The Ontario Securities Commission

OSC Bulletin

March 21, 2008

Volume 31, Issue 12

(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
Cadillac Fairview Tower
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

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

Published under the authority of the Commission by:
Carswell
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

416-609-3800 or 1-800-387-5164

Contact Centre - Inquiries, Complaints:	Fax: 416-593-8122
Market Regulation Branch:	Fax: 416-595-8940
Compliance and Registrant Regulation Branch	
- Compliance:	Fax: 416-593-8240
- Registrant Regulation:	Fax: 416-593-8283
Corporate Finance Branch	
- Team 1:	Fax: 416-593-8244
- Team 2:	Fax: 416-593-3683
- Team 3:	Fax: 416-593-8252
- Insider Reporting:	Fax: 416-593-3666
- Mergers and Acquisitions:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Office of the Secretary:	Fax: 416-593-2318

The OSC Bulletin is published weekly by Carswell, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of $649 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

Carswell also offers every issue of the Bulletin, from 1994 onwards, fully searchable on *SecuritiesSource*™, Canada's pre-eminent web-based securities resource. *SecuritiesSource*™ also features comprehensive securities legislation, expert analysis, precedents and a weekly Newsletter. For more information on *SecuritiesSource*™, as well as ordering information, please go to:

http://www.westlawecarswell.com/SecuritiesSource/News/default.htm

or call Carswell Customer Relations at 1-800-387-5164 (416-609-3800 Toronto & Outside of Canada).

Claims from *bona fide* subscribers for missing issues will be honoured by Carswell up to one month from publication date.

Space is available in the Ontario Securities Commission Bulletin for advertisements. The publisher will accept advertising aimed at the securities industry or financial community in Canada. Advertisements are limited to tombstone announcements and professional business card announcements by members of, and suppliers to, the financial services industry.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the publisher.

The publisher is not engaged in rendering legal, accounting or other professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

© Copyright 2008 Ontario Securities Commission
ISSN 0226-9325
Except Chapter 7 ©CDS INC.

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

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
World wide Web: http://www.carswell.com
Email: carswell.orders@thomson.com

Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

MARCH 21, 2008

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

Telephone: 416-597-0681 Telecopier: 416-593-8348

CDS **TDX 76**

Late Mail depository on the 19th Floor until 6:00 p.m.

- -

THE COMMISSIONERS

W. David Wilson, Chair	—	WDW
James E. A. Turner, Vice Chair	—	JEAT
Lawrence E. Ritchie, Vice Chair	—	LER
Paul K. Bates	—	PKB
Harold P. Hands	—	HPH
Margot C. Howard	—	MCH
Kevin J. Kelly	—	KJK
David L. Knight, FCA	—	DLK
Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

March 25, 2008 9:30 a.m.	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 & 127(1) D. Ferris in attendance for Staff Panel: 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: WSW/DLK
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: WSW/DLK
March 27, 2008 10:00 a.m.	**Jose Castaneda** s. 127 and 127.1 H. Craig in attendance for Staff Panel: WSW/ST
March 28, 2008 9:00 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

March 28, 2008 10:00 a.m.	**Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson** s.127 J. Superina in attendance for Staff Panel: LER/MCH
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 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 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 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/dlk
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 7, 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: JEAT/CSP
April 7, 2008 10:00 a.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: DLK/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
April 16, 2008 10:00 a.m.	**Swift Trade Inc. and Peter Beck** s. 127 E. Cole in attendance for Staff Panel: TBA

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
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
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
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
June 24, 2008 2:30 p.m.	**Stanton De Freitas** s. 127 and 127.1 P. Foy in attendance for Staff Panel: JEAT/ST
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
July 22, 2008 2:30 p.m.	**Sunwide Finance Inc., Sun Wide Group, Sun Wide Group Financial Insurers & Underwriters, Wi-Fi Framework Corporation, Bryan Bowles, Steven Johnson, Frank R. Kaplan and George Sutton** s. 127 C. Price in attendance for Staff Panel: JEAT/MCH
September 3, 2008 10:00 a.m.	**Shane Suman and Monie Rahman** s. 127 & 127(1) J. Corelli/C. Price 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** s. 127 E. Cole in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** 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

J. Waechter in attendance for Staff

Panel: TBA

TBA **Frank Dunn, Douglas Beatty, Michael Gollogly**

s.127

K. Daniels in attendance for Staff

Panel: TBA

TBA **Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels**

s. 127 and 127.1

D. Ferris in attendance for Staff

Panel: JEAT/ST

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

s. 127 and 127.1

H. Craig in attendance for Staff

Panel: TBA

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. 127

C. Price in attendance for Staff

Panel: LER

TBA **Al-Tar Energy Corp., Alberta Energy Corp., Drago Gold Corp., David C. Campbell, Abel Da Silva, Eric F. O'Brien and Julian M. Sylvester**

s. 127 & 127.1

M. Boswell in attendance for Staff

Panel: JEAT

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Andrew Keith Lech

S. B. McLaughlin

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

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

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

Euston Capital Corporation and George Schwartz

Al-Tar Energy Corp., Alberta Energy Corp., Eric O'Brien, Bill Daniels, Bill Jakes, John Andrews, Julian Sylvester, Michael N. Whale, James S. Lushington, Ian W. Small, Tim Burton and Jim Hennesy

Global Partners Capital, WS Net Solution, Inc., Hau Wai Cheung, Christine Pan, Gurdip Singh Gahunia

1.4 Notices from the Office of the Secretary

1.4.1 Juniper Fund Management Corporation et al.

FOR IMMEDIATE RELEASE
March 13, 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 – The Commission issued an Order today granting leave for the withdrawal of Torkin Manes Cohen Arbus LLP as counsel of record for Roy Brown in the above named matter.

A copy of the Order dated March 13, 2008 is available at www.osc.gov.on.ca

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

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

1.4.2 Andrew Stuart Netherwood Rankin

FOR IMMEDIATE RELEASE
March 18, 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 – The Commission issued its Reasons For Decision on Settlement in the above named matter following a hearing held on February 21, 2008

A copy of the Reasons For Decision dated March 17, 2008 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

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

This page intentionally left blank

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Bulldog Resources Inc. - s. 1(10)

Headnote

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

Ontario Statutes

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

March 12, 2008

Heenan Blaikie LLP
12th Floor, Fifth Avenue Place
425 - 1 Street SW
Calgary, AB T2P 3L8

Attention: Nicole Bacsalmasi

Dear Madam:

Re: Bulldog Resources Inc. (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.

Relief requested granted on the 12th day of March, 2008.

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

2.1.2 Cognos ULC - 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).

March 14, 2008

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

Attention: Andrew Powers

Dear Sir or Madam:

Re: Cognos ULC (formerly Cognos Incorporated) (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 & 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.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.3 Telesat Canada - 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).

March 12, 2008

McCarthy Tetrault LLP
Suite 5300
Toronto Dominion Bank Tower
Toronto, Ontario
M5K 1E6

Dear Mr. Robert Forbes:

Re: Telesat Canada (the "Applicant") – application to not be a reporting issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland (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.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.4 Tembec Industries 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).

Montreal, March 7, 2008

Osler, Hoskin & Harcourt S.E.N.C.R.L./s.r.l.
1000, De La Gauchetière West
Suite 2100
Montréal, Québec H3B 4W5

Attention: Mr. Jean-Pierre Blanchette

Re: Tembec Industries Inc. (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Ontario and Québec (the "Jurisdictions")

Dear Sir:

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 National Instrument 21-101 *Marketplace Operation*;
- the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer;

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

"Marie-Christine Barrette"
Manager of the Financial Disclosure Department

2.1.5 Focus Energy Trust - 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: Focus Energy Trust, 2008 ABASC 107

March 7, 2008

Blake, Cassels & Graydon LLP
3500, Bankers Hall East Tower
855 - 2 Street SW
Calgary, AB T2P 4J8

Attention: Sheila A. Crosby

Dear Ms Crosby:

Re: Focus 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 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.

Relief requested granted on the 7th day of March, 2008.

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

2.1.6 Allbanc Split Corp. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemptive relief granted to an exchange traded fund from certain mutual fund requirements and restrictions on: borrowing, investments, calculation and payment of redemptions, preparation of compliance reports, and date of record for payment of distributions – Since investors will generally buy and sell units through the TSX, there are adequate protections and it would not be prejudicial to investors – National Instrument 81-102 – Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 – Mutual Funds, ss. 2.1(1), 2.6(a), 10.3, 10.4(1), 12.1(1), 14.1, 19.1.

March 7, 2008

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

AND

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

AND

IN THE MATTER OF
ALLBANC SPLIT CORP.

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application (the "Application") from Allbanc Split Corp. (the "Filer") for a decision under National Instrument 81-102 Mutual Funds ("NI 81-102") that the following sections of NI 81-102 (collectively, "the NI 81-102 Requirements") will not apply to the Filer with respect to the class B preferred shares (the "Class B Preferred Shares") proposed to be issued by the Filer as described in a preliminary prospectus dated January 30, 2008 (the "Preliminary Prospectus"):

(a) subsection 2.1(1), which prohibits a mutual fund from purchasing a security of an issuer if, immediately after the transaction, more than 10 percent of the net assets of the mutual fund, taken at market value at the time of the transaction, would be invested in securities of the issuer;

(b) subsection 2.6(a), which prohibits a mutual fund from borrowing cash or providing a security interest over any of its portfolio assets except in compliance with subsection 2.6(a);

(c) section 10.3, which requires that the redemption price of a security of a mutual fund to which a redemption order pertains shall be the net asset value of a security of that class, or series of class, next determined after the receipt by the mutual fund of the order;

(d) subsection 10.4(1), which requires that a mutual fund shall pay the redemption price for securities that are the subject of a redemption order within three business days after the date of calculation of the net asset value per security used in establishing the redemption price;

(e) subsection 12.1(1), which requires a mutual fund that does not have a principal distributor to complete and file a compliance report, and accompanying letter of the auditor, in the form and within the time period mandated by subsection 12.1(1); and

(f) section 14.1, which requires that the record date for determining the right of securityholders of a mutual fund to receive a dividend or distribution by the mutual fund shall be calculated in accordance with section 14.1.

Under the Mutual Reliance Review System for Exemptive Relief Applications

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

(b) this MRRS Decision Document evidences the decision of each Decision Maker.

Interpretation

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

Representations

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

The Filer

1. The Filer was incorporated under the *Business Corporations Act* (Ontario) on December 17, 1997 and completed an initial public offering of capital shares and preferred shares on February 25, 1998.

2. On January 25, 2008, the holders of class A capital shares (the "Capital Shares") of the Company approved a share capital reorganization

(the "Reorganization") which permits holders of Capital Shares, at their option, to retain their investment in the Company after the originally scheduled redemption date of March 10, 2008. In order for the Reorganization to proceed, holders of at least 180,000 Capital Shares must retain their Capital Shares and not exercise their special retraction right (the "Special Retraction Right"). All of the class A preferred shares (the "Class A Preferred Shares") and those Capital Shares for which holders have exercised their Special Retraction Right, will be redeemed on March 10, 2008. Should the Reorganization not proceed, all of the Capital Shares and all of the Class A Preferred Shares will be redeemed on March 10, 2008.

3. The Class B Preferred Shares are being offered in order to maintain the leveraged "split share" structure of the Company and will be issued on March 10, 2008 (the "Offering") such that there will be an equal number of Capital Shares and Class B Preferred Shares outstanding on and after March 10, 2008.

4. The Filer will make the Offering to the public pursuant to a final prospectus (the "Final Prospectus") in respect of which the Preliminary Prospectus has already been filed.

5. The Capital Shares will continue to be listed and posted for trading on The Toronto Stock Exchange (the "TSX") and the Class B Preferred Shares are expected to be listed and posted for trading on the TSX. An application requesting conditional listing approval has been made by the Filer to the TSX.

6. The Filer is a passive investment company whose principal investment objective is to invest in a portfolio (the "Portfolio") of common shares (the "Portfolio Shares") of Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, The Bank of Nova Scotia and The Toronto-Dominion Bank in order to generate fixed cumulative preferential distributions for holders of the Filer's Class B Preferred Shares, and to allow the holders of the Filer's Capital Shares to participate in the capital appreciation of the Portfolio Shares after payment of administrative and operating expenses of the Filer. It will be the policy of the Board of Directors of the Filer to pay dividends on the Capital Shares in an amount equal to the dividends received by the Filer on the Portfolio Shares minus the distributions payable on the Class B Preferred Shares and all administrative and operating expenses of the Filer.

7. The net proceeds of the Offering (after deducting the agents' fees and expenses of the issue), depending upon the number and value of Capital Shares redeemed pursuant to the Special Retraction Right, will be used by the Filer either: (i) to fund the redemption of all of the issued and outstanding Class A Preferred Shares of the Filer on March 10, 2008 as well as those Capital Shares being redeemed pursuant to the Special Retraction Right (together, with the net proceeds from the sale of a portion of the portfolio, if necessary); or (ii) to purchase additional Portfolio Shares to the extent that the net proceeds of the offering exceed the funding requirements associated with the redemption of all of the issued and outstanding Class A Preferred Shares of the Filer on March 10, 2008 as well as those Capital Shares being redeemed pursuant to the Special Retraction Right.

8. It will be the policy of the Filer to hold the Portfolio Shares and to not engage in any trading of the Portfolio Shares, except:

   (i) to complete the one-time rebalancing of the Portfolio as described in the Preliminary Prospectus;

   (ii) to fund retractions or redemptions of Capital Shares and Class B Preferred Shares;

   (iii) following receipt of stock dividends on the Portfolio Shares;

   (iv) if necessary, to fund any shortfall in the distribution on Class B Preferred Shares; and

   (v) to meet obligations of the Filer in respect of liabilities including extraordinary liabilities.

9. Class B Preferred Share distributions will be funded from the dividends received on the Portfolio Shares and, if necessary, the revolving credit facility. If necessary, any shortfall in the distributions on the Class B Preferred Shares will be funded by proceeds from the sale of or, if determined appropriate by the Board of Directors, premiums earned from writing covered call options on, Portfolio Shares.

10. The record date for the payment of Class B Preferred Share distributions, Capital Share dividends or other distributions of the Filer will be set in accordance with the applicable requirements of the TSX.

11. The Capital Shares and Class B Preferred Shares may be surrendered for retraction at any time. Retraction payments for Capital Shares and Class B Preferred Shares will be made on the Retraction Payment Date (as defined in the Preliminary Prospectus) provided the Capital Shares and the Class B Preferred Shares have been surrendered for retraction on or before the 11th day of the

preceding month before the Valuation Date (as defined in the Preliminary Prospectus). While the Filer's Unit Value (as defined in the Preliminary Prospectus) is calculated weekly, the retraction price for the Capital Shares and the Class B Preferred Shares will be determined based on the Unit Value in effect as at the Valuation Date.

12. Any Capital Shares and Class B Preferred Shares outstanding on a date approximately five years from the closing of the Offering, which date will be specified in the Final Prospectus, will be redeemed by the Filer on such date.

Decision

Each of the Decision Makers is satisfied that the test contained in NI 81-102 that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers is that an exemption is granted from the NI 81-102 Requirements, as follows:

(a) subsection 2.1(1) – to enable the Filer to invest all of its net assets in the Portfolio Shares, provided that the Filer does not become an insider of any issuer of the Portfolio Shares as a result of such investment;

(b) clause 2.6(a) –to enable the Filer to obtain a short-term loan from Scotia Capital to finance the initial acquisition of the Portfolio Shares and provide a security interest over its assets as stated in paragraph 6 above, provided that the loan is paid in full on the closing of the Offering;

(c) section 10.3 – to permit the Filer to calculate the retraction price for the Class B Preferred Shares in the manner described in the Preliminary Prospectus and on the applicable Valuation Date as defined in the Preliminary Prospectus;

(d) subsection 10.4(1) – to permit the Filer to pay the retraction price for the Class B Preferred Shares on the Retraction Payment Date, as defined in the Preliminary Prospectus;

(e) subsection 12.1(1) – to relieve the Filer from the requirement to file the prescribed compliance reports; and

(f) section 14.1 – to relieve the Filer from the requirement relating to the record date for the payment of dividends or other distributions, provided that it complies with the applicable requirements of the TSX.

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

2.2 Orders

2.2.1 LaBranche Financial Services, LLC - s. 211 of the Regulation

Headnote

Application in connection with application for registration as an international dealer, for an order pursuant to section 211 of the Regulation exempting the applicant from the requirement in subsection 208(2) of the Regulation that it carry on the business of an underwriter in a country other than Canada to be able to register in Ontario as an international dealer.

Statutes Cited

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

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 100(2), 208(2), 211.

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

AND

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

AND

IN THE MATTER OF
LABRANCHE FINANCIAL SERVICES, LLC

ORDER
(Section 211 of the Regulation)

UPON the application (the **Application**) of LaBranche Financial Services, LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 211 of the Regulation, exempting the Applicant from the requirement in subsection 208(2) of the Regulation that the Applicant carry on the business of an underwriter in a country other than Canada in order for the Applicant to be registered under the Act as a dealer in the category of international dealer;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is not currently registered in any capacity under the Act. The Applicant has filed an application for registration under the Act as a dealer in the category of international dealer in accordance with section 208 of the Regulation.

2. The Applicant is a limited liability company formed under the laws of the State of New York in the United States. The Applicant's principal place of business is located in New York, New York.

3. The Applicant is registered as a broker-dealer with the United States Securities and Exchange Commission and is a member in good standing of the Financial Industry Regulatory Authority.

4. The Applicant executes transactions in U.S. securities on behalf of U.S. and foreign institutional customers on a fully disclosed basis through a registered U.S. clearing broker-dealer.

5. Subsection 208(2) of the Regulation provides that "no person or company may register as an international dealer unless the person or company carries on the business of a dealer and underwriter in a country other than Canada."

6. The Applicant does not currently act as an underwriter in the United States or in any other jurisdiction.

7. In the absence of the relief requested in this Application, the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of international dealer as it does not carry on the business of an underwriter in a country other than Canada.

8. The Applicant does not currently act as an underwriter in Ontario and will not act as an underwriter in Ontario if it is registered under the Act as a dealer in the category of international dealer, notwithstanding the fact that subsection 100(2) of the Regulation provides that the registration of an international dealer authorizes the dealer to act as an underwriter for the sole purpose of making a distribution that it is authorized to make by section 208 of the Regulation.

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

IT IS ORDERED, pursuant to section 211 of the Regulation, that, in connection with the registration of the Applicant as a dealer under the Act in the category of international dealer, the Applicant is exempt from the provisions of subsection 208(2) of the Regulation requiring that the Applicant carry on the business of an underwriter in a country other than Canada, provided that, so long as the Applicant is registered under the Act as an international dealer:

(a) the Applicant carries on the business of a dealer in good standing in a country other than Canada; and

(b) notwithstanding subsection 100(2) of the Regulation, the Applicant shall not act as an underwriter in Ontario.

March 11, 2008

"James Turner"
Commissioner
Ontario Securities Commission

"Suresh Thakrar"
Commissioner
Ontario Securities Commission

2.2.2 Juniper Fund Management Corporation 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
THE JUNIPER FUND MANAGEMENT CORPORATION,
JUNIPER INCOME FUND,
JUNIPER EQUITY GROWTH FUND AND
ROY BROWN (a.k.a. ROY BROWN-RODRIGUES)**

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

WHEREAS Torkin Manes Cohen Arbus LLP ("TMCA") is counsel of record for the Respondent, Roy Brown ("Brown");

AND WHEREAS on February 29, 2008, TMCA brought a written motion to the Commission pursuant to Rule 1.4 of the Commission's Rules of Practice for leave to withdraw as counsel of record for Brown;

AND WHEREAS the Commission considers that TMCA submitted sufficient reason for leave to withdraw;

AND WHEREAS the Commission considers that Brown has been properly served with the Motion material;

AND WHEREAS Brown does not oppose this motion;

AND WHEREAS Staff of the Commission does not oppose this motion;

IT IS ORDERED THAT leave for the withdrawal of TMCA as counsel of record for Brown be and is hereby granted.

DATED at Toronto this 13th day of March, 2008.

"James E. A. Turner"

2.2.3 North Halton Golf & Country Club Limited - s. 74(1)

Headnote

Paragraph 25(1)(a), section 53, and subsection 74(1) of the Act – certain sales, transfers, and issuances of Class G Common Shares of issuer not subject to dealer registration requirements or prospectus requirements of the Act, subject to conditions.

Statutes Cited

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

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

AND

IN THE MATTER OF
NORTH HALTON GOLF & COUNTRY CLUB LIMITED

ORDER
(Subsection 74(1))

UPON the application (the **Application**) of North Halton Golf & Country Club Limited (the **Club**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 74(1) of the Act that the registration requirements contained in paragraph 25(1)(a) of the Act (the **Dealer Registration Requirements**) and the prospectus requirements of section 53 of the Act (the **Prospectus Requirements**) shall not apply to certain trades in securities of the Continued Club, as described below;

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

AND UPON the Club having represented to the Commission as follows:

1. The Club was incorporated as a corporation with share capital under the *Corporations Act* (Ontario) (the **OCA**) in 1954. The Club is not a "private company" within the meaning of the Act and is not a "private issuer" within the meaning of National Instrument 45-106 (**NI 45-106**). The Club is not, and does not intend to become, a reporting issuer under the Act or under the securities legislation of any other Canadian jurisdiction. The shares of the Club are not traded on any stock exchange. The Club is a "for profit" corporation.

2. The authorized share capital of the Club currently consists of 375 common shares (the **Common Shares**), 225 non-voting, non-cumulative redeemable first preference shares with a par value of $500 each and 150 non-voting, non-cumulative redeemable second preference shares with a par value of $500 each. The said first preference shares and second preference shares are herein collectively referred to as the **Preference Shares**. The Common Shares are voting and the Preference Shares are non-voting. The Common Shares and the Preference Shares are held in "units" of one Common Share and one Preference Share. The term **Share Unit**, when used herein, refers to a unit consisting of one Common Share and one Preference Share.

3. The holders of the Share Units are entitled to receive notice of and to attend all meetings of the shareholders of the Club and are entitled to one vote for each Common Share held.

4. The issued capital of the Club consists of 375 Share Units, of which 157 Share Units are owned by persons holding golf memberships at the Club, 121 Share Units are held by NH Equity Corporation (**NH Equity**) and the balance of 97 Share Units are held by persons who are not golf members.

5. NH Equity is a corporation incorporated under the *Business Corporations Act* (Ontario) (**OBCA**), whose issued and outstanding capital is held by two directors of the Club. NH Equity was formed to acquire 121 Share Units (the **Majority Shares**) from the former majority shareholder of the Club. The Club borrowed funds from a Canadian Chartered Bank which were loaned to NH Equity to fund the purchase of the Majority Shares, which loan was secured against the Majority Shares. It is intended that this indebtedness will be repaid from the proceeds of sale of Class G Shares by NH Equity.

6. The Club has determined to continue (the **Continuance**) as a corporation (the Continued Club) under the *Canada Business Corporations Act* (the **CBCA**). The Continuance will be submitted to the Shareholders of the Club for approval at a meeting (the **Meeting**) to be held on or before April 30, 2008. The resolution approving the Continuance must, pursuant to the OCA, be approved by the holders of 66 2/3% of the issued and outstanding Common Shares and the holders of 66 2/3% of each class of Preference Shares of the Club, in each case, present in person or by proxy at the Meeting. Holders of Share Units will be provided with a management proxy circular containing disclosure relating to the Continuance, including the terms and conditions of each class of security to be issued and the restrictions on transfer applicable to each class of such securities.

7. The Club does not intend for the Continued Club to become a reporting issuer under the Act or under the securities legislation of any other Canadian jurisdiction.

8. Upon Continuance under the CBCA, the authorized capital of the Continued Club will consist of:

   (a) 375 Class A Common Shares, which will have the same rights, privileges and conditions as are attached to the existing Share Units of the Club, provided that, on a winding up or liquidation of the Continued Club, each Class A Common Share will be immediately converted into one Class G Common Share and 10 Class X Preference Shares. Class A Common Shares are not transferable. In order to transfer a Class A Common Share, the holder of a Class A Common Share will be required to exchange that Class A Common Share for one Class G Common Share and 10 Class X Preference Shares;

   (b) 625 Class G Common Shares which will rank *pari passu* with the Class A Common Shares as to the payment of dividends and the right to vote at meetings of the shareholders of the Continued Club. The Class A Common Shares and the Class G Common Shares will represent equity ownership of the Continued Club and upon conversion of all of the Class A Common Shares, the Class G Common Shares will represent equity ownership of the Continued Club;

   (c) 3750 Class X Preference Shares which will be non-voting and non-transferable, bear a 4% annual cumulative dividend and will be redeemable by the Corporation and retractable by the holder at $1,000 per Share. The redemption right shall be exerciseable immediately. The retraction right will be exerciseable at any time following the fifth anniversary of the approval of the Continuance.

   The Club does not intend to create additional Class A Common Shares or Class X Preference Shares.

9. Upon Continuance and in accordance with subsection 187(2) of the CBCA, each Share Unit will be exchanged for one Class A Common Share.

10. Following Continuance, each holder of a Class A Common Share will be entitled (but not required) to exchange (the **Class A Exchange Right**) that Class A Common Share for one Class G Common Share and 10 Class X Preference Shares. Upon such exchange, the Class A Common Share will be cancelled.

11. NH Equity has agreed to convert its outstanding Share Units into 121 Class G Common Shares and 1210 Class X Preference Shares (the **NH Equity Share Unit Conversion**). NH Equity will also have the right to exchange the 1210 Class X Preference Shares with the Continued Club for 55 Class G Common Shares on the basis of 22 Class X Preference Shares for each Class G Common Share (the **NH Equity Class X Exchange Right**). The Class X Preference Shares so exchanged will be cancelled.

12. Following Continuance, new golf members of the Continued Club will be required to purchase one Class G Common Share for consideration, initially, of $22,000. Existing holders of Class G Common Shares who hold Class X Preference Shares who wish to purchase a Class G Common Share for a "Family Golf Member" (i.e., a spouse, a common law spouse, a child or a grandchild, including a spouse of the child or grandchild, that is or will become, upon issue of the Class G Common Share, a golf member that pays annual golf fees) (the **Family Member Subscription Credit**) will be entitled to surrender up to 10 of their Class X Preference Shares to the Continued Club in partial consideration for such purchase and will receive a credit of up to $10,000 ($1,000 per Class X Preference Share surrendered) against the amount payable in respect of such Class G Common Share. Any Class X Preference Shares so surrendered will be cancelled.

13. Purchases of Class G Common Shares by new members may be made: (a) from the Continued Club (the **Treasury Issue**); (b) from NH Equity (the **NH Equity Purchase**); or (c) from another member or non-member shareholder (the **Inter-Shareholder Transfer**), subject to the approval of the Board of Directors of the Continued Club. The Board of Directors of the Continued Club will establish policies and procedures governing the issue/transfer of Class G Common shares to new members. The initial 150 Class G Common Shares to be sold to new members will be issued by the Continued Club or transferred by NH Equity.

14. The Club believes that the requested relief is necessary as:

   (a) (i) the trades outlined in paragraphs (a) through (c) below will not be made to “accredited” investors (as such term is defined in NI 45-106) in every case where such a trade is made; (ii) neither the Club nor NH Equity is entitled to rely on the exemption provided in Paragraph 2.38 of NI 45-106 and it does not appear that any of the other exemptions set forth in NI 45-106 will be available in respect of such trades; and

(b) the ability of the Club to sell Class G Common Shares to new and existing golf members or to have new golf members purchase their memberships from NH Equity is essential to the continued existence of the Club.

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

IT IS HEREBY ORDERED, pursuant to subsection 74(1) of the Act, that the Dealer Registration Requirements and the Prospectus Requirements shall not apply to,

(a) the sale or transfer of Class G Common Shares by NH Equity to new golf playing members of the Continued Club;

(b) the issue of Class G Common Shares by the Continued Club to new golf playing members of the Continued Club (including pursuant to the Family Member Subscription Credit); and

(c) the sale or transfer by members of the Continued Club of Class G Common Shares to new golf playing members of the Continued Club;

provided that,

(d) the Continuance is approved by the holders of 66 2/3% of the issued and outstanding Common Shares, and the holders of 66 2/3% of each class of the Preference Shares, in each case, present in person or by proxy at the Meeting;

(e) the Meeting is held on or before April 30, 2008; and

(f) the Continuance is completed on or before June 30, 2008;

and for so long as,

(g) each purchaser or transferee of Class G Common Shares under paragraph (a), (b) or (c), is provided with a copy of this decision and a written statement to the effect that certain protections, rights and remedies provided by the Act, including statutory rights of rescission and damages, will be unavailable to that purchaser or transferee and that there are restrictions imposed on the disposition or transfer of the Class G Common Shares;

(h) in respect of a sale, transfer or issue under paragraph (a), (b), or (c),

(i) the sale, transfer, or issue is approved by the Board of Directors of the Continued Club,

(ii) in respect of a sale or transfer under paragraph (a) or (c), the Board of Directors of the Continued Club only gives its approval under subparagraph (i) if it has determined that it is appropriate to approve such a sale or transfer in lieu of issuing new Class G Common Shares from Treasury of the Continued Club,

(iii) in respect of a sale or transfer under paragraph (c), the Continued Club charges the transferring member (other than a selling or transferring member who acquired the Class G Common Share being sold or transferred pursuant to the Class A Exchange Right under the Continuance) a "transfer fee" equal to 20% of the then current price at which Class G Common Shares are being issued by the Continued Club from Treasury in respect of any such sale or transfer, and

(iv) the restrictions in subparagraphs (i), (ii), and (iii) are, at the time of the sale, transfer, or issue, contained in the conditions attached to the Class G Common Shares which would form part of the Articles of the Continued Club;

(i) the Continued Club has not issued any securities from Treasury other than the authorized capital described in representation 9, above, and Class G Common Shares;

(j) the By-Laws or Articles of the Continued Club require a new golf playing member of the Continued Club to own a Class A Common Share or a Class G Common Share in order to play golf at facilities owned by the Continued Club;

(k) the By-Laws and Articles of the Continued Club are not amended without notice to, and the consent of, the Director (as defined in the Act); and

(l) the first trade of any Class G Common Shares purchased or acquired pursuant

to paragraph (a), (b), or (c) will be a distribution.

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

"David L. Knight"

"Paul K. Bates"

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

REASONS FOR DECISION ON SETTLEMENT

Hearing and Decision:	February 21, 2008		
Reasons:	March 17, 2008		
Panel:	James E.A. Turner	-	Vice-Chair and Chair of the Panel
	David L. Knight, FCA	-	Commissioner
Counsel:	Kelley McKinnon -	-	For Staff of the Ontario Securities Commission
	Douglas C. Hunt Glen Jennings	-	Counsel to Staff of the Ontario Securities Commission
	David Humphrey Jill Makepeace	-	For Andrew Stuart Netherwood Rankin

REASONS FOR DECISION

I. BACKGROUND

[1] On February 21, 2008, a hearing was convened before the Ontario Securities Commission (the "Commission") to consider the terms of a settlement agreement (the "Settlement Agreement") entered into between Staff of the Commission ("Staff") and Andrew Stuart Netherwood Rankin ("Rankin") on February 19, 2008 relating to matters arising from a Notice of Hearing and Statement of Allegations dated December 20, 2005. This was a hearing under section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), to consider whether it is in the public interest to approve the Settlement Agreement and the sanctions contained therein.

[2] The hearing to consider the settlement was held *in camera* at the request of Staff and Rankin in order to avoid any potential prejudice to Rankin if we did not approve the settlement. The *in camera* hearing was held pursuant to paragraph 9(1)(b) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22 and the Commission's *Practice Guidelines – Settlement Procedures*, contained in the Commission's *Rules of Practice* (1997), 20 O.S.C.B. 1947.

[3] At the *in camera* hearing, Staff submitted a Supplementary Settlement Hearing Brief (the "Staff Supplementary Hearing Brief") that contained detailed confidential information with respect to Rankin's current employment, income, assets and financial position. The Staff Supplementary Hearing Brief also contained a transcript of the examination by Staff of Rankin on the information set forth in the brief. We were satisfied that such information was sufficient to permit us to assess Rankin's ability to make the financial payment contemplated by the Settlement Agreement, or any larger payment. At the conclusion of the *in camera* hearing, we ordered that the Staff Supplementary Hearing Brief remain confidential under permanent seal. We did so on the basis that the Staff Supplementary Hearing Brief contains intimate financial and personal information of Rankin that, having regard to all the circumstances, should remain confidential.

[4] After considering the materials filed and the submissions made to us at the *in camera* hearing, we concluded that it was in the public interest to approve the Settlement Agreement. At that time, the public hearing resumed and the Chair of the Panel gave an oral summary of our reasons and indicated that written reasons would be provided in due course. These are the written reasons for our decision.

II. RELEVANT FACTS SET OUT IN THE SETTLEMENT AGREEMENT

[5] The facts and circumstances agreed to by Staff and Rankin for purposes of this settlement are set out in the Settlement Agreement. We will summarize in these reasons certain of the facts that we considered important in coming to our decision. We emphasize that the facts set out in the Settlement Agreement are not findings of fact by this Panel. Rather, they are facts agreed to by Staff and Rankin for purposes of this settlement. In approving the Settlement Agreement, we relied solely on the facts set out in that agreement and those facts represented to us at the hearing. Except as otherwise indicated, the following statements of fact are based on or contained in the Settlement Agreement.

[6] The Settlement Agreement states that the events that gave rise to this matter occurred from early 2000 to April, 2001, while Rankin was employed as a Managing Director in the Mergers and Acquisitions Department of RBC Dominion Securities ("RBC DS"). Through his work at RBC DS, Rankin was privy to and possessed confidential material information about potential corporate transactions involving RBC DS clients. Pursuant to subsection 76(5)(b) of the Act, Rankin was a person in a special relationship with the reporting issuers involved with the ten corporate transactions listed in the Settlement Agreement (the "Corporate Transactions"). Rankin was a registrant under the Act and a member of the Investment Dealers Association.

[7] The Settlement Agreement states that Rankin was aware of the legal requirement not to disclose confidential material information and that he owed a duty of confidentiality to RBC DS and to the clients of RBC DS.

[8] Daniel Duic ("Duic") was a long time close friend of Rankin and had frequent contact with him during the relevant period. Rankin and Duic spoke on the telephone or emailed each other on a daily basis, and met for coffee, meals, social events and trips. Duic also had unsupervised access to Rankin's homes where Rankin often worked and kept confidential information in connection with RBC DS business activities. On occasion, Duic had access to confidential information pertaining to the Corporate Transactions when unsupervised in Rankin's home, as a result of Rankin's negligence.

[9] Duic also engaged Rankin in conversation seeking confidential information or seeking to confirm confidential information he had already acquired. It was acknowledged by counsel for Rankin at the hearing that Rankin informed Duic in certain conversations of confidential material information that had not been generally disclosed.

[10] The Settlement Agreement states that, through Rankin's conduct as described in the Settlement Agreement, Rankin informed Duic of confidential material facts relating to each of the potential Corporate Transactions that had not been generally disclosed.

[11] According to the Settlement Agreement, Rankin did not know and did not advert to Duic's use of the confidential material information.

[12] The Settlement Agreement states that 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 subsection 76(1) of the Act.

[13] The Settlement Agreement states that, by engaging in the conduct described above, Rankin breached Ontario securities law by acting contrary to subsection 76(2) of the Act.

[14] Accordingly, Rankin has admitted that he breached subsection 76(2) of the Act by informing Duic of material facts with respect to the Corporate Transactions before those material facts had been generally disclosed. Subsection 76(2) is commonly referred to as the "tipping" prohibition.

III. APPLICABLE LAW

[15] There was no disagreement as to the legal principles we are to apply in considering the Settlement Agreement. We summarize them below.

A. The Purposes of the Act

[16] The purposes of the Act are set out in section 1.1, as follows:

(a) to provide protection to investors from unfair, improper or fraudulent practices; and

(b) to foster fair and efficient capital markets and confidence in capital markets.

[17] In pursuing the purposes of the Act, section 2.1 provides that the Commission shall have regard to certain fundamental principles. Relevant to this case, paragraph 2 states that the primary means for achieving the purposes of the Act are:

i. requirements for timely, accurate and efficient disclosure of information,

ii. restrictions on fraudulent and unfair market practices and procedures, and

iii. requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants.

B. The Role of the Commission in Reviewing Settlement Agreements

[18] The role of the Commission in considering a proposed settlement agreement has been articulated in several cases. In *Re Koonar et al.* (2002), 25 O.S.C.B. 2691, the Commission stated:

> The role of the panel in reviewing a settlement agreement is not to substitute the sanctions it would impose in a contested hearing for what is proposed in the settlement agreement, but rather to make sure the agreed sanctions are within acceptable parameters. (*Re Koonar et al.*, *supra* at 2692. See also *Re Melnyk* (2007), 30 O.S.C.B. 5253; *Re Pollitt* (2004), 27 O.S.C.B. 9643 at para. 33; and *Nortel Networks Corp.*, transcript of oral reasons of the Commission, May 22, 2007, p. 52.)

[19] In making that assessment in this case, we gave significant weight to the terms of the Settlement Agreement because those terms were reached as a result of negotiations between adversarial parties (Staff and the Respondent) and because a balancing of factors and interests has already taken place in reaching the agreement. The language of the Settlement Agreement was obviously very carefully negotiated by the parties. Our role in considering the settlement is not to renegotiate the terms of the Settlement Agreement or to suggest changes to the agreed facts, statements and sanctions set forth in the Settlement Agreement. Our role is simply to decide whether the Settlement Agreement as a whole, on the terms presented and agreed to, should be approved as being in the public interest (*Re Melnyk*, *supra* at para. 15).

[20] In considering the sanctions to be imposed, the Commission has emphasized the following guiding principle:

> . . . the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing, we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be. . . . (*Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600 at 1610 and 1611.)

[21] Further, the Commission must have regard to the specific circumstances of each case when determining the appropriate sanctions to be imposed on a respondent:

> We have a duty to consider what is in the public interest. To do that, we have to take into account what sanctions are appropriate to protect the integrity of the marketplace where illegal insider trading has been admitted.
>
> In doing this, we have to take into account circumstances that are appropriate to the particular respondents. This requires us to be satisfied that proposed sanctions are proportionately appropriate with respect to the circumstances facing the particular respondents. We should not just look at absolute values, e.g., what has been paid voluntarily in other settlements, or what has been found to be appropriate sanctions by way of cease trade order in other cases. (*Re M.C.J.C. Holdings and Michael Cowpland* (2002), O.S.C.B. 1133 at 1134.)

[22] On the question of whether proposed sanctions are appropriate in the circumstances, the Commission has identified factors such as the following to be relevant:

- the seriousness of the allegations proved;
- the respondent's experience in the marketplace;
- the level of a respondent's activity in the marketplace;
- whether or not there has been a recognition of the seriousness of the improprieties;

- whether or not sanctions may deter not only those involved in the case being considered, but any like-minded people from engaging in similar conduct in the capital markets;
- any mitigating factors;
- the size of any profit (or loss avoided) from the illegal conduct;
- the size of any financial sanction or voluntary payment when considered with other factors;
- the effect any sanction might have on the livelihood of the respondent;
- the restraint any sanction might have on the ability of the respondent to participate without check in the capital markets;
- the reputation and prestige of the respondent;
- the financial consequences to a respondent of any sanction; and
- the remorse of the respondent.

(*Re Belteco Holdings* (1998), 21 O.S.C.B. 7743, at pp. 7746-7; *Re M.C.J.C. Holdings*, *supra* at 1136.)

[23] We must weigh all of the relevant factors in determining whether the Settlement Agreement is in the public interest.

C. The Seriousness of Tipping

[24] Subsection 76(2) of the Act provides as follows:

> No reporting issuer and no person or company in a special relationship with a reporting issuer shall inform, other than in the necessary course of business, another person or company of a material fact or material change with respect to the reporting issuer before the material fact or material change has been generally disclosed.

[25] Rankin has admitted that he breached subsection 76(2). He was in a special relationship with each of the reporting issuers involved in the Corporate Transactions and he informed another person (Duic) of material facts before they were generally disclosed. There was no suggestion that such tipping by Rankin was in the necessary course of business.

[26] The Commission has recognized that insider tipping is as serious an offence as illegal insider trading. As with illegal insider trading, tipping is conduct that undermines confidence in the marketplace by giving a tippee an unfair advantage (*Re Pollitt*, *supra* at para. 22).

[27] As far back as 1965, the Kimber Committee expressed the following views with respect to tipping:

> Persons not connected with the company, but connected in some manner with an insider, such as spouses, relatives, friends and business associates who receive confidential information from the insider have also concerned the Committee. These persons have been described by some writers as "tippees"**. If it is wrong for the insider to use confidential corporate information for his own benefit, it is also wrong for him to give the information to "tippees" so that they may benefit.** [Emphasis added] (*Report of the Attorney General's Committee on Securities Legislation in Ontario*, March 1965, Brief of Studies/Reports, Tab 1, p. 12-13, para. 2.12.)

[28] In dismissing an appeal from an insider trading conviction in *R. v. Plastic Engine Technology Corp.*, [1994] 3 C.C.L.S. 1, Mr. Justice Farley held that insider trading undermines the capital markets even where the insider did not personally profit from the trades at issue, but sold shares for the benefit of a friend. The court recognized that section 76 is aimed at ensuring that investors have an equal opportunity to consider material information in reaching their investment decisions (at 24). Both the insider trading prohibition and the tipping prohibition protect equal opportunity by restricting people who have access to material information before it is generally disclosed from trading or assisting others in trading with knowledge of that information, to the disadvantage of investors generally.

[29] Subsection 76(2) of the Act in effect imposes an obligation on those persons with access to confidential material information to preserve the confidentiality of that information and not to illegally communicate it to third parties. Doing so not only constitutes a clear breach of the Act but also puts a tippee in a position to both illegally trade on the basis of that information and to illegally communicate it to others. Tipping is the likely cause of many run-ups in the price of a stock in advance of the public announcement of a merger or acquisition transaction. Such conduct and the resulting market impact significantly undermine confidence in our capital markets and are manifestly unfair to investors.

IV. DISCUSSION AND ANALYSIS

A. Rankin's Conduct

[30] We have based our decision on the agreed facts as set out in the Settlement Agreement and the submissions made to us during the hearing. We recognize that it is not appropriate for us to speculate beyond those facts. The Settlement Agreement reflects a good faith negotiation between Staff and Rankin. Staff, knowing all of the facts and circumstances of this matter, recommends that we approve the settlement. We must give substantial weight to that recommendation. At the same time, however, we must be satisfied that the agreed sanctions are within an appropriate range given the facts agreed to.

[31] This case involved very serious market misconduct that constituted tipping of confidential material information by a senior investment banker. Rankin's duties frequently put him in possession of confidential merger and acquisition information. In our view, it is significant that Rankin's tipping of this information occurred over a period of 14 months and related to ten very high-profile transactions. He was a senior investment banker and knew he had an obligation to maintain the confidentiality of all sensitive non-public information. Rankin's behaviour was both illegal and unacceptable for an individual of his seniority and in his position of trust. For these reasons, this is an egregious case that warrants significant sanctions.

[32] The Settlement Agreement states that Rankin did not know and did not advert to Duic's use of the confidential material information. We take that to mean that Rankin did not consciously consider the possibility that Duic would use the confidential information to trade illegally. We note that subsection 76(2) of the Act does not require that the tipper know or intend that the tippee would use the confidential material information to trade. The mere fact of informing another person of confidential material information constitutes an offence. Counsel for Rankin submitted that there is a range of conduct in relation to tipping, from the most serious to the least serious, and suggested that it is less serious if the tipper does not know or advert to the fact that the tippee would trade on the information. In our view, tipping is itself a very serious breach of securities law. Though Rankin did not advert to the fact that his friend might misuse the confidential information imparted by him, he should have. We acknowledge, however, that this is not a case, based on the facts presented to us, where Rankin knew and intended that Duic trade on the confidential material information communicated to him. We also recognize, based on the Settlement Agreement, that this is not a case in which Rankin himself traded with knowledge of material undisclosed information.

B. Sanctions

[33] The sanctions agreed to are fully set out in the Settlement Agreement and include (i) permanently prohibiting Rankin from registration under Ontario securities law; (ii) permanently prohibiting Rankin from becoming a director or officer of any registrant; (iii) permanently prohibiting Rankin from becoming a director or officer of any reporting issuer; (iv) requiring Rankin to resign all positions he holds as director or officer of a reporting issuer; (v) requiring Rankin to cease trading in any securities and prohibiting him from acquiring any securities for a period of 10 years, with two limited exceptions (for two specific retirement and education funds held through registered dealers); and (vi) requiring Rankin to pay costs of the investigation in the amount of $250,000.

[34] In assessing whether the sanctions are in an appropriate range, we note that Rankin's conduct has had a devastating effect on his career and financial circumstances. The sanctions to be imposed will permanently bar him from his chosen profession and livelihood in the Ontario securities industry and will have very serious adverse consequences for his future career prospects, not only in Ontario, but elsewhere.

[35] Based on the evidence submitted to us in the Staff Supplementary Hearing Brief regarding Rankin's current employment and financial circumstances, we accept that the payment by Rankin of $250,000 on account of costs of the investigation is a significant sanction and will effectively exhaust his resources. We understand that the $250,000 is substantially less than the Commission's actual costs in this matter. We accept, however, based on the Supplementary Hearing Brief, that Rankin is not able to pay more. We have accepted in this case as a matter of principle that, where a respondent cannot afford to make a larger financial payment, that should not bar the respondent from being able to enter into a settlement with the Commission that is otherwise on acceptable terms. That is a matter of fairness to a respondent. We do not mean to suggest by that statement, however, any limitation on the discretion of Staff to enter into only those settlements that are on terms Staff considers appropriate.

[36] In our view, the regulatory sanctions in this case reflect the seriousness with which the Commission regards tipping. It is important that these sanctions reflect our strong view that Rankin's conduct fell far below what we expect of a person in his circumstances. The permanent prohibitions agreed to in the Settlement Agreement will bar Rankin for life from participation in the Ontario securities industry. He will be barred for life from being a registrant or a director or officer of any registrant or public company. These elements of the settlement ensure the future protection of investors and capital markets by taking away any opportunity Rankin may have to ever again engage in similar conduct.

[37] We believe that these sanctions will serve as a general deterrent to individuals who may be in a position similar to Rankin. We believe the settlement will communicate a clear message that tipping is a very serious offence and that the

Commission will pursue administrative and other proceedings aggressively against anyone alleged to have committed such a flagrant breach of securities laws. The consequences to Rankin of the settlement can reasonably be expected to deter others in a similar position from committing similar illegal acts.

[38] Although the regulatory sanctions agreed to in the Settlement Agreement may be below what we might have imposed after a hearing on the merits had we found that Rankin had breached subsection 76(2) of the Act, we note that this was not a hearing on the merits, and there is no certainty as to what the outcome of any such hearing would have been.

[39] Rankin has acknowledged that he breached subsection 76(2) of the Act, and has acknowledged the seriousness of that misconduct, by agreeing to significant sanctions, including a number of permanent prohibitions and an agreement to pay $250,000 towards the Commission's investigation costs. We do not doubt that he regrets his conduct and wishes to put these matters behind him. By entering into the Settlement Agreement, the Commission avoids a lengthy and costly hearing on the merits and the settlement removes any uncertainty as to the outcome of such a proceeding.

[40] Staff advised us that the quasi-criminal proceeding before the court with respect to Rankin's conduct in this matter would be withdrawn if the Settlement Agreement is approved. While that proceeding would have had potentially significant consequences for Rankin, the criminal trial would have been long and complex and the outcome would have been uncertain. We are well aware of the lengthy history of those proceedings both at trial and on appeal. We believe that it is appropriate for us to defer to the judgment of Staff that the criminal proceedings be withdrawn in the circumstances. There are many reasons why that decision may be considered appropriate by Staff. Not the least is that the Settlement Agreement has the effect of ending, on acceptable terms, two legal proceedings that would have involved substantial costs and risks for both parties.

[41] We stress that this hearing is an administrative proceeding and the Commission's primary responsibility as a securities regulator is to protect the public from future improper conduct and to deter others from similar conduct. Having considered all of the terms of the Settlement Agreement and the submissions of the parties, we conclude that the Settlement Agreement accomplishes those objectives and that the agreed sanctions are within acceptable parameters in all the circumstances. We therefore approve the Settlement Agreement as being in the public interest and we grant the order contemplated in the Settlement Agreement.

Dated at Toronto, this 17th day of March, 2008.

"James E.A. Turner"

"David L. Knight"

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
MLB Industries Inc.	06 Mar 08	18 Mar 08	18 Mar 08	
HMZ Metals Inc.	11 Mar 08	20 Mar 08		12 Mar 08
Citrine Holdings Limited	13 Mar 08	25 Mar 08		
IATRA Life Sciences Corporation	04 Mar 08	14 Mar 08	14 Mar 08	
N.W.T. Copper Mines Limited	03 Mar 08	14 Mar 08	14 Mar 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
OSI Geospatial Inc.	03 Mar 08	14 Mar 08		17 Mar 08	

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
AldeaVision Solutions Inc.	03 May 07	16 May 07	16 May 07		
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
CoolBrands International Inc.	30 Nov 06	13 Dec 06	13 Dec 06		
Fareport Capital Inc.	13 Jul 07	26 Jul 07	26 Jul 07		
Hip Interactive Corp.	04 Jul 05	15 Jul 05	15 Jul 05		
Peace Arch Entertainment Group Inc.	13 Dec 07	24 Dec 07	24 Dec 07		
SunOpta Inc.	20 Feb 08	04 Mar 08	04 Mar 08		

This page intentionally left blank

Chapter 6

Request for Comments

6.1.1 OSC Notice and Request for Comment - Proposed Guidelines for Executive Director's Settlements

NOTICE AND REQUEST FOR COMMENTS

Introduction

The Commission is seeking comments on its proposed guidelines for the approval by the Executive Director of settlements of enforcement matters (referred to in this Notice as "Executive Director's Settlements"). The Commission is publishing the proposed guidelines for a 60 day comment period. Following the comment period and after taking into consideration any comments received, the Commission will publish the guidelines in final form.

Background

Practice Guideline 7 of the Commission's current *Rules of Practice* is entitled "Settlement Procedures in matters before the Ontario Securities Commission". Section 5 of Practice Guideline 7 refers to Executive Director's Settlements as follows:

> "Prior to the issuance of a Notice of Hearing, staff may settle a matter with the respondent, with the consent of the Executive Director where appropriate."

The Commission has previously published for comment proposed *Rules of Procedure* that will, when adopted, replace the current *Rules of Practice*. Rule 12 under the proposed *Rules of Procedure* deals with settlement agreements. Rule 12 does not include any reference to Executive Director's Settlements. These settlements are addressed in the proposed guidelines.

Proposed Guidelines

The early settlement of matters by Enforcement Staff (i.e., prior to the formal commencement of proceedings) and the approval of such settlements is an exercise of staff discretion and is outside the Commission's adjudicative process. However, in the exercise of its oversight of the administration of the *Securities Act*, the Commission may from time to time provide general guidance on:

- the nature of matters that may be resolved by an Executive Director's Settlement; and
- the factors the Executive Director should consider in approving such a settlement.

The proposed guidelines for the approval of Executive Director's Settlements discuss both of these matters, as well as certain other related matters, including:

- consultation by the Executive Director with the Chair and any other Commissioner, in certain circumstances;
- procedure for approval of a settlement; and
- publication of Executive Director's Settlements.

The proposed guidelines have been developed by the Commission for the purposes of:

- encouraging the resolution of matters prior to the initiation of formal proceedings and publication of a Statement of Allegations and Notice of Hearing; and
- bringing transparency with respect to the nature of matters that may be resolved by an Executive Director's Settlement and the Commission's views as to the factors the Executive Director may consider in approving such a settlement.

Comments

The Commission invites interested parties to submit their comments on the proposed guidelines in writing. Persons submitting comments should be aware that written comments will be made public and will be published on the Commission's website

unless confidentiality is requested. If you request confidentiality, the Commission will not place your comments in the public file, but may be required to make your comments available pursuant to a request made under freedom of information legislation.

Comments may be delivered in hardcopy or by e-mail by 5.00 pm on Wednesday, May 21, 2008. (If comments are not sent by e-mail, please forward an electronic version of the comments in MsWord format to the Secretary on CD.)

Please send your comments to the following address:

c/o John P. Stevenson, Secretary to the Commission
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
jstevenson@osc.gov.on.ca

Questions

Please refer your questions to:

Krista Martin Gorelle
Senior Legal Counsel, General Counsel's Office
(416) 593 3689
kgorelle@osc.gov.on.ca

Text of the proposed guidelines

The text of the proposed guidelines follows.

March 21, 2008

ONTARIO SECURITIES COMMISSION

GUIDELINES FOR THE APPROVAL BY THE EXECUTIVE DIRECTOR OF SETTLEMENTS OF ENFORCEMENT MATTERS

The purposes of the Ontario *Securities Act* (the "Act") are set out in Section 1.1 of the Act as follows:

(a) to provide protection to investors from unfair, improper or fraudulent practices; and

(b) to foster fair and efficient capital markets and confidence in capital markets.

The role of the Executive Director's Settlements in the administration of the Act

To promote public confidence in the administration of the Act, securities regulation generally, and enforcement proceedings in particular, must be conducted in an open and transparent manner. In resolving enforcement matters, the Commission must balance the requirements for a fair, timely and efficient disposition of matters with the need to encourage compliance by sending effective messages of deterrence. However, for the fair and expeditious administration of the Commission's enforcement authority under the Act, it may be in the public interest to resolve a matter through settlement at an early stage rather than through formal proceedings (after the issue of a notice of hearing) before a Commission panel or in the courts.

The resolution of enforcement matters at an early stage through agreement between Staff and parties alleged to have acted contrary to the Act, can result in more effective and immediate protection of investors and more rapid restoration of confidence in the capital markets than would be achieved through a more protracted formal proceeding. The early resolution of enforcement matters through settlement can also: (i) avoid unnecessary and potentially harmful delays; (ii) avoid circumstances where a detailed but unproven statement of allegations has been publicly issued and remains outstanding for an extended period; (iii) allow for a more flexible approach that achieves the Commission's regulatory objectives; (iv) avoid uncertainty to market participants as to the terms of a possible settlement and as to whether a settlement will be approved; (v) avoid the incurrence of unnecessary costs by market participants and the Commission; and (vi) result in a more efficient use of the Commission's resources.

In certain circumstances it may be appropriate that Staff, with the consent of the Executive Director, exercise its discretion to resolve an enforcement matter prior to the formal commencement of proceedings by entering into a voluntary settlement agreement with a party (an "Executive Director's Settlement"). For this purpose, a proceeding is considered to have been formally commenced either (i) on the issuance of a Statement of Allegations and Notice of Hearing in respect of a proceeding; or (ii) on the consent of the Chair of the Commission to the commencement of a proceeding under Section 122 of the Act in respect of a court proceeding. The settlement of an administrative proceeding that has been formally commenced must be approved by a panel of Commissioners.

Although the Commission recognizes that the decision to enter into an Executive Director's Settlement is an appropriate exercise of Staff's discretion, the Commission, in the exercise of its oversight of the administration of the Act, may from time to time provide general guidance on (i) the nature of matters that may be resolved by an Executive Director's Settlement, and (ii) the factors the Executive Director should consider in approving such a settlement.

Nature of Matters That Can Be Resolved

While it is within the discretion of the Executive Director to resolve any matter prior to initiation of a formal Proceeding[1], the Executive Director should not approve an Executive Director's Settlement where, in her or his opinion,

(i) the matter or settlement raises an important or novel policy issue or could be viewed as a significant shift in policy or a significant precedent;

(ii) the alleged conduct is egregious; or

(iii) the matter or settlement imposes significant terms or obligations.

The Executive Director may approve a settlement agreement for an Executive Director's Settlement containing a provision for a voluntary payment only where the payment has been or is to be made:

(i) to the Commission to reimburse costs incurred or to be incurred by the Commission;

[1] The Commission recognizes that the Executive Director has discretion prior to the commencement of a formal proceeding, to decide such matters as (i) whether particular circumstances will be investigated, (ii) whether an investigation will be closed and on what terms, and (iii) whether a formal proceeding will be commenced. Approval of Executive Director's Settlements is consistent with that discretion.

(ii) for the benefit of third parties for subsequent allocation by the Commission in its discretion; or

(iii) for the benefit of specific persons or classes of persons identified as having been harmed by any alleged misconduct.

Factors to be considered in approving an Executive Director's Settlement

In approving any Executive Director's Settlement, the Executive Director may consider such factors as the Executive Director determines are appropriate or relevant in the circumstances. These factors would generally include:

- The party's history of compliance with securities requirements and any enforcement action taken in respect of the party in the past;
- The manner in which the misconduct arose and/or came to the party's attention, the steps taken by the party in response and, in particular, whether the party would qualify for credit under Ontario Securities Commission Staff Notice 15-702 – *Credit for Cooperation*;
- The nature and seriousness of the misconduct and, in particular, whether the misconduct:
  - (i) would be considered to be a technical breach of the Act, or a more serious violation deserving of the kind of regulatory consequences available only in proceedings either before the Commission or in the courts;
  - (ii) was deliberate or reckless;
- The nature and extent of the harm caused by the misconduct and, in particular, the harm to investors; and
- The appropriateness and effectiveness of the settlement in achieving the regulatory and policy objectives of the Act.

The overriding consideration, in every case, will be the Executive Director's determination that entering into an Executive Director's Settlement is in the public interest.

Consultation with the Chair or a Commissioner

The Executive Director may consult with, and seek the advice of, the Chair at any time in connection with the Executive Director's consideration of a proposed settlement. In addition, the Executive Director may obtain the advice of any other Commissioner if the Executive Director is uncertain whether the proposed settlement falls within the scope of these Guidelines and, in particular, the criteria referred to under "Nature of Matters That Can Be Resolved". The advice of such other Commissioner shall relate solely to the question whether the Executive Director is entitled to approve the settlement in accordance with these Guidelines.

If a Commissioner is consulted by the Executive Director in connection with a settlement, that Commissioner may not subsequently be a member of any panel of the Commission in any proceeding in which the conduct to which the proposed settlement relates would be in issue, including any proceeding to consider a proposed settlement.

Procedure for approval of a settlement by the Executive Director

The Director of Enforcement, or such other Staff member of the Enforcement Branch as the Director may designate, shall provide to the Executive Director at the time of requesting the Executive Director's approval of a settlement:

(i) a copy of the proposed settlement agreement to be approved;

(ii) a memorandum of the Director (or a joint memorandum of the Director and the settling parties) setting out the reasons why the Director (or the Director and the settling parties together) recommends the approval of the settlement and a statement of the Director that he or she believes the settlement can be entered into in accordance with these Guidelines; and

(iii) any other information the Director (or the Director and the settling parties) believes to be relevant to the Executive Director's determination or that the Executive Director requests.

The Executive Director may, in her or his discretion, adopt such procedures for the consideration and approval of Executive Director's Settlements as she or he deems appropriate consistent with these Guidelines.

Publication of Executive Director's Settlements

Every settlement approved by the Executive Director shall be published in the *OSC Bulletin* and posted on the Commission's website as soon as practicable following its approval.

Concurrently with the publication of an approved settlement, the Executive Director may issue a public statement with respect to the settlement if, in her or his discretion, the Executive Director deems it advisable to do so in the public interest.

Reporting to the Commission

The Executive Director shall on at least a quarterly basis prepare a written report to the Commission describing any Executive Director's Settlements approved in such period.

Guidelines Only

These Guidelines reflect the Commission's policy approach to Executive Director's Settlements and are not intended as prescriptive rules or to affect the legal rights or obligations of any person or the legal validity of any settlement agreement.

This page intentionally left blank

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 SecuritiesScource (see www.carswell.com).

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
03/06/2008	72	Artha Resources Corporation - Units	1,515,950.10	4,331,296.00
12/28/2007	1	Ascendancy #1 Limited Partnership - Units	5,000,000.00	5,000.00
03/11/2008	1	Auramex Resource Corp. - Units	10,000.00	100,000.00
03/03/2008	1	Axela Inc. - Debentures	900,000.00	900,000.00
02/25/2008	1	Baymount Incorporation - Common Shares	250,000.00	2,500,000.00
12/20/2007	2	Better ATM Services, Inc. - Common Shares	100,740.00	153,846.00
02/26/2008	26	Black Pearl Minerals Consolidated Inc. - Common Shares	2,878,000.00	10,112,500.00
02/22/2008	2	Boreal Water Collection Inc. - Common Shares	250,000.00	500,000.00
01/21/2008	4	Bricol Capital Corp. - Units	40,000.00	800,000.00
02/29/2008	5	Burlington Partners I LP. - Units	1,750,000.00	1,750.00
11/05/2007	1	Canadian Hedge Watch Index Plus - A - Units	100,000.00	10,000.00
11/05/2007	1	Canadian Hedge Watch Index Plus - B - Units	100,000.00	10,000.00
11/05/2007	1	Canadian Hedge Watch Index Plus - F - Units	2,700,000.00	270,000.00
11/05/2007	1	Canadian Hedge Watch Index Plus - I - Units	100,000.00	10,000.00
02/19/2008	94	Canadian Spirit Resources Inc. - Units	5,610,000.00	11,220,000.00
03/04/2008	87	Canfirst Capital Industrial Partnership IV L.P. - Limited Partnership Units	33,000,000.00	33,000.00
02/29/2008	44	Cardero Resource Corp. - Units	8,251,100.00	7,501,000.00
02/20/2008	3	CardioMetabolics Inc. - Common Shares	50,000.00	100,000.00
03/01/2008 to 03/07/2008	7	CMC Markets Canada Inc. - Contracts for Differences	33,500.00	7.00
02/22/2008	10	COSTA Energy Inc. - Units	990,000.00	990,000.00
02/18/2008	1	Danske Bank A/S - Bonds	36,652,500.00	25,000,000.00
02/28/2008	4	EdgeStone Capital Energy Fund - I, LP - Limited Partnership Interest	375,000.00	NA
03/06/2008	15	Fem Med Formulas Limited Partnership - Units	1,175,000.00	1,175,000.00
12/19/2007	8	Fidelisoft Inc. - Common Shares	905,489.00	NA

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
12/19/2007	4	Fidelisoft Inc. - Common Shares	493,500.00	NA
03/11/2008	1	First Leaside Expansion Limited Partnership - Units	10,000.00	10,000.00
02/28/2008	1	First Leaside Fund - Units	20,000.00	20,000.00
03/06/2008	1	First Leaside Fund - Units	3,468.47	3,522.00
03/11/2008	1	First Leaside Wealth Management Inc. - Notes	500,000.00	500,000.00
02/28/2008 to 02/29/2008	2	First Swiss Financial Corp. - Special Shares	258,633.00	NA
02/26/2008 to 03/06/2008	7	Firstgold Corp. - Common Shares	3,311,225.45	5,094,193.00
02/26/2008 to 03/06/2008	1	Firstgold Corp. - Warrants	999,999.00	1,538,460.00
01/05/2007	1	Floyd Growth Fund - Units	50,000.00	6,081.83
02/29/2008	4	Fluid Media Networks, Inc. - Common Shares	704,232.00	352,116.00
02/29/2008	1	Forests Pacific BioChemicals Corporation - Preferred Shares	10,000.00	6,667.00
11/28/2007	1	Forum Uranium Corporation - Units	3,000,000.00	6,122,448.98
02/29/2008	1	Fuel Transfer Technologies Inc. - Preferred Shares	10,075.00	3,100.00
02/28/2008	27	Gedex Inc. - Common Shares	14,689,049.87	25,189,576.00
03/03/2008 to 03/07/2008	16	General Motors Acceptance Corporation of Canada, Limited - Notes	8,354,478.09	8,354,478.09
02/06/2008	7	High liner Foods Incorporated - Common Shares	19,965,500.00	798,620.00
03/05/2008	45	IAMGOLD Corporation - Flow-Through Shares	8,500,002.30	928,962.00
01/31/2008	24	iDcentrix, Inc. - Common Shares	2,126,811.00	2,842,000.00
02/29/2008	21	Imperial Capital Equity Partners Ltd. - Capital Commitment	15,950,000.00	3.00
03/11/2008	3	Innovative Properties Inc. - Common Shares	66,500.00	1,330,000.00
02/29/2008	36	King's Bay Gold Corporation - Units	340,750.00	1,363,000.00
02/29/2008	12	Kingwest Avenue Portfolio - Units	96,936.72	3,389.68
02/29/2008	3	Kingwest Canadian Equity Portfolio - Units	38,457.29	3,336.05
02/29/2008	3	Kingwest U.S. Equity Portfolio - Units	16,112.91	1,346.46
03/06/2008	3	Kodiak Exploration Limited - Common Shares	49,850.00	19,000.00
02/29/2008	54	Kootenay Gold Inc. - Units	8,250,000.00	5,500,000.00
01/01/2007 to 12/31/2007	1	Manulife Canadian Core Class - Units	2,163,607.84	120,774.38

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
01/01/2007 to 12/31/2007	1	Manulife Canadian Large Cap Value Class - Units	19,675,105.91	1,088,798.65
01/01/2007 to 12/31/2007	1	Manulife Global Core Class - Units	4,415,179.19	330,181.28
01/01/2007 to 12/31/2007	1	Manulife Global Value Class - Units	55,911,539.37	3,118,676.28
01/01/2007 to 12/31/2007	1	Manulife International Value Class - Units	3,439,524.86	192,209.01
01/01/2007 to 12/31/2007	1	Manulife Japan Opportunities Class - Units	2,792,902.53	188,589.99
01/01/2007 to 12/31/2007	1	Manulife SEAMARK Total Global Equity Class - Units	917,014.07	63,108.07
01/01/2007 to 12/31/2007	1	Manulife SEAMARK Total U.S. Equity Class - Units	503,377.14	44,036.12
01/01/2007 to 12/31/2007	1	Manulife U.S. large Cap Value Class - Units	2,759,761.03	225,183.37
01/01/2007 to 12/31/2007	1	Manulife U.S. Mid Cap Class - Units	213,608.87	16,006.74
01/01/2007 to 12/31/2007	1	Manulife U.S. Mid Cap Value Class - Units	1,119,062.47	82,200.21
01/03/2007	9	Marret High Yield Hedge Limited Partnership - Units	3,850,000.00	415,895.00
03/05/2008	13	Mint Technology Corp. - Units	1,035,000.00	13,799,999.00
01/01/2007 to 12/31/2007	1	MIX Seamark Total Canadian Equity Class - Units	163,026.83	7,869.89
02/01/2008	65	Network Exploration Ltd. - Units	500,000.00	3,846,154.00
03/03/2007 to 03/05/2007	2	New Solutions Financial (II) Corporation - Debentures	210,558.33	24.00
02/21/2008 to 02/22/2008	2	Newport Global Equity Fund - Units	120,000.00	1,560,577.00
02/25/2008 to 02/29/2008	2	Newport Strategic Yield Fund - Units	355,001.85	32,735.00
11/21/2007	26	Northern Nanotechnologies Inc. - Common Shares	1,946,499.88	3,743,269.00
02/20/2008	144	Norwood Resources Ltd. - Units	10,676,674.00	21,353,348.00
02/29/2008	42	Pacific Rim Mining Corp. - Common Shares	7,046,550.00	6,711,000.00
12/31/2007	10	Paget Resources Corporation - Common Shares	420,498.00	280,332.00
02/29/2008	7	Peregrine Metals Ltd. - Common Shares	425,000.00	850,000.00
02/29/2008 to 03/06/2008	57	Philippine Metals Corp. - Common Shares	2,004,960.00	40,009,920.00
03/10/2008	11	Poly-Pacific International Inc. - Common Shares	149,000.00	1,862,500.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
03/05/2008 to 03/06/2008	16	Potash One Inc. - Common Shares	14,000,000.00	3,500,000.00
07/01/2007 to 12/01/2007	3	Quadrexx Cheops Enriched Long-Short Fund - Units	160,000.00	14,532.54
02/01/2007 to 10/01/2007	6	Quadrexx Market Neutral Performance Fund- A - Units	199,300.00	22,603.05
11/01/2007	1	Quadrexx Market Neutral Performance Fund- B - Units	60,000.00	5,710.10
01/01/2007 to 07/01/2007	7	Quadrexx Market Neutral Performance Fund- F - Units	324,500.00	28,459.69
03/07/2008	15	Radiant Energy Corporation - Units	897,000.00	7,475,000.00
03/07/2008	7	Regency Metals Corp. - Common Shares	118,000.00	295,000.00
02/27/2008	1	Santa Clara Real Estate Investment Fund Limited Partnership - Limited Partnership Units	20,000.00	2.00
03/01/2007 to 11/01/2007	4	Selective Asset Long Biased Equity Hedge Fund LP - Units	248,429.77	2,195.72
02/28/2008	43	Sheppards Island Investment LP - Limited Partnership Units	5,575,000.00	1,115.00
03/01/2008	2	Stacey Muirhead Limited Partnership - Units	325,000.00	8,830.42
03/01/2008	7	Stacey Muirhead RSP Fund - Units	117,112.24	11,472.93
02/29/2008	34	Sunshine Oilsands Ltd. - Common Shares	7,328,253.50	1,651,250.00
02/27/2008	2	Syntec Biofuel Inc. - Common Shares	50,000.00	216,450.22
01/01/2006 to 12/31/2006	173	Thornmark Enhanced Equity Fund - Units	69,163,278.45	4,983,963.77
03/06/2008	24	Titan Trading Analytics Inc. - Common Shares	377,670.00	1,481,059.00
03/06/2008	24	Titan Trading Analytics Inc. - Warrants	377,670.00	740,530.00
02/19/2008	2	Trigon Uranium Corp. - Common Shares	1,280,000.00	3,200,000.00
02/25/2008	2	VIP I A L.P. - Limited Partnership Interest	13,211,100.00	NA
02/25/2008	2	VIP I A (Side Fund) L.P. - Limited Partnership Interest	1,467,900.00	NA
03/06/2008	12	Vista Bonita LP - Limited Partnership Units	1,320,000.00	17.00
02/22/2008	51	Walton AZ Picacho View Limited Partnership 3 - Limited Partnership Units	1,968,456.23	193,822.00
02/27/2008	35	Walton AZ Sunland View Investment Corporation - Common Shares	1,040,030.00	104,003.00
03/03/2008	1	Westpac Banking Corporation (WBC) - Debt	75,000,000.00	1.00
02/27/2008	2	Wolfensohn Capital Partners, L.P. - Limited Partnership Interest	19,556,000.00	NA

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Bluerock Acquisition Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated March 14, 2008
Mutual Reliance Review System Receipt dated March 14, 2008
Offering Price and Description:
Minimum Offering: $300,000.00 or 3,000,000 Common Shares; Maximum Offering: $1,500,000.00 or 15,000,000 Common Shares price: $0.10 per Common Shares
Underwriter(s) or Distributor(s):
Bolder Investment Partners, Ltd.
Promoter(s):
Clifford B. Mah
Project #1229653

Issuer Name:
Capital International - Canadian Core Plus Fixed Income
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated March 14, 2008
Mutual Reliance Review System Receipt dated March 17, 2008
Offering Price and Description:
Series A, B, F, H and I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Captial International Asset Management (Canada), Inc.
Project #1230305

Issuer Name:
Claymore US Fundamental Index ETF C$ hedged
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 14, 2008
Mutual Reliance Review System Receipt dated March 17, 2008
Offering Price and Description:
(Common Units and Advisor Class Units)
Underwriter(s) or Distributor(s):
Claymore Investments, Inc.
Promoter(s):
-
Project #1230227

Issuer Name:
Consolidated Thompson Iron Mines Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 12, 2008
Mutual Reliance Review System Receipt dated March 12, 2008
Offering Price and Description:
$156,000,000.00 - 000,000 Common Shares Price: $7.80 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
Canaccord Capital Corporation
GMP Securities L.P.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #1228623

Issuer Name:
CROSSHAIR EXPLORATION & MINING CORP.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 12, 2008
Mutual Reliance Review System Receipt dated March 12, 2008
Offering Price and Description:
$10,005,000.007,250,000 Units and
$5,000,300.003,226,000 Flow-Through Shares
Price: $1.38 per Unit and $1.55 per Flow-Through Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Thomas Weisel Partners Canada Inc.
Promoter(s):
-
Project #1228784

Issuer Name:
Goldenfrank Resources Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated March 14, 2008
Mutual Reliance Review System Receipt dated March 14, 2008
Offering Price and Description:
Minimum Offering: 15,000,000 Units - $3,000,000.00;
Maximum Offering: 30,000,000 Units - $6,000,000.00
Price $0.20 per Unit . Minimum Subscription: * Unit
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
Maurice Giroux
Project #1229918

Issuer Name:
Pico Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated March 13, 2008
Mutual Reliance Review System Receipt dated March 14, 2008
Offering Price and Description:
$300,000.00 to $500,000.00 - 1,500,000 to 2,500,000 Common Shares Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
Robert Pek
J. Arthur Bray
Project #1229635

Issuer Name:
Seacliff Construction Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated March 14, 2008
Mutual Reliance Review System Receipt dated March 14, 2008
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Raymond James Ltd.
CIBC World Markets Inc.
GMP Securities L.P.
Canaccord Capital Corporation
Blackmont Capital Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
Seacor Holdings Ltd.
Project #1229870

Issuer Name:
Western Potash Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated March 12, 2008
Mutual Reliance Review System Receipt dated March 13, 2008
Offering Price and Description:
$ * - Common Shares Price $ * Per Common Share
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
Promoter(s):

Project #1229013

Issuer Name:
YOW CAPITAL CORP.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated March 12, 2008
Mutual Reliance Review System Receipt dated March 12, 2008
Offering Price and Description:
$325,000.00 - 3,250,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Investpro Securities Inc.
Promoter(s):
Paul Barbeau
Pierre Vella-Zarb
Project #1228670

Issuer Name:
Akela Pharma Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated March 17, 2008
Mutual Reliance Review System Receipt dated March 17, 2008
Offering Price and Description:
$9,000,000.00 (maximum) - 7,500,000 Units (maximum)
Price: $1.20 per Unit
Underwriter(s) or Distributor(s):
Jennings Capital Inc.
Desjardins Securities Inc.
Promoter(s):
-
Project #1219294

Issuer Name:
BTB Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated March 13, 2008
Mutual Reliance Review System Receipt dated March 13, 2008
Offering Price and Description:
Minimum of $12,000,000.00 and a Maximum of $17,000,000 Aggregate Principal Amount Price: $1,000 per Series B Debenture
Underwriter(s) or Distributor(s):
Blackmont Capital Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
Dundee Securities Corporation
Raymond James Ltd.
Genuity Capital Markets G.P.
Promoter(s):
-
Project #1217603

Issuer Name:
Caisse centrale Desjardins
Principal Regulator - Quebec
Type and Date:
Final Short Form Base Shelf Prospectus dated March 14, 2008
Mutual Reliance Review System Receipt dated March 17, 2008
Offering Price and Description:
$5,000,000,000.00 - Medium Term Deposit Notes
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Desjardins Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
Laurentian Bank Securities Inc.
Casgrain & Company Ltd.
Deutsche Bank Securities Limited
Societe Generale Securities Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #1225684

Issuer Name:
Canadian Royalties Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated March 12, 2008
Mutual Reliance Review System Receipt dated March 13, 2008
Offering Price and Description:
$125,000,000.00 - 7% Convertible Senior Unsecured Debentures due March 31, 2015
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Promoter(s):
-
Project #1225523

Issuer Name:
CML Healthcare Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 17, 2008
Mutual Reliance Review System Receipt dated March 17, 2008
Offering Price and Description:
$50,560,000.00 - 3,200,000 Units Price: $15.80 per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Raymond James Ltd.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Blackmont Capital Inc.
Promoter(s):
-
Project #1227353

Issuer Name:
KAM Capital Corp.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated March 14, 2008
Mutual Reliance Review System Receipt dated March 17, 2008
Offering Price and Description:
$1,825,000.00 - 6,083,334 Common Shares Price: $0.30 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #1214633

Issuer Name:
Raymond James Canadian Focus Picks Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 14, 2008
Mutual Reliance Review System Receipt dated March 17, 2008
Offering Price and Description:
Mutual fund securities at net asset value
Underwriter(s) or Distributor(s):
First Defined Portfolio Management Co.
Promoter(s):
First Defined Portfolio Management Co.
Project #1218451

Issuer Name:
Russell Retirement Essentials Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 14, 2008
Mutual Reliance Review System Receipt dated March 14, 2008
Offering Price and Description:
Class B, E, E-5, E-6, E-7, F-5, F, F-6, F-7, I-5, I-6 and I-7 Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Russell Investments Canada Limited
Promoter(s):
Russell Investments Canada Limited
Project #1217143

Issuer Name:
Veritas Canadian Select Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 14, 2008
Mutual Reliance Review System Receipt dated March 17, 2008
Offering Price and Description:
Mutual fund securities at net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Defined Portfolio Management Co.
Project #1218457

Issuer Name:
Merrill Lynch & Co., Inc.
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Prospectus - MJDS dated June 9th, 2006
Withdrawn on March 14th, 2008
Offering Price and Description:
Debt Securities, Warrants, Preferred Stock, Depositary Shares, Common Stock
We may offer from time to time in one or more series, together or separately:
* debt securities;
* warrants;
* preferred stock;
* depositary shares; and
* common stock.
Underwriter(s) or Distributor(s):
Merrill Lynch Canada Inc.
Promoter(s):
-
Project #953709

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: RBC Dain Rauscher Inc. To: RBC Capital Markets Corporation	International Dealer	February 29, 2008
Name Change	From: Quest Securities Corporation To: Ionic Securities Ltd	Limited Market Dealer	March 7, 2008
New Registration	Comgest SA	Limited Market Dealer (Non-Resident) and International Adviser (Investment Counsel & Portfolio Manager)	March 17, 2008

This page intentionally left blank

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA Adjourns Calogero (Charlie) Arcuri First Appearance to April 1, 2008

NEWS RELEASE
For immediate release

MFDA ADJOURNS CALOGERO (CHARLIE) ARCURI
FIRST APPEARANCE TO APRIL 1, 2008

March 13, 2008 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Calogero Arcuri by Notice of Hearing dated February 5, 2008.

As specified in the Notice of Hearing, the first appearance in this proceeding commenced today at 10:00 a.m. (Eastern) before a three-member Hearing Panel of the MFDA Central Regional Council. Following consideration of submissions from the parties, the Hearing Panel adjourned the first appearance in this proceeding to Tuesday, April 1, 2008 at 10:00 a.m. (Eastern) or as soon thereafter as can be held. It will take place by teleconference before the Hearing Panel in the Hearing Room located at the offices of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario.

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. It 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 158 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

13.1.2 RS Market Integrity Notice – Request for Comments – Provisions Respecting Trading During Certain Securities Transactions

March 21, 2008 No. 2008-005

RS MARKET INTEGRITY NOTICE

REQUEST FOR COMMENTS

PROVISIONS RESPECTING TRADING DURING CERTAIN SECURITIES TRANSACTIONS

Summary

This Market Integrity Notice provides notice that, on February 28, 2008, the Board of Directors of Market Regulation Services Inc. approved the publication for comment of proposed amendments to the Universal Market Integrity Rules respecting various aspects of trading during certain securities transactions. The proposed amendments would:

- peg the price restriction on purchases of a restricted security to the "best independent bid price" at the time of the entry of the order rather than the "last independent sale price" immediately prior to the execution of the order;
- provide that any mutual fund listed on an exchange that meets certain conditions would be an "Exempt Exchange-traded Fund" unless otherwise designated by a Market Regulator;
- make consequential amendments to the definition of "restricted private placement" as a result of changes to applicable securities legislation;
- clarify the definitions of "dealer-restricted person" and "restricted period";
- clarify that the orders to be taken into account in determining "best ask price" and "best bid price" are limited to orders on marketplaces then open for trading; and
- make a number of editorial amendments including: repealing the definition of "last independent sale price"; changing references from "Exchange-traded Fund" to "Exempt Exchange-traded Fund"; and clarifying the definition of "connected security".

Questions / Further Information

For further information or questions concerning this notice contact:

James E. Twiss
Chief Policy Counsel

Telephone: 416.646.7277
Fax: 416.646.7265
e-mail: james.twiss@rs.ca

PROVISIONS RESPECTING TRADING DURING CERTAIN SECURITIES TRANSACTIONS

Summary

This Market Integrity Notice provides notice that, on February 28, 2008, the Board of Directors ("Board") of Market Regulation Services Inc. ("RS") approved the publication for comment of proposed amendments to the Universal Market Integrity Rules ("UMIR") respecting various aspects of trading during certain securities transactions ("Proposed Amendments"). The Proposed Amendments would:

- peg the price restriction on purchases of a restricted security to the "best independent bid price" at the time of the entry of the order rather than the "last independent sale price" immediately prior to the execution of the order;
- provide that any mutual fund listed on an exchange that meets certain conditions would be an "Exempt Exchange-traded Fund" unless otherwise designated by a Market Regulator;
- make consequential amendments to the definition of "restricted private placement" as a result of changes to applicable securities legislation;
- clarify the definitions of "dealer-restricted person" and "restricted period";
- clarify that the orders to be taken into account in determining "best ask price" and "best bid price" are limited to orders on marketplaces then open for trading; and
- make a number of editorial amendments including: repealing the definition of "last independent sale price"; changing references from "Exchange-traded Fund" to "Exempt Exchange-traded Fund"; and clarifying the definition of "connected security".

Rule-Making Process

RS has been recognized as a self-regulatory organization by the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, OSC and, in Quebec, by the Autorité des marchés financiers ("Recognizing Regulators") and, as such, is authorized to be a regulation services provider for the purposes of National Instrument 21-101 ("Marketplace Operation Instrument") and National Instrument 23-101.

As a regulation services provider, RS administers and enforces trading rules for the marketplaces that retain the services of RS. RS has adopted, and the Recognizing Regulators have approved, UMIR as the integrity trading rules that will apply in any marketplace that retains RS as its regulation services provider. Presently, RS has been retained to be the regulation services provider for: the Toronto Stock Exchange ("TSX"), TSX Venture Exchange ("TSXV") and Canadian Trading and Quotation System ("CNQ"), each as an Exchange; and for Bloomberg Tradebook Canada Company, Chi-X Canada ATS Limited ("Chi-X"), Liquidnet Canada Inc. ("Liquidnet"), Perimeter Markets Inc. (the operator of "BlockBook" and "Omega ATS") and TriAct Canada Marketplace LP (the operator of "MATCH Now"), each as an ATS. CNQ presently operates an "alternative market" known as "Pure Trading" that is entitled to trade securities that are listed on other Exchanges. Pure Trading presently trades securities listed on the TSX. egX Canada Inc. ("egX") is recognized in British Columbia as an Exchange and RS has agreed with egX to act as the regulation services provider for egX upon egX commencing trading operations.

The Rules Advisory Committee of RS ("RAC") reviewed the Proposed Amendments prior to their consideration by the Board. RAC is an advisory committee comprised of representatives of each of: the marketplaces for which RS acts as a regulation services provider; Participants; institutional investors and subscribers; and the legal and compliance community.

The amendments to UMIR will be effective upon approval of the changes by the Recognizing Regulators following public notice and comment and ratification of the changes by the Board. Implementation of certain of the Proposed Amendments would be deferred following approval by the Recognizing Regulators until a date determined by the Board to permit changes in the systems and procedures of various market participants. The implementation of the Proposed Amendments would be coordinated with other changes to UMIR respecting short sales and failed trades. (See "Technological Implications and Implementation Plan" on page 17.)

The text of the Proposed Amendments is set out in Appendix "A". Comments on the Proposed Amendments should be in writing and delivered by ***April 21, 2008*** to:

James E. Twiss,
Chief Policy Counsel,
Market Policy and General Counsel's Office,
Market Regulation Services Inc.,
Suite 900,
145 King Street West,
Toronto, Ontario. M5H 1J8

Fax: 416.646.7265
e-mail: james.twiss@rs.ca

A copy should also be provided to Recognizing Regulators by forwarding a copy to:

Susan Greenglass
Manager, Market Regulation
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario. M5H 3S8

Fax: (416) 595-8940
e-mail: sgreenglass@osc.gov.on.ca

Commentators should be aware that a copy of their comment letter will be publicly available on the RS website (www.rs.ca under the heading "Market Policy" and sub-heading "Universal Market Integrity Rules") after the comment period has ended. A summary of the comments contained in each submission will also included in a future Market Integrity Notice dealing with the revision or the approval of the Proposed Amendments.

Background to the Proposed Amendments

Current UMIR Provisions

On May 9, 2005, the current provisions of UMIR governing trading during certain securities transactions became effective. Rule 7.7 governs the activities of dealers, issuers and others in connection with a distribution of securities, securities exchange take-over bid, issuer bid or amalgamation, arrangement, capital reorganization or similar transaction. Rule 7.7 prescribes acceptable activities and otherwise restricts trading activities to preclude manipulative conduct by persons with an interest in the outcome of the distribution of securities or other transactions[1].

Rule 7.7 imposes prohibitions or restrictions on a "dealer-restricted person" trading in certain securities during a "restricted period". A dealer-restricted person is defined as including a Participant that has been retained as:

- an underwriter in a prospectus distribution or restricted private placement;
- an agent, but not as an underwriter, in a restricted private placement that involves the distribution of more than 10% of the issued and outstanding shares and the Participant is entitled to sell more than 25% of the distribution;
- a dealer-manager, manager, soliciting dealer or adviser in respect of a securities exchange takeover bid or issuer bid if a security is offered as consideration; or
- a soliciting dealer or adviser in respect of the approval of an amalgamation, arrangement, capital reorganization or similar transaction.

In addition, a number of persons connected to the Participant will be considered to be a dealer-restricted person including:

- a related entity of the Participant (but not including various separate or distinct departments or divisions for which there are adequate policies and procedures to prevent the flow of information);
- a dealer, a partner, director, officer, or employee of the Participant or a related entity of the Participant; and

[1] For more details on the current provisions of UMIR, reference should be made to Market Integrity Notice 2005-007 - *Notice of Amendment Approval – Amendments Respecting Trading During Certain Securities Transactions* (March 4, 2005).

- a person acting jointly or in concert with the Participant or one of the connected persons.

A restricted security is defined as:

- an offered security, which includes a listed or quoted security:
  - that is the subject of a prospectus distribution or restricted private placement,
  - offered in a securities exchange take-over bid or an issuer bid, and
  - issuable pursuant to an amalgamation, arrangement, capital reorganization or similar transaction; or
- a connected security, which includes a listed or quoted security:
  - into which the offered security is immediately convertible, exchangeable or exercisable,
  - that, by the terms of the offered security, may significantly determine the value of the offered security,
  - into which the offered security is exercisable, if the offered security is a special warrant, and
  - that is an equity security of the issuer of the offered security.

During the restricted period (which, in the case of a prospectus distribution or restricted private placement, generally commences two days prior to the determination of pricing and ends on the completion of the selling process and, in the case of a take-over bid, issuer bid, amalgamation, arrangement, capital reorganization or similar transaction, commences on the date of the dissemination of the circular or similar document and ends on the termination of the bid or transaction or the approval of the transaction), a dealer-restricted person is not permitted to bid for or purchase a restricted security or attempt to "induce or cause any person to purchase a restricted security". A number of exemptions apply including the ability to bid or purchase a restricted security:

- in the case of an offered security, at a price which does not exceed the lesser of:
  - the price at which the offered security will be issued if that price has been determined, and
  - the last independent sale price at the time of the entry of the order to purchase;
- in the case of a connected security, at a price which does not exceed the lesser of:
  - the last independent sale price at the commencement of the restricted period, and
  - the last independent sale price at the time of the entry of the order to purchase;
- that is a "highly-liquid security"[2] or an "Exchange-traded Fund"[3]; and
- that is an unsolicited client order or a client order that was solicited prior to the commencement of the restricted period.

Exemptions are also provided for trades that are:

- basket trades (at least 10 securities with restricted securities comprising not more than 20% of the value of the transaction);
- Program Trades (undertaken in conjunction with a trade in a derivative in accordance with marketplace rules);
- rebalancing of portfolios based on index changes;
- arbitrage activities for inter-listed securities;

[2] See 'Definition of "Highly-Liquid Security"' on pages 17 to 19 for details.

[3] See 'Definition of an "Exempt Exchange-traded Fund"' on pages 12 and 13 for details.

- activities pursuant to market maker obligations in accordance with marketplace rules; and
- activities undertaken by derivatives market makers.

Where permitted by applicable securities legislation, a dealer-restricted person may "attempt to induce or cause a person to purchase a restricted security" by:

- soliciting subscriptions for the prospectus distribution or restricted private placement or soliciting tenders to a take-over bid or issuer bid; and
- publishing or disseminating information, opinions or recommendations on any other restricted security if similar information opinions or recommendations are included on other issuers or if the security of the issuer is a "highly-liquid security".

Subject to certain limited exemptions, a dealer-restricted person may not bid for or purchase a restricted security during the applicable restricted period on behalf of an "issuer-restricted person" (which includes the issuer, a selling securityholder, an affiliated entity, an associated entity, an insider, an account over which any of these persons exercises direction or control, and any person acting jointly or in concert with any of these other persons).

OSC Rule 48-501

Effective May 9, 2005, OSC Rule 48-501 became effective and paragraph 26 of OSC Policy 5.1 and OSC Policy 62-601 was rescinded. The provisions of Rule 7.7 of UMIR paralleled the provisions of OSC Rule 48-501 subject to a number of minor differences in language and structure that reflect:

- the use of different defined terms and drafting protocols;
- the application of the UMIR provisions in all jurisdictions in which RS is recognized as a self-regulatory entity as compared to the application of OSC Rule 48-501 in Ontario only;
- the application of the UMIR provisions to listed securities and quoted securities as compared to the application of OSC Rule 48-501 to all securities the trading of which are subject to transparency requirements under the Marketplace Operation Instrument; and
- the application of the UMIR provisions to Participants and Access Persons as compared to the application of OSC Rule 48-501 to all persons, including issuers and dealers.

It should be noted that clause 3.1(i) of OSC Rule 48-501 allows a dealer to rely on exemptions contained in UMIR. In particular, Rule 7.7 of UMIR allows a dealer-restricted person to bid for or purchase a restricted security as part of:

- a basket trade;
- a Program Trade;
- rebalancing of portfolios based on index changes;
- arbitrage activities for inter-listed securities;
- activities pursuant to Market Maker Obligations; and
- activities undertaken by derivatives market makers.

Currently, there are no substantive differences between Rule 7.7 of UMIR and OSC Rule 48-501 other than as a result of the four factors outlined above. At this time, the OSC is not proposing any proposed changes to OSC Rule 48-501. To the extent that the Proposed Amendments are approved and implemented, there may be certain differences between the provisions of UMIR and OSC Rule 48-501. (See "Summary of the Impact of the Proposed Amendments" on page 17 for a description of the effect of the differences in the provisions of UMIR and OSC Rule 48-501.)

Recent Amendments and Proposed Amendments to Regulation M

One of the key objectives of the amendments to Rule 7.7 of UMIR which became effective on May 9, 2005 was to harmonize the provisions governing the activities of Participants involved in various securities transactions in the capacity of underwriter, agent,

soliciting dealer or adviser to the extent possible with OSC Rule 48-501 and the provisions applicable in the United States under Regulation M ("Reg. M") of the *Securities Exchange Act of 1934* (United States).

On December 9, 2004, the Securities and Exchange Commission ("SEC") published for comment proposed amendments to Reg. M.[4] The more significant aspects of the proposed amendments to Reg. M would:

- amend the definition of restricted period for an initial public offering[5] and to specifically adopt the administrative interpretation of the SEC in the context of a merger, acquisition or exchange offer[6];
- update the dollar value thresholds, including for an "actively-traded security", to take into account inflation since the adoption of Reg. M[7]; and
- require disclosure of syndicate covering transactions and prohibit the use penalty bids when stabilization is undertaken[8].

On August 6, 2007, the SEC published approved amendments to Rule 105 of Reg. M that prevent a person from effecting a short sale during a limited time period, shortly before pricing, and then purchasing, including entering into a contract of sale for, such security in a securities offering.[9] The amendment was narrowly tailored to address short sales prior to pricing that can reduce the offering proceeds to the issuer without restricting other short sales before the offering. In April of 2007, staff of the Office of Economic Analysis ("OEA") of the SEC published the results of a study of the reasons for "failures to deliver" in connection with trading in equity initial public offerings ("IPO Study").[10] In particular, the IPO Study set out to test the hypothesis that failures to deliver during an IPO, and failures to deliver generally, are the result of "naked" short selling. The IPO Study used short selling data from the SHO Study, as well as information collected by OEA staff on transactions involving short sales in connection with 295 IPOs between January 1, 2005 and May 20, 2006. The results of the IPO study found no evidence that short selling is related to either fails to deliver or to the inclusion of an IPO on the threshold list. OEA staff point out that their findings "present clear evidence questioning the use of fails to deliver to measure naked short selling, even outside the context of an IPO."[11]

With the exception of the approved amendment to Rule 105, the SEC has not approved the proposed amendments or republished revised amendments. When the current Rule 7.7 of UMIR was adopted in 2005, RS had indicated that it would consider any amendments made to Reg. M when adopted. The Proposed Amendments do not incorporate any of the provisions suggested in 2004 for the amendment of Reg. M or the change to Rule 105 adopted in August of 2007. As part of this Request for Comments, RS has asked several specific questions on the extent to which UMIR should be harmonized with the provisions

---

4 SEC Release No. 33-8511, December 9, 2004.

5 The proposal would have the restricted period for an initial public offering commence on the earlier of reaching an understanding for a dealer to act as an underwriter and, if there is no underwriter, the time the registration statement is filed with the SEC. Under the current requirements, the restricted period would generally commence on the later of either 1 or 5 business days prior to the determination of the offering price depending on the size and liquidity of the issuer or the time that the dealer became involved in the distribution.

6 The SEC has a "long-standing interpretation" that the restricted period for mergers, acquisitions and exchange offers includes any valuation period (time when the market price of the offered security is a factor in determining the consideration) or election period (time when a securityholder has the right to elect among various forms of consideration including the offered security).

7 Under the current provisions of Reg. M, an "actively-traded security" is one with an average daily trading value of at least $1 million and a public float of at least $150 million. The proposal proposed to increase these values to least $1.2 million and $180 million respectively. Rule 7.7 of UMIR does not use market capitalization as part of the test of being a "highly-liquid security". Rather UMIR requires an average of 100 trades a day as a further measure of liquidity. If the definition of a "highly-liquid security" under UMIR was amended to provide a similar increase in the threshold to $1.2 million, the number of securities that would qualify as at January 2, 2008 would be reduced by 33 issuers or approximately 8% of the 413 listed securities which qualified (including 4 of the 20 securities listed on the TSXV that qualified). Given the passage of time since the SEC first made the proposal, a further increase in the threshold to $1.3 million (to compensate for inflation since 2004) would result in an additional 9 TSX-listed issuers and 2 TSXV-listed issuers failing to qualify as a "highly-liquid security" as at January 2, 2008.

8 A syndicate covering transaction occurs when the managing underwriter places a bid or effects a purchase on behalf of the underwriting syndicate in order to reduce a syndicate short position created in connection with the offering. Penalty bids are a means by which the managing underwriter may impose a financial penalty on syndicate members whose customers sell offering shares in the immediate aftermarket. Under UMIR, syndicate covering transactions are monitored based on current order marking requirements. Presently, UMIR does not deal with penalty bids.

9 SEC Release No. 34-56206, August 6, 2007.

10 Edwards, Amy K. and Hanley, Kathleen Weiss, (preliminary draft) "Short Selling and Failures to Deliver in Initial Public Offerings" (April 23, 2007). Available at SSRN: http://ssrn.com/abstract=981242.

11 Ibid, p. 27. In part, the IPO Study concludes that IPOs are not as short sale constrained as suggested by the literature and provides evidence that failures to deliver may be related to factors associated with underwriter activities to support the offer price. The IPO Study notes that one explanation for under-pricing in IPOs in the academic literature has been that short selling is either difficult or impossible in the immediate aftermarket because of perceived short selling constraints, namely the assumption that shares of newly public companies are difficult to borrow. The IPO Study documents that short selling is prevalent early in the trading of IPOs.

of Regulation M. (See "Specific Matters on Which Comment is Requested" on pages 18 to 24.) RS may propose additional amendments to UMIR at a future date.

Summary of the Proposed Amendments

The following is a summary of the principal components of the Proposed Amendments:

Price Restrictions

Proposed "Best Independent Bid Price" at Time of Order Entry

Rule 7.7 of UMIR imposes prohibitions or restrictions on a Participant who is a "dealer-restricted person" trading in certain securities during a "restricted period" including a prohibition of bidding for or purchasing a restricted security. One exemption from this prohibition permits bids or purchases at a price that is not above the "last independent sale price" of the security. The term "last independent sale price" is defined as including "the last sale price of a trade, other than a trade that a dealer-restricted person knows or ought reasonably to know has been executed by or on behalf of a person that is a dealer-restricted person".

RS recognizes that, in the absence of an information processor, there are practical difficulties for a Participant or Access Person to monitor affected orders to ensure compliance with the requirements of Rule 7.7. If trade information from all marketplaces is not available in a timely manner in a form that can be readily incorporated into the working of the trading system of a marketplace or the systems of a Participant, the systems can not accurately restrict purchases by a dealer-restricted person that would comply with Rule 7.7. The policy rationale for the price restrictions on a Participant involved in a distribution of securities (by means of a prospectus offering, private placement, take-over bid, issuer bid, amalgamation, arrangement or similar transaction) are aimed at removing the influence of the Participant in maintaining the price of the securities subject to the distribution at a price above a level that the market would otherwise determine. RS believes that the policy objectives underpinning the price restrictions on purchases during market stabilization and market balancing could be achieved by replacing the "last sale" price test with a restriction that the order can not be entered at a price above the best "independent" bid price at the time of order entry (and that any subsequent variation of the order can not increase the price of the order to a price that is more than the best "independent" bid price at the time of the variation of the order).

If the price of the order at the time of entry or variation is in line with the prevailing market there is no obvious attempt on the part of a dealer-restricted person to further increase the market price to a level that would not otherwise exist. In the view of RS, the elimination of tests based on the "last sale price" would assist Participants to manage affected orders and would facilitate the operation of systems that can enforce the price restrictions imposed by the rules. In order to comply with the "best price" obligations imposed by Rule 5.2, a Participant must be aware of the prevailing market as displayed in the consolidated market display at the time of the entry of the order.

Use of a test based on "best independent bid price" would limit the marketplaces in respect of which orders must be taken into consideration to marketplaces that must be considered for the purposes of "best price" obligations, namely marketplaces that:

- disseminate order data in real-time and electronically through one or more information vendors;
- permit dealers to have access to trading in the capacity as agent;
- provide fully-automated electronic order entry; and
- provide fully-automated order matching and trade execution.

Currently, each of Chi-X, CNQ (including Pure Trading), Omega, TSX and TSXV meets these four conditions.

Alternatives Considered

RS set out in Market Integrity Notice 2006-017 *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006) an administrative interpretation that would allow a Participant when determining the "last independent sale price" of a particular security to rely on trade information from the "principal market" for the trading of that security or, when trading on another marketplace, the last sale price on that other marketplace provided such trade on that other marketplace has been executed subsequent to the last sale on the principal market. RS recognizes that the ability to bid for or purchase a particular security on a marketplace other than the principal market at a price higher than the last independent sale price on the principal market may act as an inducement to direct trading activity by a dealer-restricted person away from the principal market. However, RS believed that this interpretation was supportable during the initial period following the introduction of multiple competitive marketplaces while a more thorough review was undertaken of all provisions governing market stabilization and market balancing activities. In the view of RS, the "principal market" designation could become an administrative burden for

Participants to monitor if trading activity in particular securities devolved to a number of marketplaces including alternative trading systems that may not provide order transparency.

Rule 3.1 of UMIR restricted the short sale of a security below the last sale price of the security. This price restriction on short sales was "system enforced" by the trading systems of the individual marketplaces. In a separate initiative, RS is proposing to repeal the price restrictions on short sales in order to parallel changes to short sale rules in the United States.[12] If the repeal of price restrictions on short sales is approved, Rule 7.7 of UMIR will be the only provision to specifically tie permitted trading activity to a price determined by the "last sale".

No trading system of a marketplace "system enforced" compliance with the price restrictions on a dealer-restricted person. Each individual Participant therefore had to monitor compliance with the price restrictions imposed by Rule 7.7. While the administrative interpretation provided in Market Integrity Notice 2006-017 made monitoring easier by always permitting reference to the "principal market", it was still possible that a dealer-restricted person could enter an immediately executable bid on a marketplace that would trade at a price higher than the "last sale price". RS acknowledges that if the bid was not immediately executable, the operation of Rule 5.2 governing "best price" obligations would preclude another marketplace executing a trade at a price below the bid entered by the dealer-restricted person. However, the operation of Rule 5.2 would also require a dealer-restricted person to be aware of the "best bid price" and "best ask price" at the time of order entry.

Clarification of Price Restrictions in Certain Securities Transactions

In Market Integrity Notice 2005-013 – *Effective Date of Amendments Respecting Trading During Certain Securities Transactions* (May 2, 2005), RS provided additional guidance on the interpretation of the price restrictions. In particular, RS confirmed that if an "offered security" was to be issued pursuant to:

- a securities exchange take-over bid;
- an issuer bid; or
- an amalgamation, arrangement, capital reorganization or similar transaction.

a dealer-restricted person may bid or purchase the offered security in connection with market stabilization or market balancing activities at a price which does not exceed the lesser of:

- the last independent sale price at the commencement of the restricted period; and
- the last independent sale price at the time of the entry on a marketplace of the order to purchase.

The Proposed Amendments would incorporate this advice directly into Rule 7.7 with the appropriate modifications to refer to the "best independent bid price" rather than the "last independent sale price".

Definition of "best independent bid price"

If the basis of the price restrictions on market stabilization and market balancing are changed from "last sale price", the Proposed Amendments would define the "best independent bid price" as the best bid price, other than for an order that a dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person.

Definition of "Exempt Exchange-traded Fund"

Effective August 27, 2004, UMIR was amended to add a definition of "Exchange-traded Fund" as a mutual fund:

- the units of which are:
  - a listed security or a quoted security, and
  - in continuous distribution in accordance with applicable securities legislation; and
- designated by the Market Regulator.

A security which qualifies as an "Exchange-traded Fund" is exempt from the price restrictions imposed on Participants involved in certain securities transactions during a "restricted period" for the purposes of Rule 7.7 of UMIR. To date, RS has designated a

[12] Market Integrity Notice 2007-017 – *Request for Comments – Provisions Respecting Short Sales and Failed Trades* (September 7, 2007).

total of 60 securities traded on the TSX as an "Exchange-traded Fund"[13]. Each of the securities designated by RS as an "Exchange-traded Fund" has also been designated by the OSC to be an "exchange-traded fund" for the purposes of OSC Rule 48-501.

The Proposed Amendments would replace references from "Exchange-traded Fund" to "Exempt Exchange-traded Fund". In addition, the Proposed Amendments would replace the requirement that a mutual fund be designated by the Market Regulator prior to qualifying as an "Exempt Exchange-traded Fund" with a provision that any mutual fund the units of which are a listed or quoted security in continuous distribution in accordance with applicable securities legislation would qualify unless the Market Regulator had designated the mutual fund to be a security excluded from the definition of an "Exempt Exchange-traded Fund".

The Proposed Amendments would set out guidance in the Policy respecting the factors that may be considered by the Market Regulator in determining to exclude a mutual fund from the definition. In particular, a mutual fund may be designated if the Market Regulator determines that the trading price of units of the fund may be susceptible to manipulation due to a particular feature of the mutual fund. Factors which the Market Regulator would take into account in making a designation to exclude a particular mutual fund would be:

- the lack of liquidity or public float of the security (or the underlying securities which comprise the portfolio of the mutual fund);
- the absence of the ability to redeem units at any time for a "basket" of the underlying securities in addition to cash;
- the absence of the ability to exchange a "basket" of the underlying securities at any time for units of the fund;
- the fact that the fund does not frequently make a net asset valuation calculation publicly available; and
- the fact that there are no derivatives based on units of the fund, the underlying index or the underlying securities listed on a marketplace.

None of these additional five factors would be determinative in and of itself and each security would be evaluated on its own merits.

Definition of "Restricted Period"

Currently, the definition of the "restricted period" provides that the restricted period commences two trading days prior to the day the offering price of the offered security is determined. The Proposed Amendments clarify that this aspect of the definition applies if the securities are to be issued at a fixed price as part of a non-continuous distribution. The Proposed Amendments also clarify that, if the offering price is determined by a formula involving trading activity in the offered security or a connected security on one or more marketplaces for a period of time, the restricted period commences two days prior to the first trading day included for the purposes of the formula. The Proposed Amendments provide that the restricted period will commence two trading days prior to the issuance of the offered security, if the securities are issued as part of:

- a continuous distribution;
- a distribution at a non-fixed price permitted by National Instrument 44-101 – *Short Form Prospectus Distributions;* or
- an at-the-market distribution for the purposes of National Instrument 44-102 – *Shelf Distributions.*

The Proposed Amendments confirm that in both of these cases, the "restricted period" may commence later if the Participant enters into an agreement or reaches an understanding to participate in the prospectus distribution or restricted private placement of securities, whether or not the terms and conditions of such participation have been agreed upon less than two trading days prior to the determination of the offering price or the issuance of the offered security.

(In addition, while not part of the Proposed Amendments, comment is specifically requested on whether additional prohibitions and restrictions should apply during distributions "at-the-market" or "non-fixed price". See "Prohibitions and Restrictions on Distributions "At-the-Market" or "Non-Fixed Price" on pages 20 to 22.)

[13] See Market Integrity Notice 2007-023 -*Guidance – Designation of Additional Exchange-traded Funds (November 16*, 2007). A current list of the securities which have been designated by RS as an "Exchange-traded Fund" ("ETF List") is available on the RS website (at www.rs.ca) and may be accessed through the "Quick Links" on the homepage or under the heading "Timely Disclosure" on the "Surveillance" page.

The Proposed Amendments would also clarify that the restricted period ends on the date that is the earlier of the date:

- the selling process has ended and all stabilization arrangements relating to the offered security are terminated; and

- the offered securities, exclusive of any securities that may be issued pursuant to the exercise of an option granted to a dealer-restricted person to cover over-allotment of securities in the distribution, are issued and all statutory rights of withdrawal or rights of rescission in connection with such issuance have expired.

By providing that the "restricted period" ends if the offered securities, exclusive of any securities that may be issued pursuant to the exercise of an option granted to a dealer-restricted person to cover over-allotment of securities in the distribution, are issued and all statutory rights of withdrawal or rights of rescission in connection with such issuance have expired, the definition will permit a Participant that has been involved in a prospectus distribution or a restricted private placement and holds a green shoe option to cover over-allotments to be free from the prohibitions and restrictions under Rule 7.7. Since the issuance of the offered securities has been completed and all statutory rights of withdrawal or rescission have expired, the dealer-restricted person no longer has the same incentive to maintain the market price of the offered security. If the Participant has a short position in the offered securities as a result of over-allotments, the Participant would be able to purchase securities in the open market or exercise the green shoe option.

Definition of "Restricted Private Placement"

The Proposed Amendments would clarify the types of private placements that may become subject to the restrictions and prohibitions under Rule 7.7 as a result of changes in applicable securities legislation subsequent to May 9, 2005, the date the current provisions of Rule 7.7 became effective. Under the Proposed Amendments, a "restricted private placement" would include a distribution made pursuant to:

- section 2.3, 2.9 or 2.10 of National Instrument 45-106 – *Prospectus and Registration Exemptions*; or

- section 2.1 of Ontario Securities Commission Rule 45-501 – *Ontario Prospectus and Registration Exemptions* or similar provisions of applicable securities legislation.

In the addition, the Proposed Amendments would be applicable to a distribution only if the number of securities to be distributed constitutes more than 10% of the issued and outstanding securities of the class subject to the distribution. This limiting condition is currently in the definition of a "dealer-restricted person" and the Proposed Amendment moves the condition to the definition of "restricted private placement" to simplify the interpretation of the concept.

Interpretation of "Best Ask Price" and "Best Bid Price"

The Proposed Amendments would clarify that in determining the "best ask price" or the "best bid price" reference would only be made to orders contained in a consolidated market display for a marketplace that is then open for trading and in respect of which trading in the particular security on that marketplace has not been:

- halted, suspended or delayed for regulatory purposes in accordance with Rule 9.1; or

- halted, suspended or delayed in accordance with a Marketplace Rule or a requirement of the marketplace.

This clarification in the interpretation of the "best ask price" and "best bid price" will directly affect the determination of "best independent ask price" and "best independent bid price". This interpretation is consistent with guidance provided by RS in connection with the determination of the orders to which a "best price" obligation is owed under Rule 5.2 of UMIR. As a practical matter, this interpretation of "best ask price" and "best bid price" will result in a dealer-restricted person being unable to enter a bid (or an offer if sell orders also restricted) in the "pre-open" facility of a marketplace unless the security is able to be traded on another marketplace that is then open for trading.

Consequential and Editorial Amendments

The Proposed Amendments include a number of provisions which are consequential or of an editorial nature including:

- the repeal of the definition of "last independent sale price" as a consequence of the changes in the price restrictions imposed on dealer-restricted persons during the restricted period;

- the deletion from the definition of "dealer-restricted person" of the concept of acting as agent in a private placement constituting more than 10% of the issued and outstanding securities of the class that is subject to

the distribution as a consequence of the changes in the definition of "restricted private placement" to specifically include this limitation; and

- editorial changes to:
  - standardize the use of the phrase "foreign organized regulated market" when otherwise referring to foreign markets on which trades may be executed, and
  - clarify the definition of "connected security" by indicating that a security which meets any one of the components of the definition will be considered a "connected security".

Summary of the Impact of the Proposed Amendments

The following is a summary of the most significant impacts of the adoption of the Proposed Amendments:

- moves the time for determining compliance with the price restrictions on market stabilization and market balancing activities to the time of order entry on a marketplace rather than time of execution;
- relieves a Participant from restrictions and prohibitions under Rule 7.7 if the Participant holds a green shoe option and all other offered securities have been issued and all statutory rights of withdrawal or rights of rescission in connection with such issuance have expired;
- confirms that price restrictions apply under Rule 7.7 if the price at which the offered security will be issued in a prospectus distribution or restricted private placement has not been determined or if the offered security will be issued pursuant to a securities exchange take-over bid, an issuer bid or an amalgamation, arrangement, capital reorganization or similar transaction; and
- clarifies that the restricted period will commence two trading days prior to the issuance of the offered security, if the securities are issued as part of:
  - a continuous distribution,
  - a distribution at a non-fixed price permitted by National Instrument 44-101 – *Short Form Prospectus Distributions,* or
  - an at-the-market distribution for the purposes of National Instrument 44-102 – *Shelf Distributions.*

To the extent that the Proposed Amendments are approved and implemented, the provisions of UMIR may differ from those of OSC Rule 48-501. Generally speaking, most of the changes that would be introduced by the Proposed Amendments are clarifications on the application of the existing provisions. As such, the application of UMIR and OSC Rule 48-501 may not necessarily be inconsistent. OSC Rule 48-501 will continue to tie its restrictions on purchases by a dealer-restricted person to the "last independent sale price" rather than "best independent bid price" under the Proposed Amendments. However, it should be noted that clause 3.1(i) of OSC Rule 48-501 allows a dealer to rely on exemptions contained in UMIR (which would include the exemption provided for purchases using reference to the "best independent bid price" that would be provided as a result of the adoption of the Proposed Amendments).

Technological Implications and Implementation Plan

Anticipated Systems Changes

The Proposed Amendments would change one of the essential components of the price restrictions on purchases by a dealer-restricted person during a restricted period from the last independent sale price of a security at the time of the execution of the order to the best independent bid price at the time of the entry of the order. In order to provide Participants and service providers with an opportunity to make changes to their programming to accommodate the introduction of this change, implementation of the various provisions related to price restrictions would be deferred for a period of not less than 90 days following the date of approval of the Proposed Amendments by the Recognizing Regulators on a date to be determined by the Board. It would be the intention of RS to issue a Market Integrity Notice announcing the date these provisions would be implemented at least 30 days in advance of the implementation date determined by the Board.

Co-ordination with Changes to UMIR Respecting Short Sales and Failed Trades

On September 7, 2007, RS published proposed amendments to UMIR respecting short sales and failed trades.[14] One of the amendments contained in that proposal would repeal all of the price restrictions on short sales. One of the existing exemptions from the price restrictions on a short sale is the short sale of a security which is an "Exchange-traded Fund". If the Proposed Amendments are approved prior to the implementation of the amendments related to short sales and failed trades, it would be necessary to amend the exemption provided from the price restrictions on a short sale under clause (g) of subsection (2) of Rule 3.1 to refer to an "Exempt Exchange-traded Fund" rather than an "Exchange-traded Fund".

Specific Matters on Which Comment is Requested

Comment is requested on all aspects of the Proposed Amendments, including comments on policy alternatives that may be available to the implementation of the Proposed Amendments. However, comment is specifically requested on the following matters:

Definition of "Highly-Liquid Security"

Effective May 9, 2005, Rule 7.7 of UMIR was amended to provide an exemption from the price restrictions related to market stabilization and market balancing activities for securities which qualified as a "highly-liquid security". The exemption for a highly-liquid security was justified on the basis that particular securities demonstrated sufficient liquidity that the intervention of purchasers connected to a Participant involved in a distribution of a security would have minimal impact on the market price. For the purposes of the exemption from the price restrictions during market stabilization and market balancing activities, a "highly-liquid security" is defined as a listed security or quoted security that:

- has traded, in total, on one or more marketplaces as reported on a consolidated market display during a 60-day period ending not earlier than 10 days prior to the commencement of the restricted period:
    - an average of at least 100 times per trading day, and
    - with an average trading value of at least $1,000,000 per trading day; or
- is subject to Reg. M and is considered to be an "actively-traded security" under that regulation.

Since May of 2005, RS has maintained a list of securities which, based on data available to RS, meet the definition of a "highly-liquid security" as a result of achieving the required number of average daily trades and average daily trading value on Canadian marketplaces. The list maintained by RS does not contain a listed security or a quoted security that is inter-listed with a market in the United States and that is considered to be "actively-traded" under Reg. M but which fails to meet the tests for average daily trades and average daily trading value on Canadian marketplaces. If a security is traded on Canadian marketplaces in both Cdn$ and US$ and the security is on the list of "highly-liquid securities" that status will apply to the security regardless of the currency in which the trade is made.

A separate list of highly-liquid securities is prepared by RS for each trading day. Persons may rely on the list and summary prepared by RS or they may independently verify if a security meets the requirements of a "highly-liquid security" so long as they retain a record of the data they rely upon in verifying the requirements. The list of highly-liquid securities and the daily summary of changes is available on the RS website (at www.rs.ca) and may be accessed through the "Quick Links" on the homepage.

Based on trading in the 60-days from November 2, 2007 to December 31, 2007, there were a total of 413 listed securities which qualified as a "highly-liquid security" of which 393 were listed on the TSX (representing 18.6% of the 2,116 issues then listed on the TSX) and 20 on TSXV (representing only 0.9% of the 2,338 issues then listed on TSXV). The number of securities which qualify as highly-liquid has changed since the introduction of the concept in line with fluctuations in overall trading activity. For example, on April 30, 2007, a total of 463 listed securities qualified of which 430 were listed on TSX and 33 on TSXV. On May 9, 2005, the date the concept of a "highly-liquid security" became effective, there were a total of 300 listed securities which qualified as a "highly-liquid security" of which 293

[14] Market Integrity Notice 2007-017 – *Request for Comments – Provisions Respecting Short Sales and Failed Trades* (September 7, 2007).

were listed on the TSX and only 7 on TSXV.[15] None of the securities listed on CNQ has qualified as a "highly-liquid security".

Daily calculation ensures that the list of qualified securities reflects current trading activity in any particular security. For example, for the 20 trading days during the month of April of 2007, a total of 42 securities were added to the list while 28 securities were deleted (with 5 of the securities being both added and deleted during the month). Many of the changes simply reflected changes in the stock list or increased liquidity surrounding corporate events such as take-overs or mergers. However, RS also recognizes that the maintenance of a daily list may impose an administrative burden on Participants or their service providers.

1. *Should the list of "highly-liquid securities" be updated less frequently than each trading day? If so, what would be the appropriate frequency (e.g. weekly, monthly or quarterly)?*

Harmonization with Requirements in the United States

In 2007, the SEC has adopted a provision preventing a person from effecting a short sale during a limited time period, shortly before pricing, and then purchasing, including entering into a contract of sale for, such security in a securities offering. The SEC has also proposed to adopt a number of provisions regarding market stabilization including:

- amending the definition of restricted period for an initial public offering and in the context of a merger, acquisition or exchange offer;
- updating the dollar value thresholds, including for an "actively-traded security", to take into account inflation since the adoption of Reg. M; and
- requiring disclosure of syndicate covering transactions and prohibit the use penalty bids when stabilization is undertaken.

RS has not proposed similar measures under UMIR as reviews and audits undertaken by RS have not found that there are significant problems in these areas in the Canadian context. In particular, it is the view of RS that the key element in the definition of a "highly-liquid security" is the number of transactions executed on average rather than the dollar amount traded. RS originally included the $1,000,000 in average trading value as part of the definition in order to ensure that a security that traded a large number of times with minimal value did not qualify for the exemption as such a security could be more susceptible to price manipulation. Under the current definition, if a security had only on average 100 trades per day, the minimum number of trades required under the definition, the average value of each trade must be not less than $10,000. RS did not propose an increase in the dollar threshold for a security to qualify as a "highly-liquid security" as part of the Proposed Amendments outlined in this Market Integrity Notice. However, RS might consider an increase in the dollar threshold if such a change to Reg. M is implemented in the United States.

2. *Would there be any specific costs or benefits associated with UMIR adopting additional provisions comparable to those in the United States related to market stabilization activities?*

3. *Would there be any specific benefit in adjusting for inflation the $1,000,000 threshold for average daily trading value under the definition of "highly-liquid security"?*

Prohibitions and Restrictions on Distributions "At-the-Market" or "Non-Fixed Price"

The current provisions of Rule 7.7 presume that the dealer-restricted person has an interest in increasing the market price of a security that is offered to the public as part of distribution or other securities transaction. Recently, a number of issuers have expressed an interest in pursuing "at-the-market" offerings pursuant to National Instrument 44-102 – *Shelf Distributions* or a distribution at a "non-fixed price" permitted by National Instrument 44-101 – *Short Form Prospectus Distributions.* While securities legislation has contemplated both "at-the-market" offerings and "non-fixed price" distributions, historically neither has been used extensively in Canada. In its simplest form, an "at-the-market"

[15] The securities listed on the TSX which qualified as a "highly-liquid security" as at May 2, 2005 accounted for approximately 81.7% of trades on the TSX during March and April of 2005 (as compared to 91.3% of trades on the TSX during November and December of 2007 for securities listed on the TSX which qualified as a "highly-liquid security" as at January 2, 2008) and approximately 90.2% of the value of trades on the TSX during March and April of 2005 (as compared to 95.3% of the value of trades on the TSX during November and December of 2007 for securities listed on the TSX which qualified as a "highly-liquid security" as at January 2, 2008). The securities listed on the TSXV which qualified as a "highly-liquid security" as at May 2, 2005 accounted for approximately 10.4% of trades on the TSXV during March and April of 2005 (as compared to 20.0% of trades on the TSXV during November and December of 2007 for securities listed on the TSXV which qualified as a "highly-liquid security" as at January 2, 2008) and approximately 18.1% of the value of trades on the TSXV during March and April of 2005 (as compared to 33.0% of the value of trades on the TSXV during November and December of 2007 for securities listed on the TSXV which qualified as a "highly-liquid security" as at January 2, 2008).

offering could involve a Participant acting solely as agent for the entry of sell orders on a marketplace at a commission rate comparable with the handling of any client order of a similar size and without any effort by the Participant to solicit clients or other dealers for purchase orders. If a Participant has such a limited involvement in the distribution, RS is of the view that the Participant would not be an "underwriter" for the purposes of applicable securities legislation and, as such, would not be a "dealer-restricted person" for the purposes of Rule 7.7 of UMIR. On the other hand, the "at-the-market" offering could be structured as an "equity line" under which the Participant would have agreed to guarantee the issuance of a minimum number of securities at the prevailing market price on specified dates or following advance notice from the issuer. In these circumstances, the Participant would have an interest in the success of the transaction comparable with that of an underwriter in a traditional prospectus offering.

In both an "at-the-market" distribution and a "non-fixed price" offering, a dealer-restricted person that is involved may have an incentive to reduce the market price of the offered security in certain circumstances. For example, if a dealer-restricted person had sold an amount of the particular security short into the market, that dealer-restricted person may have a perceived conflict between maximizing the proceeds for the issuer and being able to cover the short position in the "at-the-market" distribution or "non-fixed price" offering at a price below the proceeds of the short sale. To ensure that the proceeds of the distribution to the issuer have not been unduly affected by market activity of the dealer-restricted person, a provision may be desirable that would provide for prohibitions and restrictions on the offers and sales made by a dealer-restricted person involved in an "at-the-market" distribution or a "non-fixed price" distribution. A draft of a "possible" provision that would specially apply to an "at-the-market" distribution and a "non-fixed price" offering is set out as Appendix "C". As contemplated in that draft, the prohibitions and restrictions on offers and sales during the restricted period by a dealer-restricted period would be in addition to and parallel the prohibitions and restrictions on bids and purchases. During "at-the-market" or "non-fixed price" distributions, a dealer-restricted person shall not at any time during the restricted period:

- offer or sell a restricted security for an account:
    - of a dealer-restricted person, or
    - over which the dealer-restricted person exercises direction or control; or
- attempt to induce or cause any person to sell a restricted security.

The exemptions would permit a dealer-restricted person during the restricted period to offer or sell the restricted security at a price less than the greater of:

- the best independent ask price at the commencement of the restricted period, and
- the best independent ask price at the time of the entry on a marketplace of the order to purchase.

Exemptions would be provided for trades that are:

- sales of a "highly-liquid security" or an "Exempt Exchange-traded Fund" or a connected security;
- the result of an unsolicited client order or a client order solicited prior to the commencement of the restricted period;
- basket trades (at least 10 securities with restricted securities comprising not more than 20% of the value of the transaction);
- Program Trades (undertaken in conjunction with a trade in a derivative in accordance with marketplace rules);
- rebalancing of portfolios based on index changes;
- arbitrage activities for inter-listed securities;
- activities pursuant to market maker obligations in accordance with marketplace rules; and
- activities undertaken by derivatives market makers.

During the restricted period of an "at-the-market" distribution or a "non-fixed price" offering, a dealer-restricted person would be restricted in acting in connection with a bid or purchase on behalf of person that the dealer-restricted person knew or ought reasonably to what was an "issuer-restricted person". Persons closely connected to the issuer would

have an interest in ensuring that the trading price of the security was supported during the restricted period. However, in the view of RS, the interests of an issuer-restricted person are such that there is no need to restrict the ability of a dealer-restricted person to act in connection with a offer or sale by an issuer-restricted person during the restricted period for an "at-the-market" distribution or "non-fixed price" offering.

4. *Should RS consider amending UMIR at this time to deal with dealer-restricted persons bidding for or purchasing restricted securities during a restricted period for an "at-the-market" distribution and a "non-fixed price" offering or should any amendments be deferred until there has been more experience with such offerings?*

5. *If amendments should be considered at this time, are the possible provisions set out in Appendix "C" appropriate?*

Additional Exemptions When Acting on Behalf of an Issuer-Restricted Person

A dealer-restricted person may not bid for or purchase a restricted security during the applicable restricted period on behalf of an "issuer-restricted person" (which includes the issuer, a selling securityholder, an affiliated entity, an associated entity, an insider, an account over which any of these persons exercises direction or control, and any person acting jointly or in concert with any of these other persons). UMIR presently provides a number of exemptions from this prohibition to permit a dealer-restricted person to act in connection with:

- the exercise of existing options, rights, warrants or similar contractual arrangements;
- purchases under a Small Securityholder Selling and Purchase Arrangement;
- purchases pursuant to certain exempt issuer bids;
- solicitations pursuant to a securities exchange take-over bid or issuer bid; or
- subscriptions pursuant to a prospectus distribution or restricted private placement.

In each of the current exemptions, the ability of the dealer-restricted person to act in respect of the purchase or bid by the issuer-restricted person recognized that the transaction was principally for a purpose other than supporting the price of the restricted security and did not afford an advantage to the issuer-restricted person that was not otherwise available to other securityholders.

UMIR presently provides a number of exemptions for a dealer-restricted person if the type of security or the type of transaction is not amenable to undue price influences such as when the order is:

- for a security that is a "highly-liquid security" or an "Exempt Exchange-traded Fund";
- part of a "basket trade" (at least 10 securities with restricted securities comprising not more than 20% of the value of the transaction);
- part of a Program Trade (undertaken in conjunction with a trade in a derivative in accordance with marketplace rules); or
- made to rebalance a portfolio based on index changes.

These exemptions are not presently available when a dealer-restricted person is acting on behalf of an issuer-restricted person.

6. *Should RS consider providing similar exemptions to permit a dealer-restricted person to act as agent on a bid or purchase by an issuer-restricted person for these types of orders?*

The current definition of "issuer-restricted person" includes any person who is an insider of the issuer of the restricted security. RS is concerned that this definition may unduly prevent trading activity by certain persons who are not directly involved in or otherwise aware of undisclosed material information regarding a distribution or transaction. There are at least two approaches to providing relief in these circumstances. RS could consider a "carve-out" from the definition of "issuer-restricted person" (similar to that which presently exists in the definition of "dealer-restricted person") to exclude a person who is an insider of the issuer of the restricted security provided certain conditions are met, such as:

- the issuer maintains and enforces written policies and procedures that are reasonably designed to prevent the flow of material information that has not been publicly disclosed from the issuer regarding the offered security and the related transaction;

- the insider is generally excluded from receiving material information that has not been publicly disclosed; and

- the insider is not aware of any material information that has not been publicly disclosed regarding the offered security or the related transaction.

Alternatively, a general exemption could be provided to permit a dealer-restricted person to act on behalf of an issuer-restricted person who is an insider of the issuer of the restricted security if the transaction would be exempt from insider reporting requirements in accordance with certain of the provisions of National Instrument 55-101 – *Insider Reporting Exemptions* ("NI 55-101"). In particular, a dealer-restricted person would be able to act on a bid or purchase by:

- certain directors and senior officers (who, in addition to other requirements, do not have access in the ordinary course to undisclosed material facts or material information regarding the issuer of the restricted security) under Part 2 of NI 55-101;

- directors and senior officers of affiliates of insiders of a reporting issuer under Part 3 of NI 55-101; and

- automatic securities purchase plans under Part 5 of NI 55-101.

The advantage of this alternative is that the ability to use the exemption is tied directly to another "verifiable" event – the obligation to file an insider trading report under applicable securities legislation. From a policy perspective, the securities regulatory authorities have accepted that such trades are of a nature that does not require ordinary disclosure of the transaction through the filing of an insider trading report.

RS is of the view that the exemption, if proposed, would **not** extend the exemption to bids or purchases under a normal course issuer bid (which are otherwise exempt from the insider reporting requirement under Part 6 of NI 55-101) as it is the view of RS that purchases by the issuer in the open market during a restricted period should not be permitted as the issuer of the restricted security has a particular interest in maintaining the price of the security during the restricted period.

7. Should RS consider providing additional exemptions to permit a dealer-restricted person to act as agent for certain insiders of the issuer of a restricted security? If so, what approach to providing such exemption would be preferable?

Appendices

- Appendix "A" sets out the text of the Proposed Amendments to the Rules and Policies respecting trading during certain securities transactions;

- Appendix "B" contains the text of the relevant provisions of the Rules and Policies as they would read on the adoption of the Proposed Amendments together with a marked version of the current provisions highlighting the changes introduced by the Proposed Amendments; and

- Appendix "C" contains the text of possible additional restrictions on the selling activities of a dealer-restricted person who is involved in an "at-the-market" distribution or "non-fixed price" offering.

Questions / Further Information

For further information or questions concerning this notice contact:

James E. Twiss,
Chief Policy Counsel,
Market Policy and General Counsel's Office,
Market Regulation Services Inc.,
Suite 900,
145 King Street West,
Toronto, Ontario. M5H 1J8

Telephone: 416.646.7277
Fax: 416.646.7265
e-mail: james.twiss@rs.ca

ROSEMARY CHAN,
VICE PRESIDENT, MARKET POLICY AND GENERAL COUNSEL

Appendix "A"

Provisions Respecting Trading During Certain Securities Transactions

The Universal Market Integrity Rules are hereby amended as follows:

1. Rule 1.1 is amended by:

(a) deleting the word "and" at the end of clause (c) of the definition of "connected security" and substituting "or";

(b) inserting the following definition of "best independent bid price":

> **"best independent bid price"** means the best bid price, other than for an order that a dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person.

(c) deleting subclause (ii) of clause (a) of the definition of "dealer-restricted person" and substituting the following:

> (ii) is participating, as agent but not as an underwriter, in a restricted private placement of securities and the Participant has been allotted or is otherwise entitled to sell more than 25% of the securities to be issued under the restricted private placement,

(d) deleting the definition of "Exchange-traded Fund" and inserting the following definition of "Exempt Exchange-traded Fund":

> **"Exempt Exchange-traded Fund"** means a mutual fund for the purposes the purposes of applicable securities legislation, the units of which:
>
> (a) are a listed security or a quoted security; and
>
> (b) are in continuous distribution in accordance with applicable securities legislation
>
> but does not include a mutual fund that has been designated by the Market Regulator to be excluded from this definition.

(e) deleting the definition of "last independent sale price"; and

(f) deleting clause (a) of the definition of "restricted period" and substituting the following:

> (a) in connection with a prospectus distribution or a restricted private placement of any offered security, commencing two trading days prior to:
>
> (i) the day the offering price of the offered security is determined, if the securities are to be issued at a fixed price as part of a non-continuous distribution, or
>
> (ii) the issuance of the offered security, if the securities are issued as part of:
>
> (A) a continuous distribution,
>
> (B) a distribution at a non-fixed price permitted by National Instrument 44-101 – *Short Form Prospectus Distributions*, or
>
> (C) an at-the-market distribution for the purposes of National Instrument 44-102 – *Shelf Distributions*,
>
> provided that, if the person is a dealer-restricted person, the period shall commence on the date the Participant enters into an agreement or reaches an understanding to participate in the prospectus distribution or restricted private placement of securities, whether or not the terms and conditions of such participation have been agreed upon if that date is later that determined for the purposes of clause (i) or (ii),
>
> and ending on the date that is the earlier of the date:

(iii) the selling process has ended and all stabilization arrangements relating to the offered security are terminated, and

(iv) the offered securities, exclusive of any securities that may be issued pursuant to the exercise of an option granted to a dealer-restricted person to cover over-allotment of securities in the distribution, are issued and all statutory rights of withdrawal or rights of rescission in connection with such issuance have expired;

(g) deleting the definition of "restricted private placement" and substituting the following:

"restricted private placement" means a distribution of securities made pursuant to:

(a) section 2.3, 2.9 or 2.10 of National Instrument 45-106 – *Prospectus and Registration Exemptions*; or

(b) section 2.1 of Ontario Securities Commission Rule 45-501 – *Ontario Prospectus and Registration Exemptions* or similar provisions of applicable securities legislation,

and the number of securities to be distributed constitutes more than 10% of the issued and outstanding securities of the class subject to the distribution.

2. Subsection (6) of Rule 1.2 is amended by:

(a) deleting the word "and" at the end of clause (a);

(b) inserting the phrase "; and" at the end of clause (b); and

(c) inserting the following as clause (c):

(c) if the offering price is determined by a formula involving trading activity in the offered security or a connected security on one or more marketplaces for a period of time, the offering price shall be considered to be determined on the first trading day included in the calculation for the purposes of the formula.

3. Rule 1.2 is amended by adding the following as subsection (8):

(8) For the purposes of determining the "best ask price" or the "best bid price" at any particular time reference is made to orders contained in a consolidated market display for a marketplace that is then open for trading and in respect of which trading in the particular security on that marketplace has not been:

(a) halted, suspended or delayed for regulatory purposes in accordance with Rule 9.1; or

(b) halted, suspended or delayed in accordance with a Marketplace Rule or a requirement of the marketplace.

4. Rule 7.7 is amended by:

(a) deleting subclause (i) of clause (a) of subsection (4) and substituting the following:

(i) in the case of an offered security:

(A) the price at which the offered security will be issued in a prospectus distribution or restricted private placement, if that price has been determined,

(B) the best independent bid price at the commencement of the restricted period if the price at which the offered security will be issued in a prospectus distribution or restricted private placement has not been determined or if the offered security will be issued pursuant to a securities exchange take-over bid, an issuer bid or an amalgamation, arrangement, capital reorganization or similar transaction, and

(C) the best independent bid price at the time of the entry on a marketplace of the order to purchase,

(b) deleting in paragraph (A) of subclause (ii) of clause (a) of subsection (4) the phrase "last independent sale price" and substituting "best independent bid price";

(c) deleting in paragraph (B) of subclause (ii) of clause (a) of subsection (4) the phrase "last independent sale price" and substituting "best independent bid price";

(d) inserting in subclause (ii) of clause (b) of subsection (4) the word "Exempt" prior to the word "Exchange-traded";

(e) deleting in subclause (i) of clause (c) of subsection (7) the phrase "market" and substituting "marketplace or foreign organized regulated market".

The Policies to the Universal Market Integrity Rules are hereby amended as follows:

1. Part 2 of Policy 1.1 is deleted and the following substituted:

Part 2 – Definition of "Exempt Exchange-traded Fund"

An "Exempt Exchange-traded Fund" is defined, in part, as a mutual fund for the purposes of applicable securities legislation, the units of which are a listed security or a quoted security and are in continuous distribution in accordance with applicable securities legislation. The definition excludes a mutual fund that has been designated by the Market Regulator to be excluded from the definition.

As guidance, a mutual fund may be designated by the Market Regulator if it is determined that the trading price of units of the fund may be susceptible to manipulation due to a particular feature of the mutual fund. Factors which the Market Regulator would take into account in making a designation to exclude a particular mutual fund would be:

- the lack of liquidity or public float of the security (or the underlying securities which comprise the portfolio of the mutual fund);
- the absence of the ability to redeem units at any time for a "basket" of the underlying securities in addition to cash;
- the absence of the ability to exchange a "basket" of the underlying securities at any time for units of the fund;
- the fact that the fund does not frequently make a net asset value calculation publicly available; and
- the fact that there are no derivatives based on units of the fund, the underlying index or the underlying securities are listed on a marketplace.

None of these additional five factors is determinative in and of itself and each security will be evaluated on its own merits.

Appendix "B"

Text of Rules and Policies to Reflect Proposed Amendments
Respecting Trading During Certain Securities Transactions

Text of Provisions of Following Adoption of Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of Proposed Amendments
1.1 Definitions **"best independent bid price"** means the best bid price, other than for an order that a dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person.	**1.1 Definitions** **"best independent bid price"** means the best bid price, other than for an order that a dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person.
"connected security" means, in respect of an offered security: (a) a listed security or quoted security into which the offered security is immediately convertible, exchangeable or exercisable unless the price at which the offered security is convertible, exchangeable or exercisable is greater than 110% of the best ask price of the listed security or quoted security at the commencement of the restricted period; (b) a listed security or quoted security of the issuer of the offered security or another issuer that, according to the terms of the offered security, may significantly determine the value of the offered security; (c) if the offered security is a special warrant, a listed security or quoted security which would be issued on the exercise of the special warrant; or (d) if the offered security is an equity security, any other equity security of the issuer that is a listed security or quoted security.	**"connected security"** means, in respect of an offered security: (a) a listed security or quoted security into which the offered security is immediately convertible, exchangeable or exercisable unless the price at which the offered security is convertible, exchangeable or exercisable is greater than 110% of the best ask price of the listed security or quoted security at the commencement of the restricted period; (b) a listed security or quoted security of the issuer of the offered security or another issuer that, according to the terms of the offered security, may significantly determine the value of the offered security; (c) if the offered security is a special warrant, a listed security or quoted security which would be issued on the exercise of the special warrant; or ~~and~~ (d) if the offered security is an equity security, any other equity security of the issuer that is a listed security or quoted security.
"dealer-restricted person" means, in respect of a particular offered security: (a) a Participant that: … (ii) is participating, as agent but not as an underwriter, in a restricted private placement of securities and the Participant has been allotted or is otherwise entitled to sell more than 25% of the securities to be issued under the restricted private placement, …	**"dealer-restricted person"** means, in respect of a particular offered security: (a) a Participant that: … (ii) is participating, as agent but not as an underwriter, in a restricted private placement of securities and~~:~~ ~~(A) the number of securities to be issued under the restricted private placement would constitute more than 10% of the issued and outstanding offered securities, and~~ ~~(B)~~ the Participant has been allotted or is otherwise entitled to sell more than 25% of the securities to be issued under the restricted private placement, …

Text of Provisions of Following Adoption of Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of Proposed Amendments
"Exempt Exchange-traded Fund" means a mutual fund for the purposes of applicable securities legislation, the units of which: (a) are a listed security or a quoted security; and (b) are in continuous distribution in accordance with applicable securities legislation but does not include a mutual fund that has been designated by the Market Regulator to be excluded from this definition.	**"Exempt Exchange-traded Fund"** means a mutual fund~~:~~ for the purposes of applicable securities legislation, ~~(a)~~ the units of which ~~are~~: (a~~i~~) are a listed security or a quoted security~~,~~; and (b~~ii~~) are in continuous distribution in accordance with applicable securities legislation~~; and~~ ~~(b)~~ but does not include a mutual fund that has been designated by the Market Regulator to be excluded from this definition.
	~~**"last independent sale price"** means the last sale price of a trade, other than a trade that a dealer-restricted person knows or ought reasonably to know has been executed by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person.~~
"restricted period" means, for a dealer-restricted person or an issuer-restricted person, the period: (a) in connection with a prospectus distribution or a restricted private placement of any offered security, commencing two trading days prior to: (i) the day the offering price of the offered security is determined, if the securities are to be issued at a fixed price as part of a non-continuous distribution, or (ii) the issuance of the offered security, if the securities are issued as part of: (A) a continuous distribution, (B) a distribution at a non-fixed price permitted by National Instrument 44-101 – *Short Form Prospectus Distributions*, or (C) an at-the-market distribution for the purposes of National Instrument 44-102 – *Shelf Distributions*, provided that, if the person is a dealer-restricted person, the period shall commence on the date the Participant enters into an agreement or reaches an understanding to participate in the prospectus distribution or restricted private placement of securities, whether or not the terms and conditions of such participation have been agreed upon if that date is later that determined for the purposes of clause (i) or (ii), and ending on the date that is the earlier of the date: (iii) the selling process has ended and all stabilization arrangements relating to the offered security are terminated, and	**"restricted period"** means, for a dealer-restricted person or an issuer-restricted person, the period: (a) in connection with a prospectus distribution or a restricted private placement of any offered security, commencing two trading days prior to: (i) the day the offering price of the offered security is determined, if the securities are to be issued at a fixed price as part of a non-continuous distribution, or (ii) the issuance of the offered security, if the securities are issued as part of: (A) a continuous distribution, (B) a distribution at a non-fixed price permitted by National Instrument 44-101 – *Short Form Prospectus Distributions*, or (C) an at-the-market distribution for the purposes of National Instrument 44-102 – *Shelf Distributions*, provided that, if the person is a dealer-restricted person, the period shall commence on the date the Participant enters into an agreement or reaches an understanding to participate in the prospectus distribution or restricted private placement of securities, whether or not the terms and conditions of such participation have been agreed upon if that date is later that determined for the purposes of clause (i) or (ii), and ending on the date that is the earlier of the date: (iii) the selling process has ended and all stabilization arrangements relating to the offered security are terminated ~~provided that, if the person is a dealer-~~

Text of Provisions of Following Adoption of Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of Proposed Amendments
(iv) the offered securities, exclusive of any securities that may be issued pursuant to the exercise of an option granted to a dealer-restricted person to cover over-allotment of securities in the distribution, are issued and all statutory rights of withdrawal or rights of rescission in connection with such issuance have expired; (b) in connection with a securities exchange take-over bid or issuer bid, commencing on the date of dissemination of the securities exchange take-over bid circular or issuer bid circular or similar document and ending with the termination of the period during which securities may be deposited under such bid, including any extension thereof, or the withdrawal of the bid; and (c) in connection with an amalgamation, arrangement, capital reorganization or similar transaction, commencing on the date of dissemination of the information circular for such transaction and ending on the date for approval of the transaction by the securityholders that will receive the offered security or the termination of the transaction by the issuer or issuers.	~~restricted person, the period shall commence on the date the Participant enters into an agreement or reaches an understanding to participate in the prospectus distribution or restricted private placement of securities, whether or not the terms and conditions of such participation have been agreed upon if that date is later;~~, and (iv) the offered securities, exclusive of any securities that may be issued pursuant to the exercise of an option granted to a dealer-restricted person to cover over-allotment of securities in the distribution, are issued and all statutory rights of withdrawal or rights of rescission in connection with such issuance have expired; (b) in connection with a securities exchange take-over bid or issuer bid, commencing on the date of dissemination of the securities exchange take-over bid circular or issuer bid circular or similar document and ending with the termination of the period during which securities may be deposited under such bid, including any extension thereof, or the withdrawal of the bid; and (c) in connection with an amalgamation, arrangement, capital reorganization or similar transaction, commencing on the date of dissemination of the information circular for such transaction and ending on the date for approval of the transaction by the securityholders that will receive the offered security or the termination of the transaction by the issuer or issuers.
"restricted private placement" means a distribution of securities made pursuant to: (a) section 2.3, 2.9 or 2.10 of National Instrument 45-106 – *Prospectus and Registration Exemptions*; or (b) section 2.1 of Ontario Securities Commission Rule 45-501 – *Ontario Prospectus and Registration Exemptions* or similar provisions of applicable securities legislation, and the number of securities to be distributed constitutes more than 10% of the issued and outstanding securities of the class subject to the distribution.	**"restricted private placement"** means a distribution of ~~offered~~ securities made pursuant to: (a) section 2.3, 2.9 or 2.10 of National Instrument 45-106 – *Prospectus and Registration Exemptions*; or (b) ~~clause 72(1)(b) of the *Securities Act* (Ontario) or~~ section 2.1~~3~~ of Ontario Securities Commission Rule 45-501 - ~~*Exempt Distributions*~~ *Ontario Prospectus and Registration Exemptions* or similar provisions of applicable securities legislation~~.~~ , and the number of securities to be distributed constitutes more than 10% of the issued and outstanding securities of the class subject to the distribution.
1.2 Interpretation (6) For the purposes of the definition of "restricted period": (a) the selling process shall be considered to end: (i) in the case of a prospectus distribution, if a receipt has been issued for the final prospectus by the applicable securities regulatory authority and the Participant has	**1.2 Interpretation** (6) For the purposes of the definition of "restricted period": (a) the selling process shall be considered to end: (i) in the case of a prospectus distribution, if a receipt has been issued for the final prospectus by the applicable securities regulatory authority and the Participant has

Text of Provisions of Following Adoption of Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of Proposed Amendments
allocated all of its portion of the securities to be distributed under the prospectus and all selling efforts have ceased, and (ii) in the case of a restricted private placement, the Participant has allocated all of its portion of the securities to be distributed under the offering; (b) stabilization arrangements shall be considered to have terminated in the case of a syndicate of underwriters or agents when, in accordance with the syndication agreement, the lead underwriter or agent determines that the syndication agreement has been terminated such that any purchase or sale of a restricted security by a Participant after the time of termination is not subject to the stabilization arrangements or otherwise made jointly for the Participants that were party to the stabilization arrangements; and (c) if the offering price is determined by a formula involving trading activity in the offered security or a connected security on one or more marketplaces for a period of time, the offering price shall be considered to be determined on the first trading day included in the calculation for the purposes of the formula.	allocated all of its portion of the securities to be distributed under the prospectus and all selling efforts have ceased, and (ii) in the case of a restricted private placement, the Participant has allocated all of its portion of the securities to be distributed under the offering; ~~and~~ (b) stabilization arrangements shall be considered to have terminated in the case of a syndicate of underwriters or agents when, in accordance with the syndication agreement, the lead underwriter or agent determines that the syndication agreement has been terminated such that any purchase or sale of a restricted security by a Participant after the time of termination is not subject to the stabilization arrangements or otherwise made jointly for the Participants that were party to the stabilization arrangements; and~~.~~ (c) if the offering price is determined by a formula involving trading activity in the offered security or a connected security on one or more marketplaces for a period of time, the offering price shall be considered to be determined on the first trading day included in the calculation for the purposes of the formula.
(8) For the purposes of determining the “best ask price” or the “best bid price at any particular time reference is made to orders contained in a consolidated market display for a marketplace that is then open for trading and in respect of which trading in the particular security on that marketplace has not been: (a) halted, suspended or delayed for regulatory purposes in accordance with Rule 9.1; or (b) halted, suspended or delayed in accordance with a Marketplace Rule or a requirement of the marketplace.	(8) For the purposes of determining the “best ask price” or the “best bid price at any particular time reference is made to orders contained in a consolidated market display for a marketplace that is then open for trading and in respect of which trading in the particular security on that marketplace has not been: (a) halted, suspended or delayed for regulatory purposes in accordance with Rule 9.1; or (b) halted, suspended or delayed in accordance with a Marketplace Rule or a requirement of the marketplace.
7.7 Trading During Certain Securities Transactions (4) **Exemptions -** Subsection (1) does not apply to a dealer-restricted person in connection with: (a) market stabilization or market balancing activities where the bid for or purchase of a restricted security is for the purpose of maintaining a fair and orderly market in the offered security by reducing the price volatility of or addressing imbalances in buying and selling interests for the restricted security provided that the bid or purchase is at a price which does not exceed the lesser of:	**7.7 Trading During Certain Securities Transactions** (4) **Exemptions -** Subsection (1) does not apply to a dealer-restricted person in connection with: (a) market stabilization or market balancing activities where the bid for or purchase of a restricted security is for the purpose of maintaining a fair and orderly market in the offered security by reducing the price volatility of or addressing imbalances in buying and selling interests for the restricted security provided that the bid or purchase is at a price which does not exceed the lesser of:

Text of Provisions of Following Adoption of Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of Proposed Amendments
(i) in the case of an offered security: (A) the price at which the offered security will be issued in a prospectus distribution or restricted private placement, if that price has been determined, (B) the best independent bid price at the commencement of the restricted period if the price at which the offered security will be issued in a prospectus distribution or restricted private placement has not been determined or if the offered security will be issued pursuant to a securities exchange take-over bid, an issuer bid or an amalgamation, arrangement, capital reorganization or similar transaction, and (C) the best independent bid price at the time of the entry on a marketplace of the order to purchase, (ii) in the case of a connected security: (A) the best independent bid price at the commencement of the restricted period, and (B) the best independent bid price at the time of the entry on a marketplace of the order to purchase, provided that if the restricted security has not previously traded on a marketplace, the price also does not exceed the price of the last trade of the security executed on a foreign organized regulated market other than a trade that the dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person; (b) a restricted security that is: (i) a highly-liquid security, (ii) a unit of an Exempt Exchange-traded Fund, or (iii) a connected security of a security referred to in subclause (i) or (ii); …	(i) in the case of an offered security: (A) the price at which the offered security will be issued in a prospectus distribution or restricted private placement, if that price has been determined, ~~and~~ (B) the best independent bid price at the commencement of the restricted period if the price at which the offered security will be issued in a prospectus distribution or restricted private placement has not been determined or if the offered security will be issued pursuant to a securities exchange take-over bid, an issuer bid or an amalgamation, arrangement, capital reorganization or similar transaction, and (C~~B~~)the ~~last independent sale~~ best independent bid price at the time of the entry on a marketplace of the order to purchase, (ii) in the case of a connected security: (A) the ~~last independent sale~~ best independent bid price at the commencement of the restricted period, and (B) the ~~last independent sale~~ best independent bid price at the time of the entry on a marketplace of the order to purchase, provided that if the restricted security has not previously traded on a marketplace, the price also does not exceed the price of the last trade of the security executed on a foreign organized regulated market other than a trade that the dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person; (b) a restricted security that is: (i) a highly-liquid security, (ii) a unit of an Exempt Exchange-traded Fund, or (iii) a connected security of a security referred to in subclause (i) or (ii); …

Text of Provisions of Following Adoption of Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of Proposed Amendments
(7) **Transactions by Person with Market Maker Obligations -** Despite subsection (1), a dealer-restricted person with Market Maker Obligations for a restricted security may, for their market making trading account: … (c) bid for or purchase a restricted security: (i) that is traded on another marketplace or foreign organized regulated market for the purpose of matching a higher-priced bid posted on such marketplace or foreign organized regulated market, …	**(7) Transactions by Person with Market Maker Obligations -** Despite subsection (1), a dealer-restricted person with Market Maker Obligations for a restricted security may, for their market making trading account: … (c) bid for or purchase a restricted security: (i) that is traded on another marketplace or foreign organized regulated market for the purpose of matching a higher-priced bid posted on such marketplace or foreign organized regulated market, …
Policy 1.1 Definitions **Part 2 – Definition of "Exempt Exchange-traded Fund"** An "Exchange-traded Fund" is defined, in part, as a mutual fund for the purposes the purposes of applicable securities legislation, the units of which are a listed security or a quoted security and are in continuous distribution in accordance with applicable securities legislation. The definition excludes a mutual fund that has been designated by the Market Regulator to be excluded from the definition. As guidance, a mutual fund may be designated by the Market Regulator if the Market Regulator determines that the trading price of units of the fund may be susceptible to manipulation due to a particular feature of the mutual fund. Factors which the Market Regulator would take into account in making a designation to exclude a particular mutual fund would be: • the lack of liquidity or public float of the security (or the underlying securities which comprise the portfolio of the mutual fund); • the absence of the ability to redeem units at any time for a "basket" of the underlying securities in addition to cash; • the absence of the ability to exchange a "basket" of the underlying securities at any time for units of the fund; • the fact that the fund does not frequently make a net asset value calculation publicly available; and • the fact that there are no derivatives based on units of the fund, the underlying index or the underlying securities listed on a marketplace. None of these additional five factors is determinative in and of itself and each security will be evaluated on its own merits.	**Policy 1.1 Definitions** **Part 2 – Definition of "Exempt Exchange-traded Fund"** An "Exchange-traded Fund" is defined, in part, as a mutual fund for the purposes the purposes of applicable securities legislation, the units of which are a listed security or a quoted security and are in continuous distribution in accordance with applicable securities legislation. The definition excludes a mutual fund that has been designated by the Market Regulator to be excluded from the definition. ~~designated by the Market Regulator as an exchange-traded fund for the purposes of the Rule.~~ As guidance, a mutual ~~n exchange-traded~~ fund may be designated by the Market Regulator ~~where it is determined~~ if the Market Regulator determines that the trading price of units of the fund may be susceptible to manipulation due to a particular feature ~~it would be difficult to manipulate the price of units~~ of the mutual fund. ~~It would be the intention of the Market Regulator that the designation of a security would be done after consultation with the Ontario Securities Commission or other applicable securities regulatory authority. Acceptance of the designation by applicable securities regulatory authorities would be a pre-condition to any designation of a security as an "Exchange-traded Fund". Other f~~Factors which the Market Regulator would take into account ~~are~~ in making a designation to exclude a particular mutual fund would be: • the lack of liquidity or public float of the security (or the underlying securities which comprise the portfolio of the mutual fund); • ~~whether~~ the absence of the ability to redeem units ~~are redeemable~~ at any time for a "basket" of the underlying securities in addition to cash; • ~~whether a~~ the absence of the ability to exchange a "basket" of the underlying securities may be exchanged at any time for units of the fund; • ~~whether~~ the ~~fund tracks a recognized index on which~~

Text of Provisions of Following Adoption of Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of Proposed Amendments
	~~information is publicly disseminated and generally available through the financial media~~ fact that the fund does not frequently make a net asset value calculation publicly available; and • ~~whether~~ the fact that there are no derivatives based on units of the fund, the underlying index or the underlying securities ~~are~~ listed on a marketplace. None of these additional five factors is determinative in and of itself and each security will be evaluated on its own merits ~~before a request is made to the applicable securities regulatory authority to concur in the designation~~

Appendix "C"

Possible Provisions Respecting Prohibitions and Restrictions on Distributions "At-the-Market" or "Non-Fixed Price"

The following is the text of possible amendments to Rule 1.1. and Rule 7.7 that could be added if it was determined that additional prohibitions and restrictions on distributions "At-the-Market" or "Non-Fixed Price" are warranted as discussed under the heading "Specific Matters on Which Comment is Requested". ***This text is provided only as background to assist in the provision of comments and is not part of the Proposed Amendments***.

The Universal Market Integrity Rules are hereby amended as follows:

1. Rule 1.1 is amended by inserting the following definition of "best independent ask price":

> **"best independent ask price"** means the best ask price, other than for an order that a dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person.

2. Rule 7.7 is amended by the following subsections:

(10) **Additional Restrictions During Distributions "At-the-Market" or "Non-Fixed Price"**

Except as permitted, if a dealer-restricted person is involved in a distribution at a non-fixed price permitted by National Instrument 44-101 – *Short Form Prospectus Distributions* or an at-the-market distribution for the purposes of National Instrument 44-102 – *Shelf Distributions,* the dealer-restricted person, in addition to any other prohibition or restriction provided for in this Rule, shall not at any time during the restricted period:

(a) offer or sell a restricted security for an account:

(i) of a dealer-restricted person, or

(ii) over which the dealer-restricted person exercises direction or control; or

(b) attempt to induce or cause any person to sell a restricted security.

(11) **Exemptions from Additional Restrictions During Distributions "At-the-Market" or "Non-Fixed Price"**

Subsection (10) does not apply to a dealer-restricted person in connection with:

(a) market stabilization or market balancing activities where the offer or sale of a restricted security is for the purpose of maintaining a fair and orderly market in the offered security by reducing the price volatility of or addressing imbalances in buying and selling interests for the restricted security provided that the offer or sale is at a price which is not less than the greater of:

(i) best independent ask price at the commencement of the restricted period, and

(ii) the best independent ask price at the time of the entry on a marketplace of the order to purchase,

provided that if the restricted security has not previously traded on a marketplace, the price also does not exceed the price of the last trade of the security executed on a foreign organized regulated market other than a trade that the dealer-restricted person knows or ought reasonably to know has been entered by or on behalf of a person that is a dealer-restricted person or an issuer-restricted person;

(b) a restricted security that is:

(i) a highly-liquid security,

(ii) a unit of an Exempt Exchange-traded Fund, or

(iii) a connected security of a security referred to in subclause (i) or (ii);

(c) an offer or sale a dealer-restricted person on behalf of a client provided that:

(i) the client order has not been solicited by the dealer-restricted person, or

(ii) if the client order was solicited, the solicitation by the dealer-restricted person occurred prior to the commencement of the restricted period;

(d) an offer or sale of a restricted security is solely for the purpose of rebalancing a portfolio, the composition of which is based on an index as designated by the Market Regulator, to reflect an adjustment made in the composition of the index;

(e) a sale that is or an offer that on execution would be:

(i) a basket trade, or

(ii) a Program Trade;

(f) an offer or sale of a restricted security for an arbitrage account and the dealer-restricted person knows or has reasonable grounds to believe that an offer enabling the dealer-restricted person to cover the sale is then available and the dealer-restricted person intends to accept such offer immediately;

(g) the Market Maker Obligations of the dealer-restricted person for the restricted security; or

(h) orders for the derivatives market making trading account of a dealer-restricted person who is a derivatives market maker with responsibility for a derivative security the underlying interest of which is the restricted security provided:

(i) there is not otherwise a suitable derivative hedge available, and

(ii) such offer or sale is:

(A) for the purpose of hedging a pre-existing options position,

(B) reasonably contemporaneous with the trade in the option, and

(C) consistent with normal market-making practice.

Chapter 25

Other Information

25.1 Exemptions

25.1.1 Front Street Real Estate 2008 Limited Partnership - OSC Rule 41-501 General Prospectus Requirements, s. 15.1

Headnote

Exemption from the requirement to attach a copy of the limited partnership agreement to both the preliminary and final prospectus – Inclusion of the limited partnership agreement in the prospectus of the fund will not provide any additional disclosure to investors that would not already be publicly available on SEDAR – section 15.1 of Ontario Securities Commission Rule 41-501 General Prospectus Requirements and item 27.2 of Form 41-501F1 – Information Required in a Prospectus.

Applicable Legislative Provisions

Ontario Securities Commission Rule 41-501 General Prospectus Requirements, s. 15.1.
Form 41-501F1 Information Required in a Prospectus, Item 27.2.

March 14, 2008

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: A.S. Bhasin

Dear Sirs/Mesdames:

Re: Front Street Real Estate 2008 Limited Partnership (the "Partnership")
Exemptive Relief Application under Part 15 of OSC Rule 41-501 General Prospectus Requirements ("Rule 41-501")
Application No. 2008/0144, SEDAR Project No. 1219513

By letter dated February 22, 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 Front Street Investment Management Inc. at www.frontstreetcapital.com

Yours very truly,

"Vera Nunes"
Assistant Manager, Investment Funds Branch

25.1.2 MMX Mineração E Metálicos S.A - s. 13.1 of NI 51-102 Continuous Disclosure Obligations

Headnote

Section 13.1 of National Instrument 51-102 Continuous Disclosure Obligations- Issuer incorporated under the laws of Brazil exempt from the proxy form content, filing and sending requirements of NI 51-102, subject to conditions.

Rules Cited

National Instrument 51-102 Continuous Disclosure Obligations, ss. 9.1, 9.3, 9.4, 13.1.

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

AND

NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE OBLIGATIONS
(NI 51-102)

AND

IN THE MATTER OF
MMX MINERAÇÃO E METÁLICOS S.A. (THE FILER)

EXEMPTION
(Section 13.1 of NI 51-102)

UPON the Director having received an application from the Filer for an order under section 13.1 of NI 51-102 that the proxy form content, filing and sending requirements of NI 51-102 do not apply to the Filer (the **Requested Relief**);

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

AND UPON the Filer representing to the Director as follows:

1. The Filer is a corporation incorporated under the laws of Brazil. The Filer's registered address and head office is located at Praia do Flamengo, 154, 5º, andar Flamengo, Rio de Janeiro, Brazil.

2. The Filer is an integrated mining, mineral processing, production and logistics operations company for iron ore and intermediate products for the steel industry. The Filer has three independent mining and processing systems that are currently in various stages of development, which it refers to as the MMX Corumbá System, the MMX Amapá System and the MMX Minas-Rio System.

3. The common shares of the Filer are listed and posted for trading on the Novo Mercado segment of the Bovespa in Brazil. The Filer's common shares do not trade in any other market outside of Brazil.

4. On February 5, 2007, the Filer entered into a deposit agreement (the **Deposit Agreement**) with The Bank of New York as depositary (the **Depositary**), and all owners of global deposit receipts (the **GDRs**), from time to time, in connection with a Level 1 global deposit receipt program, which was originally established to enable the Filer to sell the GDRs over-the-counter in the United States and was therefore required to be registered under the Securities Act of 1933 (the **1933 Act**). However, the GDRs do not trade over-the-counter or otherwise in the United States and the Filer has no current intention to list its securities or otherwise have its securities trade on a market in the United States.

5. As a result of the requirement to register the GDRs under the 1933 Act in order to establish a Level 1 Program, the Filer applied for and obtained a Rule 12g3-2(b) exemption from reporting obligations under the Securities Exchange Act of 1934 (the **1934 Act**), an "information-supplying" exemption. Under this exemption, non-U.S. issuers may provide to the SEC copies of reports required to be filed in their home country in lieu of reports required to be filed by U.S. issuers under the 1934 Act. This exemption is available for any class of securities issued by a non-U.S. issuer who does not have securities registered with the SEC. None of the information provided to the SEC under Rule 12g3-2(b) is considered to be "filed" with the SEC. The issuer must provide the SEC with any information it has: (i) made or is required to make public pursuant to the law of the jurisdiction of its domicile or in which it is incorporated or organized; (ii) filed or is required to file with the local stock exchange on which its securities are traded and which was made public by such exchange; or (iii) distributed information to its securityholders. Currently these are the only reporting requirements of the Filer in the United States.

6. Each GDR evidences what is referred to under the Deposit Agreement as a global depositary share (**GDS**), which GDS represents 1/20th of a common share in the capital of the Filer.

7. On June 27, 2007, the Filer's GDRs were listed and began trading on the Toronto Stock Exchange (the **TSX**).

8. As a result of the listing of GDRs on the TSX, the Filer became a reporting issuer in Ontario.

9. On April 30, 2007, CIBC Mellon Trust Company was appointed as co-transfer agent and registrar for the GDRs in Canada at its principal offices in

Toronto under a co-transfer agency agreement, pursuant to the requirements of the TSX.

10. According to the official share ownership records of the Company maintained by Brazil's Clearing and Depositary Corporation, as at December 7, 2007 there were a total of seven registered and beneficial Canadian shareholders of the Filer, representing approximately 5% of the total number of issued and outstanding common shares of the Filer, all of whom are institutional shareholders.

11. The Depositary maintains a register of holders on which each issued and outstanding GDR is registered in the holder's name and the transfer of any such GDRs is registered on such register.

12. According to the register of holders of GDRs maintained by the Depositary, as of January 25, 2008, there were 8,343,600 GDRs outstanding. Of these, 6,120,947 are held through the Canadian Depositary for Securities Limited (CDS), representing 306,047 common shares of the Filer.

13. As of January 25, 2008, the market capitalization of the Filer's 15,230,492 common shares was approximately US$7,239,200,000 and the market capitalization of the Filer's GDRs was approximately US$196,075,070.

14. In order to be issued a GDR, a shareholder of the Filer is required to deposit common shares of the Filer (the **Deposited Shares**) by delivery of such shares to Banco Itaú S.A. at its principal office in São Paulo as custodian for the common shares of the Filer and agent for the Depositary pursuant to the Deposit Agreement (the **Custodian**). The Deposited Shares must be accompanied by any appropriate instrument of transfer, or endorsement, in form satisfactory to the Custodian, together with all such certifications as may be required by the Depositary or the Custodian and, if the Depositary requires, together with a written order directing the Depositary to execute and deliver to, or upon the written order of, the person or persons stated in such order, a GDR for the number of GDRs representing such Deposited Shares based on the ratio of 1/20th of a Deposited Share per GDR. Upon delivery to the Custodian of the certificate(s) evidencing the Deposited Shares (together with such other required documents noted above), the Custodian will present certificate(s) to the Filer for transfer and recording of the such Deposited Shares in the name of the Depositary or its nominee or the Custodian or its nominee.

15. In order to surrender GDRs for common shares, a GDR holder is required to surrender their GDRs to the Depositary for the purpose of withdrawal of the Deposited Shares evidenced by such GDRs, and upon payment of a fee and all applicable taxes and charges that may be payable subject to the terms and conditions of the Deposit Agreement, the GDR holder will be entitled to delivery of the amount of common shares at the time represented by the GDRs. Upon valid surrender of the GDRs, the Depositary will direct the Custodian to deliver at the office of the Custodian the applicable amount of common shares to the holder.

16. All of the rights and conditions related to the GDRs are prescribed by the terms of the Deposit Agreement to which each and every holder of GDRs is a party to and bound. The rights and conditions of the Deposited Shares underlying the GDRs are subject to the terms of the Deposit Agreement as well as the constitutive documents of the Filer and the applicable laws of Brazil. Such rights and conditions include voting rights and procedures in connection with the GDRs (which involve voting the Deposited Shares at meetings of shareholders of the Filer) as well as other rights and procedures relating to dividends and other cash or shares distributions, rights offerings, and other corporate actions which may be undertaken by the Filer.

17. The common shares and the GDRs of the Filer are two separate classes of securities with their own separate CUSIP/ISIN numbers, their own separate record dates set, and their own separate voting rights and procedures. The rights and procedures for voting the common shares are prescribed by Brazilian law and constitutive documents of the Filer, and the rights and procedures for voting the Deposited Shares underlying the GDRs is prescribed by the Deposit Agreement as well Brazilian law and the constitutive documents of the Filer. Although a GDR holder may ultimately direct the voting of the Deposited Shares underlying such holder's GDR, such GDRs are not voted on a one-for-one basis, given that each GDR represents only 1/20th of a common share of the Filer. No separate meetings are called for GDR holders. Pursuant to the Deposit Agreement, GDR holders are only entitled to a voting right in respect of business to be conducted at a meeting of shareholders called by the Filer.

18. In the United States, if the GDRs were listed on the NYSE, the Filer would be subject to the reporting requirements imposed on foreign private issuers and the rules of the NYSE. The SEC has exempted foreign private issuers from some of the provisions of the United States securities laws, including provisions governing proxy statements.

19. The NYSE rules require foreign private issuers to solicit proxies for all meetings of its listed securities; however, the rules state that proxy materials shall be in such format and shall be distributed by such means as are permitted or

required by applicable law and regulation. As mentioned above, foreign private issuers are exempt from the full U.S. proxy rules pursuant to Rule 3a12-3(b) of the 1934 Act. Therefore, NYSE listed foreign private issuers are permitted to follow their home jurisdiction voting regulations.

Shareholder Meeting Requirements under Brazilian Law

20. Brazilian corporate law prescribes that the Filer must hold its shareholder meetings in its registered headquarters in Brazil and that it must call a meeting of its shareholders by way of publication of notice in a national Brazilian newspaper in which the Filer normally makes its required publications. In addition, the Filer must file such notice with the Bovespa and the CVM through an electronic public filing system in Brazil. Such publication and filing must be done no later than 15 calendar days prior to the scheduled date for the shareholders' meeting.

21. A shareholder is only entitled to vote at a shareholders meeting of a Brazilian company if it is a registered shareholder at the record date set by the company for the meeting. A registered shareholder must attend the meeting in person to vote such holder's shares or, alternatively, give formal power of attorney to another recognized person to vote such shares in person on its behalf in accordance with Brazilian law (power of attorney can only be given to another shareholder of the company, an officer or director of the company, a financial institution or an attorney). If a shareholder holds its shares through an intermediary, such shareholder must appoint the intermediary as its agent to attend and vote the shares in person on his/her behalf (i.e. beneficial shareholders may not themselves vote in person the shares they beneficially own). There is no paper or electronic proxy voting process under Brazilian corporate law as there is under Canadian corporate and securities laws.

22. Under Brazilian corporate law, the quorum for passing a resolution put before the shareholders at the meeting is typically 50% plus one of the shareholders attending such meeting, subject to certain resolutions requiring a special majority vote of shareholders representing 50% plus one of the issued and outstanding shares of the Filer.

23. The voting rights in the Filer, like many other Brazilian public companies, are controlled by a few controlling shareholders who have the voting power to pass in principle any resolution put to the shareholders of the Filer.

24. If the Filer were to comply with the proxy solicitation requirements of NI 51-102, such proxies would have no legal effect under Brazilian law and would not result in the vote of the GDR or common shareholder being counted. Brazilian law requires power of attorney documents which are notarized by the local consulate, sworn and translated in to Portuguese and which appoint only specified persons to attend the meeting to vote.

Shareholder Meeting Requirements under the Depositary Agreement

25. The procedure for giving notice of a shareholders meeting of the Filer and voting the Deposited Shares underlying the GDRs is set forth under the terms of the Deposit Agreement, a copy of which is filed on SEDAR. Upon receipt from the Filer of notice of any shareholders meeting, the Depositary will, if requested in writing by the Filer to do so, mail to the GDR holders a notice, which takes the form of a voting instruction card, which shall contain: (a) information contained in such notice of meeting received by the Depositary from the Filer; (b) a statement that the GDR holders as of the close of business on a specified record date will be entitled, subject to any applicable provision of Brazilian law and of the constitutive documents of the Filer (the Filer is obliged under the Deposit Agreement to deliver to the Depositary and the Custodian a copy of all provisions of or governing its common shares) to instruct the Depositary as to the exercise of the voting rights pertaining to the amount of Deposited Shares they have evidenced by their GDRs; and (c) a statement as to the manner in which such instructions may be given, including an express indication that instructions may be given, or deemed given if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by the Filer. Upon the written request of a GDR holder on such record date, which request is received on or before the date established by the Depositary for such purpose (the Instruction Date), the Depositary will endeavour, in so far as practicable, to vote or cause to be voted the amount of Deposited Shares underlying the GDRs in accordance with the instructions set forth in such request. If the Filer made a request to the Depositary to solicit voting instructions and no instructions are received by the Depositary from a GDR holder on or before the Instruction Date, the GDR holder is deemed to have instructed the Depositary to give a discretionary proxy to a person designated by the Filer with respect to such Deposited Shares and the Depositary shall give a power of attorney to a person designated by the Filer to vote such Deposited Shares (provided that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which the Filer informs the Depositary that (a) the Filer does not wish such proxy given, (b) substantial opposition exists or (c) such matter materially and adversely affects the rights of holders of common shares).

26. When the Depositary is instructed to solicit voting instructions from the GDR holders in connection with a meeting of shareholders of the Filer, the Depositary sends out the voting information cards and, following receipt of voting instructions, the votes are then calculated based on the ratio of 1/20th of a common share per GDR and the final Deposited Share vote tally is provided to the Custodian to attend in person at the shareholder meeting in Brazil to register the votes of the GDR holders. The timeline for the solicitation process undertaken by the Depositary is approximately 30 to 40 days from the date the Filer instructs the Depositary to give notice to and solicit votes from the GDR holders. The Depositary allows approximately two weeks for broker searches and the balance of the time for Broadridge to mail the voting information cards to the intermediaries and for the Depositary to receive voting instructions to tabulate and pass on to the Custodian for voting.

27. The Depositary agrees to make available for inspection by GDR holders, at its offices in New York, any reports and communications received from the Filer which are both: (a) received by the Depositary as the holder of the Deposited Shares; and (b) made generally available to the holders of common shares by the Filer. The Depositary shall also, upon written request, send to the holders of GDRs copies of such reports when furnished by the Filer.

28. The Filer will comply with NI 54-101 in sending information circulars to the GDR holders.

Shareholder Meeting Requirements under NI 51-102

29. Section 9.1(1) of NI 51-102 provides that if management of a reporting issuer gives notice of a meeting to its registered holders of voting securities, management must, at the same time as or before giving the notice, send to each registered holder of voting securities who is entitled to notice of the meeting a form of proxy for use at the meeting (which form of proxy is prescribed by section 9.4 of NI 51-102).

30. Section 9.3 of NI 51-102 provides that a person or company that is required under NI 51-102 to send an information circular or form of proxy to registered securityholders of a reporting issuer must promptly file a copy of the form of proxy and all other material required to be sent by the person or company in connection with the meeting to which the information circular or form of proxy relates.

31. The rules of the TSX substantively defer to the requirements prescribed under Canadian corporate and securities laws in connection with the procedures to be followed for shareholder meetings.

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, under section 13.1 of NI 51-102, that the Requested Relief is granted in respect of shareholder meetings of the Filer at which its common shareholders are entitled to vote, for so long as:

(a) at the time of the meeting, the Filer continues to be incorporated under the laws of Brazil and has not listed its common shares on an exchange other than in Brazil;

(b) at the time of the meeting, Brazilian corporate law continues to be as described in representations 20 through 24, above;

(c) at the time of the meeting, the only securities of the Filer listed or quoted on a marketplace in Canada are GDRs for which the shareholder meeting requirements under the Deposit Agreement continue to be as summarized in representations 25 through 27, above;

(d) with respect to the meeting and voting at such meeting, the Filer complies with

  (i) Brazilian corporate law, and

  (ii) the shareholder meeting requirements for GDRs under the Deposit Agreement, as summarized in representations 25 through 27, above;

(e) with respect to the meeting and voting at such meeting, the Filer prepares an information circular that:

  (i) satisfies the requirements of Form 51-102F5 Information Circular; and

  (ii) explains how the Filer's common shareholders and GDR holders may vote their securities (if they are eligible);

(f) the Filer sends the information circular referred to in paragraph (e) to beneficial holders of its GDRs in accordance with the requirements set out in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

(g) the Filer sends the information circular referred to in paragraph (e) to beneficial

holders of its common shares in accordance with the requirements set out in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* to the extent applicable and otherwise in accordance with the list of beneficial holders maintained by the transfer agent; and

(h) after sending the information circular referred to in paragraph (e) to its registered and beneficial securities holders as contemplated in paragraph (d), the Filer promptly files, under its SEDAR profile, the information circular and any shareholder voting materials required to be sent to its GDR holders in respect of the meeting and voting at such meeting in accordance with the Deposit Agreement.

Dated February 27, 2008

"Erez Blumberger"

25.2 Approvals

25.2.1 Worldsource Securities Inc. - s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with no prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be established and managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited

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

March 14, 2008

Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Edu Idike

Dear Sirs/Medames:

Re: Worldsource Securities Inc. (the "Applicant")
Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) for approval to act as trustee
Application No. 2008/0097

Further to your application dated February 6, 2008 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of Mirador Canadian Equity Fund and such other trusts as the Applicant may establish from time to time, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction or a bank listed in Schedule I, II or III of the Bank Act (Canada) or an affiliate of such bank or trust company, the Ontario Securities Commission (the "Commission") makes the following order.

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of Mirador Canadian Equity Fund and such other trusts which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to a prospectus exemption.

Yours truly,

"Suresh Thakrar"

"Robert Shirriff"

Index