corporation under the OBCA. The Applicant is also a reporting issuer or its equivalent under the securities legislation of the provinces of British Columbia and Alberta (the "**Legislation**").
7. The Applicant intends to remain a reporting issuer under the Legislation after the Continuance.
8. The Applicant is not in default of any of the provisions of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") or the regulations or rules made thereunder and is not in default under the Legislation.
9. The Applicant is not a party to any proceeding or, to the best of its knowledge, information and belief, any pending proceeding under the Act or the Legislation.
10. The Applicant's shareholders authorized the continuance of the Applicant as a corporation under the BCBCA by special resolution at the annual and special meeting of shareholders held on April 13, 2007 (the "**Meeting**"). The special resolution authorizing the Continuance was approved at the Meeting by 100% of the votes cast.
11. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA. A summary of differences between the BCBCA and the OBCA was provided to shareholders in the Applicant's management information circular for its Meeting.
12. The Applicant's head office and management are located in British Columbia and the Continuance is being proposed to move the jurisdiction of incorporation to the jurisdiction in which the business is being operated .

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

Other Information

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant under the name "Midasco Capital Corp." as a corporation under the BCBCA.

DATED at Toronto this 8th day of February, 2008

"Wendell S. Wigle"
Commissioner
Ontario Securities Commission

"David L. Knight"
Commissioner
Ontario Securities Commission

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