The Ontario Securities Commission

OSC Bulletin

May 16, 2008

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

The Ontario Securities Commission
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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

MAY 16, 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
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Carol S. Perry	—	CSP
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

May 16, 2008 9:00 a.m.	**Adrian Samuel Leemhuis, Future Growth Group Inc., Future Growth Fund Limited, Future Growth Global Fund limited, Future Growth Market Neutral Fund Limited, Future Growth World Fund and ASL Direct Inc.** s. 127(5) M. Britton in attendance for Staff Panel: WSW/MCH
May 20, 2008 10:00 a.m.	**John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir** S. 127 and 127.1 I. Smith in attendance for Staff Panel: WSW/DLK/ST
May 22, 2008 2:00 p.m.	**Xi Biofuels Inc., Biomaxx Systems Inc., Ronald David Crowe and Vernon P. Smith** and **Xiiva Holdings Inc. carrying on Business as Xiiva Holdings Inc., Xi Energy Company, Xi Energy and Xi Biofuels** s. 127 M. Vaillancourt in attendance for Staff Panel: WSW/DLK
May 23, 2008 10:30 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/MCH

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 2, 2008 9:30 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: WSW/DLK
June 10, 2008 2:30 p.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) M. Boswell in attendance for Staff Panel: JEAT/CSP
June 12, 2008 10:00 a.m.	**Swift Trade Inc. and Peter Beck** s. 127 E. Cole in attendance for Staff Panel: TBA
June 16, 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: TBA
June 16, 2008 2:30 p.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 M. Mackewn in attendance for Staff Panel: LER/ST
June 18, 2008 10:00 a.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
June 20, 2008 10:00 a.m.	**First Global Ventures, S.A., Allen Grossman and Alan Marsh Shuman** s. 127 D. Ferris in attendance for Staff Panel: WSW/ST/MCH
June 24, 2008 2:30 p.m.	**Stanton De Freitas** s. 127 and 127.1 P. Foy in attendance for Staff Panel: JEAT/ST

June 24, 2008 2:30 p.m.	**David Watson, Nathan Rogers, Amy Giles, John Sparrow, Leasesmart, Inc., Advanced Growing Systems, Inc., The Bighub.com, Inc., Pharm Control Ltd., Universal Seismic Associates Inc., Pocketop Corporation, Asia Telecom Ltd., International Energy Ltd., Cambridge Resources Corporation, Nutrione Corporation and Select American Transfer Co.** s. 127 and 127.1 P. Foy in attendance for Staff Panel: JEAT/ST
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 14, 2008 10:00 a.m.	**Gold-Quest International, Health & Harmoney, Iain Buchanan and Lisa Buchanan** s.127 H. Craig in attendance for Staff Panel: ST
July 18, 2008 10:00 a.m.	**Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson** s. 127(1) and 127(5) M. Boswell 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 2, 2008 2:30 p.m.	**LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&B LandBanking Trust S.A. De C.V.; Brian J. Wolf Zacarias; Roger Fernando Ayuso Loyo, Alan Hemingway, Kelly Friesen, Sonja A. McAdam, Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia** s. 127 M. Britton in attendance for Staff Panel: LER/ST
September 3, 2008 10:00 a.m.	**Shane Suman and Monie Rahman** s. 127 & 127(1) C. Price in attendance for Staff Panel: TBA
September 26, 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
September 30, 2008 10:00 a.m.	**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/DLK
October 6, 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: TBA

October 8, 2008 10:00 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: 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
November 11, 2008 2:30 p.m.	**LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&B LandBanking Trust S.A. De C.V.; Brian J. Wolf Zacarias; Roger Fernando Ayuso Loyo, Alan Hemingway, Kelly Friesen, Sonja A. McAdam, Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia** s. 127 M. Britton in attendance for Staff Panel: LER/ST
January 12, 2009 10:00 a.m.	**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: TBA
January 26, 2009 10:00 a.m.	**Darren Delage** s. 127 M. Adams in attendance for Staff Panel: TBA
February 2, 2009 10:00 a.m.	**Biovail Corporation, Eugene N. Melnyk, Brian H. Crombie, John R. Miszuk and Kenneth G. Howling** s. 127(1) and 127.1 J. Superina/A. Clark in attendance for Staff Panel: TBA
March 23, 2009 10:00 a.m.	**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	**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 **Gregory Galanis**

s. 127

P. Foy in attendance for Staff

Panel: TBA

TBA **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/DLK/CSP

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

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

1.1.2 Notice of Extension of Commission Order – Natural Gas Exchange Inc. Application for Interim Exemptive Relief

NATURAL GAS EXCHANGE INC. (NGX)

APPLICATION FOR INTERIM EXEMPTIVE RELIEF

NOTICE OF FURTHER EXTENSION OF COMMISSION ORDER

NGX has submitted an application to the Commission for a permanent exemption (Permanent Exemption Application) from the requirement to be registered as a commodity futures exchange under section 15 of the *Commodity Futures Act* (Ontario) (CFA) and related relief. The Permanent Exemption Application is based in part on the regulatory oversight of NGX by the Alberta Securities Commission (ASC), however the form of this oversight has not been finalized and therefore the Commission is unable to proceed with the Permanent Exemption Application at this time. In order to allow NGX to continue to carry on business in Ontario while the Permanent Exemption Application is being processed and the form of oversight in Alberta is being reviewed, the Commission granted an interim order (Interim Order) dated November 17, 2006 for a period of a year. The Interim Order was extended by an order dated November 16, 2007 (First Extension Order). As the form of oversight in Alberta has not been settled to date, the Commission is amending the Extension Order by replacing the May 17, 2008 expiry date and substituting an expiry date of "the date that is six months from the later of the date that an order recognizing NGX as an exchange and an order recognizing NGX as a clearing agency have been granted by the ASC" (Second Extension Order). A copy of the Second Extension Order is published in Chapter 2 of this Bulletin.

1.2 Notices of Hearing

1.2.1 Stafford Kelley - s. 127

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

AND

IN THE MATTER OF
STAFFORD KELLEY ("Kelley")

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Securities Act (the "Act") at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on May 12, 2008 at 1:00 p.m. or as soon thereafter as the hearing can be held.

AND TAKE NOTICE THAT the purpose of the Hearing is for the Commission to consider whether it is in the public interest to approve the settlement of the proceeding entered into between Staff of the Commission ("Staff") and the respondent Kelley.

BY REASON OF the allegations set out in the Statement of Allegations of Staff dated July 11, 2005 and such additional allegations as counsel may advise and the Commission may permit.

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing.

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

DATED at Toronto this 8th day of May, 2008

"John Stevenson"
Secretary to the Commission

1.2.2 Irwin Boock et al. - s. 127(8)

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

AND

IN THE MATTER OF
IRWIN BOOCK,
SVETLANA KOUZNETSOVA,
VICTORIA GERBER,
COMPUSHARE TRANSFER CORPORATION,
FEDERATED PURCHASER, INC.,
TCC INDUSTRIES, INC.,
FIRST NATIONAL ENTERTAINMENT CORPORATION,
WGI HOLDINGS, INC. AND
ENERBRITE TECHNOLOGIES GROUP

NOTICE OF HEARING
(Section 127(8))

WHEREAS on May 5, 2008, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order (the "Temporary Cease Trade Order") pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering: that all trading in any securities by Irwin Boock, Svetlana Kouznetsova and Victoria Gerber shall cease; and, that all trading in securities of Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group shall cease.

TAKE NOTICE THAT the Commission will hold a hearing pursuant to section 127 of the Act in the Large Hearing Room on the 17th Floor, 20 Queen Street West, Toronto, Ontario on May 15, 2008 commencing at 10:00 a.m., or as soon thereafter as the hearing can be held;

TO CONSIDER whether, pursuant to section 127(8) of the Act, it is in the public interest for the Commission to:

(a) extend the Temporary Cease Trade Order until further order of the Commission or until such further time as considered necessary by the Commission; and

(b) make such other order as the Commission considers appropriate.

BY REASON OF the particulars as set out in the Temporary Cease Trade Order, and such additional reasons as Staff may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

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

DATED at Toronto this 8th day of May, 2008.

"John Stevenson"
Secretary to the Commission

1.2.3 John Illidge - s. 127

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

AND

IN THE MATTER OF
JOHN ILLIDGE ("Illidge")

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Securities Act (the "Act") at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on May 15, 2008 at 2:00 p.m. or as soon thereafter as the hearing can be held.

AND TAKE NOTICE THAT the purpose of the Hearing is for the Commission to consider whether it is in the public interest to approve the settlement of the proceeding entered into between Staff of the Commission ("Staff") and the respondent Illidge.

BY REASON OF the allegations set out in the Statement of Allegations of Staff dated July 11, 2005 and such additional allegations as counsel may advise and the Commission may permit.

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing.

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

DATED at Toronto this 13th day of May, 2008

"Nancy Makepeace"
Per: John P. Stevenson
Secretary to the Commission

1.2.4 Irwin Boock et al. - s. 127(8)

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

AND

IN THE MATTER OF
IRWIN BOOCK, SVETLANA KOUZNETSOVA,
VICTORIA GERBER,
COMPUSHARE TRANSFER CORPORATION,
FEDERATED PURCHASER, INC.,
TCC INDUSTRIES, INC.,
FIRST NATIONAL ENTERTAINMENT CORPORATION,
WGI HOLDINGS, INC. AND
ENERBRITE TECHNOLOGIES GROUP

AMENDED NOTICE OF HEARING
(Section 127(8))

WHEREAS on May 5, 2008, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order (the "Temporary Cease Trade Order") pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering: that all trading in any securities by Irwin Boock, Svetlana Kouznetsova and Victoria Gerber shall cease; and, that all trading in securities of Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group shall cease.

AND WHEREAS on May 14, 2008, the Commission amended the Temporary Cease Trade Order to order that all trading in any securities by Compushare shall cease;

TAKE NOTICE THAT the Commission will hold a hearing pursuant to section 127 of the Act in the Large Hearing Room on the 17th Floor, 20 Queen Street West, Toronto, Ontario on May 15, 2008 commencing at 10:00 a.m., or as soon thereafter as the hearing can be held;

TO CONSIDER whether, pursuant to section 127(8) of the Act, it is in the public interest for the Commission to:

(a) extend the Temporary Cease Trade Order, as amended, until further order of the Commission or until such further time as considered necessary by the Commission; and

(b) make such other order as the Commission considers appropriate.

BY REASON OF the particulars as set out in the Temporary Cease Trade Order, and such additional reasons as Staff may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

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

DATED at Toronto this 14th day of May, 2008.

"Christos Grivas"
per John Stevenson
Secretary to the Commission

1.4 Notices from the Office of the Secretary

1.4.1 Stafford Kelley

FOR IMMEDIATE RELEASE
May 8, 2008

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

AND

IN THE MATTER OF
STAFFORD KELLEY

TORONTO – The Office of the Secretary issued a Notice of Hearing today for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Stafford Kelley. The hearing will be held on May 12, 2008 at 1:00 p.m. in the Large Hearing Room on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated May 8, 2008 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

1.4.2 Irwin Boock et al.

FOR IMMEDIATE RELEASE
May 8, 2008

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

AND

IN THE MATTER OF
IRWIN BOOCK,
SVETLANA KOUZNETSOVA,
VICTORIA GERBER,
COMPUSHARE TRANSFER CORPORATION,
FEDERATED PURCHASER, INC.,
TCC INDUSTRIES, INC.,
FIRST NATIONAL ENTERTAINMENT CORPORATION,
WGI HOLDINGS, INC. AND
ENERBRITE TECHNOLOGIES GROUP

TORONTO – The Office of the Secretary issued a Notice of Hearing today setting the matter down to be heard on May 15, 2008 at 10:00 a.m. to consider whether it is in the public interest for the Commission to extend the Temporary Cease Trade Order issued on May 5, 2008.

A copy of the Notice of Hearing dated May 8, 2008 and Temporary Order dated May 5, 2008 are available at **www.osc.gov.on.ca**.

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JOHN P. STEVENSON
SECRETARY

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1.4.3 LandBankers International MX, S.A. de C.V. et al.

FOR IMMEDIATE RELEASE
May 13, 2008

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

AND

IN THE MATTER OF
LANDBANKERS INTERNATIONAL MX, S.A. DE C.V.;
SIERRA MADRE HOLDINGS MX, S.A. DE C.V.;
L&B LANDBANKING TRUST S.A. DE C.V.;
BRIAN J. WOLF ZACARIAS;
ROGER FERNANDO AYUSO LOYO;
ALAN HEMINGWAY; KELLY FRIESEN;
SONJA A. MCADAM; ED MOORE; KIM MOORE;
JASON ROGERS; AND DAVE URRUTIA

TORONTO – Today the Commission issued an Order in the above noted matter.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.4 Stafford Kelley

FOR IMMEDIATE RELEASE
May 13, 2008

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

AND

IN THE MATTER OF
STAFFORD KELLEY

TORONTO – Following a hearing held yesterday, the Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and Stafford Kelley.

A copy of the Settlement Agreement and Order are available at **www.osc.gov.on.ca**.

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JOHN P. STEVENSON
SECRETARY

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1.4.5 John Illidge

FOR IMMEDIATE RELEASE
May 13, 2008

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

AND

IN THE MATTER OF
JOHN ILLIDGE

TORONTO – The Office of the Secretary issued a Notice of Hearing today for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and John Illidge. The hearing will be held on May 15, 2008 at 2:00 p.m. in the Large Hearing Room on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated May 13, 2008 is available at **www.osc.gov.on.ca**.

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1.4.6 Goldpoint Resources Corporation et al.

FOR IMMEDIATE RELEASE
May 14, 2008

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

AND

IN THE MATTER OF
GOLDPOINT RESOURCES CORPORATION,
LINO NOVIELLI, BRIAN MOLONEY,
EVANNA TOMELI, ROBERT BLACK,
RICHARD WYLIE, AND JACK ANDERSON

TORONTO – The Commission today issued an Order adjourning the hearing to July 18, 2008 at 10:00 a.m. and extending the Temporary Order to July 19, 2008.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Laurie Gillett
Manager, Public Affairs
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Carolyn Shaw-Rimmington
Assistant Manager,
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For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.7 Adrian Samuel Leemhuis et al.

FOR IMMEDIATE RELEASE
May 14, 2008

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

AND

IN THE MATTER OF
ADRIAN SAMUEL LEEMHUIS,
FUTURE GROWTH GROUP INC.,
FUTURE GROWTH FUND LIMITED,
FUTURE GROWTH GLOBAL FUND LIMITED,
FUTURE GROWTH MARKET NEUTRAL FUND LIMITED,
FUTURE GROWTH WORLD FUND,
AND ASL DIRECT INC.

TORONTO – On May 8, 2008, Staff of the Ontario Securities Commission issued a Statement of Allegations in the above noted matter.

A copy of the Statement of Allegations, dated May 8, 2008, is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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Assistant Manager,
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1-877-785-1555 (Toll Free)

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

AND

IN THE MATTER OF
ADRIAN SAMUEL LEEMHUIS,
FUTURE GROWTH GROUP INC.,
FUTURE GROWTH FUND LIMITED,
FUTURE GROWTH GLOBAL FUND LIMITED,
FUTURE GROWTH MARKET NEUTRAL FUND LIMITED,
FUTURE GROWTH WORLD FUND,
AND ASL DIRECT INC.

STATEMENT OF ALLEGATIONS
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION

Staff make the following Allegations in support of its Amended Notice of Hearing to extend the Temporary Orders dated April 22, 2008 and May 1, 2008:

THE RESPONDENTS

1. Adrian Samuel Leemhuis ("Leemhuis") is an individual who resides in Ontario. He is the directing mind of ASL Direct Inc. ("ASL"). Leemhuis is registered with the Commission as a mutual fund salesperson. ASL is a member of the Mutual Fund Dealers Association ("MFDA") and Leemhuis is an Approved Person with ASL.

2. Future Growth Group Inc., Future Growth Fund Limited, Future Growth Global Fund Limited, Future Growth Market Neutral Fund Limited, and Future Growth World Fund (the "Future Growth Group of Funds") are companies incorporated in the British Virgin Islands ("BVI"). They are fund companies administered by Commonwealth Trust Services Limited which receives directions from International Financial Capital Ltd.("IFCL"). Leemhuis is the directing mind of IFCL.

3. ASL is a company incorporated in Ontario. It is registered with the Commission as a mutual fund dealer and as a limited market dealer. It is a member of the MFDA.

ALLEGATIONS

4. Staff allege that:

   (a) Leemhuis and ASL have distributed the Future Growth Group of Funds without a receipted prospectus and without an exemption from the requirement for a receipted prospectus contrary to section 53(1) of the *Securities Act (Ontario)* (the "Act");

   (b) The Future Growth Group of Funds have traded their securities without a

prospectus and without an exemption from the requirement for a receipted prospectus contrary to section 53(1) of the Act;

(c) Leemhuis and ASL have made materially misleading statements in documents required to be filed in support of their registration contrary to section 122(1) (b) of the Act;

(d) Leemhuis and ASL have failed to meet the standard of conduct required of a Member and an Approved Person by making materially misleading statements in documents submitted to the MFDA contrary to MFDA Rule 2.1.1 and thereby acted contrary to the public interest;

(e) Leemhuis and ASL have failed to conduct all their securities related business through the facilities of the Member contrary to MFDA Rule 1.1.1 and thereby acted contrary to the public interest;

(f) Leemhuis and ASL have failed to satisfy the standard of conduct required of a Member and an Approved Person to act fairly, honestly and in good faith with their clients by failing to rebate trailer fee commissions to clients as promised and owed contrary to MFDA Rule 2.1.1 and thereby acted contrary to the public interest; and,

(g) ASL has failed to satisfy its financial and operational requirements as required by MFDA Rule 3 and thereby acted contrary to the public interest.

CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND CONTRARY TO THE PUBLIC INTEREST

5. Staff allege that the conduct alleged above constitutes conduct contrary to Ontario securities law and/or conduct contrary to the public interest.

6. Staff reserves the right to amend this Statement of Allegations.

DATED at Toronto this 8th day of May , 2008.

1.4.8 Irwin Boock et al.

FOR IMMEDIATE RELEASE
May 14, 2008

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

AND

IN THE MATTER OF
IRWIN BOOCK, SVETLANA KOUZNETSOVA,
VICTORIA GERBER,
COMPUSHARE TRANSFER CORPORATION,
FEDERATED PURCHASER, INC.,
TCC INDUSTRIES, INC.,
FIRST NATIONAL ENTERTAINMENT CORPORATION,
WGI HOLDINGS, INC. AND
ENERBRITE TECHNOLOGIES GROUP

TORONTO – Today, an Amended Notice of Hearing and an Amended Temporary Cease Trade Order were issued in the above named matter.

A copy of the Amended Notice of Hearing dated May 14, 2008 and the Amended Temporary Order dated May 14, 2008 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Prime Rate Capital Management LLP - s. 6.1(1) of NI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees

Headnote

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

Rules Cited

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

May 1, 2008

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

AND

IN THE MATTER OF
PRIME RATE CAPITAL MANAGEMENT LLP

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

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

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

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

1. The Applicant is incorporated under the laws of the United Kingdom. The head office of the Applicant is located in London, United Kingdom. The Applicant is not a reporting issuer in any province or territory of Canada. The Applicant is currently seeking registration under the Act as a dealer in the category limited market dealer (non-resident).

2. NI 31-102 requires that all registrants in Canada enrol with CDS INC. (**CDS**) and use the national registration database (**NRD**) to complete certain registration filings. As part of the enrolment process, registrants are required to open an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit (the **electronic funds transfer requirement** or **EFT Requirement**).

3. The Applicant anticipates encountering difficulties in setting up its own Canadian based bank account for purposes of fulfilling the EFT Requirement.

4. The Applicant confirms that it is not registered in another category to which the EFT Requirement applies and that Ontario is the only jurisdiction in which it is seeking registration.

5. Staff of the Canadian Securities Administrators has indicated that, with respect to applications from international dealers and international advisers (or applicants in equivalent categories of registration) for relief from the EFT Requirement, it is prepared to recommend waiving the fee normally required to accompany applications for discretionary relief (the **Application Fee**).

6. For Ontario registrants, the requirement for payment of the Application Fee is set out in section 4.1 of Rule 13-502.

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

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

A. makes acceptable alternative arrangements with CDS for the payment of NRD

fees and makes such payment within ten (10) business days of the date of the NRD filing or payment due date;

B. pays its participation fee under the Act to the Commission by cheque, draft, money order or other acceptable means at the time of filing its application for annual renewal, which shall be no later than the first day of December in each year;

C. pays any applicable activity fees, or other fees that the Act requires it to pay to the Commission, by cheque, draft, money order or other acceptable means at the appropriate time; and

D. is not registered in any jurisdiction in Canada in another category to which the EFT Requirement applies or has received an exemption from the EFT Requirement in each jurisdiction to which the EFT Requirement applies.

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

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

2.1.2 BMO Investments Inc. and BMO U.S. Equity Class

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund merger – approval required because merger does not meet the criteria for pre-approval – differences in investment objectives – merger not a "qualifying exchange" – some portfolio assets of terminating fund not consistent with continuing fund's investment objectives – securityholders of terminating and continuing funds provided with timely and adequate disclosure regarding the merger.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(b), 5.6.

May 8, 2008

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the Jurisdiction)

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
BMO INVESTMENTS INC.
(the Filer)

AND

BMO U.S. EQUITY CLASS
(the Terminating Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Terminating Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for approval of the merger (the **Merger**) of the Terminating Fund into BMO Global Dividend Class (the **Continuing Fund**) under clause 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (**NI 81-102)** (the **Requested Relief**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon.

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation governed by the laws of Canada and is the manager of each of the Terminating Fund and the Continuing Fund (each a **Fund** and collectively, the **Funds**).

2. The head office of the Filer is located in Ontario.

The Funds

3. Each of the Funds is a class of special shares of BMO Global Tax Advantage Funds Inc., a mutual fund corporation incorporated by articles of incorporation under the laws of Canada dated September 5, 2000, as amended on September 28, 2000, October 25, 2000, November 28, 2003, October 1, 2004, April 30, 2007 and January 25, 2008.

4. Shares of each of the Funds are currently offered for sale under a simplified prospectus and annual information form dated May 2, 2007, as amended on September 29, 2007, November 9, 2007 and January 25, 2008 in all provinces and territories of Canada. A pro forma filing to renew the offering of the Terminating Fund and the Continuing Fund for distribution was completed on April 1, 2008.

5. The Funds are reporting issuers under the applicable securities legislation of each province and territory of Canada and are not on the list of defaulting reporting issuers maintained under such securities legislation.

6. Unless an exemption has been obtained, each of the Funds follows the standard investment restrictions and practices established by the securities regulatory authorities in each province and territory of Canada.

7. The net asset value for shares of each of the Funds is calculated on a daily basis on each day that the Toronto Stock Exchange is open for trading.

Merger

8. The Filer proposes to merge the Terminating Fund into the Continuing Fund. A press release and material change report were filed on SEDAR in March 2008 in connection with the Merger.

9. management information circular in connection with the Merger was filed on SEDAR and was otherwise mailed to shareholders of each Fund on or about April 8, 2008 (the **Circular**).

10. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds*, an independent review committee (the **IRC**) has been appointed for the Funds. The Filer presented the terms of the Merger to the IRC for a recommendation. The IRC reviewed the proposed Merger and recommended that it be put to shareholders of the Funds for their consideration on the basis that the Merger would achieve a fair and reasonable result for the Funds.

11. Shareholders of the Terminating Fund and shareholders of the Continuing Fund approved the Merger at special meetings of shareholders each held on or about May 5, 2008.

12. Implicit in the approval by shareholders of the Merger is the adoption by the Terminating Fund of the fundamental investment objective of the Continuing Fund. Investors in the Terminating Fund will be asked to review those parts of the Circular which describe the change in fundamental objective for the Continuing Fund when considering the merits of the Merger of the Terminating Fund into the Continuing Fund.

13. The proposed Merger of the Terminating Fund into the Continuing Fund will be structured substantially as follows:

    (a) the Articles of Incorporation of BMO Global Tax Advantage Fund Inc. will be amended to provide for

        (i) the exchange of all of the Terminating Fund's shares for shares of the Continuing Fund on a dollar-for-dollar basis; and

        (ii) the cancellation of the shares of the Terminating Fund;

    (b) shares of the Continuing Fund will be issued to shareholders of the Terminating Fund on a dollar-for-dollar basis;

    (c) shares of the Terminating Fund will be cancelled; and

(d) the Articles of Incorporation of BMO Global Tax Advantage Funds Inc. may be further amended to the extent necessary to give effect to the foregoing.

14. Following the Merger, the Continuing Fund will continue as a publicly offered open-end mutual fund and the Terminating Fund will be wound up as soon as reasonably practicable.

15. The Filer will pay all costs and expenses relating to the solicitation of proxies and the holding of the shareholder meetings in connection with the Merger. Neither the Terminating Fund nor the Continuing Fund will bear any of the costs and expenses of the Merger, including brokerage commissions resulting from the need for portfolio realignment.

16. Subject to the required approval of the principal regulator and shareholders of each of the Funds, the Merger is expected to occur on or about May 9, 2008.

17. Shareholders of the Terminating Fund will continue to have the right to redeem shares of the Terminating Fund for cash at any time up to the close of business on the business day immediately preceding the effective date of the Merger.

18. Approval of the Merger is required because the Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers as set out in section 5.6 of NI 81-102 because (i) the fundamental investment objective of the Terminating Fund is not substantially similar to the fundamental investment objective of the Continuing Fund; (ii) certain of the portfolio assets of the Terminating Fund are not consistent with the fundamental investment objective of the Continuing Fund and (iii) the Merger will not be structured as a "qualifying exchange" or a tax-deferred transaction in accordance with the Tax Act.

19. The primary difference between the fundamental investment objectives of the Terminating Fund and the Continuing Fund is that the Continuing Fund invests primarily in equities of U.S. companies while the investments of the Continuing Fund are geographically broader in scope and are based on dividend yield. The Filer submits that the Merger will reduce duplication between the Funds and allow for greater diversification.

20. After the Merger, the portfolio securities that do not meet the investment objectives of the Continuing Fund will be liquidated as quickly as commercially reasonable.

21. The tax implications of the Merger as well as the differences between the Terminating Fund and the Continuing Fund are described in the Circular so that shareholders of the Terminating Fund could consider this information before voting on the Merger.

22. The Filer belies that the Merger will be in the best interests of shareholders of the Terminating Fund for the following reasons:

(a) shareholders of the Terminating Fund will enjoy increased economies of scale as part of a larger Continuing Fund;

(b) the expenses borne by shareholders for administration and regulatory costs of operating separate, smaller mutual funds could be reduced over the long run;

(c) the Continuing Fund will have a portfolio of greater value allowing for increased portfolio diversification opportunities; and

(d) the Continuing Fund, as a result of its greater size may benefit from a larger profile in the marketplace.

Decision

The principal regulator is satisfied that the decision meets the test set out in the Legislation for the principal regulator to make the decision.

The decision of the principal regulator under the Legislation is that the Requested Relief is granted.

This decision, as it relates to the jurisdiction of the principal regulator, will terminate one year after the publication in final form of any legislation or rule of that principal regulator dealing with matters in paragraph 5.5(1)(b) of NI 81-102.

"Darren McKall"
Assistant Manager, Investment Funds
Ontario Securities Commission

2.1.3 Aberdeen Asset Management Inc. - s. 6.1(1) of NI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees

Headnote

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

Rules Cited

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

May 1, 2008

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

AND

IN THE MATTER OF
ABERDEEN ASSET MANAGEMENT INC.

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

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

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

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

1. The Applicant is incorporated under the laws of the State of Delaware in the United States of America. The head office of the Applicant is located in West Conshohocken, Pennsylvania. The Applicant is currently registered as an investment adviser with the United States Securities and Exchange Commission.

2. The Applicant is registered under the Act as an international adviser in the categories of investment counsel and portfolio manager. The Applicant is not a reporting issuer in any province or territory of Canada.

3. NI 31-102 requires that all registrants in Canada enrol with CDS INC. (**CDS**) and use the national registration database (**NRD**) to complete certain registration filings. As part of the enrolment process, registrants are required to open an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit (the **electronic funds transfer requirement** or **EFT Requirement**).

4. The Applicant anticipates encountering difficulties in setting up its own Canadian based bank account for purposes of fulfilling the EFT Requirement.

5. The Applicant confirms that it is not registered in another category to which the EFT Requirement applies and that Ontario is the only jurisdiction in which it is registered.

6. Staff of the Canadian Securities Administrators has indicated that, with respect to applications from international dealers and international advisers (or applicants in equivalent categories of registration) for relief from the EFT Requirement, it is prepared to recommend waiving the fee normally required to accompany applications for discretionary relief (the **Application Fee**).

7. For Ontario registrants, the requirement for payment of the Application Fee is set out in section 4.1 of Rule 13-502.

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

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

(a) makes acceptable alternative arrangements with CDS for the payment of NRD fees and makes such payment within ten (10) business days of the date of the NRD filing or payment due date;

(b) pays its participation fee under the Act to the Commission by cheque, draft, money order or other acceptable means at the time of filing its application for annual renewal, which shall be no later than the first day of December in each year;

(c) pays any applicable activity fees, or other fees that the Act requires it to pay to the

Commission, by cheque, draft, money order or other acceptable means at the appropriate time; and

(d) is not registered in any jurisdiction in Canada in another category to which the EFT Requirement applies or has received an exemption from the EFT Requirement in each jurisdiction to which the EFT Requirement applies.

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

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

2.1.4 Trinidad Energy Services Income Trust

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions - Application by reporting issuer for an order that it is not a reporting issuer – Requested relief granted.

Applicable Legislative Provisions

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

April 24, 2008

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

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
TRINIDAD ENERGY SERVICES INCOME TRUST
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for a decision that the Filer be deemed to have ceased to be a reporting issuer under the Legislation (the **Exemptive Relief Sought**).

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

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

(b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is an open-ended unincorporated investment trust governed by the laws of the Province of Alberta pursuant to a trust indenture dated as of August 1, 2002, as amended, between Valiant Trust Company and Trinidad Drilling Ltd. (**Trinidad**), with its head office in Alberta. The Alberta Securities Commission was selected as principal regulator because the Filer's head office is located in Alberta.

2. The Filer's authorized capital stock consists of an unlimited number of trust units (**Trust Units**).

3. Pursuant to a plan of arrangement in accordance with section 193 of the *Business Corporations Act* (Alberta), Trinidad acquired all of the issued and outstanding Trust Units of the Filer as of March 10, 2008.

4. The Filer's Trust Units were delisted from the Toronto Stock Exchange on March 14, 2008 and the Filer does not have any securities listed on any stock exchange.

5. The Filer is not in default of any of its obligations as a reporting issuer under the Legislation, other than its obligation to file its annual financial statements for the year ended December 31, 2007, annual management discussion and analysis, annual information form and CEO and CFO certificates (the **Filings**), which were due on March 30, 2008. As the plan of arrangement resulted in Trinidad becoming sole beneficial holder of all of the Filer's Trust Units prior to the date on which the Filings were due, the Filings were not prepared or filed as required.

6. The outstanding securities of the Filer, 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.

7. The Filer filed a notice in British Columbia under BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* stating that it will cease to be a reporting issuer in British Columbia. On April 14, 2008, the British Columbia Securities Commission sent a notice that it had received and accepted such notice and confirmed that non-reporting status was effective on April 4, 2008.

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

9. Upon the granting of the requested relief herein, the Filer will not be a reporting issuer or its equivalent in any of the Jurisdictions.

10. The Filer has no intention to seek public financing by way of an offering of its securities.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

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

2.1.5 Forbes Medi-Tech Operations Inc. - s. 1(10)

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a reporting issuer under securities legislation.

Applicable Legislative Provisions

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

May 6, 2008

Farris, Vaughan, Wills & Murphy LLP
25th Floor, 700 West Georgia Street
Vancouver, British Columbia
V7Y 1B3

Attention: Bo Rothstein

Dear Sirs/Mesdames:

Re: Forbes Medi-Tech Operations Inc. (the "Applicant") – Application for an order under clause 1(10)(b) of the Securities Act (Ontario) (the "Act") that the Applicant is not a reporting issuer

The Applicant has applied to the Ontario Securities Commission for an order under clause 1(10)(b) of the Act that the Applicant is not a reporting issuer.

As the Applicant has represented to the Commission that:

- The outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in Canada;
- No securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
- The Applicant is not in default of any of its obligations under the Act as a reporting issuer; and
- The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is not a reporting issuer.

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

2.1.6 NYLIFE Distributors LLC - s. 7.1(1) of NI 33-109 Registration Information

Headnote

Application pursuant to section 7.1 of NI 33-109 that the Applicant be relieved from the Form 33-109F4 requirements in respect of certain of its nominal officers. The exempted officers are without significant authority over any part of the Applicant's operations and have no connection with its Ontario operation. The Applicant is still required to submit 33-109F4s on behalf of its directing minds, who are certain Executive Officers, and its Registered Individuals, who are those officers involved in the Ontario business activities.

Statutes Cited

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

Rules Cited

National Instrument 33-109 – Registration Information.

May 1, 2008

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

AND

IN THE MATTER OF
NYLIFE DISTRIBUTORS LLC

DECISION
(Subsection 7.1(1) of
National Instrument 33-109 – Registration Information)

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

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

AND UPON the Applicant having represented to the Director that:

1. The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States. The head office of the Applicant is located in Parsippany, New Jersey.
2. The Applicant is registered with the Commission as a dealer in the category of international dealer.

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

4. The Applicant has applied to the Commission for registration under the Act as a dealer in the category of LMD primarily, but not solely, to engage in private placement of investment funds.

5. All of the Applicant's officers who will trade in securities in Ontario on behalf of the Applicant in its capacity as a LMD (the **Trading Officers**) will register as "registered individuals" in accordance with the registration requirement under subsection 25(1) of the Act and the requirements of NI 31-102, by submitting a Form 33-109F4 completed with all the information required for a "registered individual".

6. Pursuant to NI 33-109, a LMD is required to submit, in accordance with National Instrument 31-102 – *National Registration Database* (**NI 31-102**), a completed Form 33-109F4 – *Registration Information for an Individual* (**Form 33-109F4**) for each permitted individual of the Applicant including all directors, partners, officers, or branch managers of the firm who have not applied to become registered individuals of the Applicant under subsection 2.2(1) of NI 33-109.

7. The Applicant has approximately 47 officers. Of the Applicant's approximately 47 officers, 4 are directly involved in the Applicant's trading activities in Ontario.

8. Many of the Applicant's directors and officers would not reasonably be considered to be directors or senior officers from a functional point of view. These individuals (the **Nominal Officers**) have the title "vice president" or a similar title but are not in charge of a principal business unit, division or any overall operational function of the Applicant and will not be involved in or have oversight of the Applicant's LMD activities in Ontario. For purposes of reporting to the United States securities regulatory authorities the Applicant considers only the Chairman, Chief Executive Officer, Chief Operations Officer, Chief Compliance Officer and Chief Financial Officer of the Applicant to be executive officers (the **Executive Officers**).

9. The Applicant will submit Form 33-109F4 on behalf of each of the Executive Officers completed with all the information required for a permitted individual.

10. The Applicant will designate a director or officer who is registered with the Commission as the compliance officer (the **Designated Compliance Officer**) pursuant to Commission Rule 31-505 – *Conditions of Registration*. The Designated Compliance Officer, who is responsible for discharging the obligations of the Applicant under Ontario securities law, will monitor and supervise the Ontario trading activities of the Applicant with respect to compliance with Ontario securities law and any conditions of the Applicant's registration as a LMD in Ontario.

11. The Applicant will submit a Form 33-109F4 for the Designated Compliance Officer.

12. In the absence of the requested relief, subsection 2.1(c) of NI 33-109 requires that in conjunction with its proposed LMD registration application, the Applicant submit a completed Form 33-109F4 for each of its permitted individuals which would include its Nominal Officers and any new Nominal Officers, rather than limiting this filing requirement to the much smaller number of Trading Officers, Executive Officers and the Designated Compliance Officer. The information contained in the filed Form 33-109F4 would also need to be monitored in connection with the LMD registration. Furthermore, these individual registrations would need to be amended on a constant basis to ensure that notices of change were submitted in accordance with the requirements of section 5.1 of NI 33-109.

13. Given the limited scope of the Applicant's proposed activities in Ontario and the number of Nominal Officers, none of whom will have any involvement in the Applicant's Ontario activities, the preparation and filing of Form 33-109F4 on behalf of each Nominal Officer would achieve little or no regulatory purpose, while imposing an unwarranted administrative and compliance burden on the Applicant.

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

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

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

2.1.7 Commonfund Asset Management Company, Inc. - s. 6.1(1) of NI 31-102 National Registration Database and s. 6.1 of OSC Rule 13-502 Fees

Headnote

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

Rules Cited

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

May 12, 2008

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

AND

IN THE MATTER OF
COMMONFUND ASSET MANAGEMENT COMPANY, INC.

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

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

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

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

1. The Applicant is incorporated under the laws of the state of Delaware in the United States of America. The Applicant is registered as an investment adviser with the United States Securities and Exchange Commission. Pursuant to the Investment Advisers Act of 1940, the Applicant is not required to register as an investment adviser with the state authorities in the state in which it maintains its principal office and place of business because the Applicant has more than $25,000,000 (twenty-five million) in assets under management. Although the Applicant submits a notice filing of its Form ADV to various state regulatory authorities, the Applicant does not represent registration with those states.

2. The Applicant is currently seeking registration under the Act as an international adviser. The Applicant is not a reporting issuer in any province or territory of Canada.

3. NI 31-102 requires that all registrants in Canada enrol with CDS INC. (**CDS**) and use the national registration database (**NRD**) to complete certain registration filings. As part of the enrolment process, registrants are required to open an account with a member of the Canadian Payments Association from which fees may be paid with respect to NRD by electronic pre-authorized debit (the **electronic funds transfer** or **EFT Requirement**).

4. The Applicant anticipates encountering difficulties in setting up its own Canadian based bank account for purposes of fulfilling the EFT Requirement.

5. The Applicant confirms that it is not registered in another category to which the EFT Requirement applies and that Ontario is the only jurisdiction in which it is seeking registration.

6. Staff of the Canadian Securities Administrators has indicated that, with respect to applications from international dealers and international advisers (or applicants in equivalent categories of registration) for relief from the EFT Requirement, it is prepared to recommend waiving the fee normally required to accompany applications for discretionary relief (the **Application Fee**).

7. For Ontario registrants, the requirement for payment of the Application Fee is set out in section 4.1 of Rule 13-502.

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

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

A. makes acceptable alternative arrangements with CDS for the payment of NRD fees and makes such payment within ten (10) business days of the date of the NRD filing or payment due date;

B. pays its participation fee under the Act to the Commission by cheque, draft, money order or other acceptable means at the time of filing its application for annual renewal, which shall be no later than the first day of December in each year;

C. pays any applicable activity fees, or other fees that the Act requires it to pay to the Commission, by cheque, draft, money order or other acceptable means at the appropriate time; and

D. is not registered in any jurisdiction in Canada in another category to which the EFT Requirement applies or has received an exemption from the EFT Requirement in each jurisdiction to which the EFT Requirement applies.

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

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

2.1.8 Domtar Inc. - s. 1(10)

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – 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).

April 23, 2008

Ogilvy Renault LLP
Suite 1100
1981 McGill College Avenue
Montréal (Québec)
H3A 3C1

Dear Sirs/Madames:

Re: Domtar Inc. (the Applicant) – application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

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

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 fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

(b) no securities of the Applicant are traded on a marketplace as defined in *Regulation 21-101 respecting Market-place Operation*;

(c) the Applicant is applying for a decision that it is not 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's status as a reporting issuer is revoked.

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

2.1.9 Iteration Energy Ltd.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions - issuer granted relief from the requirement in National Instrument 51-102 Continuous Disclosure Obligations to apply the asset test to determine the significance of a prior business acquisition such that the acquisition will not constitute a significant acquisition with the effect that the pro forma financial statements in a subsequent BAR are not required to give effect to the acquisition - the acquisition was in substance an acquisition of an interest in oil and gas properties.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, Part 8, s. 13.1.
Multilateral Instrument 11-102 Passport System.

Citation: Iteration Energy Ltd., 2008 ABASC 291

May 9,.2008

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

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
ITERATION ENERGY LTD.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) and, in particular, under section 13.1 of National Instrument 51-102 – *Continuous Disclosure Obligations* (**NI 51-102**) excluding the application of the asset test in subsection 8.3(4) of NI 51-102 to the Pengrowth Acquisition (as defined below) such that the Pengrowth Acquisition will not constitute a significant acquisition under Part 8 of NI 51-102, with the effect that the pro forma financial statements in the Cyries BAR (as defined below) are not required to give effect to the Pengrowth Acquisition (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut, and

(c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

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

Iteration Energy Ltd.

1. Iteration is a corporation incorporated under the *Business Corporations Act* (Alberta). Its head office is located in Calgary, Alberta.

2. Iteration is an Alberta-based, independent oil and gas company engaged in the business of exploring for and developing petroleum and natural gas reserves in western Canada and acquiring oil and natural gas properties.

3. Iteration is a reporting issuer in each of the provinces and territories of Canada and is not, to its knowledge, in default of securities legislation in any jurisdiction.

Pengrowth Acquisition

4. On September 28, 2007, Iteration and its wholly-owned subsidiary, Iteration Energy Inc., acquired all of the partnership interests of the Peace River Arch Partnership (the **Pengrowth Partnership**), a general partnership, from Pengrowth Corporation and its affiliates (collectively, **Pengrowth**) providing for the indirect acquisition (the **Pengrowth Acquisition**) by Iteration of certain oil and gas properties and related assets from Pengrowth.

5. The Pengrowth Acquisition constituted a "significant acquisition" by Iteration within the meaning of Part 8 of NI 51-102. Accordingly, on November 12, 2007, Iteration filed a business acquisition report (the **Pengrowth BAR**) in respect of the Pengrowth Acquisition.

6. Notwithstanding that the Pengrowth Acquisition was an acquisition of securities of another issuer, specifically the acquisition of partnership interests, the Pengrowth Acquisition was, in substance, an acquisition by Iteration of an interest in oil and gas properties constituting a business.

7. The Alberta Securities Commission issued a MRRS Decision Document (the **Pengrowth Decision Document**) dated November 12, 2007 exempting Iteration from the requirement to include in the Pengrowth BAR the financial statements and other information required pursuant to Item 3 of Form 51-102F4. The Pengrowth Decision Document permitted the Pengrowth BAR to include schedules of revenues, royalties and operating expenses of the Pengrowth Partnership, rather than financial statements that would otherwise be required under Part 8 of NI 51-102, on the basis that the Pengrowth Acquisition was, in substance, an acquisition of an interest in oil and gas properties constituting a business (i.e. an acquisition of assets that would benefit from the exemption set forth in subsection 8.10(3) of NI 51-102).

Completion of Cyries Acquisition

8. On March 7, 2008, Iteration acquired all of the issued and outstanding securities of Cyries Energy Inc. (**Cyries**) pursuant to a plan of arrangement under the provisions of section 193 of the *Business Corporations Act* (Alberta) (the **Cyries Acquisition**).

9. The Cyries Acquisition constitutes a "significant acquisition" by Iteration within the meaning of Part 8 of NI 51-102 and, accordingly, Iteration is required to file a business acquisition report (**Cyries BAR**) in respect of the Cyries Acquisition within 75 days after the date of the Cyries Acquisition.

Pro Forma Income Statement Requirements in Cyries BAR

10. On March 17, 2008, paragraph 8.4(5)(b) of NI 51-102 was amended (referred to as the **March Amendment**). Prior to the March Amendment, paragraph 8.4(5)(b) of NI 51-102 required that a business acquisition report include a pro forma income statement of the reporting issuer that gives effect "to significant acquisitions completed after the ending date of the financial year referred to ... as if they had taken place at the beginning of that financial year." [emphasis added]. In respect of the Cyries Acquisition, paragraph 8.4(5)(b) would have required that the pro forma financial statements included in the Cyries BAR give effect to any significant acquisitions completed after December 31, 2007. Iteration has not completed any significant acquisition after December 31, 2007, other than the Cyries Acquisition.

11. On March 17, 2008, significantly after the completion of the Pengrowth Acquisition in September 2007, the March Amendment came into effect, with the effect of modifying the wording of paragraph 8.4(5)(b) of NI 51-102 to require that a pro forma income statement in a business acquisition report give effect "to significant acquisitions completed after the beginning of the financial year referred to … as if they had taken place at the beginning of that financial year." Accordingly, the pro forma income statement included in the Cyries BAR is required to include any significant acquisition completed after January 1, 2007.

12. Iteration completed one significant acquisition after January 1, 2007, being the Pengrowth Acquisition in addition to the Cyries Acquisition. Accordingly, paragraph 8.4(5)(b) of NI 51-102 requires Iteration to include a pro forma income statement for the year ended December 31, 2007 in the Cyries BAR that gives effect to the Pengrowth Acquisition in addition to the Cyries Acquisition.

Significance of Pengrowth Partnership

13. The Pengrowth Acquisition was a "significant acquisition" based on the investment test in paragraph 8.3(2)(b) of NI 51-102, and Iteration filed the Pengrowth BAR on SEDAR, under section 8.3 of NI 51-102.

14. Iteration was unable to complete the asset significance test in paragraph 8.3(2)(a) of NI 51-102 because the net book value of the Pengrowth Assets was not available.

15. The Pengrowth Acquisition was close to the 20% threshold for the investment significance test set out in paragraph 8.3(2)(b) of NI 51-102.

16. The Pengrowth Acquisition was not significant based on the income test set out in paragraph 8.3(2)(c) of NI 51-102.

17. Subsection 8.3(6) of NI 51-102 provides that, despite the optional significance tests in subsection 8.3(3) of NI 51-102, the significance of an acquisition of a business may be re-calculated using financial statements for the period that ended after the date of the acquisition only if, after the date of the acquisition, the business or related business remained substantially intact and was not significantly reorganized, and no significant assets or liabilities have been transferred to other entities.

18. The conditions set out in subsection 8.3(6) of NI 51-102 are satisfied in respect of the Pengrowth Acquisition, as subsequent to the date of the Pengrowth Acquisition, the business forming the Pengrowth Partnership has remained substantially intact and was not significantly reorganized, and no significant assets or liabilities have been transferred to other entities.

19. Pursuant to paragraph 8.3(3)(a) of NI 51-102, a reporting issuer that is not a venture issuer may re-calculate the significance using the optional significance tests in subsection 8.3(4). The Pengrowth Acquisition does not satisfy the investment test or the income test in paragraphs 8.3(4)(b) or (c) of NI 51-102, being 18.9% and 7.7% respectively, but does satisfy, based on the financial statements for the year ended December 31, 2007 (as permitted under paragraph 8.3(3)(a) of NI 51-102) the asset test set out in paragraph 8.3(4)(a), being 26%.

20. As the Pengrowth Acquisition closed on September 28, 2007, Iteration does not have in its possession any financial information in respect of the Pengrowth Assets from July 1, 2007 until closing of the Pengrowth Acquisition on September 28, 2007, which represents nearly the entire third quarter 2007 interim period. Accordingly, Iteration does not have the requisite information to prepare a complete pro forma income statement for the year ended December 31, 2007 that would give effect to the Pengrowth Partnership as if it had been completed on January 1, 2007.

21. At the time of the Pengrowth Acquisition, Iteration was not required under NI 51-102 or any other applicable requirements to request such additional information from Pengrowth in respect of the Pengrowth Acquisition.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted.

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

2.2 Orders

2.2.1 Global 45 Split Corp. - s. 158(1.1) of the OBCA

Headnote

Order pursuant to subsection 158(1.1) of the Business Corporations Act(Ontario) that an offering corporation is authorized to dispense with its audit committee - Issuer is an investment fund - Issuer exempt from audit committee requirements of Multilateral Instrument 52-110 Audit Committees - Relief conditional upon issuer continuing to satisfy the criteria for relief from audit committee requirements of MI 52-110 or a successor instrument.

Ontario Legislative Provisions Cited

Business Corporations Act, R.S.O. 1990, c. B.16, s. 158(1.1).
Multilateral Instrument 52-110 Audit Committees.

April 29, 2008

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT,
R.S.O.1990, CHAPTER B. 16, AS AMENDED
(the "OBCA")

AND

IN THE MATTER OF
GLOBAL 45 SPLIT CORP.

ORDER
(Subsection 158(1.1) of the OBCA)

UPON the application of Global Split 45 Corp. (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 158(1.1) of the OBCA for a determination that the Applicant be authorized to dispense with an audit committee;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a mutual fund corporation incorporated under the OBCA on March 29, 2004.

2. The Applicant is an investment fund under applicable securities legislation.

3. The Applicant is authorized to issue an unlimited number of Preferred Shares, Class A Shares and Class B Shares. A trust established for the benefit of the holders from time to time of the Preferred Shares and the Class A Shares owns all of the issued and outstanding Class B Shares.

4. On May 31, 2004, pursuant to a prospectus dated May 18, 2004 (the "Prospectus"), the Applicant issued 1,700,000 Preferred Shares and 1,700,000 Class A Shares. The Applicant is a reporting issuer in each of the provinces of Canada.

5. On June 22, 2004, the Applicant issued an additional 100,000 Preferred Shares and 100,000 Class A Shares under the Prospectus.

6. The Class A Shares are listed on the Toronto Stock Exchange ("TSX") under the symbol GFV and the Preferred Shares are listed on the TSX under the symbol GFV.PR.A.

7. Pursuant to a rights offering that expired on December 7, 2007, the Applicant issued 143,022 units (each unit consisting of one Class A Share and one Preferred Share).

8. As of March 15, 2008, 1,354,582 Class A Shares and 1,354,582 Preferred Shares were issued and outstanding.

9. Multilateral Instrument 52-110 *Audit Committees* does not apply to reporting issuers that are investment funds.

10. The Applicant is subject to the investment fund specific continuous disclosure and conflict of interest rules found in National Instrument 81-106 *Investment Fund Continuous Disclosure* and National Instrument 81-107 *Independent Review Committee for Investment Funds*.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the Applicant's shareholders,

IT IS ORDERED, pursuant to subsection 158(1.1) of the OBCA, that the Applicant is authorized to dispense with an audit committee so long as the Applicant remains an investment fund under applicable securities legislation.

"Carol S. Perry"
Commissioner
Ontario Securities Commission

"Paul K. Bates"
Commissioner
Ontario Securities Commission

2.2.2 LandBankers International MX, S.A. de C.V. et al. - ss. 127(1), 127(7)

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

AND

**IN THE MATTER OF
LANDBANKERS INTERNATIONAL MX, S.A. DE C.V.;
SIERRA MADRE HOLDINGS MX, S.A. DE C.V.;
L&B LANDBANKING TRUST S.A. DE C.V.;
BRIAN J. WOLF ZACARIAS;
ROGER FERNANDO AYUSO LOYO;
ALAN HEMINGWAY; KELLY FRIESEN;
SONJA A. MCADAM; ED MOORE; KIM MOORE;
JASON ROGERS; AND DAVE URRUTIA**

**ORDER
(Sections 127(1) and (7))**

WHEREAS it appears to the Ontario Securities Commission that:

1. LandBankers International MX, S.A. de C.V. ("LandBankers") is a company based in Puerto Vallarta, Mexico;

2. Sierra Madre Holdings MX, S.A. de C.V. ("Sierra Madre") has been described in promotional material as being a Mexican corporation but also a limited partnership. Sierra Madre is related to LandBankers and based in Puerto Vallarta, Mexico. Sierra Madre is also known as SMHMX;

3. L&B LandBanking Trust S.A. de C.V. acts as the General Partner of Sierra Madre, with offices in Puerto Vallarta, Mexico;

4. Brian J. Wolf Zacarias, a resident of Puerto Vallarta, Mexico, is the senior officer and major owner of LandBankers. He is also known as Brian Wolf, Brian Zacharias, Brian Zacirias, Brian Zacharias Wolf, and Brian Zacharias Wolfe;

5. Roger Fernando Ayuso Loyo, a resident of Puerto Vallarta, Mexico is the President of LandBankers. He is also known as Roger Ayuso;

6. Alan Hemingway, a resident of Puerto Vallarta, Mexico, formerly of British Columbia, is the Chief Executive Officer of Sierra Madre. He is also known by a different spelling of his last name: "Hemmingway";

7. Kelly Friesen, a resident of Warman, Saskatchewan, and Sonja A. McAdam of Christopher Lake, Saskatchewan, are involved in the promotion of LandBankers securities;

8. Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia are all residents of Puerto Vallarta, Mexico and are all involved in the promotion of LandBankers securities and Sierra Madre securities;

9. Neither LandBankers nor Sierra Madre are reporting issuers in Ontario;

10. None of the respondents are registered with the Commission to trade in securities;

11. The respondents have traded in the securities of LandBankers and Sierra Madre with members of the Canadian public;

12. The respondents have solicited or have sold to Ontario residents the securities of LandBankers and Sierra Madre in breach of sections 25 and 53 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Act*");

13. Certain directors or officers of LandBankers and Sierra Madre have authorized, permitted or acquiesced in the non-compliance with Ontario securities law;

14. The respondents are also respondents in proceedings in other Canadian jurisdictions and are subject to temporary cease trade orders in other Canadian jurisdictions;

AND WHEREAS on March 27, 2008, the Commission issued an order pursuant to subsections 127(1) and (5) of the *Act* (the "Temporary Order"), which ordered that the Temporary Order shall expire on the 15th day after its making unless extended by an order of the Commission;

AND WHEREAS on March 28, 2008, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order to be held on April 9, 2008 at 2:00 p.m.

AND WHEREAS Staff of the Commission ("Staff") made reasonable efforts to serve the respondents LandBankers International MX, S.A. de C.V. ("LandBankers"); Sierra Madre Holdings MX, S.A. de C.V. ("Sierra Madre"); L&B Landbanking Trust S.A. de C.V. ("L&B LandBanking Trust"); Brian J. Wolf Zacarias; Roger Fernando Ayuso Loyo; Alan Hemingway; Kelly Friesen; Sonja A. McAdam; Ed Moore; Kim Moore; Jason Rogers; and Dave Urrutia (collectively, the "Respondents"), with a certified copy of the Temporary Order and a Notice attempted to serve all of the Respondents with a certified copy of the Temporary Order and a Notice of Hearing at all known postal addresses as well as electronic mail addresses and fax numbers as evidenced by the Affidavits of Maria Montalto sworn April 9, 2008.

AND WHEREAS Staff delivered a copy of the certified copy of the Temporary Order and the Notice of Hearing to Kelly Friesen and Sonja A. McAdam by courier;

AND WHEREAS on April 14, 2008, the Commission ordered that the Temporary Order be extended to May 8, 2008;

AND WHEREAS a hearing was held on May 8, 2008;

AND UPON HEARING submissions from counsel for Staff of the Commission and from counsel for LandBankers, Sierra Madre, L&B LandBanking Trust and Brian J. Wolf Zacarias, with no one appearing for Roger Fernando Ayuso Loyo; Alan Hemingway; Kelly Friesen; Sonja A. McAdam; Ed Moore; Kim Moore; Jason Rogers; and Dave Urrutia;

AND WHEREAS LandBankers, Sierra Madre, L&B LandBanking Trust and Brian J. Wolf Zacarias consent to a further extension of the Temporary Order until November 11, 2008;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make the order and that the time required to conclude a hearing could be prejudicial to the public interest;

IT IS ORDERED pursuant to section 127(7) of the *Act* that:

(a) the Order made by the Commission dated March 27, 2008, which is attached as Appendix "A", and extended by Order of the Commission on April 14, 2008, is further extended to November 11, 2008 at 2:30 p.m.

(b) the hearing of this matter is adjourned to September 2, 2008 at 2:30 p.m., at which time Staff will provide an update respecting the proceedings in the other provinces and Ontario.

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

"Lawrence E. Ritchie"

"Suresh Thakrar"

Appendix "A"

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

AND

IN THE MATTER OF
LANDBANKERS INTERNATIONAL MX, S.A. DE C.V.;
SIERRA MADRE HOLDINGS MX, S.A. DE C.V.;
L&B LANDBANKING TRUST S.A. DE C.V.;
BRIAN J. WOLF ZACARIAS;
ROGER FERNANDO AYUSO LOYO;
ALAN HEMINGWAY; KELLY FRIESEN;
SONJA A. MCADAM; ED MOORE; KIM MOORE;
JASON ROGERS; AND DAVE URRUTIA

TEMPORARY ORDER
(Sections 127(1) and (5))

WHEREAS it appears to the Ontario Securities Commission that:

1. LandBankers International MX, S.A. de C.V. ("LandBankers") is a company based in Puerto Vallarta, Mexico;

2. Sierra Madre Holdings MX, S.A. de C.V. ("Sierra Madre") has been described in promotional material as being a Mexican corporation but also a limited partnership. Sierra Madre is related to LandBankers and based in Puerto Vallarta, Mexico. Sierra Madre is also known as SMHMX;

3. L&B LandBanking Trust S.A. de C.V. acts as the General Partner of Sierra Madre, with offices in Puerto Vallarta, Mexico;

4. Brian J. Wolf Zacarias, a resident of Puerto Vallarta, Mexico, is the senior officer and major owner of LandBankers. He is also known as Brian Wolf, Brian Zacharias, Brian Zacirias, Brian Zacharias Wolf, and Brian Zacharias Wolfe;

5. Roger Fernando Ayuso Loyo, a resident of Puerto Vallarta, Mexico is the President of LandBankers. He is also known as Roger Ayuso;

6. Alan Hemingway, a resident of Puerto Vallarta, Mexico, formerly of British Columbia, is the Chief Executive Officer of Sierra Madre. He is also known by a different spelling of his last name: "Hemmingway";

7. Kelly Friesen, a resident of Warman, Saskatchewan, and Sonja A. McAdam of Christopher Lake, Saskatchewan, are involved in the promotion of LandBankers securities;

8. Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia are all residents of Puerto Vallarta, Mexico and are all involved in the promotion of

LandBankers securities and Sierra Madre securities;

9. Neither LandBankers nor Sierra Madre are reporting issuers in Ontario;

10. None of the respondents are registered with the Commission to trade in securities;

11. The respondents have traded in the securities of LandBankers and Sierra Madre with members of the Canadian public;

12. The respondents have solicited or have sold to Ontario residents the securities of LandBankers and Sierra Madre in breach of sections 25 and 53 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "*Act*");

13. Certain directors or officers of LandBankers and Sierra Madre have authorized, permitted or acquiesced in the non-compliance with Ontario securities law;

14. The respondents are also respondents in proceedings in other Canadian jurisdictions and are subject to temporary cease trade orders in other Canadian jurisdictions;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order and that the time required to conclude a hearing could be prejudicial to the public interest;

AND WHEREAS by Commission order made April 4, 2007 pursuant to subsection 3.5(3) of the *Act*, any one of W. David Wilson, James E.A. Turner, Lawrence E. Ritchie, Robert L. Shirriff, Harold P. Hands, Paul K. Bates and David L. Knight, acting alone, is authorized to make orders under section 127 of the Act;

IT IS ORDERED pursuant to section 127(5) of the *Act* that:

(a) pursuant to clause 2 of section 127(1), all trading in securities of LandBankers and Sierra Madre shall cease;

(b) pursuant to clause 2 of section 127(1), all trading in any securities by the respondents shall cease; and

(c) pursuant to clause 3 of section 127(1), any exemptions contained in Ontario securities law do not apply to the respondents.

IT IS FURTHER ORDERED that pursuant to section 127(6) of the *Act* this order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission.

DATED at Toronto this 27th day of March, 2008.

"David Wilson"

2.2.3 United States Steel and Carnegie Pension Fund - s. 74(1)

Headnote

Application for an exemption from the adviser registration requirements of subsection 25(1)(c) of the Securities Act (Ontario) granted to the applicant who, but for its status as a non-share capital membership corporation, would qualify for the adviser registration exemption under section 7.6 of Ontario Securities Commission Rule 35-502 – Non-Resident Adviser made under the Securities Act (Ontario). Relief mirrors exemption available in section 7.6 of Ontario Securities Commission Rule 35-502 – Non-Resident Advisers, subject to certain terms and conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am, ss. 25, 74.
Securities Act, R.S.O. 1990, c. S.5, as am. – Rule 35-502 – Non Resident Advisers.

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

AND

IN THE MATTER OF
UNITED STATES STEEL AND
CARNEGIE PENSION FUND

ORDER
(Section 74(1) of the Act)

UPON the application (the **Application**) of United States Steel and Carnegie Pension Fund (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 74(1) of the Act, that the Applicant be exempt from the requirement under section 25(1)(c) of the Act to register with the Commission as an adviser;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a non-profit membership corporation formed under the laws of the state of Pennsylvania, in the United States in 1914.

2. The Applicant was formed by the association of individual incorporators (the **Members**). Its business is conducted by a board of directors elected or appointed by the Members. Upon a vacancy in membership, new or substitute Members are appointed by the current Members of the Applicant.

3. Currently, and since its incorporation in 1914, the Members and the directors of the Applicant are

employees, officers or directors of United States Steel Corporation (**USS**) and its affiliates or the Applicant.

4. As a Pennsylvania non-profit membership corporation and as provided in its charter, the Applicant cannot issue any securities.

5. The Applicant was established for the sole purpose of administering and maintaining the pension and benefit systems and funds for employees of USS and its affiliates.

6. The Applicant is registered as an investment adviser with the United States Securities and Exchange Commission (the **SEC**) under the United States Investment Advisers Act of 1940, as amended. Its principal office is located in New York, New York. The Applicant is not ordinarily resident in Ontario and does not have offices or employees in Canada.

7. USS is a corporation formed under the laws of the state of Delaware in the United States. Its principal business is the production of steel and it maintains operations, directly or through subsidiaries, in the United States, Canada and Central Europe. The shares of common stock of USS are registered under Section 12(b) of the U.S. Securities Exchange Act of 1934, as amended, and are listed on the New York Stock Exchange and the Chicago Stock Exchange. Its principal office is located in Pittsburgh, Pennsylvania.

8. USS sponsors certain pension and welfare plans in the United States for the benefit of its employees and the employees of its affiliates (collectively, the **USS Pension Plans**). The primary plans of USS for which the Applicant provides investment management services are: the United States Steel Corporation Plan for Employee Pension Benefits (Revision of 2003) with total assets as of January 31, 2008 of $7.3 billion and the U.S. Steel VEBA Trust which provides retiree life and medical benefits for employees represented by the United Steelworkers of America with total assets as of January 31, 2008 of $1.1 billion.

9. The Applicant acts as adviser for the USS Pension Plans.

10. U.S. Steel Canada Inc. (**U.S. Steel Canada**) is a corporation formed under the laws of Canada and its principal business is the production of steel in Canada. Following an acquisition transaction completed in October 2007, U.S. Steel Canada became an indirect, wholly-owned subsidiary of USS.

11. U.S. Steel Canada sponsors unregistered retirement arrangements funded pursuant to the Retirement Compensation Arrangement Trust Agreement between U.S. Steel Canada Inc. and CIBC Mellon dated May 1, 2003 which provide supplemental pension benefits in excess of the maximum pension benefits permitted for registered pension plans under the *Income Tax Act* (Canada), a group registered retirement savings plan, and the following registered pension plans in Canada for the benefit of the Canadian employees:

    (a) U.S. Steel Canada Inc. Retirement Plan for USW Local 1005 Members at Hamilton Works, FSCO & CRA Registration No. 0354878;

    (b) U.S. Steel Canada Inc. Retirement Plan for Salaried Employees at Hamilton Works, FSCO & CRA Registration No. 0338509;

    (c) U.S. Steel Canada Inc. Retirement Plan for USW Local 8782 Members at Lake Erie Works, FSCO & CRA Registration No. 0698761;

    (d) U.S. Steel Canada Inc. Retirement Plan for Salaried Employees at Lake Erie Works, FSCO & CRA Registration No. 0698753;

    (e) Welland Pipe Pension Plan for Members of the National Automobile, Aerospace, Transportation and General Workers' Union of Canada (CAW-Canada) , FSCO & CRA Registration No. 1018878;

    (f) Welland Pipe Ltd. Retirement Plan for Salaried Employees, FSCO & CRA Registration No. 1017185;

    (g) Stelpipe Ltd. Bargaining Unit Pension Plan for Members of the National Automobile Aerospace, Transportation and General Workers' Union of Canada (CAW-Canada) , FSCO & CRA Registration No. 1018860;

    (h) Stelpipe Ltd. Retirement Plan for Salaried Employees, FSCO & CRA Registration No. 1017177; and

    (i) Retirement Plan for Mark C. Steinman, FSCO & CRA Registration No. 1056738.

    (collectively, the **Current Registered and Unregistered Plans**),

12. U.S. Steel Canada wishes to retain the advisory services (the **Proposed Advisory Services**) of the Applicant in connection with the management of the investments of the Current Registered and Unregistered Plans and other registered or

unregistered pension plans or other retirement savings plans which U.S. Steel Canada or its Canadian affiliates may establish or sponsor from time to time, for the benefit of Canadian employees (collectively, the **U.S. Steel Canada Pension Plans**).

13. Given the Applicant's experience and expertise in managing the USS Pension Plans, the nature of the Applicant's experience as the pension fund adviser for USS and its affiliates and that the Applicant was established for the sole purpose of acting as an adviser to the USS Pension Plans, it is most efficient and effective for the Applicant to also advise the U.S. Steel Canada Pension Plans.

14. The Applicant, as part of the Proposed Advisory Services to the U.S. Steel Canada Pension Plans, will provide advice with respect to Canadian and foreign securities.

15. Section 25(1)(c) of the Act requires that the Applicant register as an adviser with the Commission in respect of advising the U.S. Steel Canada Pension Plans or rely on appropriate exemptions from the adviser registration requirement.

16. Section 7.6 of the Ontario Securities Commission Rule 35-502 – *Non Resident Advisers* (**OSC Rule 35-502**) provides an exemption from the adviser registration requirement for an adviser, not ordinarily resident in Ontario, in connection with acting as an adviser for a pension fund sponsored by an affiliate of the adviser for the benefit of the employees of the affiliate or affiliates of the affiliate.

17. The Applicant is not deemed to be a subsidiary of USS pursuant to section 1(4) of the Act, nor is it deemed to be an affiliate of U.S. Steel Canada by section 1(2) of the Act because the Applicant is a non-share capital corporation, it does not have any outstanding voting or equity securities and is therefore not owned or controlled by USS.

18. In practice and in substance the relationship between USS and the Applicant is comparable to companies deemed to be affiliates pursuant to section 1(2) of the Act given that:

    (a) currently, and since its incorporation in 1914, the Members and the directors of the Applicant are employees, officers or directors of USS and its affiliates or the Applicant;

    (b) the employees of the Applicant participate in the employee benefit plans maintained by USS as employees whose services are contracted by USS and, as such, are considered to be within the same control group as USS and its other affiliates for the purposes of those plans;

    (c) the Applicant's charter provides that the sole purpose for which it is formed is to administer and maintain a system of benefits, pensions or aids to the employees of USS, or its successors, and of all corporations, partnerships, limited liability companies, and associations in which USS, or its successors, have an indirect or direct or formerly maintained a significant economic interest, and to administer and maintain any fund established in support of a system of benefits, pensions and aids for the employees of the aforementioned entities;

    (d) the Applicant is the only company which provides pension fund advisory services to USS and its other affiliates; and

    (e) while USS does not have any legal control over or equity ownership of the Applicant, USS and the Applicant consider themselves to be advisory affiliates and report themselves as such to the SEC.

19. The Applicant and U.S. Steel Canada have a relationship tantamount to being affiliates, as U.S. Steel Canada is deemed an affiliate of USS pursuant to section 1(2) of the Act.

20. The Applicant and U.S. Steel Canada are not deemed affiliates within the meaning of the Act because of the Applicant's status as a non-share capital membership corporation which does not issue securities. However, as members of the USS corporate group, the relationship between the Applicant and U.S. Steel Canada have sufficient attributes of affiliate status to be tantamount to being affiliates.

21. But for the affiliate requirement, the adviser registration exemption under Section 7.6 of OSC Rule 35-502 would be available to the Applicant as the Applicant:

    (a) is not ordinarily resident in Ontario; and

    (b) proposes to act as an adviser solely for the U.S. Steel Canada Pension Plans, sponsored by U.S. Steel Canada.

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

IT IS ORDERED pursuant to section 74(1) of the Act that the Applicant (including its directors, partners, officers and employees) is exempted from the requirement of paragraph 25(1)(c) of the Act in respect of the Proposed

Advisory Services provided to U.S. Steel Canada Pension Plans provided that the Applicant (including its directors, partners, officers and employees) complies with all applicable registration and other regulatory requirements of the securities legislation of the United States and if applicable, the securities legislation of other jurisdictions.

April 8, 2008

"Lawrence Ritchie"
Commissioner
Ontario Securities Commission

"Margot Howard"
Commissioner
Ontario Securities Commission

2.2.4 Natural Gas Exchange Inc. - s. 144 of the Act and s. 78 of the CFA

Headnote

On November 16, 2007 the Commission granted NGX an interim order which expires on May 17, 2008 (First Extension Order). The Commission is amending the First Extension Order by replacing the May 17, 2008 expiry date and substituting an expiry date that is six months from the later of the date that an order recognizing NGX as an exchange and an order recognizing NGX as a clearing agency is granted by the Alberta Securities Commission.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.
Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 15, 22, 38, 80.

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

AND

IN THE MATTER OF
THE *COMMODITY FUTURES ACT,*
R.S.O. 1990, CHAPTER C.20,
AS AMENDED (CFA)

AND

IN THE MATTER OF
NATURAL GAS EXCHANGE INC.

ORDER
(Section 144 of the OSA and section 78 of the CFA)

WHEREAS Natural Gas Exchange Inc. (NGX) has filed an application dated April 22, 2008 with the Ontario Securities Commission (Commission) requesting to extend Commission order #2007-1123 dated November 16, 2007 which granted the following interim orders (collectively, the First Extension Order) pending completion of a final order:

(a) an interim order pursuant to section 147 of the OSA exempting NGX from the requirement to be recognized as a stock exchange under section 21 of the OSA;

(b) an interim order pursuant to section 80 of the CFA exempting NGX from the requirement to be registered as a commodity futures exchange under section 15 of the CFA;

(c) an interim order pursuant to section 38 of the CFA exempting trades in Current CFA Contracts (as defined in the First

Extension Order) and Ontario Auction Products (as defined in the First Extension Order) on NGX by Current Ontario Participants (as defined in the First Extension Order) from the registration requirement under section 22 of the CFA; and

(d) an interim order pursuant to section 38 of the CFA exempting trades in Ontario Auction Products on NGX by New Ontario Participants (as defined in the First Extension Order) from the registration requirement under section 22 of the CFA;

AND WHEREAS the First Extension Order is due to expire on the earlier of (i) May 17, 2008 and (ii) the date a Final Order (as defined in the First Extension Order) is granted, and a Final Order has not yet been granted by the Commission;

AND WHEREAS NGX has made certain representations and provided certain undertakings in the First Extension Order and NGX has confirmed that all such representations continue to be true and accurate and NGX has confirmed that it will continue to comply with all such undertakings;

AND UPON the Commission being of the opinion that it is not prejudicial to the public interest to vary the First Extension Order:

IT IS HEREBY ORDERED by the Commission that, pursuant to section 144 of the OSA and pursuant to section 78 of the CFA, the First Extension Order be varied as follows:

In clause (b) of the conditions, the reference to "May 17, 2008" is repealed and replaced by "the date that is six months from the later of the date that an order recognizing NGX as an exchange and an order recognizing NGX as a clearing agency is granted by the ASC".

DATED May 13, 2008.

"Margot C. Howard"

"Kevin J. Kelly"

2.2.5 Goldpoint Resources Corporation et al. - s. 127

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

AND

IN THE MATTER OF
GOLDPOINT RESOURCES CORPORATION,
LINO NOVIELLI, BRIAN MOLONEY,
EVANNA TOMELI, ROBERT BLACK,
RICHARD WYLIE, AND JACK ANDERSON

ORDER
(Section 127 of the Securities Act)

WHEREAS on April 30, 2008 the Ontario Securities Commission (the "Commission") issued a Temporary Order pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that all trading in securities by Goldpoint Resources Corporation ("Goldpoint") shall cease; all trading in Goldpoint securities shall cease; and Lino Novielli ("Novielli"), Brian Moloney ("Moloney"), Evanna Tomeli ("Tomeli"), Robert Black ("Black"), Richard Wylie ("Wylie"), and Jack Anderson ("Anderson") shall cease trading in all securities (the "Temporary Order");

AND WHEREAS on April 30, 2008, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on May 1, 2008 the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on May 14, 2008 at 10:00 a.m;

AND WHEREAS the Notice of Hearing sets out that the Hearing is to consider, *inter alia*, whether, in the opinion of the Commission, it is in the public interest, pursuant to s. 127(7) and (8) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") to extend the Temporary Order until such further time as considered necessary by the Commission;

AND WHEREAS Staff of the Commission ("Staff") have served all of the respondents with copies of the Temporary Order, Notice of Hearing, Statement of Allegations and Staff's supporting materials as evidenced by the Affidavits of Service filed with the Commission.

AND WHEREAS Tomeli, Black, Wylie and Anderson did not appear to oppose Staff's request for the extension of the Temporary Order;

AND WHEREAS counsel for Staff advised the Panel that counsel for Novielli did not oppose the extension of the Temporary Order;

AND WHEREAS counsel for Staff advised the Panel that Moloney does not oppose the extension of the Temporary Order;

AND WHEREAS counsel for Staff advised the Panel that counsel for Novielli advised that it was his understanding that Goldpoint would not be opposing Staff's request for an extension of the Temporary Order and would not be attending the hearing;

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

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

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

IT IS HEREBY ORDERED pursuant to subsection 127(8) of the Act that the Temporary Order is extended to July 19, 2008; and

IT IS FURTHER ORDERED that the hearing in this matter is adjourned to July 18, 2008, at 10:00 a.m.

DATED at Toronto this 14th day of May, 2008

"Wendell S. Wigle"

"David L. Knight"

2.2.6 Irwin Boock et al. - ss. 127(1), 127(5)

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

AND

IN THE MATTER OF
IRWIN BOOCK, SVETLANA KOUZNETSOVA,
VICTORIA GERBER,
COMPUSHARE TRANSFER CORPORATION,
FEDERATED PURCHASER, INC.,
TCC INDUSTRIES, INC.,
FIRST NATIONAL ENTERTAINMENT CORPORATION,
WGI HOLDINGS, INC. AND
ENERBRITE TECHNOLOGIES GROUP

AMENDED TEMPORARY ORDER
(Sections 127(1) and (5))

WHEREAS it appears to the Ontario Securities Commission that:

1. Compushare Transfer Corporation ("Compushare") is a Delaware corporation that operates out of Toronto as a transfer agent;

2. Victoria Gerber is the President of Compushare;

3. Svetlana Kousnetsova owns the premises out which Compushare operates and appears to be involved in the operation of Compushare;

4. Irwin Boock, is a resident of Ontario and, with the assistance of Compushare and its principals, appears to have usurped the corporate identities of the following defunct or dormant publicly traded companies:

   - WGI Holdings, Inc. ("WGI Holdings");
   - Federated Purchaser, Inc. ("Federated Purchaser");
   - First National Entertainment Corporation ("First National");
   - TCC Industries, Inc. ("TCC Industries"); and
   - Enerbrite Technologies Group Inc. ("Enerbrite").

5. It also appears that Boock may have caused these companies to issue shares for trading in the over-the-counter securities market via the Pink Sheets;

6. Staff of the Commission ("Staff") are conducting an investigation into the conduct described herein and it appears that Boock, Compushare, and its principals, former principals and others, including

Gerber and Kousnetsova, may have engaged in acts, practices or courses of conduct relating to the securities of the above listed companies that they knew or reasonably ought to have known perpetrated a fraud on a person or company contrary to subsection 126.1(b) of the Act;

7. The Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest; and

8. The Commission is of the opinion that it is in the public interest to make this order.

AND WHEREAS by Commission Order made April 1, 2008, pursuant to section 3.5(3) of the Act, each of W. David Wilson, James E. A. Turner, Lawrence E. Ritchie, Paul K. Bates and David L. Knight, acting alone, is authorized to make any orders under section 127 of the Act that the Commission is authorized to make and give, except the power to conduct contested hearings on the merits;

IT IS ORDERED, pursuant to subsections 127(1) and 127(5) of the Act, that all trading in any securities by Boock, Gerber and Kousnetsova, and Compushare shall cease;

IT IS FURTHER ORDERED, pursuant to subsections 127(1) and 127(5) of the Act, that trading in the securities WGI Holdings, Federated Purchaser, First National, TCC Industries, and Enerbrite shall cease;

IT IS FURTHER ORDERED, that pursuant to section 127(6) of the Act this order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission.

DATED at Toronto this 14th day of May, 2008.

"David Wilson"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Stafford Kelley

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

AND

IN THE MATTER OF
STAFFORD KELLEY ("Kelley")

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Hearing dated July 11, 2005, the Ontario Securities Commission (the "Commission") announced that it would hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the Ontario Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest to make an order that:

(i) Kelley cease trading in any securities;

(ii) Kelley be prohibited from acquiring securities

(iii) Kelley be reprimanded;

(iv) Kelley resign any position he currently holds as an officer or director of any issuer;

(v) Kelley be banned from acting as an officer or director of any issuer;

(vi) Kelley pay costs of the investigation of this matter; and,

(vii) such other order as the Commission may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") recommend settlement of the proceeding initiated in respect of Kelley in accordance with the terms and conditions set out below. Kelley consents to the making of an order against him in the form attached as Schedule "A" on the basis of the facts set out below.

III. STATEMENT OF FACTS

A. Acknowledgement

3. Only for the purposes of this proceeding, and any other proceeding commenced by a securities regulatory agency, Kelley agrees with the facts as set out in Part III of this Settlement Agreement.

B. Facts

4. Until 2006, Kelley, of Oakville, Ontario, was registered with the Commission as an Officer and Director of Medallion Capital Corp. ("Medallion"). Medallion was registered with the Commission as a Limited Market Dealer and, among other things, provided investor relations consulting services to junior public companies.

5. Hucamp Mines Limited ("Hucamp"), a junior mining company, was a reporting issuer in Ontario until becoming dormant in early 2002. Until October 9, 2000 common shares in Hucamp were quoted on the Canadian Dealing Network ("CDN"). From

October 10, 2000 until early 2002 when trading in Hucamp was halted, common shares in Hucamp were listed for trading on the CDNX exchange.

6. John Illidge ("Illidge") was the President and CEO of Hucamp from March, 1996 until May, 2001. He was Chairman of Hucamp from May, 2001 to September 6, 2001.

7. Illidge was also a director of Rampart Mercantile Inc. ("Mercantile") from December 1999 until his resignation on September 19, 2001. Mercantile was the parent corporation of Rampart Securities Inc. ("Rampart"), a Toronto brokerage house. Rampart was a member of the IDA until its membership was terminated on January 21, 2002.

8. Kelley first met Illidge in approximately 1997. In June 2000, Kelley was approached by Illidge, who asked that Kelley have Medallion provide Investor Relations services and act as a "market maker" for Hucamp. Initially, Kelley declined this invitation but, after several approaches by Illidge, he agreed to have Medallion act for Hucamp for one year and an agreement to this effect was signed on January 3, 2001 (the "January 3 Agreement").

9. Medallion was paid $8,000.00 per month pursuant to the January 3 Agreement. Payments started in February and ended in July 2001. In addition, Medallion entered into a side agreement with Sloop Investments ("Sloop") pursuant to which Medallion received the right to purchase 500,000 Hucamp shares at fixed prices (the "Sloop Agreement"). The Sloop Agreement permitted Medallion to purchase one twelfth of 500,000 Hucamp shares each month for the duration of the January 3 Agreement. The first 250,000 of these shares were made available at $0.25 per share and the second 250,000 shares were made available at $0.50 per share. The optioned shares were deposited to a safekeeping account at Thompson Kernaghan in the name of Medallion and drawn down as agreed upon.

10. The Sloop Agreement was negotiated by Kelley with Patricia McLean ("McLean"). McLean was a director of Hucamp from March 1996 until June 30, 2001, the Secretary of Hucamp until she was terminated from the position in May 2001 and also a member of the corporate finance department of Rampart. She was a registered representative with Rampart between February 2000 and February 2001.

11. Prior to signing the Sloop Agreement, Kelley did not know or ask who controlled Sloop. During the course of his work for Hucamp, however, it became clear that Illidge was connected with Sloop. For example, Illidge directed Kelley about where to make payments to Sloop.

12. Kelley was aware at the time that Medallion entered into the January 3 Agreement with Hucamp that the majority of the Hucamp shares were held in accounts at Rampart. Kelley understood that Illidge and others through Mercantile controlled Rampart. Kelley had observed that shares of Hucamp had been high closed at the end of November, 2000. Illidge acknowledged to Kelley at that time that he had wanted to keep the price of the Hucamp shares at $2.00 or above at month end so that Rampart would give margin on the shares.

13. Kelley and Medallion traded shares of Hucamp between January 30, 2001 and March 20, 2002.

14. At the material time during 2001, Kelley traded Hucamp shares in two accounts in the name of "Stafford Kelley" (held at National Bank Financial and Nesbitt Burns), and four accounts in the name of "Medallion Capital Corp." (held at Canaccord, McDermid St. Lawrence, National Bank Financial and Nesbitt Burns).

15. Kelley also had trading authority for a company called Elkhorn Capital Corp. ("Elkhorn"). On June 7, 2001 Colin James ("James") and Henry Kloepper ("Kloepper") met with Kelley and represented to him that Kloepper was the principal of Elkhorn and wanted to accumulate a position at Hucamp. James represented that he was the Company's lawyer. Elkhorn accounts were opened at Thompson Kernaghan and at Canaccord over which Kelley was granted trading authority.

16. Elkhorn was referred to Kelley by Illidge. Kelley was aware that Illidge had loaned money to Elkhorn.

17. Pursuant to the January 3, 2001 Agreement, Kelley participated in an effort to "clean up the market" by getting Hucamp shares into the hands of new investors and Elkhorn. Elkhorn was a dominant purchaser of Hucamp stock from June to late 2001 through trading done in the accounts at Canaccord and Thompson Kernaghan, and elsewhere.

18. Kelley had a computer terminal that permitted him to see the market for Hucamp and what brokers were buying and selling. Sometimes, Kelley gave the directions on both sides of trades of Hucamp shares. On at least 12 occasions, the Medallion accounts engaged in sales to Elkhorn accounts (4 times on June 14, 2001; 2 on June 28, 2001; and 1 on each of July 9, July 19, July 26, August 10, August 21, and August 24, 2001).

19. Kelley engaged in wash trades. On March 23, 2001, the account of "Stafford Kelley" at First Marathon sold 1,000 Hucamp shares at $1.80 to the account of "Medallion Capital Corp." at Canaccord. On September 19, 2001, the account of

"Medallion Capital Corp." at First Marathon bought 3,500 Hucamp shares at $1.00 from the "Medallion Capital Corp." account at Nesbitt Burns and 1,500 Hucamp shares at $1.00 from the "Stafford Kelley" account at Nesbitt Burns.

20. Also on March 23, 2001, at Kelley's direction, the account of "Medallion Capital Corp." at Canaccord bought Hucamp shares in ten trades, all but one at the same or successively higher prices. The purchases were made as follows:

1.	5,000	@	$1.75 (8:10 a.m.)
2.	5,000	@	$1.75 (8:30 a.m.)
3.	4,000	@	$1.75 (9:09 a.m.)
4.	1,000	@	$1.78 (9:33 a.m.)
5.	10,000	@	$1.80 (9:33 a.m.)
6.	10,000	@	$1.85 (11:42 a.m.)
7.	10,000	@	$1.90 (11:45 a.m.)
8.	1,000	@	$1.80 (12:35 p.m.)
9.	2,500	@	$1.89 (12:53 p.m.)
10.	10,000	@	$1.90 (12:53 p.m.)

The eighth trade described above, the only one of the ten trades at a price below the previous trade, was the wash trade described above.

21. Following these ten trades, a company controlled by an investor client known to Kelley, made the last two purchases of Hucamp shares that trading day: 3,000 shares at $1.94 and 9,500 shares at $1.95. There was no news release respecting Hucamp on March 23, 2001 that would have justified any increase in the price of the shares of the company.

22. Kelley's trading had the effect of generating the appearance of market activity in Hucamp by selling and buying Hucamp shares in the same market. For example, on March 26, 2001, the first trading day following March 23, 2001 (when Medallion purchased 58,500 shares), Medallion sold 60,000 Hucamp shares at $1.88 to an account in the name of St. James Capital, an account controlled by Illidge. On June 22, 2001, at Kelley's direction, Elkhorn's Canaccord account purchased 3,000 shares at $1.95 at 8:37 a.m., then bought 6,000 shares at $1.95 at 11:08 a.m. At 1:03 p.m., Elkhorn's Thompson Kernaghan account purchased 3,000 shares at $2.00. Throughout the period from March until the fall of 2001, Kelley was a frequent participant on both sides of the market.

23. Medallion's sale of 60,000 shares at $1.88 on March 26, 2001 was the last trade of the day at the highest price of the day. Prices for the three trades in Hucamp shares earlier that day were $1.80, $1.75 and $1.75.

24. At certain times during 2001, Kelley and Medallion had access to information about Hucamp that had not yet been disclosed to the public as a result of Medallion's work as Hucamp's investor relations consultant.

25. Kelley acknowledges that his conduct, as described in paragraphs 4 to 24 above, was contrary to the public interest.

26. Kelley and Medallion have provided undertakings to Staff that they will not apply for registration with the Commission in any capacity.

C. Position of the Respondent

27. Kelley is almost 76 years old. He has worked as an officer, director and investor relations consultant to public companies since 1975.

28. The business of Hucamp was the development of mining properties in Canada. It was a legitimate business with interests in properties that appeared to have value. Kelley perceived Hucamp to have real potential as a mining company.

29. Before entering into the January 3 Agreement, Kelley advised Illidge that any activity relating to manipulating the price of Hucamp shares for margin purposes would have to stop.

30. Kelley and Medallion's investor relations work for Hucamp included making investors aware of the company and finding buyers for the stock. Kelley sold some of the shares of Hucamp acquired pursuant to the Sloop Agreement from time to time to pay office and administrative expenses.

31. Kelley was involved in Elkhorn's trading for only approximately four months. During that time, Elkhorn also traded Hucamp through accounts over which Kelley had no authority and in which he had no involvement. Kelley was not aware that Elkhorn was trading through other accounts at the time.

32. After October 9, 2001, Kelley ceased directing any trading in Elkhorn accounts.

33. During the relevant period during 2001, Kelley was unaware of the identity of other accounts trading large volumes of Hucamp, and the relationship of those accounts to Illidge. In particular, Kelley was unaware that Medallion's sale of 60,000 shares of Hucamp on March 26, 2001 was to an account controlled by Illidge.

34. Kelley directed trades for Elkhorn during June, July, August, September and early October 2001 pursuant to instructions from James and Kloepper to accumulate shares for Elkhorn at prices up to or exceeding $2.00 a share.

35. Kelley did not ever accept any trading instructions in respect of those Elkhorn accounts from Illidge.

36. The Elkhorn purchases directed by Kelley during that time were made pursuant to instructions received from Kloepper and James to accumulate shares of Hucamp in Elkhorn's accounts. Kelley notified them whenever he intended to sell shares of Hucamp to Elkhorn from Medallion's accounts.

37. The 1,000 share wash trade on March 23, 2001 was not intentional. Medallion did a lot of buying that day in response to selling pressure from accounts over which Kelley had no control. A total of 72,000 shares changed hands that day. The wash trade was at one of the lower prices of the day, and did not affect the market price.

38. The wash trade on September 19, 2001 also was not in accordance with Kelley's instructions. Kelley instructed Paradigm to transfer funds from Medallion's account at Paradigm (for which First Marathon provided back office services) to Kelley's account at Nesbitt Burns, which was in a debit position. Kelley did not instruct Nesbitt Burns to sell shares from his account and Medallion's that day.

39. Kelley had no beneficial interest in the company referred to in paragraph 22 and did not direct its trading in Hucamp on March 23.

40. On first trading day following March 23, 2001 (when Medallion had purchased 58,500 shares) Medallion sold 60,000 Hucamp shares at $1.88 to an unknown purchaser after learning that another broker had an order to purchase a large number of shares.

41. Kelley did not agree to assist Illidge to manipulate trading in Hucamp shares. However, he acknowledges that he ignored various red flags indicating that Illidge or some group, including Elkhorn, was likely attempting to gain control of Hucamp. Although he did not appreciate it at the time, Kelley agrees that it now appears that the trading volume in shares of Hucamp was inflated during 2001 and that the trading by Elkhorn was part of an attempt to maintain the price. Kelley agrees that that trading volume could have influenced the public market.

42. Medallion lost money as a result of its dealing with Hucamp in relation to the January 3, 2001 Agreement.

43. Kelley continued to carry out the undertakings of Medallion set out in the January 3, 2001 Agreement until March 2002 even though Hucamp stopped paying Medallion in July 2001. Kelley made several efforts to convince other investors to take control of Hucamp to salvage the company and its projects.

IV. TERMS OF SETTLEMENT

44. The following terms of settlement, agreed to between Staff and Kelley, have been agreed to by Staff in light of the age of Kelley. But for Kelley's age, Staff would not have agreed to these terms given the seriousness of the conduct described in paragraphs 4 to 24 above.

45. The Respondent agrees to the following terms of settlement:

(a) The Commission will make an Order under section 127 of the Act that:

(i) Kelley shall cease trading in any securities for a period of five (5) years with the exception that Kelley will be permitted:

(a) to sell, exclusively for his own benefit, any securities that he beneficially and legally owns as of the date of this Order; and

(b) to exercise, exclusively for his own benefit, any option or warrant that he legally and beneficially owns as of the date of this Order, entitling him to purchase shares, and to sell said shares;

(ii) Kelley shall be reprimanded;

(iii) Kelley shall resign any position he currently holds as an officer or director of any registrant or reporting issuer;

(iv) Kelley shall be banned for a period of ten (10) years from acting as an officer or director of any reporting issuer or registrant; and

(b) The Commission will make an order under section 127.1 of the Act that Kelley pay costs of the investigation of this matter in the amount of $10,000.00 within 90 days of the Order.

V. STAFF COMMITMENT

46. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of Kelley in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 50, below.

VI. PROCEDURE FOR APPROVAL OF SETTLEMENT

47. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for May 12, 2008, or such other date as may be agreed to by Staff and Kelley in accordance with the procedures described in this Settlement Agreement.

48. Staff and Kelley agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting Kelley's conduct in this matter, and Kelley agrees to waive his right to a full hearing, judicial review, or appeal of the matter under the Act.

49. Staff and Kelley agree that if this Settlement Agreement is approved by the Commission, Kelley will not make any public statement inconsistent with this Settlement Agreement and that Staff will not make any public statement inconsistent with Parts I, II, III-A, III-B, IV, V, VI and VII of this Settlement Agreement.

50. If Kelley fails to honour the agreement contained in the preceding paragraph of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Kelley based on the facts set out in Part III of this Settlement Agreement and based on the breach of this Settlement Agreement.

51. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or an order in the form attached as Schedule "A" is not made by the Commission, each of Staff and Kelley will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this Settlement Agreement or the settlement negotiations.

52. Whether or not this Settlement Agreement is approved by the Commission, Kelley agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF AGREEMENT

53. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commission, except with the written consent of both Kelley and Staff or as may be required by law.

54. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission execution of settlement agreement.

55. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

56. A facsimile copy of any signature shall be as effective as an original signature.

DATED this 12th day of May, 2008

Signed in the presence of:

"Linda Fuerst"
Witness

"Stafford Kelley"
Stafford Kelley
Respondent

DATED this 8th day of May, 2008

STAFF OF THE ONTARIO SECURITIES
Acting Director "Kelley McKinnon"

Per:
Michael Watson
Director, Enforcement Branch

SCHEDULE 'A'

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

AND

IN THE MATTER OF
STAFFORD KELLEY ("Kelley")

ORDER
(Sections 127 and 127.1)

WHEREAS on July 11, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act in respect of Kelley, and others;

AND WHEREAS the Respondent and Staff of the Commission entered into a settlement agreement dated May 12, 2008 (the "Settlement Agreement") in which they agreed to a settlement of the proceeding subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing the submissions from counsel for Kelley and for Staff of the Commission;

AND WHEREAS Kelley and Medallion Capital Corp. have undertaken to the Commission that neither of them will ever apply to the Commission for registration in any capacity contemplated by the Act;

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

IT IS HEREBY ORDERED THAT:

(1) the Settlement Agreement attached to this Order is hereby approved;

(2) pursuant to section 127 of the Act:

(a) Kelley shall cease trading in any securities for a period of five (5) years with the exception that Kelley will be permitted:

(i) to sell, exclusively for his own benefit, any securities that he beneficially and legally owns as of the date of this Order; and

(ii) to exercise, exclusively for his own benefit, any option or warrant that he legally and beneficially owns as of the date of this Order, entitling him to purchase shares, and to sell said shares;

(b) Kelley shall be reprimanded;

(c) Kelley shall resign any position he currently holds as an officer or director of any registrant or reporting issuer;

(d) Kelley shall be banned for a period of ten (10) years from acting as an officer or director of any reporting issuer or registrant; and

(3) pursuant to section 127.1 of the Act that Kelley pay costs of the investigation of this matter in the amount of $10,000.00 within 90 days of the Order.

Dated at Toronto on this 13th day of May, 2008

"James E. A. Turner"
James E. A. Turner

"Margot C. Howard"
Margot C. Howard

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
World Wide Minerals Ltd.	01 May 08	13 May 08		15 May 08
Divcom Lighting Inc.	01 May 08	13 May 08		15 May 08
Tele-Find Technologies Corp.	08 May 08	20 May 08		
Visionsky Corp.	09 May 08	21 May 08		
Banff Rocky Montain Resort Limited Parntership	12 May 08	23 May 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
Atlantis Systems Corp.	01 Apr 08	14 Apr 08	14 Apr 08	12 May 08	
Onco Petroleum Inc.	09 May 08	22 May 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
Argus Corporation Limited	25 May 04	03 June 04	03 Jun 04		
CoolBrands International Inc.	30 Nov 06	13 Dec 06	13 Dec 06		
Fareport Capital Inc.	13 July 07	26 Jul7 07	26 July 07		
Hip Interactive Corp.	04 July 05	15 July 05	15 July 05		
SunOpta Inc.	20 Feb 08	04 Mar 08	04 Mar 08		
HMZ Metals Inc.	09 Apr 08	22 Apr 08	22 Apr 08		
Atlantis Systems Corp.	01 Apr 08	14 Apr 08	14 Apr 08	12 May 08	
Petrolympic Ltd.	02 May 08	15 May 08			
Warwick Communications Inc.	02 May 08	15 May 08			
Dynamic Fuel Systems Inc.	05 May 08	16 May 08			
McVicar Resources Inc.	05 May 08	16 May 08			

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Onepak, Inc.	05 May 08	16 May 08			
PharmEng International Inc.	07 May 08	20 May 08			
Prime City One Capital Corp.	07 May 08	20 May 08			

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service 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
04/23/2008	7	Adroit Resources Inc. - Units	1,002,792.50	5,013,962.00
04/30/2008	1	Am-Ves Resources Inc. - Common Shares	5,000.00	25,000.00
04/30/2008	1	Am-Ves Resources Inc. - Warrants	5,000.00	12,500.00
04/25/2008	25	American Copper Corporation - Units	400,000.00	2,000,000.00
01/01/2007 to 10/19/2007	2	AMI Balanced Pooled Fund - Units	752,497.97	69,062.45
01/01/2007	1	AMI Canadian Equity Pooled Fund - Units	201,034.69	25,354.36
01/01/2007 to 08/16/2007	2	AMI Capped Canadian Equity Pooled Fund - Units	9,946,601.91	681,059.46
01/01/2007	1	AMI Corporate Bond Pooled Fund - Units	102,757.03	10,049,096.00
01/01/2007 to 08/17/2007	5	AMI Fixed Income Pooled Fund - Units	4,258,046.97	332,805.41
01/01/2007 to 10/01/2007	2	AMI Growing Income Pooled Fund - Units	905,629.83	51,083.85
01/02/2007 to 12/31/2007	2	AMI Money Market Pooled Fund - Units	17,677,627.43	1,767,762.74
01/01/2007 to 12/31/2007	17	AMI Small Cap Pooled Fund - Units	6,210,496.02	46,396.00
04/28/2008	12	Arius Software Corporation - Common Shares	570,000.00	114,000.00
04/25/2008	1	Axela Inc. - Warrants	1,400,000.00	1,102,362.00
05/02/2008	1	BCGold Corp. - Common Shares	1,050,000.00	3,000,000.00
05/01/2008	1	Big Deal Games Inc. - Units	1,000,000.00	1,000.00
04/24/2008	61	Burin Fluorspar Ltd. - Common Shares	6,229,999.95	20,920,000.00
04/24/2008	61	Burin Fluorspar Ltd. - Flow-Through Shares	6,229,999.95	24,099,999.00
05/01/2008	285	Canadian Horizons (Sendero) Limited Partnership - Limited Partnership Units	6,577,700.00	65,777.00
04/23/2008	1	Canadian Rockport Homes International, Inc - Units	10,000.00	2,000.00
05/01/2008	3	Capital Direct I Income Trust - Trust Units	122,000.00	12,200.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
04/30/2008	26	CardioMetabolics Inc. - Units	475,875.00	634,500.00
04/28/2008	164	Citigroup Inc. - Common Shares	6,000,000,000.00	6,000,000.00
04/26/2008 to 05/02/2008	5	CMC Markets Canada Inc. - Contracts for Differences	33,200.00	5.00
05/01/2008	1	Computershare Trust Company of Canada - Notes	704,913,891.41	704,913,891.00
04/22/2008	41	Consolidated Global Diamond Corp. - Units	2,000,000.00	10,000,000.00
05/01/2008	1	Crosshair Exploration & Mining Corp. - Common Shares	25,400.00	20,000.00
04/24/2008 to 05/02/2008	22	Edgeworth Mortgage Investment Corporation - Preferred Shares	504,800.00	50,480.00
04/22/2008	20	egX Group Inc. - Units	468,397.00	1,873,588.00
04/28/2008	78	Fortune River Resource Corp. - Common Shares	2,106,300.00	6,018,000.00
04/28/2008	78	Fortune River Resource Corp. - Warrants	2,106,300.00	3,009,000.00
04/25/2008	10	G4G Resources Ltd. - Units	650,000.00	2,600,000.00
04/21/2008 to 04/25/2008	32	General Motors Acceptance Corporation of Canada, Limited - Notes	10,975,502.24	10,975,502.24
04/28/2008 to 05/02/2008	27	General Motors Acceptance Corporation of Canada, Limited - Notes	18,528,405.07	18,528,405.07
03/24/2008 to 03/28/2008	22	General Motors Acceptance Corporation of Canada, Limited - Notes	11,862,702.14	11,862,702.14
04/25/2008	24	Golden Oasis Exploration Corp. - Units	300,000.00	2,000,000.00
05/01/2008	3	Headplay International Inc. - Common Shares	118,938.45	39,500.00
01/11/2008	1	HMZ Metals Inc. - Common Shares	60,000.00	4,000,000.00
04/25/2008	45	Intrepid Potash, Inc. - Common Shares	21,076,580.16	642,328.00
04/01/2008	1	MCAN Performance Strategies - Limited Partnership Units	100,000.00	779.36
04/29/2008	9	MPP Holdings, Inc. - Common Shares	57,987,000.00	11,597,400.00
09/05/2007	9	MT Investments Inc. - Notes	105,000,000.00	105,000,000.00
05/05/2008	2	Namex Explorations Inc. - Common Shares	58,500.00	150,000.00
04/30/2008	4	National Bank of Canada - Notes	2,700,000.00	3,751.88
05/01/2008 to 05/05/2008	2	New Solutions Financial (II) Corporation - Debentures	2,100,000.00	2.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
04/30/2008	4	Newport Partners Private Growth Fund LP - Units	129,566.80	121.00
04/28/2008 to 04/30/2008	10	Newport Yield Fund - Units	1,450,000.00	11,864.95
05/02/2008	1	Peregrine Metals Ltd. - Common Shares	2,000,000.00	4,000,000.00
02/29/2008	9	Prestigious Capital Four Ltd. - Bonds	185,000.00	1,850.00
03/31/2008	31	Prestigious Investment & Management (PRISM) A - Limited Partnership - Limited Partnership Units	1,532,250.00	145.00
04/30/2008	147	Redcliffe Exploration Inc. - Flow-Through Shares	6,580,574.99	6,510,137.00
04/30/2008	78	Reece Energy Exploration Corp. - Common Shares	7,500,000.50	4,838,710.00
04/24/2008	1	Relational Investors Alpha Fund I, L.P. - Limited Partnership Interest	253,300,000.00	250,000,000.00
04/08/2008	6	Rockex Limited - Common Shares	95,100.10	934,001.00
04/25/2008	8	Royal Bank of Canada - Notes	1,018,100.00	1,000.00
04/30/2008 to 05/05/2008	3	Rx Exploration Inc. - Units	83,200.00	208,000.00
04/22/2008	34	Sedex Mining Corp. - Flow-Through Shares	452,000.00	3,321,250.00
01/25/2008	2	Sextant Strategic Opportunities Hedge Fund LP - Units	325,000.00	9,907.80
04/28/2008	4	Solitaire Minerals Corp. - Common Shares	1,500,000.00	18,750,000.00
04/28/2008	4	Solitaire Minerals Corp. - Units	1,500,000.00	12,500,000.00
04/28/2008	26	University Health Industries Inc. - Common Shares	0.00	6,875,000.00
05/01/2008	2	Upper Canyon Minerals Corp. - Units	600,000.00	2,000,000.00
04/28/2008	23	U.S. Geothermal Inc. - Units	14,998,875.00	6,382,500.00
04/29/2008	5	Valcent Products Inc. - Units	1,819,935.00	2,996,666.00
01/31/2008	90	Vertex Fund - Trust Units	9,662,651.91	6,490,076.44
04/28/2008	121	Walton AZ Silver Reef 2 Investment Corporation - Common Shares	2,533,790.00	253,379.00
04/28/2008	219	Walton TX South Grayson Investment Corporation - Common Shares	3,496,250.00	349,625.00
04/28/2008	36	Walton TX South Grayson Limited Partnership - Limited Partnership Units	4,628,418.44	454,658.00
04/22/2008 to 04/30/2008	3	Westboro Mortgage Investment Corp. - Preferred Shares	415,000.00	41,500.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
05/01/2008	1	WSR Gold Inc. - Common Shares	0.00	2,500,000.00
04/24/2008	53	WSR Gold Inc. - Flow-Through Units	8,999,998.60	5,833,331.00
04/24/2008	53	WSR Gold Inc. - Units	8,999,998.60	11,000,000.00
05/02/2008	1	WSR Gold Inc. - Warrants	0.00	500,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AAER Inc.
Principal Regulator - Quebec
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated May 7, 2008
NP 11-202 Receipt dated May 7, 2008
Offering Price and Description:
$7,500,000.00 - 15,000,000 Common Shares Price - $0.50 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
National Bank Financial Inc.
Promoter(s):
Gerard Prevost
Project #1258012

Issuer Name:
American Capital Strategies, Ltd.
Type and Date:
Amended and Restated Preliminary MJDS Prospectus dated May 12, 2008
Receipted on May 12, 2008
Offering Price and Description:
US$ 7,000,000,000.00:
Common Stock
Preferred Stock
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1251673

Issuer Name:
Apoka Capital Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated May 9, 2008
NP 11-202 Receipt dated May 12, 2008
Offering Price and Description:
$300,000.00 - 2,000,000 Common Shares Price - $0.15 per Common Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
Bipin Ghelani
Project #1263594

Issuer Name:
ARISE Technologies Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 7, 2008
NP 11-202 Receipt dated May 7, 2008
Offering Price and Description:
$46,200,000.00 - 21,000,000 Common Shares Price $2.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Clarus Securities Inc.
Fraser Mackenzie Limited
Raymond James Ltd.
Haywood Securities Inc.
Versant Partners Inc.
Promoter(s):
-
Project #1261643

Issuer Name:
Blackwater Capital Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary CPC Prospectus dated May 8, 2008
NP 11-202 Receipt dated May 12, 2008
Offering Price and Description:
$360,000.00 - 1,800,000 common shares Price: $0.20 per common share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Rodney J. McCann
Project #1263478

Issuer Name:
Carlaw Capital III Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated May 9, 2008
NP 11-202 Receipt dated May 12, 2008
Offering Price and Description:
$200,000.00 - 1,000,000 Common Shares PRICE: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Integral Wealth Securities Limited
Promoter(s):
Amar Bhalla
Project #1263519

Issuer Name:
Connor, Clark & Lunn Risk-Managed Energy Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 6, 2008
NP 11-202 Receipt dated May 7, 2008
Offering Price and Description:
$ * Maximum - * Class A and F Units Minimum Purchase - 100 Class A and F Units - Price - $10.00 per Class A and F Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Richardson Partners Financial Limited
HSBC Securities (Canada) Inc.
Wellington West Capital Inc.
Berkshire Securities Inc.
Dundee Securities Corporation
GMP Securities L.P.
Raymond James Ltd.
Blackmont Capital Inc.
Canaccord Capital Corporation
Desjardins Securities Inc.
Promoter(s):
Connor, Clark & Lunn Capital Markets Inc.
Project #1261359

Issuer Name:
Copper Mountain Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated May 9, 2008
NP 11-202 Receipt dated May 13, 2008
Offering Price and Description:
$50,000,000.00 - 21,739,131 Units. Price of $2.30 per Unit
Underwriter(s) or Distributor(s):
Jennings Capital Inc.
Canaccord Capital Corporation
Promoter(s):
-
Project #1264468

Issuer Name:
CU Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated May 8, 2008
NP 11-202 Receipt dated May 9, 2008
Offering Price and Description:
$1,500,000,000.00 - Debentures (Unsecured)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1262672

Issuer Name:
Fortis Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 8, 2008
NP 11-202 Receipt dated May 8, 2008
Offering Price and Description:
$200,000,000.00 - 8,000,000 Cumulative Redeemable Five-Year Fixed Rate Reset First Preference Shares, Series G Price - $25.00 per share to yield initially 5.25% per annum
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Desjardins Securities Inc.
Beacon Securities Limited
Promoter(s):
-
Project #1262361

Issuer Name:
Horizons BetaPro MSCI® Emerging Markets Bear Plus ETF
Horizons BetaPro MSCI® Emerging Markets Bull Plus ETF
Horizons BetaPro NASDAQ-100® Bear Plus ETF
Horizons BetaPro NASDAQ-100® Bull Plus ETF
Horizons BetaPro S&P 500® Bear Plus ETF
Horizons BetaPro S&P 500® Bull Plus ETF
Horizons BetaPro US 30-year Bond Bear Plus ETF
Horizons BetaPro US 30-year Bond Bull Plus ETF
Horizons BetaPro US Dollar Bear Plus ETF
Horizons BetaPro US Dollar Bull Plus ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 7, 2008
NP 11-202 Receipt dated May 8, 2008
Offering Price and Description:
Mutual Fund Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
BetaPro Management Inc.
Project #1261745

Issuer Name:
MAYA GOLD & SILVER INC.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated May 9, 2008
NP 11-202 Receipt dated May 12, 2008
Offering Price and Description:
$2,000,000.00 - 8,000,000 Units Price: $0.25 per Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Promoter(s):
Rejean Gosselin
Project #1263338

Issuer Name:
Orbit Garant Drilling Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated May 12, 2008
NP 11-202 Receipt dated May 13, 2008
Offering Price and Description:
$ * - * Common Shares Price - $ * per Share
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
1684182 Ontario LP
1684182 Ontario GP, LP
1684182 Ontario Inc.
1684182 Ontario (International) LP
1684182 Ontario (International GP, LP
Project #1264308

Issuer Name:
Phoenix Technology Income Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 8, 2008
NP 11-202 Receipt dated May 8, 2008
Offering Price and Description:
$17,875,000.00 - 1,250,000 Trust Units $14.30 per Trust Unit
Underwriter(s) or Distributor(s):
Peters & Co. Limited
Promoter(s):
-
Project #1262291

Issuer Name:
Quetzal Energy Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 8, 2008
NP 11-202 Receipt dated May 9, 2008
Offering Price and Description:
Up to * Units $ * per Unit
Underwriter(s) or Distributor(s):
D&D Securities Company
Promoter(s):
Steven J. Reynolds
Project #1262933

Issuer Name:
Richmond Energy Corp.
Type and Date:
Preliminary Prospectus dated May 9, 2008
Receipted on May 13, 2008
Offering Price and Description:
$ * - * Common Shares Price: $ * per Common Share
Underwriter(s) or Distributor(s):
D & D Securities Company
Promoter(s):
Kabir Ahmed
Project #1264214

Issuer Name:
Sea Dragon Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated May 7, 2008
NP 11-202 Receipt dated May 7, 2008
Offering Price and Description:
$ * (Minimum and Maximum Offering) A Minimum and Maximum of * Common Shares Price - $ * per Common Share
Underwriter(s) or Distributor(s):
Salman Partners Inc.
Thomas Weisel Partners Canada Inc.
Fraser Mackenzie Limited
Promoter(s):
David M. Thompson
Parvez Tyab
Project #1261611

Issuer Name:
Silicon Participation Corporation
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Prospectus dated May 13, 2008
NP 11-202 Receipt dated May 13, 2008
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
GMP Securities L.P.
CIBC World Markets Inc.
Canaccord Capital Corporation
Blackmont Capital Inc.
Dundee Securities Corporation
Wellington West Capital Markets Inc.
Promoter(s):
SPC Management GP, LLC
Project #1242880

Issuer Name:
Sprott All Cap Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 12, 2008
NP 11-202 Receipt dated May 13, 2008
Offering Price and Description:
(Series A, F and I Units)
Underwriter(s) or Distributor(s):
Sprott Asset Management Inc.
Promoter(s):
Sprott Asset Management Inc.
Project #1264495

Issuer Name:
Terminal City Capital Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated May 7, 2008
NP 11-202 Receipt dated May 7, 2008
Offering Price and Description:
$1,800,000.00 - 9,000,000 Common Shares Price - $0.20 per common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
Andrzej Kowalski
Project #1261917

Issuer Name:
Terra Firma Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated May 8, 2008
NP 11-202 Receipt dated May 8, 2008
Offering Price and Description:
$510,000.00 (Minimum Offering) $1,500,000.00 (Maximum Offering) A Minimum of 1,700,000 Shares and a Maximum of 5,000,000 Shares Price - $0.30 per Share
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
-
Project #1262416

Issuer Name:
Tethys Petroleum Limited
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated May 7, 2008
NP 11-202 Receipt dated May 7, 2008
Offering Price and Description:
US $20,00,000.00 (Minimum Offering); US $75,000,000.00 (Maximum Offering) A Minimum of * Ordinary Shares and a Maximum of * Ordinary Shares Price - US * per Ordinary Share
Underwriter(s) or Distributor(s):
Jennings Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #1254467

Issuer Name:
Timbercreek Mortgage Investment Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated May 7, 2008
NP 11-202 Receipt dated May 8, 2008
Offering Price and Description:
Minimum and Maximum Offering - $ * or * Subscription Receipts Price - $10.00 per Subscription Receipt
Underwriter(s) or Distributor(s):
Berkshire Securities Inc.
Raymond James Ltd.
Dundee Securities Corporation
Newport Securities L.P.
Burgeonvest Securities Limited
IPC Securities Corporation
Promoter(s):
Tembercreek Asset Management Inc.
Project #1262136

Issuer Name:
ZENN Motor Company Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 7, 2008
NP 11-202 Receipt dated May 8, 2008
Offering Price and Description:
Up to $ *; Up to * Common Shares $ * per Share
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Promoter(s):
-
Project #1262054

Issuer Name:
ARISE Technologies Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 13, 2008
NP 11-202 Receipt dated May 13, 2008
Offering Price and Description:
$46,200,000.00 - 21,000,000 Common Shares Price: $2.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Clarus Securities Inc.
Fraser Mackenzie Limited
Raymond James Ltd.
Haywood Securities Inc.
Versant Partners Inc.
Promoter(s):
-
Project #1261643

Issuer Name:
Augen Gold Corp.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 28, 2008 to the Prospectus dated April 21, 2008
NP 11-202 Receipt dated May 7, 2008
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
Augen Capital Corp.
Envoy Capital Group Inc.
Project #1218004

Issuer Name:
Series A Securities (unless otherwise noted) of:
BMO T-Bill Fund (Series A, D and I)
BMO Money Market Fund
BMO AIR MILES Money Market Fund
BMO Premium Money Market Fund
BMO Mortgage and Short-Term Income Fund (Series A, D and I)
BMO Bond Fund (Series A, D and I)
BMO Monthly Income Fund (Series A and I)
BMO World Bond Fund (Series A, D and I)
BMO Diversified Income Fund
BMO Global Monthly Income Fund
BMO Global High Yield Bond Fund (Series A and I)
BMO U.S. High Yield Bond Fund (Series A and I)
BMO Income Trust Fund
BMO Asset Allocation Fund (Series A and I)
BMO Dividend Fund (Series A and I)
BMO U.S. Equity Fund (Series A, D and I)
BMO Equity Fund (Series A, D and I)
BMO North American Dividend Fund
BMO International Index Fund (Series A and I)
BMO U.S. Equity Index Fund
BMO International Equity Fund (Series A, D and I)
BMO European Fund
BMO U.S. Growth Fund
BMO Equity Index Fund
BMO Japanese Fund
BMO Special Equity Fund (Series A and I)
BMO U.S. Special Equity Fund
BMO Global Science & Technology Fund
BMO Emerging Markets Fund (Series A, D and I)
BMO Resource Fund (Series A, D and I)
BMO Precious Metals Fund (Series A and I)
BMO U.S. Dollar Money Market Fund (Series A and I)
BMO U.S. Dollar Monthly Income Fund
BMO U.S. Dollar Equity Index Fund
BMO Short-Term Income Class*
BMO Dividend Class (Series A and I)*
BMO Global Dividend Class (Series A and I)*
BMO Canadian Equity Class (Series A and I)*
BMO Global Equity Class (Series A and I)*
BMO Greater China Class (Series A and I)*
*(each a class of BMO Global Tax Advantage Funds Inc .)
BMO LifeStage Plus 2015 Fund (Series A and I)
BMO LifeStage Plus 2020 Fund (Series A and I)
BMO LifeStage Plus 2025 Fund (Series A and I)
BMO LifeStage Plus 2030 Fund (Series A and I)
BMO FundSelect Security Portfolio
BMO FundSelect Balanced Portfolio
BMO FundSelect Growth Portfolio
BMO FundSelect Aggressive Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 9, 2008
NP 11-202 Receipt dated May 13, 2008
Offering Price and Description:
Series A, D and I securities @ Net Asset Value
Underwriter(s) or Distributor(s):
BMO Investments Inc.
BMO Investments Inc.
Promoter(s):
BMO Investments Inc.

Project #1243377

Issuer Name:
CI Short-Term Advantage Corporate Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated May 6, 2008
NP 11-202 Receipt dated May 9, 2008
Offering Price and Description:
Class A, F and I shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1240265

Issuer Name:
CI Short-Term Advantage Trust
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated May 6, 2008
NP 11-202 Receipt dated May 9, 2008
Offering Price and Description:
Mutual fund units at net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1240443

Issuer Name:
Coxe Commodity Strategy Fund
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 5, 2008
NP 11-202 Receipt dated May 7, 2008
Offering Price and Description:
$250,000,000.00 – Maximum 25,000,000 Class A Combined Units $10.00 per Class A Combined Unit; Each Class A Combined Unit consists of one Class A Unit and one Warrant for one Class A Unit; $10,000,000.00 - Maximum 1,000,000 Class F Combined Units $10.00 per Class F Combined Unit: Each Class F Combined Unit consists of one Class F Unit and one Warrant for one Class F Unit.
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Berkshire Securities Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Richardson Partners Financial Limited
Wellington West Capital Inc.
Promoter(s):
BMO Nesbitt Burns Inc.
Project #1247037

Issuer Name:
Imaging Dynamics Company Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 7, 2008
NP 11-202 Receipt dated May 7, 2008
Offering Price and Description:
$8,000,000.00 (Minimum Offering); $11,000,000.00 (Maximum Offering) A Minimum of 23,880,598 Units and a Maximum of 32,835,820 Units Price: $0.335 per Unit
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Jennings Capital Inc.
Promoter(s):
-
Project #1252586

Issuer Name:
Imperial U.S. Equity Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 8, 2008 to the Simplified Prospectus and Annual Information Form dated January 30, 2008
NP 11-202 Receipt dated May 13, 2008
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Canadian Imperial Bank of Commerce
Project #1187800

Issuer Name:
Jov Fiera Balanced Tactical Portfolio
Jov Fiera Conservative Tactical Portfolio
Jov Fiera Growth Tactical Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 5, 2008
Mutual Reliance Review System Receipt dated May 8, 2008
Offering Price and Description:
Series A, F, I and T Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
JovFUnds Management Inc.
Project #1225040

Issuer Name:
Mavrix Explore 2008 - I FT Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 8, 2008
NP 11-202 Receipt dated May 12, 2008
Offering Price and Description:
Maximum offering: $50,000,000.00 (5,000,000 Units) @ $10.00 per Unit; Minimum offering: $5,000,000.00 (500,000 Units) @ $10.00 per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
CIBC World Markets Inc.
Dundee Securities Corporation
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
Blackmont Capital Inc.
IPC Securities Corporation
Raymond James Ltd.
Wellington West Capita Inc.
Argosy Securities Inc.
Bieber Securities Inc.
Desjardins Securities Inc.
GMP Securities L.P.
Industrial Alliance Securities Inc.
MGI Securities Inc.
Research Capital Corporation
Promoter(s):
Mavrix Explore 2008
IFT Management Limited
Mavrix Fund Management Inc.
Project #1250560

Issuer Name:
QuestAir Technologies Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated May 7, 2008
NP 11-202 Receipt dated May 8, 2008
Offering Price and Description:
$9,000,000.00 - 60,000,000 Subscription Receipts Price: $0.15 per Subscription Receipt
Underwriter(s) or Distributor(s):
Clarus Securities Inc.
Canaccord Capital Corporation

Promoter(s):
-
Project #1234010

Issuer Name:
Sparrow Ventures Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated May 6, 2008
NP 11-202 Receipt dated May 9, 2008
Offering Price and Description:
$300,000.00 - 3,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #1244535

Issuer Name:
Sprott Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated May 8, 2008
NP 11-202 Receipt dated May 8, 2008
Offering Price and Description:
$200,000,000.00 - 20,000,000 Common Shares Price: $10.00 per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Canaccord Capital Corporation
National Bank Financial Inc.
Jennings Capital Inc.
Paradigm Capital Inc.
Clarus Securities Inc.
Promoter(s):
-
Project #1246422

Issuer Name:
Tradex Bond Fund
Tradex Equity Fund Limited
Tradex Global Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 9, 2008
NP 11-202 Receipt dated May 13, 2008
Offering Price and Description:
Mutual Fund Securities at Net Asset Value
Underwriter(s) or Distributor(s):
Tradex Management Inc.
Promoter(s):
-
Project #1246087

Issuer Name:
Santa Barbara Resources Limited
Principal Jurisdiction - British Columbia
Type and Date:
Preliminary Prospectus dated March 28, 2008
Amendment #1 dated April 16, 2008
Withdrawn on May 12, 2008
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Canaccord Capital Corporation
Promoter(s):
Christoph Lassl
Project #1243459

Issuer Name:
Atrion Inc.
Principal Jurisdiction - Quebec
Type and Date:
Preliminary Prospectus dated October 30, 2007
Closed on March 28, 2008
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1174250

Issuer Name:
Pan Terra Resource Corp.
Principal Jurisdiction - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 19, 2007
Withdrawn on March 27, 2008
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1184834

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change of Name	From: Pyrford International PLC To: Pyrford International Limited	International Adviser (Investment Counsel & Portfolio Manager)	March 11, 2008
New Registration	Commonfund Asset Management Company, Inc.	International Adviser	May 12, 2008

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 RS Market Integrity Notice – Amendment Approval – Provisions Respecting "Off-Marketplace" Trades

May 16, 2008 No. 2008-008

RS MARKET INTEGRITY NOTICE

AMENDMENT APPROVAL

PROVISIONS RESPECTING "OFF-MARKETPLACE" TRADES

Summary

This Market Integrity Notice provides notice of the approval by the applicable securities regulatory authorities, effective May 16, 2008, of amendments to the Universal Market Integrity Rules to:

- clarify the ability of Participants and Access Persons in certain circumstances to conduct trades of listed or quoted securities other than by the entry of orders on a marketplace;
- clarify and modify the "best price" obligation to confirm that the obligation is to the "disclosed volume" of better-priced orders on certain marketplaces (defined as a "protected marketplace") at the time of execution of an order;
- provide a mechanism to cap the obligation to fill better-priced orders in the case of certain pre-arranged trades or intentional crosses (defined as a "designated trade") and modify the obligation to "move the market" when the trade would not qualify as a designated trade;
- provide for the introduction of an order marker (on a date to be determined by the Board of Directors of Market Regulation Services Inc.) to facilitate compliance with obligations owed to orders comprising part of the "disclosed volume"; and
- make a number of additional consequential changes to the Universal Market Integrity Rules including providing definitions of: "bypass order"; "Canadian account"; "designated trade"; "disclosed volume"; "non-Canadian account"; "foreign organized regulated market"; "pre-arranged trade"; "protected marketplace" and "trading increment".

The approved amendments have been revised from proposals contained in Market Integrity Notice 2005-012 – *Request for Comments – Provisions Respecting "Off-Marketplace" Trades* (April 29, 2005).

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 "OFF-MARKETPLACE" TRADES

Summary

This Market Integrity Notice provides notice of the approval by the applicable securities regulatory authorities[1], effective May 16, 2008, of amendments (the "Amendments") to the Universal Market Integrity Rules ("UMIR") to:

- clarify the ability of Participants and Access Persons in certain circumstances to conduct trades of listed or quoted securities other than by the entry of orders on a marketplace;
- clarify and modify the "best price" obligation to confirm that the obligation is to the "disclosed volume" of better-priced orders on certain marketplaces (defined as a "protected marketplace") at the time of execution of an order;
- provide a mechanism to cap the obligation to fill better-priced orders in the case of certain pre-arranged trades or intentional crosses (defined as a "designated trade") and modify the obligation to "move the market" when the trade would not qualify as a designated trade;
- provide for the introduction of an order marker, on a date to be determined by the Board of Directors of Market Regulation Services Inc. ("RS"), to facilitate compliance with obligations owed to orders comprising part of the "disclosed volume"; and
- make a number of additional consequential changes to UMIR including providing definitions of: "bypass order"; "Canadian account"; "designated trade"; "disclosed volume"; "non-Canadian account"; "foreign organized regulated market"; "pre-arranged trade"; "protected marketplace" and "trading increment".

The Amendments have been revised from the proposals contained in Market Integrity Notice 2005-012 – *Request for Comments – Provisions Respecting "Off-Marketplace" Trades* (April 29, 2005) (the "Revised Off-Marketplace Proposal").

Background to the Amendments

UMIR requires dealers who have access to a Canadian marketplace to trade in securities only by means of the entry of an order on a Canadian marketplace unless the trade specifically is exempted from that requirement. When trading on behalf of a client, a dealer is not able to bypass "better-priced" orders on a marketplace in order to trade at an inferior price over-the-counter, on a foreign market or on another marketplace. A dealer is able to complete principal trades with a Canadian client account on an "foreign organized regulated market" outside of Canada provided the dealer has first met its obligation to the Canadian market by filling the "better-priced" orders on Canadian marketplaces as disclosed in a consolidated market display. While, for administrative purposes, RS has interpreted a number of the terms used in the application of these requirements, the Amendments set out definitions of the relevant terms in UMIR to assist Participants and Access Persons in complying with their respective obligations.

Prior to the Amendments, a dealer when completing a pre-arranged trade or a wide distribution of significant blocks of stock had to deal with the uncertainties created over the amount of "interference" which the execution of the trade might encounter from "iceberg orders" (orders with an undisclosed volume) and possibly certain Special Terms Orders and other "specialty" orders[2] if the dealer must "move" the market for the security to facilitate the transaction on a marketplace. The "unknowns" surrounding the possible presence of iceberg orders or "interfering" orders distort pricing and fee arrangements.

In certain circumstances, a Participant may agree to take on a block of stock from a shareholder at a discount to the prevailing market. Ordinarily, this trade would be completed by the execution of an order on a marketplace, being a recognized exchange (an "Exchange"), a recognized quotation and trade reporting system (a "QTRS") or an alternative trading system (an "ATS") in Canada. However, if the person from whom the block of stock is acquired is:

- a "non-Canadian account", the Participant can complete the trade outside of Canada (including in an over-the-counter transaction) provided "such trade is reported to a marketplace or to a stock exchange or organized regulated market that publicly disseminates details of trades in that market" as permitted by Rule 6.4(e) of UMIR; or

[1] The Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Ontario Securities Commission and, in Quebec, by the Autorité des marchés financiers (the "Recognizing Regulators").

[2] UMIR defines a number of "specialty" type of orders such as: a Basis Order; a Call Market Order; a Market-on-Close Order; an Opening Order; a Special Terms Order; or a Volume-Weight Average Price Order.

- a "Canadian account", the Participant can execute the trade "on another exchange or organized regulated market that publicly disseminates details of trades in that market" as permitted by Rule 6.4(d) of UMIR.

If these trades are executed other than on a marketplace, the price at which such a trade may be executed will be governed by the requirements applicable in the jurisdiction of the exchange or market.

Proposals to clarify or amend the obligations of a Participant or Access Person when:

- "moving the market";
- executing a "block trade" or "wide distribution";
- dealing in a foreign market;
- trading in foreign currency; or
- executing a trade other than by the entry of an order on a marketplace

were originally published by RS in Market Integrity Notice 2004-018 – *Request for Comments – Provisions Respecting "Off-Marketplace" Trades* (August 20, 2004). Based on comments from the public and the applicable securities regulatory authorities, the Revised Off-Marketplace Proposal was published in April of 2005 that reflected a number of changes including consequential amendments arising from moving the relevant time to determine compliance with "best price" obligations from prior to execution of the order to the time of order execution. The change in the application of the "best price" obligation had initially been made to accommodate the introduction of BlockBook as an alternative trading system in mid-2005[3] and was subsequently been incorporated into guidance issued by RS with respect to securities trading on multiple marketplaces.[4] The Amendments modified the Revised Off-Marketplace Proposal to reflect the guidance issued by RS.

Summary of the Amendments

The Amendments are effective as of May 16, 2008. However, the amendment to Rule 6.2 to provide for a "bypass order" marker will not come into force until a date to be determined by the Board of Directors of RS. (For more details, see "Technological Implications and Implementation Plan" on pages 16 and 17.)

The following is a summary of the most significant aspects of the Amendments:

Definition of "bypass order"

In the Revised Off-Marketplace Proposal, RS had suggested that provision be made for a "bypass marker" under Rule 6.2 as a designation to be attached to an order on the entry of an order to a marketplace. In the Amendments, RS reformulated the provision to provide for a specific order type to be termed a "bypass order". This reformulation will allow the concept to be used more broadly in the context of other provisions of UMIR. Under the Amendments, the term "bypass order" is defined to mean an order that is:

- part of a designated trade; or
- to satisfy an obligation to fill an order imposed on a Participant or Access Person by any Rule or Policy (such as the obligation to fill "better-priced" orders in accordance with Rule 5.2)

and that is entered on a protected marketplace to execute as against the disclosed volume on that marketplace prior to the execution or cancellation of the balance of the order. The definition is intentionally broad thereby permitting the order to also qualify as one of the other order types defined by UMIR in addition to its status as a "bypass order". (See "Definition of 'disclosed volume'" on pages 7 and 8 for the particulars of the order types that will be "bypassed" on use of the "bypass order" marker.)

Definition of "Canadian account" and a "non-Canadian account"

The Amendments define a "non-Canadian account" as an account of a client of a Participant and the client is considered to be a non-resident of Canada for the purposes of the Income Tax Act (Canada). This definition is easily verifiable as a Participant must determine the tax status of each account for the purposes of establishing the obligation of the Participant to withhold taxes

[3] See Market Integrity Notice 2005-015 – *Guidance – Complying with "Best Price"* Obligations (May 12, 2005).
[4] Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006).

from distributions of dividends and interest allocated by the Participant to each account. This definition also effectively adopts the interpretation which RS has provided for the term on an administrative basis.

The Amendments also defines a "Canadian account" in order to clarify that there are not more than two possible categories. If an account does not come within the definition of a "non-Canadian account", the account is considered a "Canadian account". As such, if there is any doubt as to the status of an account, it would be treated as a Canadian account (and the exemption for an off-marketplace trade involving a non-Canadian account provided in clause (e) of Rule 6.4 would not be available when trading with or on behalf of the account.)

Definition of "designated trade"

The Amendments define a "designated trade" as an intentional cross or a pre-arranged trade of security made at a price that:

- would not be less than the lesser of:
  - 95% of the best bid price, and
  - 10 trading increments less than the best bid price; and
- would not be more than the greater of:
  - 105% of the best ask price, and
  - 10 trading increments more than the best ask price.

Under the definition, there are no minimum volume or value requirements in order for an intentional cross or pre-arranged trade to qualify as a "designated trade". However, an intentional cross or a pre-arranged trade that would be made at a price that falls outside the price parameters set out in the definition would be subject to "moving the market" requirements as set out in Part 2 of Policy 2.1. (See "Execution of a Pre-Arranged Trade or Intentional Cross" on pages 12 and 13.)

Definition of "disclosed volume"

The Amendments define "disclosed volume" as including the volume of orders on a protected marketplace at a price better than the price of the intended trade but excludes:

- the undisclosed portion of any iceberg order;
- a Basis Order;
- a Call Market Order;
- a Market-on-Close Order;
- an Opening Order;
- a Special Terms Order; or
- a Volume-Weighted Average Price Order.

The definition of disclosed volume provides that only orders on a "protected marketplace" need to be included in the calculation. One of the requirements to be considered a "protected marketplace" is the dissemination of order data in real-time and electronically to the information processor or one or more information vendors in accordance with the Marketplace Operation Instrument. (For a more detailed discussion of the requirements of a "protected marketplace", see "Definition of 'protected marketplace'" on pages 9 and 10.)

The definition of disclosed volume is applicable for determining the obligation to better-priced orders when entering:

- a designed trade under Policy 2.1; and
- an order to satisfy the "best price" obligation under Rule 5.2.

If the designated trade has been negotiated outside of the trading hours of a marketplace, the disclosed volume would be determined at the time the designated trade is executed on a marketplace in accordance with the requirements of Rule 6.4 requiring trades to be executed on a marketplace (as this would ensure that the disclosed volume reflected all "after hours" news regarding the market generally or the particular issuer whose securities were included in the designated trade).

Definition of "foreign organized regulated market"

The Amendments provide a definition of a "foreign organized regulated market" as a market outside of Canada:

- that is an exchange, quotation or trade reporting system, alternative trading system or similar facility recognized by or registered with an ordinary member of the International Organization of Securities Commissions;
- on which the entry of orders and the execution or reporting of trades is monitored for securities regulatory requirements at the time of entry and execution or reporting by a self-regulatory organization recognized by the securities regulatory authority or by the market if the market has been empowered by the securities regulatory authority to monitor its own market;
- that displays and provides timely information to information vendors, information processors or persons providing similar functions respecting the dissemination of data to market participants for that market of at least the price, volume and security identifier of each trade at the time of execution or reporting of the trade on that market; and
- that excludes a facility of a market to which trades executed over-the-counter are reported unless:
    - the trade is required to be reported and is reported to the market forthwith following execution,
    - at the time of the report, the trade is monitored for compliance with securities regulatory requirements, and
    - at the time of the report, timely information respecting the trade is provided to information vendors, information processors or persons providing similar functions respecting the dissemination of data to market participants for that market.

When a Participant is trading a listed security or quoted security outside of Canada, the trade should be conducted on a market that has substantially the same regulatory monitoring and dissemination of data to the public as would be present if the trade had been conducted on a marketplace in Canada. The definition of "foreign organized regulated market" under the Amendments excludes certain bulletin boards (in particular, the "Pink Sheets") and reporting facilities (such as the Automated Confirmation Transaction Services ("ACT") operated by Nasdaq and the Trade Reporting and Comparison Services ("TRACS") operated by the National Association of Securities Dealers ("NASD") for those members that participate in the Alternative Display Facility).

The OTC Bulletin Board is an automated trading system that permits dealers to voluntarily post quotes subject to NASD rules. The prices and quotes are available to the public, with a data feed available to information vendors. All trades must be reported to NASD within ninety seconds and information of each trade is printed, or if made after hours, the next trading day. If the trade is made after NASD hours, the trade is not printed nor is there "real time" surveillance of the trading activity. In this context, the OTC Bulletin Board would constitute a "foreign organized regulated market" under the Amendments during the period of operation when trades must be reported within ninety seconds. At all other times, the OTC Bulletin Board would not meet the requirements of the definition.

Definition of "pre-arranged trade"

The Amendments introduce a definition of a "pre-arranged trade" as a trade for which the terms of the trade were agreed upon, prior to the entry of either the order to purchase or to sell on a marketplace, by the persons entering the orders or by the persons on whose behalf the orders are entered. Orders which have been matched in the "upstairs market" would be considered to be a pre-arranged trade. Similarly, a Participant would be entering a "pre-arranged trade" if the Participant receives client instructions to "cross" with a particular order entered on a marketplace by that Participant or another Participant in circumstances where the clients have agreed to pursue the transaction.

Definition of "protected marketplace"

In providing guidance on the obligations of a Participant when competitive marketplaces trade the same securities[5], RS indicated that the "best price" obligation would be limited to orders entered on a marketplace that:

- disseminates order data in real-time and electronically to the information processor or one or more information vendors in accordance with the Marketplace Operation Instrument;
- permits dealers to have access to trading in the capacity as agent;
- provides fully-automated electronic order entry; and
- provides fully-automated order matching and trade execution.

Effective March 9, 2007, these factors were specifically added to Policy 5.2 to qualify the "best price" obligation of a Participant.[6] The Amendments incorporated these factors directly into a definition of a "protected marketplace" which permits the concept to be used more broadly within UMIR such as in the definitions of "disclosed volume" and "bypass order" and in the requirements in Policy 2.1 governing the execution of a pre-arranged trade or intentional cross.

As at May 16, 2008, of the marketplaces which are regulated by RS, the Toronto Stock Exchange ("TSX"), TSX Venture Exchange ("TSXV"), Canadian Quotation and Trading System ("CNQ"), including the Pure Trading Facility of CNQ, Omega ATS ("Omega") and Chi-X Canada ATS Limited ("Chi-X") qualify as a "protected marketplace". For a description of the basic features of each these marketplaces, see "Summary Comparison of Current Equity Marketplaces" available on the RS website: www.rs.ca.

Definition of "trading increment"

The Amendments to the "moving the market" provisions in UMIR permit the immediate execution of orders that are not more than 10 trading increments below the best bid price or not more than 10 trading increments above the best ask price. Under the Amendments, the ability to undertake an immediate trade also depends on the percentage difference of the intended trade price from the best ask price and best bid price. The definition of a "trading increment" under the Amendments is the minimum difference in price at which orders may be entered on a marketplace in accordance with Rule 6.1 which sets out the minimum trading increment as one cent for orders with a price of $0.50 or more and one-half cent for orders less than $0.50.

The standardization of minimum trading increments permits the direct comparison of whether an order on a particular marketplace is a "better-priced" order and allows a Participant to determine whether a period of time to move the market is required in order to execute an intentional cross or pre-arranged trade.

Best Price Obligation

If on the entry of an order by a Participant on a marketplace, all or part of that order could be executed immediately against better-priced orders on a protected marketplace indicated in a consolidated market display, the "best price" obligation requires that the Participant make reasonable efforts to obtain the "best price".[7] If the order is being executed as a pre-arranged trade or intentional cross that would qualify as a designated trade, the disclosed volume of any better-priced orders would have to be filled by the Participant as part of its obligations under Part 2 of Policy 2.1.

In particular, the Amendments changed the Rules and Policies regarding the "best price" obligation by:

- incorporating into Rule 5.2, the guidance previously given by RS that the "best price" obligation arises at the time of the execution of an order;[8]

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5 See Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006).

6 See Market Integrity Notice 2007-002 – *Amendment Approval – Provisions Respecting Competitive Marketplaces* (February 26, 2007).

7 For a discussion of the "best price" obligations prior to giving effect to the Amendments, reference should be made to the following Market Integrity Notices:
- Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006);
- Market Integrity Notice 2006-020 – *Guidance – Compliance Requirements For Trading On Multiple Marketplaces* (October 30, 2006);
- Market Integrity Notice 2007-015 – *Guidance – Specific Questions Related to Trading on Multiple Marketplaces* (August 10, 2007); and
- Market Integrity Notice 2007-021 – *Guidance – Expectations Regarding "Best Price" Obligations* (October 24, 2007).

8 Rule 5.2 previously provided that the Participant was to make reasonable efforts "prior to" the execution of an order but RS had issued guidance on the interpretation of this requirement. See Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006).

- clarifying that the "best price" obligation applies on the execution of any order by a Participant whether on behalf of a client, non-client or principal account;

- eliminating the distinction between "active" and "passive" orders when determining which orders owe a "best price" obligation;

- moving the exemption provided when a Participant is handling an order for a non-Canadian account from the Policy to be a specifically enumerated exemption in Rule 5.2; and

- specifically providing in the Policy that a Participant will be considered to have taken reasonable efforts to obtain the best price if, at the time of the execution of the order on a particular marketplace or foreign organized regulated market, the Participant enters orders on behalf of the client, non-client or principal account on each other protected marketplace and such orders have a sufficient volume and are at a price to fill the then disclosed volume[9] on that protected marketplace.

In addition to the changes to the "best price" obligation made by the Amendments, RS has made or proposed to make further changes to the factors that are to be taken into account by RS in determining whether a Participant has made "reasonable efforts" to obtain the best available prices. (See "Related Amendments and Proposals" on pages 17 and 18.)

Execution of a Pre-Arranged Trade or Intentional Cross

The Amendments provide a sliding scale for determining when a Participant or Access Person must "move the market" in order to execute a pre-arranged trade or intentional cross. If the price would move the market the greater of 10 trade increments and either 5% above the best ask price or 5% below the best bid price, the Participant or Access Person would be required to enter orders over a period of not less than 5 minutes in order to move the market in an orderly fashion. In keeping with the notion of a sliding scale, a period of not less than 10 minutes "to move the market" would be required if the price movement is more than 10%.

The Amendments limit the obligation to a Participant or Access Person entering a pre-arranged trade or intentional cross (rather than "any" trade as had previously been the requirement). If the price at which an intended trade is to be made would require that the market price be moved over time, the prior consent of a Market Regulator is required to enter the order on a marketplace. If the price of the pre-arranged trade or intentional cross is within the 5% price threshold the trade would qualify as a "designated trade" and the prior consent of a Market Regulator is not required. As a designated trade, the trade may execute on a marketplace if:

- orders included in the disclosed volume on the marketplace on which the designated trade is entered are filled prior to the execution of the designated trade; and

- subject to any qualification of the "best price" obligation in accordance with Part 1 of Policy 5.2, the Participant enters orders on another marketplace with a sufficient volume and at a price to fill the orders included in the disclosed volume of that other marketplace concurrent with, or immediately following the execution of the designated trade.

If the designated trade could not then be executed on the originally intended marketplace (due to the trade allocation rules and protocols of that marketplace), the Participant would be entitled to complete the trade:

- on another marketplace (if that other marketplace is able to execute the trade at the appropriate price); or

- "off-marketplace" (if no marketplace is able to execute the trade at the appropriate price).

[9] The term "disclosed volume" is defined as including the volume of orders on a protected marketplace at a price better than the price of the intended trade but excludes:
- the undisclosed portion of any iceberg order;
- a Basis Order;
- a Call Market Order;
- a Market-on-Close Order;
- an Opening Order;
- a Special Terms Order; or
- a Volume-Weighted Average Price Order.

Handling "Bypass Orders"

Under the Amendments, the undisclosed portion of the volume of an iceberg order and the volume of other orders not included in the disclosed volume will be ignored or "bypassed" when an order is entered:

- as a "designated trade"; or
- to obtain the "best price" for a client order (Rule 5.2).

If a Participant or Access Person is "moving the market" to execute a trade, the undisclosed portion of an iceberg order which is at a better price will be executed in full before the Participant or Access Person will be able to execute the intentional cross or pre-arranged trade. On certain marketplaces, Special Terms Order or other types of "specialty orders" may also "migrate" from a "Terms Book" or special facility and participate in the trades as the market price is moved to the level of the intended trade.

Under the Original Proposal, the undisclosed volume of an iceberg order would only be bypassed on the execution of a "designated block trade", which given the requirement that it have a value of $25,000,000 or more meant that there would on average be approximately 3 or 4 trades per day (based on trading activity on marketplaces at the time of the Original Proposal). In these circumstances, it was thought that the handling of the execution of such orders could be manually undertaken by marketplaces in conjunction with RS.

With the changes proposed in the Revised Off-Marketplace Proposal for compliance with best price obligations together with an expanded definition of a designated trade, a need arose for a new order marker, applicable to those marketplaces which permit undisclosed order volume or the migration of Special Terms Orders and other specialty orders to trade with "regular" orders. The marker would systematically enforce the bypass of the undisclosed volume of an iceberg order and bypass trading with Special Terms Orders and other specialty orders when permitted by the UMIR requirements. The marker which would be added to a bypass order would be disclosed by the marketplace for display in a consolidated market display. Inclusion of the marker in the public display would provide notice to market participants as to why certain orders may have been bypassed. (For more details, see "Technological Implications and Implementation Plan" on pages 16 and 17.)

Foreign Currency Translation when determining "better price"

Previously, UMIR provided that prices on foreign markets are to be translated into Canadian dollars using the mid-market spot rate or 7-day forward exchange rate in effect at the time of the trade, plus or minus 15 basis points. Under the Amendments, the formula is replaced with the exchange rate that would apply to a trade of a similar size on an organized market in the foreign jurisdiction. The same formula is introduced for converting the price of an internal cross or intentional cross that has been agreed to in a foreign currency for the purpose of reporting or executing the cross on a marketplace. The burden will be on the Participant to justify the foreign currency exchange rate which has been used and the Participant must maintain a record of that currency exchange rate with the information on the execution of the order.

Compliance will be assisted if there is a single foreign exchange formula to be used for various requirements under UMIR. While the formula is less specific than the previous formula, in fact the Participant has less choice in picking the rate to be used as it must relate to the exchange rate used by the Participant in similar transactions undertaken in proximity in value and time.

Consequential and Administrative Amendments

Based on the changes described above, the Amendments make a number of consequential or administrative amendments including:

- clarifying that any short sale undertaken by a Participant to fill an order imposed on a Participant or Access Person by any Rule or Policy is exempt from the restriction that the sale price not be less than the last sale price (and would include any order entered to facilitate the execution of a pre-arranged trade or intentional cross under Part 2 of Policy 2.1 or the "best price" obligation under Rule 5.2)[10];
- clarifying that a trade may be made off-marketplace in a security that has been halted, delayed or suspended by an Exchange or QTRS for "business reasons" if such security is not listed, quoted or traded on another marketplace;

[10] RS has proposed the repeal of price restrictions on short sales. The Amendment to subsection (2) of Rule 3.1 will remain in effect pending the outcome of the repeal. Reference is made to Market Integrity Notice 2007-017 – *Request for Comments – Provisions Respecting Short Sales and Failed Trades* (September 7, 2007).

- providing that a Market Integrity Official may direct that a trade that has executed without complying with the "best price" obligation must fill orders included in the disclosed volume at the time the offending order was executed (rather than the limitation of such obligation to the size of the offending order);

- conforming references throughout the Rules and Policies to newly-defined terms and provisions; and

- clarifying that any trade undertaken "off-marketplace" in accordance with an exemption in Rule 6.4 remains subject to a number of order handling provisions in UMIR including:

    - Rule 2.1 requiring a Participant to transact business openly and fairly and in accordance with just and equitable principles of trade when trading on a marketplace or trading or otherwise dealing in securities which are eligible to be traded on a marketplace,

    - Rule 4.1 prohibiting a Participant from frontrunning certain client orders,

    - Part 5 dealing with the "best execution obligation" of a Participant in respect of a client order,

    - Rule 8.1 governing client-principal trading, and

    - Rule 9.1 governing regulatory halts, delays and suspensions of trading.

Summary of the Changes from the Revised Off-Marketplace Proposal

Based on comments received in response to the Request for Comments on the Revised Off-Marketplace Proposal, the Revised Off-Marketplace Proposal was revised prior to the approval of the Amendments. The changes to the Revised Off-Marketplace Proposal are highlighted in Appendix "B" and include:

- transforming the proposed "bypass marker" into an order type;

- changing the definition of a "designated trade" to allow the concept to be applicable to securities other than a listed security or quoted security (such as a foreign exchange-traded security);

- changing the definition of "disclosed volume" to allow the concept to be applicable to securities traded on a "protected marketplace" other than a listed security or quoted security and to specifically exclude any Special Terms Order from the disclosed volume;

- introducing the concept of a "protected marketplace" (based on the marketplaces to which a "best price" obligation is owed under Rule 5.2);

- clarifying, in accordance with guidance issued by RS, that the "best price" obligation requires reasonable efforts be taken to execute with orders included in the "displayed volume" at the time of time of the execution of an order at an inferior price rather than prior to the execution of an order at an inferior price;

- providing that a Market Integrity Official may direct that a trade that has executed without complying with the "best price" obligation must fill orders included in the disclosed volume at the time the offending order was executed (rather than limiting such obligation to the size of the offending order);

- clarifying the requirements respecting recorded prices to confirm that a Participant can not provide a "negative commission" in respect of a principal transaction in order to bring a trade within the prevailing market;

- clarifying that the "best price obligation" applies on the execution of any order by a Participant whether on behalf of a client, non-client or principal account;

- clarifying that obligation to "better-priced" orders on the execution of a "designated trade" is subject to the qualifications on the "best price" obligation under Part 1 of Policy 5.2; and

- making a number of consequential changes arising from changes to the "best price obligation" and "best execution obligation" requirements made in certain amendments to the Policies under Rule 5.1 and Rule 5.2 that became effective on March 9, 2007 following the publication of Market Integrity Notice 2007-002 – Amendment Approval – Provisions Respecting Competitive Marketplaces (February 26, 2007).

Summary of the Impact of the Amendments

The principal impacts of the Amendments are to:

- address the "uncertainties" surrounding the ability of a Participant to "move the market" as a result of the presence of iceberg orders by providing a "cap" on the displacement obligation when undertaking certain pre-arranged trades or intentional crosses (defined in the proposal as a "designated trade") such that there would be no obligation to fill the undisclosed volume of an iceberg order;
- eliminate the need for "wide distributions" as provided for in the rules of the TSX or similar provisions of other marketplaces;
- specifically incorporate in the text of UMIR definitions of various phrases including:
    - "Canadian account",
    - "designated trade",
    - "disclosed volume",
    - "non-Canadian account",
    - "foreign organized regulated market",
    - "pre-arranged trade", and
    - "trading increment";
- amend the formula to be used to determine when a "better price" exists on a foreign market and for reporting trades agreed to in a foreign currency; and
- provide that Special Terms Orders and other "specialty" orders together with the undisclosed portion of the volume of an iceberg order will be ignored in trade allocations when an order is entered:
    - as a "designated trade", or
    - to satisfy an obligation to fill an order on a protected marketplace with a better price in accordance with the requirements respecting "best price" for an order (Rule 5.2).

Technological Implications and Implementation Plan

The Amendments introduce a "bypass order" marker which indicates that the order is either a "designated trade" or an order entered on a marketplace to satisfy an obligation to an order with a better price in accordance with the requirements of any Rule or Policy. Presently, an obligation to a "better priced" order is required under the provisions of Rule 5.2 and the Policies under that Rule. Orders with a bypass marker would trade only with orders that are included in the "disclosed volume" and would not trade with the undisclosed volume of an iceberg order and with "specialty orders" and Special Terms Orders.[11]

In order to provide Participants, marketplaces and service providers with an opportunity to make changes to their programming to accommodate the introduction of this marker, implementation of the required marker is deferred for a period of not less than 90 days following the date of this Market Integrity Notice and will come into force 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 this provision will be implemented at least 30 days in advance of the implementation date determined by the Board.

Implementation of a "cap" on the displacement obligation with respect to trading a "designated trade" and orders entered to satisfy displacement obligations arising from the execution of a trade on another marketplace may require each marketplace that permits iceberg orders, Special Terms Orders or certain types of specialty orders to undertake programming changes to their respective trading system or to have the ability to override trade allocations to permit the trades to be allocated and executed at the time and prices indicated in the suggested execution procedure. Under the Amendments, a "bypass order" may execute:

[11] See "Definition of 'disclosed volume'" on pages 7 and 8 for a more detailed explanation of the types of orders included in the definition of "disclosed volume".

- at any time during the trading day of a marketplace;
- without the requirement to halt trading on marketplaces to complete the transactions (though a temporary order inhibition may be required on certain marketplaces to facilitate the handling of the "displacement" trades);
- in a transparent manner (as a result of the disclosure of the order marker); and
- to establish the "last sale price" for the purposes of UMIR.

Until marketplaces have been able to modify their systems to accommodate changes to their trading allocation algorithms to bypass undisclosed volume in certain circumstances, the obligation on a Participant or Access Person would be quantified by the applicable "disclosed volume" but upon entry to the marketplace these orders would be allocated in accordance with the allocation algorithms then in place. Marketplaces that permit iceberg orders or the "migration" of Special Terms Orders to trade with "regular" orders would be expected to have modified their trading systems concurrent with the introduction of the "bypass" marker.

Related Amendments and Proposals

The Amendments provided for a number of changes to Rule 5.2 and Policy 5.2. (See "Summary of Amendments – Best Price Obligation" on pages 10 and 11.) RS has made or proposed to make further changes to the interpretation or application of the "best price" obligation including:

Interim Amendments Regarding the "Best Price" Obligation

Concurrent with the publication of this Market Integrity Notice, RS has published Market Integrity Notice 2008-009 - Request for Comments – Provisions Respecting the "Best Price" Obligation (May 16, 2008) regarding certain amendments to Policy 5.2 to expand on the factors that are to be taken into account by RS in determining whether a Participant has made "reasonable efforts" to obtain the best available prices. The amendments to the factors (the "Interim Amendments") are effective as of the date of this Market Integrity Notice but may be varied or repealed following public comment and review by the Recognizing Regulators.

The Interim Amendments provide that the Market Regulator will accept that a Participant has made "reasonable efforts" to comply with the "best price" obligation if the Participant has:

- entered the order on a marketplace that will ensure compliance with the "best price" obligation;
- used an acceptable order router; or
- provided the order to another Participant for entry on a marketplace.

If a Participant uses another means to enter an order on a marketplace, the Interim Amendments expand the factors that may be taken into account by RS in determining whether a Participant has made "reasonable efforts" to obtain the best available prices on a "protected marketplace" to include whether:

- the protected marketplace recently launched operations;
- order information from the protected marketplace is available through a data vendor used by the Participant;
- the protected marketplace has recently had a material malfunction or interruption of services; and
- the protected marketplace has demonstrated an inordinate proportion of "inferior fills" with respect tradeable orders routed to it.

The Interim Amendments also remove transaction costs as a factor in determining the "best price" obligation and clarify that "reasonable efforts" do not necessarily require a Participant to maintain a connection to each protected marketplace.

Each Participant must adopt policies and procedures to ensure compliance with its "best price" obligation, which will include the relevant factors upon which it is relying in making trading decisions. Each Participant must review its policies and procedures on an ongoing basis to reflect changes to the trading environment and market structure.

RS considers these to be "interim" amendments because the Canadian Securities Administrators ("CSA") are developing a trade-through proposal.[12] Depending upon the final form of this trade-through regime, conforming changes may be required to UMIR, in particular the "best price" obligation under Rule 5.2 as modified by the Interim Amendments. RS expects that the Interim Amendments will be in effect from the date of this Market Integrity Notice until changes implementing the final form of the CSA's trade-through regime become effective.

Reference should be made to Market Integrity Notice 2008-009 for more details on the Interim Amendments and the procedures for submitting a comment on the Interim Amendments.

Application for Approval of an Exemption from Aspects of the Best Price Obligation

With the publication of Market Policy Notice 2007-009 – General – Application for Approval of an Exemption from Aspects of the Best Price Obligation (December 20, 2007), RS provided notice of an application to the Recognizing Regulators for their approval to grant an exemption to the "best price" obligation under Rule 5.2 of UMIR such that a Participant would have an obligation to a better-priced order on a protected marketplace only if the Participant was a member, user or subscriber to that protected marketplace. RS has withdrawn this application for approval of an exemption as a result of the implementation of the Interim Amendments which become effective on the date of this Market Integrity Notice.

Appendices

- Appendix "A" sets out the text of the Amendments to the Rules and Policies respecting "off-marketplace" trades; and

- Appendix "B" sets out a summary of the comment letters received in response to the Request for Comments on the Revised Off-Marketplace Proposal contained in Market Integrity Notice 2005-012 - Request for Comments – Provisions Respecting "Off-Marketplace" Trades (April 29, 2005). Appendix "B" also sets out the response of RS to the comments received and provides additional commentary on the differences between the Amendments and the Revised Off-Marketplace Proposal. Appendix "B" also contains the text of the relevant provisions of the Rules and Policies as they read on the adoption of the Amendments. The text has been marked to indicate changes from the Revised Off-Marketplace Proposal.

Questions / Further Information

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[12] See Market Integrity Notice 2007-007 – Request for Comments – Joint Canadian Securities Administrators/Market Regulation Services Inc. Notice on Trade-Through Protection, Best Execution and Access to Marketplaces (April 20, 2007).

Appendix "A"

Provisions Respecting "Off-Marketplace" Trades

The Universal Market Integrity Rules are hereby amended as follows:

1. Rule 1.1 is amended by adding the following definitions of "bypass order", "Canadian account", "designated trade", "disclosed volume", "foreign organized regulated market", "pre-arranged trade", "protected marketplace", "non-Canadian account" and "trading increment":

"bypass order" means an order that is:

(a) part of a designated trade; or

(b) to satisfy an obligation to fill an order imposed on a Participant or Access Person by any Rule or Policy

and that is entered on a protected marketplace to execute as against the disclosed volume on that marketplace prior to the execution or cancellation of the balance of the order.

"Canadian account" means an account other than a non-Canadian account.

"designated trade" means an intentional cross or a pre-arranged trade of a security that would be made at a price that:

(a) would not be less than the lesser of:

(i) 95% of the best bid price, and

(ii) 10 trading increments less than the best bid price; and

(b) would not be more than the greater of:

(i) 105% of the best ask price, and

(ii) 10 trading increments more than the best ask price.

"disclosed volume" means the aggregate of the number of units of a security relating to each order for that security entered on a protected marketplace and displayed in a consolidated market display that is offered at a price below the intended price of a trade in the case of a purchase or that is bid at a price above the intended price of a trade in the case of a sale, but does not include the volume of:

(a) a Basis Order;

(b) a Call Market Order;

(c) a Market-on-Close Order;

(d) an Opening Order;

(e) a Special Terms Order; or

(f) a Volume-Weighted Average Price Order.

"non-Canadian account" means an account of a client of the Participant or a client of an affiliated entity of the Participant held by a Participant or an affiliated entity of a Participant and the client is considered to be a non-resident for the purposes of the Income Tax Act (Canada).

"foreign organized regulated market" means a market outside of Canada:

(a) that is an exchange, quotation or trade reporting system, alternative trading system or similar facility recognized by or registered with a securities regulatory authority that is an ordinary member of the International Organization of Securities Commissions;

(b) on which the entry of orders and the execution or reporting of trades is monitored for compliance with regulatory requirements at the time of entry and execution or reporting by a self-regulatory organization recognized by the securities regulatory authority or by the market if the market has been empowered by the securities regulatory authority to monitor the entry of orders and the execution or reporting of trades on that market for compliance with regulatory requirements; and

(c) that displays and provides timely information to information vendors, information processors or persons providing similar functions respecting the dissemination of data to market participants for that market of at least the price, volume and security identifier of each trade at the time of execution or reporting of the trade on that market,

but, for greater certainty, does not include a facility of a market to which trades executed over-the-counter are reported unless:

(d) the trade is required to be reported and is reported to the market forthwith following execution;

(e) at the time of the report, the trade is monitored for compliance with securities regulatory requirements; and

(f) at the time of the report, timely information respecting the trade is provided to information vendors, information processors or persons providing similar functions respecting the dissemination of data to market participants for that market.

"pre-arranged trade" means a trade in respect of which the terms of the trade were agreed upon, prior to the entry of either the order to purchase or to sell on a marketplace, by the persons entering the orders or by the persons on whose behalf the orders are entered.

"protected marketplace" means a marketplace that:

(a) disseminates order data in real-time and electronically to the information processor or one or more information vendors in accordance with the Marketplace Operation Instrument;

(b) permits dealers to have access to trading in the capacity as agent;

(c) provides fully-automated electronic order entry; and

(d) provides fully-automated order matching and trade execution.

"trading increment" means the minimum difference in price at which orders may be entered in accordance with Rule 6.1.

2. Subsection (2) of Rule 3.1 is amended by:

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

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

(c) adding the following as clause (h):

(h) made to satisfy an obligation to fill an order imposed on a Participant or Access Person by any Rule or Policy.

3. Rule 4.1 is amended by deleting in clause (a) of subsection (1) the phrase "stock exchange or market" and substituting "foreign organized regulated market or other market".

4. Rule 5.2 is amended by:

(a) deleting subsection (1) and substituting the following:

(1) A Participant shall make reasonable efforts at the time of the execution of an order to ensure that:

(a) in the case of an offer, the order is executed at the best bid price; and

(b) in the case of a bid, the order is executed at the best ask price.

(b) deleting in subsection (2) the word "or" at the end of clause (b);

(c) inserting in subsection (2) the phrase "; or" or the end of clause (c); and

(d) adding in subsection (2) the following as clause (d):

(d) a client order on behalf of a non-Canadian account executed other than on a marketplace pursuant to clause (d) or (e) of Rule 6.4 provided such client order does not execute with a principal order or non-client order of the Participant.

5. Rule 6.2 is amended by inserting the following as subclause (v.3) in clause (b) of subsection (1):

(v.3) a bypass order,

6. Rule 6.4 is amended by:

(a) deleting clause (d) and substituting the following:

(d) **On a Foreign Organized Regulated Market** - executed on a foreign organized regulated market.

(b) deleting clause (e) and substituting the following:

(e) **Outside of Canada** - executed as principal with a non-Canadian account or as agent if both the purchasers and seller are non-Canadian accounts provided the trade is reported to a marketplace or a foreign organized regulated market in accordance with the reporting requirements of the marketplace or foreign organized regulated market.

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

(i) **Non-Regulatory Halt, Delay or Suspension** – in a listed security or quoted security in respect of which trading has been halted, delayed or suspended in circumstances described in clause (3)(a) or subclause (3)(b)(i) of Rule 9.1 that is not listed, quoted or traded on a marketplace other than the Exchange or QTRS on which the security is halted, delayed or suspended provided such trade is reported to a marketplace.

7. Rule 7.5 is amended by deleting subsection (2) and substituting the following:

(2) No Participant acting as principal shall execute a transaction through a marketplace in which the price recorded on the marketplace is:

(a) in the case of a sale to a client,

(i) higher than the net cost to the client, or

(ii) lower than the net cost to the client by more than the usual agency commission that would be charged by that Participant to that client for an order of the same size; and

(b) in the case of a purchase from a client,

(i) lower than the net proceeds to the client, or

(ii) higher than the net proceeds to the client by more than the usual agency commission that would be charged by that Participant to that client for an order of the same size.

8. Clause (a) of subsection (4) of Rule 7.7 is amended by deleting the phrase "an organized regulated market outside of Canada that publicly disseminates details of trades executed on that market" and substituting "a foreign organized regulated market".

9. Subsection (4) of Rule 9.1 is amended by deleting the phrase “an exchange or foreign organized regulated market that publicly disseminates details of trades in that market” and substituting “a foreign organized regulated market”.

10. Clause (g) of subsection (1) of Rule 10.9 is amended by deleting the phrase “volume of the trade which” and substituting “disclosed volume if the trade”.

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

1. Part 1 of Policy 2.1 is amended by deleting the opening of the last paragraph and substituting the following:

> Without limiting the generality of the Rule, the following are examples of activities that would be considered to be in violation of requirements to conduct business openly and fairly or in accordance with just and equitable principles of trade:

2. Part 2 of Policy 2.1 is repealed and the following substituted:

> **Part 2 – Executing a Pre-arranged Trade or Intentional Cross**
>
> A Participant or Access Person intending to execute a pre-arranged trade or an intentional cross is expected to take reasonable steps, in accordance with the “best price” obligations under Rule 5.2, prior to or on the execution of the pre-arranged trade or intentional cross to ensure that any “better-priced” order on any protected marketplace is filled. In filling the “better-priced” orders, the Participant or Access Person is expected to move the market in an orderly manner to the price which will permit the trade to be executed on a marketplace. The prior approval of a Market Regulator is required if a Participant or Access Person wants to undertake a pre-arranged trade or intentional cross at a price that:
>
> - will be less than the lesser of 95% of the best bid price and the best bid price less 10 trading increments; or
> - will be more than the greater of 105% of the best ask price and the best ask price plus 10 trading increments.
>
> As a condition for granting approval of the trade, the Market Regulator may require the Participant or Access Person to enter a series of orders on one or more protected marketplaces over a period of time considered reasonable by the Market Regulator in order to move the market price to the price at which the pre-arranged trade or intentional cross will occur. As a general guideline, the time period will generally not be less than 5 minutes if the price variation from the best ask price or best bid price, as applicable, is more than 5% but less than 10% and not less than 10 minutes if the price variation is 10% or more.
>
> If the price at which the pre-arranged trade or the intentional cross is to be made:
>
> - will **not** be less than the lesser of 95% of the best bid price and the best bid price less 10 trading increments; and
> - will **not** be more than the greater of 105% of the best ask price and the best ask price plus 10 trading increments,
>
> the orders will be considered to be part of a “designated trade” and on entry may be marked as a “bypass order”. As a designated trade, the trade may execute on a marketplace if:
>
> - orders included in the disclosed volume on the marketplace on which the designated trade is entered are filled prior to the execution of the designated trade; and
> - subject to any qualification of the “best price” obligation in accordance with Part 1 of Policy 5,2, the Participant enters orders on each protected marketplace with a sufficient volume and at a price to fill the orders included in the disclosed volume of that protected marketplace concurrent with, or immediately following the execution of the designated trade.
>
> If the designated trade could not then be executed on a marketplace, the Participant would be entitled to complete the trade as an “off-marketplace” trade and to report the trade to a marketplace.
>
> The prior approval of the Market Regulator is not required for the entry of a “designated trade”.

3. Part 2 of Policy 5.1 is amended by deleting the phrase “organized regulated markets outside of Canada” and substituting “foreign organized regulated markets”.

4. Part 2 of Policy 5.2 is repealed and the following substituted:

Part 2 – Orders on Other Marketplaces

Subject to the qualification of the “best price obligation” as set out in Part 1, Participants may not intentionally trade-through a better bid or offer on a protected marketplace by making a trade at an inferior price (either one-sided or a cross) on another marketplace or on a foreign organized regulated market. This Policy applies even if the client consents to the trade on the other marketplace or the foreign organized regulated market at the inferior price.

A Participant will be considered to have taken reasonable efforts to obtain the best price if, at the time of the execution of the order on a particular marketplace or foreign organized regulated market, the Participant enters orders on behalf of the client, non-client or principal account on each protected marketplace and such orders have a sufficient volume and are at a price to fill the then disclosed volume on that protected marketplace.

5. Part 3 of Policy 5.2 is deleted and the following substituted:

Part 3 – Foreign Currency Translation

If a trade is to be executed on or reported to a foreign organized regulated market, the Participant shall determine whether there is in fact a better price on a protected marketplace. The foreign trade price shall be converted to Canadian dollars using the exchange rate the Participant would have applied in respect of a trade of similar size on a foreign organized regulated market in that foreign jurisdiction. A better price on a protected marketplace must be “taken out” if there is more than a marginal difference between the price on the protected marketplace and the price on or reported to the foreign organized regulated market. The Market Regulator regards a difference of one trading increment or less as "marginal" because the difference would be attributable to currency conversion. A Participant shall maintain with the record of the order the exchange rate used for the purpose of determining whether a better price existed on a protected marketplace and such information shall be provided to the Market Regulator upon request in such form and manner as may be reasonably required by the Market Regulator in accordance with subsection (3) of Rule 10.11.

6. Policy 6.4 is deleted and the following substituted:

Part 1 – Trades Outside of Marketplace Hours

In accordance with section 6.1 of the Trading Rules, each marketplace shall set requirements in respect of the hours of trading to be observed by marketplace participants. Occasions may arise when a Participant may wish to make an agreement to trade as principal with a Canadian account, or to arrange a trade between a Canadian account and a non-Canadian account, outside of the trading hours of any marketplace that trades the particular security.

Rule 6.4 states that all trades must be executed on a marketplace unless otherwise exempted from this requirement. Participants are reminded of the exemption in clause (d) of Rule 6.4 that permits a trade on a foreign organized regulated market. Participants are also reminded of the exemption in clause (e) of Rule 6.4 that permits them to trade as principal with non-Canadian accounts off of a marketplace provided that any unwinding trade with a Canadian account is made in accordance with Rule 6.4.

A Participant may make an agreement to trade in a listed security or a quoted security with a Canadian account as principal or as agent outside of the trading hours of marketplaces, however, such agreements must be made conditional on execution of the trade on a marketplace or on a foreign organized regulated market. There is no trade until such time as there is an execution on a marketplace or a foreign organized regulated market or the trade is otherwise completed in accordance with one of the exemptions set out in Rule 6.4. The trade on a marketplace is to be done at or immediately following the opening of the marketplace on which the order is entered. A Participant may cross the trade at the agreed-upon price provided that the normal Requirements on order displacement are followed. If the Participant determines that the condition of recording the agreement to trade on a marketplace or foreign organized regulated market cannot be met, the agreement to trade shall be cancelled. Use of an error account to preserve the transaction is prohibited.

Part 2 – Application to Foreign Affiliates and Others

The Market Regulator considers that any use by a Participant of another person that is not subject to Rule 6.4 in order to make a trade off of a marketplace (other than as permitted by one of the exemptions) to be a violation of the requirement to conduct business openly and fairly and in accordance with just and equitable principles of trade.

Although certain affiliated entities of a Participant, including their foreign affiliates, are not directly subject to Requirements, Rule 6.4 means that a Participant may not transfer an order to a foreign affiliate, or book a trade through a foreign affiliate, and execute the order in a manner that does not comply with Rule 6.4. In other words, an order directed to a foreign affiliate by the Participant or any other person subject to Rule 6.4 shall be executed on a marketplace unless one of the exemptions set out in Rule 6.4 applies. Foreign branch offices of a Participant are not separate from the Participant and as such are subject to Requirements.

Part 3 – Non-Canadian Accounts

Clause (e) of Rule 6.4 permits a Participant to trade off of a marketplace either as principal with a non-Canadian account or as agent for the purchaser and seller both of whom are non-Canadian accounts. A "non-Canadian account" is defined as an account of a client of the Participant or a client of an affiliated entity of the Participant held by a Participant or an affiliated entity of a Participant and the client is considered to be a non-resident for the purposes of the Income Tax Act (Canada). There may be certain situations arising where a Participant is uncertain whether a particular account is a "non-Canadian account" for the purpose of this exemption. In these situations the account should be treated as a “Canadian account”. The fact that an individual may be located temporarily outside of Canada, that a foreign location is used to place the order or as the address for settlement or confirmation of the trade does not alter the account's status as a Canadian account. Trades made by or on behalf of bona fide foreign subsidiaries of Canadian institutions are considered to be non-Canadian accounts, if the order is placed by the foreign subsidiary.

For the purpose of this Policy, the relevant client of the Participant is the person to whom the order is confirmed.

Part 4 – Reporting Foreign Trades

Clause (e) of Rule 6.4 requires a Participant to report to a marketplace any trade in a listed security or a quoted security that is made as principal with a non-Canadian account or as agent if both the purchaser and seller are non-Canadian accounts, unless the trade is reported to a foreign organized regulated market. If such an “outside Canada” trade has not been reported to a foreign organized regulated market, a Participant shall report such trade to a marketplace no later than the close of business on the next trading day. The report shall identify the security, volume, price (in the currency of the trade and in Canadian dollars) and time of the trade.

Part 5 – Application of UMIR to Orders Not Entered on a Marketplace

Under Rule 6.4, a Participant, when acting as principal or agent, may not trade nor participate in a trade in a security by means other than the entry of an order on a marketplace except in accordance with an exemption specifically enumerated within Rule 6.4. For the purposes of UMIR, a “marketplace” is defined as an Exchange, QTRS or an ATS and a “Participant” is defined essentially as a dealer registered in accordance with securities legislation of any jurisdiction and who is a member of an Exchange, a user of a QTRS or a subscriber to an ATS. If a person is a Participant, certain provisions of UMIR will apply to every order handled by that Participant even if the order is entered or executed on a marketplace that has not adopted UMIR as its market integrity rules or if the order is executed over-the-counter. In particular, the following provisions of UMIR will apply to an order handled by a Participant notwithstanding that the order is not entered on a marketplace that has adopted UMIR:

- Rule 2.1 requires a Participant to transact business openly and fairly and in accordance with just and equitable principles of trade when trading on a marketplace or trading or otherwise dealing in securities which are eligible to be traded on a marketplace;
- Rule 4.1 prohibits a Participant from frontrunning certain client orders;
- Part 5 dealing with the “best execution obligation” of a Participant in respect of a client order;

- Rule 8.1 governing client-principal trading; and
- Rule 9.1 governing regulatory halts, delays and suspensions of trading.

In accordance with Rule 11.9, UMIR will not apply to an order that is entered or executed on a marketplace in accordance with the Marketplace Rules of that marketplace as adopted in accordance with Part 7 of the Trading Rules or if the order is entered and executed on a marketplace or otherwise in accordance with the rules of an applicable regulation services provider or in accordance with the terms of an exemption from the application of the Trading Rules.

7. The following is added as Policy 7.5:

POLICY 7.5 - RECORDED PRICES

If the price of:

- an internal cross or intentional cross to be recorded on a marketplace; or
- a trade that has been executed outside of Canada that is to be reported to a marketplace in accordance with clause (e) of Rule 6.4,

has been agreed to in a foreign currency and the trade is to be recorded or reported in Canadian currency, the price in foreign currency shall be converted to Canadian dollars using the exchange rate the Participant would have applied in respect of a trade of similar size on a foreign organized regulated market at the time of the internal cross, intentional cross or execution of the trade outside of Canada. If the trade price converted into Canadian currency falls between two trading increments for the marketplace on which the cross is to be entered or the trade reported, the price shall be rounded to the nearest trading increment. A Participant shall maintain with the record of the order the exchange rate used for the purpose of entering the internal cross or intentional cross or reporting the foreign trade and such information shall be provided to the Market Regulator upon request in such form and manner as may be reasonably required by the Market Regulator in accordance with Rule 10.11(3).

8. Part 1 of Policy 8.1 is amended by deleting the last two sentences of the first paragraph and substituting the following:

If the security is traded on more than one marketplace, the client must receive, when the Participant is buying, a higher price than the best bid price, and, if the Participant is selling, the client must pay a lower price than the best ask price.

Appendix "B"

Comments Received in Response to

Market Integrity Notice 2005-012 – *Request for Comments -*

Provisions Respecting "Off-Marketplace" Trades

On April 29, 2005, RS issued Market Integrity Notice 2005-012 requesting comments on proposed amendments to UMIR respecting the ability of Participants and Access Persons to conduct trades of listed or quoted securities other than by the entry of orders on a marketplace (the "Revised Off-Marketplace Proposal"). In response to that Market Integrity Notice, RS received comments from the following persons:

CIBC World Markets ("CIBC")

Scotia Capital Inc. ("Scotia")

Shorcan Brokers Limited ("Shorcan")

TD Newcrest ("TD")

TriAct Canada Marketplace LP ("Triact")

TSX Markets ("TSX")

The following table presents a summary of the comments received together with the response of RS to those comments. Column 1 of the table highlights the revisions to the Revised Off-Marketplace Proposal made by RS in the Amendments in response to these comments and the comments of the Recognizing Regulators.

Text of Provisions Following Adoption of the Amendments (Changes from the Revised Off-Marketplace Proposal Highlighted)	Commentator and Summary of Comment	RS Response to Comment and Additional RS Commentary
1.1 Definitions **"bypass order"** means an order that is: (a) part of a designated trade; or (b) to satisfy an obligation to fill an order imposed on a Participant or Access Person by any Rule or Policy and that is entered on a protected marketplace to execute as against the disclosed volume on that marketplace prior to the execution or cancellation of the balance of the order.		In the Revised Off-Marketplace Proposal, RS had suggested that provision be made for a "bypass marker" under Rule 6.2. In the Amendments, RS reformulated the provision to provide for a specific order type to be termed a "bypass order". This reformulation will allow the concept to be used more broadly in the context of other provisions of UMIR.
"Canadian account" means an account other than a non-Canadian account.		
"designated trade" means an intentional cross or a pre-arranged trade of a ~~listed security or quoted~~ security that would be made at a price that: (a) would not be less than the lesser of: (i) 95% of the best bid price; and	**CIBC** – Believes that the 5% threshold around the best ask and best bid price may restrict the ability to undertake an intentional cross of some junior market securities.	The definition recognizes the problems associated with "penny securities". For example, if the best bid price on a particular security was $0.15, an intentional cross could be made as a designated trade if the price was not less than the lesser of: • 95% of the best bid price or $0.14; and

Text of Provisions Following Adoption of the Amendments (Changes from the Revised Off-Marketplace Proposal Highlighted)	Commentator and Summary of Comment	RS Response to Comment and Additional RS Commentary
(ii) 10 trading increments less than the best bid price; and (b) would not be more than the greater of: (i) 105% of the best ask price, and (ii) 10 trading increments more than the best ask price.		• 10 trading increments less than the best bid price or (10 times the one-half cent increments for securities trading at less than $0.50) $0.10. In the Amendments, RS changed the Revised Off-Marketplace Proposal by deleting the requirement that the intentional cross or pre-arranged trade involve a listed security or quoted security. With this change, the provisions would apply to a "foreign exchange-traded security" that may trade on one or more ATSs.
	Shorcan and **TD** – Supports the new definition of a "designated trade".	
"disclosed volume" means the aggregate of the number of units of a ~~listed security or quoted~~ security relating to each order for that security entered on a protected marketplace and displayed in a consolidated market display that is offered at a price below the intended price of a trade in the case of a purchase or bid at a price above the intended price of a trade in the case of a sale, but does not include the volume of: ~~(a) a Special Terms Order unless the order could be executed in whole, according to the terms of the order;~~ (a~~b~~) a Basis Order; (b~~e~~) a Call Market Order; (c~~d~~) a Market-on-Close Order; (d~~e~~) an Opening Order; ~~or~~ (e~~f~~) a Special Terms Order; or (f) a Volume-Weighted Average Price Order~~;~~ ~~or.~~.	**Scotia –** adoption of the definition will result in little incentive to continue to use iceberg orders with the negative effect of decreasing price discovery and liquidity. Believes that National Instrument 23-101 should be amended to impose upon marketplaces the obligation to maintain an electronic connection or consolidated data-feed to every other marketplace trading the same security. In these circumstances, the "bypass" marker would not required.	As a practical matter persons who intend to execute an intentional cross or prearranged trade need to be able to quantify their obligations. The "iceberg" portion of orders on transparent marketplaces and all orders on non-transparent marketplaces would be treated the same. The introduction of a "consolidated data-feed" by an amendment to National Instrument 21-101 would only incorporate, and thereby protect, visible orders. In the Amendments, RS changed the Revised Off-Marketplace Proposal by deleting the requirement that the intentional cross or pre-arranged trade involve a listed security or quoted security. With this change, the provisions would apply to a "foreign exchange-traded security" trading on one or more ATSs. In addition, RS simplified the determination of "disclosed volume" by excluding all Special Terms Orders from the calculation.
	Shorcan – Undisclosed orders should not interfere with the ability of a broker-dealer to cross a block of stock. Orders for inter-listed securities are often split between dealers based on their ability to access a particular market and "it would be counter-productive to require that the broker working the TSX part be obligated to ensure that it was not	The UMIR provisions only require a Participant to access "better-priced" orders on a marketplace (defined as an exchange, QTRS or ATS in Canada). There is no obligation to pursue orders on markets outside of Canada, though a Participant may consider such markets as part of "best execution" and the discharge of its fiduciary obligation to clients.

Text of Provisions Following Adoption of the Amendments (Changes from the Revised Off-Marketplace Proposal Highlighted)	Commentator and Summary of Comment	RS Response to Comment and Additional RS Commentary
	trading through a "better price" on the NYSE.	
"non-Canadian account" means an account of a client of the Participant or a client of an affiliated entity of the Participant held by a Participant or an affiliated entity of a Participant and the client is considered to be a non-resident for the purposes of the *Income Tax Act* (Canada).		
"foreign organized regulated market" means a market outside of Canada: (a) that is an exchange, quotation or trade reporting system, alternative trading system or similar facility recognized by or registered with a securities regulatory authority that is an ordinary member of the International Organization of Securities Commissions; (b) on which the entry of orders and the execution or reporting of trades is monitored for compliance with regulatory requirements at the time of entry and execution or reporting by a self-regulatory organization recognized by the securities regulatory authority or by the market if the market has been empowered by the securities regulatory authority to monitor the entry of orders and the execution or reporting of trades on that market for compliance with regulatory requirements; and (c) that displays and provides timely information to information ~~data~~ vendors, information processors or persons providing similar functions respecting the dissemination of data to market participants for that market of ~~at least the price, volume and security identifier of each order at the time of entry of the order on that market and~~ at least the price, volume and security identifier of each trade at the time of execution or reporting of the trade on that market, but, for greater certainty, does not include a facility of a market to which trades executed over-the-counter are reported unless: (d) the trade is required to be reported and is reported to the market forthwith following execution; (e) at the time of the report, the trade is		The Amendments changed the Revised Off-Marketplace Proposal by adding the word "foreign" as part of the definition to clearly indicate that such markets must be outside Canada. The Amendments also varied the Revised Off-Marketplace Proposal by recognizing that a market without transparency of orders could qualify as a "foreign organized regulated market" and clarifying that a trade reporting system specifically qualifies under the definition. There is no requirement under the Marketplace Operation Instrument that a "marketplace" in Canada provide order transparency.

Text of Provisions Following Adoption of the Amendments (Changes from the Revised Off-Marketplace Proposal Highlighted)	Commentator and Summary of Comment	RS Response to Comment and Additional RS Commentary
monitored for compliance with securities regulatory requirements; and (f) at the time of the report, timely information respecting the trade is provided to information ~~data~~ vendors, information processors or persons providing similar functions respecting the dissemination of data to market participants for that market.		
"pre-arranged trade" means a trade in respect of which the terms of the trade were agreed upon, prior to the entry of either the order to purchase or to sell on a marketplace, by the persons entering the orders or by the persons on whose behalf the orders are entered.		
"protected marketplace" means a marketplace that: (a) disseminates order data in real-time and electronically to the information processor or one or more information vendors in accordance with the Marketplace Operation Instrument; (b) permits dealers to have access to trading in the capacity as agent; (c) provides fully-automated electronic order entry; and (d) provides fully-automated order matching and trade execution.		In Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006), RS set out these four criteria when indicating which marketplaces a Participant would have to take into consideration for the purposes of complying with the "best price" obligation in a multiple marketplace environment. The criteria were incorporated into Policy 5.2 as limitations on the "best price" obligation. (See Market Integrity Notice 2007-002 - *Amendment Approval – Provisions Respecting Competitive Marketplaces* (February 26, 2007).) The change to the Revised Off-Marketplace Proposal incorporates the criteria directly into the rules with the adoption of a definition of "protected marketplace". The term "protected marketplace" is used in determining the "disclosed volume" to be taken into account when moving the market or complying with "best price" obligations.
"trading increment" means the minimum difference in price at which orders may be entered in accordance with Rule 6.1.		
3.1 Restrictions on Short Selling (2) A short sale of a security may be made on a marketplace at a price below the last sale price if the sale is: … (f) the result of: (i) a Call Market Order, (ii) a Market-on-Close Order,		RS has proposed the repeal of price restrictions on short sales. The Amendment to subsection (2) of Rule 3.1 to add clause (h) as an exception for orders entered pursuant to an obligation imposed by a Rule or Policy to fill an order on a marketplace will remain in effect pending the outcome of the repeal. Reference is made to Market Integrity Notice 2007-017 – *Request for Comments – Provisions Respecting Short Sales and Failed Trades* (September 7, 2007).

Text of Provisions Following Adoption of the Amendments (Changes from the Revised Off-Marketplace Proposal Highlighted)	Commentator and Summary of Comment	RS Response to Comment and Additional RS Commentary
(iii) a Volume-Weighted Average Price Order, (iv) a Basis Order, or (v) a Closing Price Order; ~~or~~ (g) a trade in an Exchange-traded Fund; or (h) made to satisfy an obligation to fill an order imposed on a Participant or Access Person by any Rule or Policy.		
4.1 Frontrunning (1) A Participant with knowledge of a client order that on entry could reasonably be expected to affect the market price of a security, shall not, prior to the entry of such client order: (a) enter a principal order or a non-client order on a marketplace, foreign organized regulated market or other market, including any over-the-counter market, for the purchase or sale of the security or any related security; …		This change to the Revised Off-Marketplace Proposal is consequential to the change in the defined term "organized regulated market" to include the word "foreign".
5.2 Best Price Obligation (1) A Participant shall make reasonable efforts ~~prior to~~ at the time of the execution of an ~~client~~ order to ensure that: (a) in the case of an offer ~~by the client~~, the order is executed at the best bid price; and (b) in the case of a bid ~~by the client~~, the order is executed at the best ask price.		The Amendment clarifies that the relevant time to determine compliance with "best price" obligations is changed from the time of order entry to the time of order execution. Essentially, the Amendment adopts the guidance on the application of the "best price" obligation given by RS initially in Market Integrity Notice 2005-015 – *Guidance – Complying with "Best Price" Obligations* (May 12, 2005) in connection with the launch of BlockBook and repeated in Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006). The Amendments also vary from the Revised Off-Marketplace Proposal by clarifying that the best price obligation applies on the execution of any order and not just client orders. Previously, the Rule referred to "client orders" but the Policy extended the application of the best price obligation to other types of orders.
5.2 Best Price Obligation	**CIBC –** Attention to "best	The "best price" obligation is not absolute.

Text of Provisions Following Adoption of the Amendments (Changes from the Revised Off-Marketplace Proposal Highlighted)	Commentator and Summary of Comment	RS Response to Comment and Additional RS Commentary
(2) Subsection (1) does not apply to the execution of an order which is: (a) required or permitted by a Market Regulator pursuant to clause (b) of Rule 6.4 to be executed other than on a marketplace in order to maintain a fair or orderly market; (b) a Special Terms Order unless: (i) the security is a listed security or quoted security and the Marketplace Rules of the Exchange or QTRS governing the trading of a Special Terms Order provide otherwise, or (ii) the order could be executed in whole, according to the terms of the order, on a marketplace or with a market maker displayed in a consolidated market display; ~~or~~ (c) directed or consented to by the holder of the account to be entered on a marketplace as: (i) a Call Market Order, (ii) a Volume-Weighted Average Price Order, (iii) a Market-on-Close Order, (iv) an Opening Order, (v) a Basis Order, or (vi) a Closing Price Order; or (d) a client order on behalf of a non-Canadian account executed other than on a marketplace pursuant to clause (d) or (e) of Rule 6.4 provided such client order does not execute with a principal order or non-client order of the Participant.	price" may be inconsistent with obtaining other regulatory requirements including "best execution. Consideration should be given to allowing a default "best-market" based on such factors as liquidity.	First, in order to comply with the requirement a Participant must undertake "reasonable efforts". Second, the obligation is further qualified by a number of factors as set out in Part 1 of Policy 5.2. If a Participant is handling a "market" order that order should be directed to the marketplace which displays the "best price". Similarly, a "limit" order that would be immediately executable on a particular marketplace based on displayed orders should be directed to that marketplace. Limit orders which are not immediately executable may be directed to any marketplace which trades that security and this direction may be made on a "default" basis. The change to the Revised Off-Marketplace Proposal made by the Amendments incorporates directly into the Rule the exception in the handling of an order on behalf of non-Canadian accounts which had been set out in the Policies. The Amendments also vary from the Revised Off-Marketplace Proposal by clarifying that the best price obligation applies on the execution of any order and not just client orders. Previously, the Rule referred to "client orders" but the Policy extended the application of the best price obligation to other types of orders.
~~**6.1 Entry of Orders to a Marketplace**~~ ~~(1) No order to purchase or sell a security shall be entered to trade on~~		An amendment to Rule 6.1 consistent with the Revised Off-Marketplace Proposal was adopted as part of the package of

Text of Provisions Following Adoption of the Amendments (Changes from the Revised Off-Marketplace Proposal Highlighted)	Commentator and Summary of Comment	RS Response to Comment and Additional RS Commentary
~~a marketplace at a price that includes a fraction or a part of cent other than an increment of one-half of one cent in respect of an order with a price of less than $0.50.~~		amendments related to "Competitive Marketplaces". See Market Integrity Notice 2007-002 - *Amendment Approval – Provisions Respecting Competitive Marketplaces* (February 26, 2007).
6.2 Designations and Identifiers (1) Each order entered on a marketplace shall contain: … (b) a designation acceptable to the Market Regulator for the marketplace on which the order is entered, if the order is: … (v.3) <u>a bypass order</u>~~part of a designated trade or entered on a marketplace to satisfy an obligation to fill an order imposed on a Participant or Access Person by any Rule or Policy~~,		In the Revised Off-Marketplace Proposal, RS had suggested that provision be made for a "bypass marker" under Rule 6.2. In the Amendments, RS reformulated the provision to provide for a specific order type to be termed a "bypass order" which becomes a defined term under Rule 1.1. This reformulation will allow the concept to be used more broadly in the context of other provisions of UMIR.
6.4 Trades to be on a Marketplace A Participant acting as principal or agent may not trade nor participate in a trade in a security by means other than the entry of an order on a marketplace unless the trade is: … (d) **On a~~n~~ <u>Foreign</u> Organized Regulated Market** - executed on a~~n~~ <u>foreign</u> organized regulated market; (e) **Outside of Canada -** executed as principal with a non-Canadian account or as agent if both the purchasers and seller are non-Canadian accounts provided the trade is reported to a marketplace or a~~n~~ <u>foreign</u> organized regulated market in accordance with the reporting requirements of the marketplace or <u>foreign</u> organized regulated market; …		This change to the Revised Off-Marketplace Proposal is consequential to the change in the defined term "organized regulated market" to include the word "foreign".

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(i) **Non-Regulatory Halt, Delay or Suspension –** in a listed security or quoted security in respect of which trading has been halted, delayed or suspended in circumstances described in clause (3)(a) or subclause (3)(b)(i) of Rule 9.1 that is not listed, quoted or traded on a marketplace other than the Exchange or QTRS on which the security is halted, delayed or suspended provided such trade is reported to a marketplace.		
7.5 Recorded Prices (2) No Participant acting as principal shall execute a transaction through a marketplace in which the price recorded on the marketplace is: (a) in the case of a sale to a client, (i) higher than the net cost to the client, or (ii) lower than the net cost to the client by more than the usual agency commission that would be charged by that Participant to that client for an order of the same size; and (b) in the case of a purchase from a client, (i) lower than the net proceeds to the client, or (ii) higher than the net proceeds to the client by more than the usual agency commission that would be charged by that Participant to that client for an order of the same size.		The position of RS has always been that a Participant can not provide a "negative commission" in respect of a principal transaction in order bring a trade within the prevailing market. This change to the Revised Off-Marketplace Proposal clarifies the application of that interpretation.
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		This change is consequential to the adoption of the definition of "foreign organized regulated market".

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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: (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 last independent sale 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 price at the commencement of the restricted period, and (B) the last independent sale 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 an foreign organized regulated market ~~outside of Canada that publicly disseminates details of trades executed on that 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		

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person; …		
9.1 Regulatory Halts, Delays and Suspensions of Trading (4) **Trading Outside Canada During Regulatory Halts, Delays and Suspensions** – If trading in a security has been prohibited on a marketplace in accordance with clauses (1)(b), (c) or (d) or subsection (2), a Participant may execute a trade in the security, if permitted by applicable securities legislation, outside of Canada on a~~n~~ foreign organized regulated market.		This change to the Revised Off-Marketplace Proposal is consequential to the change in the defined term "organized regulated market" to include the word "foreign".
10.9 Power of Market Integrity Officials (1) A Market Integrity Official may, in governing trading in securities on the marketplace: … (g) require the Participant to satisfy the better bid or offer up to the ~~volume of the trade which~~ disclosed volume if the trade failed to comply with the requirements of Part 5; …		This change to the Revised Off-Marketplace Proposal is consequential to the adoption of the requirement that a Participant owes an obligation to the disclosed volume at a better price when executing a trade at an inferior price on another marketplace or foreign organized regulated market. In turn, the change in the quantification of the obligation is consequential on the change of the time for complying with the "best price" obligation from before execution to at the time of execution of a trade at an inferior price.
Policy 2.1 – Just and Equitable Principles **Part 1 – Examples of Unacceptable Activity** Rule 2.1 provides that a Participant shall transact business openly and fairly and in accordance with just and equitable principles of trade when trading on a marketplace or trading or otherwise dealing in securities that are eligible to be traded on a marketplace. The Rule also provides that an Access Person shall transact business openly and fairly. As such, the Rule operates as a general anti-avoidance provision. Participants and Access Persons who intentionally organize their business and affairs with the intent or for the purpose of avoiding the application of a Requirement may		

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be considered to have engaged in behaviour that is contrary to the requirements to conduct business openly and fairly. For example, the Market Regulator considers that a person who is under an obligation to enter orders on a marketplace who "uses" another person to make a trade off of a marketplace (in circumstances where an "off-market exemption" is not available) to be violating just and equitable principles of trade. Certain patterns of activity that can be undertaken that affect the marketplace but do not reach the level of manipulative and deceptive trading practices are nonetheless unavailable to Participant and Access Persons. For example, Rule 4.1 dealing with frontrunning is specifically tied to misuse of information when a Participant knows a client order will be entered. Somewhere between the Participant who acts on certain knowledge of a client order and the Participant who acts despite a single, uncertain expression of interest are the Participants that repeatedly take advantage of expressions of interest in particular securities. Such Participants are not conducting business openly and fairly and in accordance with just and equitable principles of trade. The "just and equitable principles" clause and the requirement transact business openly and fairly prevent such activity. Without limiting the generality of the Rule, the following are examples of activities that would be considered to be in violation of the obligation to conduct business openly and fairly or in accordance with just and equitable principles of trade: (a) without the specific consent of the client, entering client and principal orders in such a manner as to attempt to obtain execution of a principal order in priority to the client order; (See Part 2 of Policy 5.3 – Client Priority for examples of the prohibition on "intentional trading ahead".) (b) without the specific consent of the client, to vary the instructions of the client to indicate that securities held by the client are to participate in a dividend reinvestment plan such that the Participant would receive securities of the issuer and would account to the client for the dividend		

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in cash; (c) without the specific consent of the lender of securities, to vary the arrangements in respect of securities borrowed by the Participant to indicate that the borrowed securities are to participate in a dividend reinvestment plan such that the Participant would receive securities of the issuer and would account to the lender for the dividend in cash; and (d) when trading a security on a marketplace that is subject to Market Maker Obligations, intentionally entering on that marketplace on a particular trading day two or more orders which would impose an obligation on the Market Maker to: (i) execute with one or more of the orders, or (ii) purchase at a higher price or sell at a lower price with one or more of the orders in accordance with the Market Maker Obligations that would not be imposed on the Market Maker if the orders had been entered on the marketplace as a single order or entered at the same time.		
Policy 2.1 – Just and Equitable Principles **Part 2 – Executing a Pre-Arranged Trade or Intentional Cross** A Participant or Access Person intending to execute a pre-arranged trade or an intentional cross is expected to take reasonable steps, in accordance with the "best price" obligations under Rule 5.2, prior to or on the execution of the pre-arranged trade or intentional cross to ensure that any "better- priced" order on any protected marketplace s filled . In filling the "better-priced" orders, the Participant or Access Person is expected to move the market in an orderly manner to the price which will permit the trade to be executed on a marketplace. The prior approval of a Market Regulator is required if a Participant or Access Person wants to undertake a pre-arranged trade or intentional cross at a price that:	**TD –** Supports the limitation of the displacement obligation to the disclosed volume. Suggests that the obligation be limited to the size of the trade at the inferior price. Suggests that the appropriate time for measuring the displacement obligation is when the order was "completed" (ie. agreed to and awaiting cross on the marketplace). Concerned that crosses made at prices outside the band of 5% or 10 trading increments are	Prior to the Amendments, clause (g) of Rule 10.9(1) of UMIR provided RS with the power "to require the Participant to satisfy the better bid or offer up to the volume of the trade which failed to comply with the requirements of Part 5" of UMIR which includes the "best price obligation". The Amendments extend the obligation to the "disclosed volume". UMIR is clear that a trade is no "executed" until it is recorded on a marketplace unless the transaction has been completed other than by the entry of an order on a marketplace in accordance with the exceptions enumerated in Rule 6.4. As part of its Review of Frontrunning and Client Priority during 2004, RS did not find any evidence of systemic frontrunning including no evidence that iceberg orders were being entered on a market with knowledge of an impending block trade. Entry of such orders

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• will be less than the lesser of 95% of the best bid price and the best bid price less 10 trading increments; or • will be more than the greater of 105% of the best ask price and the best ask price plus 10 trading increments. As a condition for granting approval of the trade, the Market Regulator may require the Participant or Access Person to enter a series of orders on one or more protected marketplaces over a period of time considered reasonable by the Market Regulator in order to move the market price to the price at which the pre-arranged trade or intentional cross will occur. As a general guideline, the time period will generally not be less than 5 minutes if the price variation from the best ask price or best bid price, as applicable, is more than 5% but less than 10% and not less than 10 minutes if the price variation is10% or more. If the price at which the pre-arranged trade or the intentional cross is to be made: • will not be less than the lesser of 95% of the best bid price and the best bid price less 10 trading increments; and • will not be more than the greater of 105% of the best ask price and the best ask price plus 10 trading increments, the orders will be considered to be part of a "designated trade" and on entry may be marked as a "bypass order" ~~"designated trade"~~. As a designated trade, the trade may execute on a marketplace if: • orders included in the disclosed volume on the marketplace on which the designated trade is entered are filled prior to the execution of the designated trade; and • subject to any qualification of the "best price" obligation in accordance with Part 1 of Policy 5.2, the Participant enters orders on ~~another~~ each protected marketplace with a sufficient volume and at a price to fill the orders included in the disclosed volume of that ~~other~~ protected marketplace concurrent with, or	subject to the full displacement obligation. While recognizing that securities should be displaced in an orderly fashion, the additional time requirement would allow for the entry of iceberg orders from persons intending to benefit from the displacement obligation.	may constitute a violation of Rule 2.1 requirements to conduct business openly and fairly which is imposed on both Participants and Access Persons. However, RS is aware of the concern and the issue will be considered in a review of frontrunning provisions. The Amendments changed the Revised Off-Marketplace Proposal by making references to "protected" marketplaces (as contemplated in the guidance provided in Market Integrity Notice 2006-017). The Amendments also recognize the change to define a "bypass order" as including a designated trade.

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immediately following the execution of the designated trade. If the designated trade could not then be executed on a marketplace, the Participant would be entitled to complete the trade as an "off-marketplace" trade and to report the trade to a marketplace. The prior approval of the Market Regulator is not required for the entry of a "designated trade".		
Policy 5.1 – Best Execution of Client Orders **Part 2 – Factors to be Considered** In determining whether a Participant has diligently pursued the best execution of a client order, the Market Regulator will consider a number of factors including: • any specific client instructions regarding the timeliness of the execution of the order; • whether <u>foreign</u> organized regulated markets ~~outside of Canada~~ have been considered (particularly if the principal market for the security is outside of Canada); • whether the Participant has considered orders on a marketplace that has demonstrated a reasonable likelihood of liquidity for a specific security relative to the size of the client order; and • whether the Participant has considered possible liquidity on marketplaces that do not provide transparency of orders in a consolidated market display if: o the displayed volume in the consolidated market display is not adequate to fully execute the client order on advantageous terms for the client, and o the non-transparent marketplace has demonstrated that there is a reasonable likelihood that the marketplace will have liquidity for the specific security.		This amendment is consequential to the adoption of the definition of a "foreign organized regulated market". With the publication of Market Integrity Notice 2007-008 – Request for Comments – Provisions Respecting Best Execution (April 20, 2007), RS has proposed to amend Policy 5.1. This amendment will remain in effect pending the disposition of the proposed amendments respecting best execution. With the approval of the amendments respecting "Off-Marketplace" Trades, a consequential change will have to be made to the proposed amendments respecting best execution as highlighted below: **Part 3 – Consideration of <u>Foreign</u> Organized Regulated Markets** In determining whether to consider the execution of a client order on ~~a~~<u>n foreign</u> organized regulated market ~~outside of Canada~~, the Participant may consider, in addition to the factors set out in Parts 1 and 2: • available liquidity displayed on a marketplace relative to the size of the client order; • the extent of trading in the particular security on the <u>foreign</u> organized regulated market relative to the volume of trading on marketplaces; • the extent of exposure to settlement risk in a foreign jurisdiction; and • the extent of exposure to fluctuations in foreign currency exchange.

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Policy 5.2 – Best Price Obligation **Part 2 – Orders on Other Marketplaces** Subject to the qualification of the "best price obligation" as set out in Part 1, Participants may not intentionally trade through a better bid or offer on a protected marketplace by making a trade at an inferior price (either one-sided or a cross) on another marketplace or on ~~an~~ foreign organized regulated market. This Policy applies even if the holder of the account consents to the trade on the other marketplace or the foreign organized regulated market at the inferior price. ~~Participants may make the trade on that other marketplace or organized regulated market if the better bids or offers, as the case may be, on marketplaces are filled first or coincidentally with the trade on the other marketplace or organized regulated market.~~ ~~This Policy applies to "active orders". An "active order" is an order that may cause a trade-through by executing against an existing bid or offer on a marketplace or an organized regulated market at a price that is inferior to the bid or ask price on another marketplace at the time. This Policy applies to trades for Canadian accounts and Participants' principal (inventory) accounts. The Policy also applies to Participants' principal trades on foreign over-the-counter markets made pursuant to the outside of Canada exemption in clause (c) of Rule 6.4.~~ A Participant will be considered to have taken reasonable efforts to obtain the best price ~~for a client~~ if, at the time of the execution ~~entry~~ of the ~~client~~ order on a particular marketplace or foreign organized regulated market, the Participant enters orders on behalf of the client, non-client or principal account on each ~~other~~ protected marketplace and such orders have a sufficient volume and are at a price to fill the then disclosed volume on that marketplace. ~~If following the entry of the client order on the particular marketplace or organized regulated market, the client order does not immediately execute in full, the Participant shall monitor the "best bid price" and "best ask price" displayed in a consolidated market display to determine if the unfilled portion of the client order should be entered on another marketplace.~~	**Scotia –** Seeks clarification of "marketplaces to which a Participant (or Access Person) has access". Does it extend to foreign "marketplaces"?	The "best price" obligation in Rule 5.2 is qualified by a series of factors which are outlined in Part 1 of Policy 5.2. "Access" was removed as a factor with amendments to UMIR as set out in Market Integrity Notice 2007-002 - *Amendment Approval – Provisions Respecting Competitive Marketplaces* (February 26, 2007). However, the Amendments adopted the concept of a "protected marketplace" which incorporated the guidance set out in Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006) regarding the four criteria to be taken into account when determining which marketplaces a Participant would have to take into consideration for the purposes of complying with the "best price" obligation in a multiple marketplace environment. The Amendment to the Policy also conforms to a change to the Rule that clarified that the relevant time to determine compliance with "best price" obligations is changed from the time of order entry to the time of order execution. Essentially, the Amendment adopts the guidance on the application of the "best price" obligation given by RS initially in Market Integrity Notice 2005-015 – *Guidance – Complying with "Best Price" Obligations* (May 12, 2005) in connection with the launch of BlockBook and repeated in Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006). If the time for determination is moved from order entry to the time of execution, the concepts of "active" and "passive" orders is no longer relevant to the determination of the obligation. The term "marketplace" is defined as an exchange, QTRS or ATS in Canada. UMIR does not impose an obligation to access foreign organized regulated markets outside of Canada for the purposes of the "best price" obligation. However, such foreign markets may need to be considered when discharging the "best execution" obligation particularly if the principal market for the security is outside of Canada. The Amendments also vary from the Revised Off-Marketplace Proposal by clarifying that the best price obligation applies on the execution of any order and not just client orders. Previously, the Rule referred to "client orders" but the Policy extended the application of the best price obligation to other types of orders.

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	Shorcan – Believes that "best price" obligations are part of a broker/client relationship and should not apply to dealers trading as principal. Believes that it is not appropriate to use a "trade-through" prohibition as a means of inhibiting access to marketplaces that could otherwise be accessed on a principle of best execution. "Best price" and "best execution" are not necessarily equivalent concepts as illustrated when an institutional investors asks a dealer to give them a principal bid or offer on a block of stock. Now that equity markets are evolving to encompass more principal trading to meet specialized investor needs, regulators must re-evaluate the rules that inhibit natural competition to service these niches more effectively.	The "best price" obligation is not absolute but is qualified by the requirement to undertake "reasonable efforts". Part 1 of Policy 5.2 specifically sets out factors which will be taken into account in determining whether a Participant has made "reasonable efforts" UMIR recognizes that "best execution" is a distinct concept from best price. In negotiating the price of a principal transaction, one of the factors which a Participant must take into account is the obligation to fill "better priced" orders as displayed on the marketplace on which the principal trade will be executed together with "better-priced" orders on other marketplaces. The Amendments also clarify that the relevant time to determine compliance with "best price" obligations is changed from the time of order entry to the time of order execution.
Policy 5.2 – Best Price Obligation **Part 3 – Foreign Currency Translation** If a trade is to be executed on or reported to a foreign organized regulated market, the Participant shall determine whether there is in fact a better price on a protected marketplace. The foreign trade price shall be converted to Canadian dollars using the exchange rate the Participant would have applied in respect of a trade of similar size on ~~an~~ foreign organized regulated market in that foreign jurisdiction. A better price on a protected marketplace must be "taken out" if there is more than a marginal difference between the price on the protected marketplace and the price on or reported to the ~~other stock exchange or~~ foreign organized regulated market. The Market Regulator regards a difference of one trading increment or less as "marginal" because the difference		The changes from the Revised Off-Marketplace Proposal for Part 3 of Policy 5.2 are editorial and reflect the introduction of the concept of a "protected marketplace" and the standardization of terminology surrounding a "foreign organized regulated market".

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would be attributable to currency conversion. A Participant shall maintain with the record of the order the exchange rate used for the purpose of determining whether a better price existed on a protected marketplace and such information shall be provided to the Market Regulator upon request in such form and manner as may be reasonably required by the Market Regulator in accordance with subsection (3) of Rule 10.11.		
~~**Policy 6.1 – Entry of Orders to a Marketplace**~~ ~~Notwithstanding that all orders for a security at a price of $0.50 or more must be entered on a marketplace at a price that does not include a fraction or a part of a cent, an order which is entered on a marketplace as a Call Market Order or a Volume Weighted Average Price Order may execute and be reported in an increment of one-half of one cent in accordance with the method of calculation of the trade price established by the marketplace on which the order has traded.~~	**TriAct –** Systems limitations on the accuracy of public trade price displays should not govern the rules respecting trade price increments for certain "specialty trades" given that such trades are not used to establish the "last sale price" benchmark.	An amendment to Policy 6.1 consistent with the comment of TriAct was adopted as part of the package of amendments related to "Competitive Marketplaces". See Market Integrity Notice 2007-002 - *Amendment Approval – Provisions Respecting Competitive Marketplaces* (February 26, 2007).
Policy 6.4 – Trades to be on a Marketplace **Part 1 – Trades Outside of Marketplace Hours** In accordance with section 6.1 of the Trading Rules ~~National Instrument 23-101~~, each marketplace shall set requirements in respect of the hours of trading to be observed by marketplace participants. Occasions may arise when a Participant may wish to make an agreement to trade as principal with a Canadian account, or to arrange a trade between a Canadian account and a non-Canadian account, outside of the trading hours of any marketplace that trades the particular security. Rule 6.4 states that all trades must be executed on a marketplace unless otherwise exempted from this requirement. Participants are reminded of the exemption in clause (d) of Rule 6.4 that permits a trade on a~~n~~ foreign organized regulated market. Participants are also reminded of the exemption in clause (e) of Rule 6.4 that permits them to trade as principal with non-Canadian accounts off of a marketplace provided that any unwinding trade with a Canadian account is made in accordance with Rule 6.4. A Participant may make an agreement to trade in a listed security or a quoted security		The changes from the Revised Off-Marketplace Proposal for Part 1 of Policy 6.4 from the Revised Off-Marketplace Proposal are editorial and reflect the adoption of the term "foreign organized regulated market" and use of defined terms.

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with a Canadian account as principal or as agent outside of the trading hours of marketplaces, however, such agreements must be made conditional on execution of the trade on a marketplace or on a~~n~~ foreign organized regulated market. There is no trade until such time as there is an execution on a marketplace or a~~n~~ foreign organized regulated market or the trade is otherwise completed in accordance with one of the exemptions set out in Rule 6.4. The trade on a marketplace is to be done at or immediately following the opening of the marketplace on which the order is entered. A Participant may cross the trade at the agreed-upon price provided that the normal Requirements on order displacement are followed. If the Participant determines that the condition of recording the agreement to trade on a marketplace or foreign organized regulated market cannot be met, the agreement to trade shall be cancelled. Use of an error account to preserve the transaction is prohibited.		
Policy 6.4 – Trades to be on a Marketplace **Part 2 – Application to Foreign Affiliates and Others** The Market Regulator considers that any use by a Participant of another person that is not subject to Rule 6.4 in order to make a trade off of a marketplace (other than as permitted by one of the exemptions) to be a violation of the requirement to conduct business openly and fairly and in accordance with just and equitable principles of trade. Although certain affiliated entities of a Participant, including their foreign affiliates, are not directly subject to Requirements, Rule 6.4 means that a Participant may not transfer an order to a foreign affiliate, or book a trade through a foreign affiliate, and execute the order in a manner that does not comply with Rule 6.4. In other words, an order directed to a foreign affiliate by the Participant or any other person subject to Rule 6.4 shall be executed on a marketplace unless one of the exemptions set out in Rule 6.4 applies. Foreign branch offices of a Participant are not separate from the Participant and as such are subject to Requirements.		

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Policy 6.4 – Trades to be on a Marketplace **Part 3 – Non-Canadian Accounts** Clause (e) of Rule 6.4 permits a Participant to trade "off" of a marketplace either as principal with a non-Canadian account or as agent for the purchaser and seller both of whom are non-Canadian accounts. A "non-Canadian account" is defined as an account of a client of the Participant or a client of an affiliated entity of the Participant held by a Participant or an affiliated entity of a Participant and the client is considered to be a non-resident for the purposes of the *Income Tax Act* (Canada). There may be certain situations arising where a Participant is uncertain whether a particular account is a "non-Canadian account" for the purpose of this exemption. In these situations the account should be treated as a "Canadian account". The fact that an individual may be located temporarily outside of Canada, that a foreign location is used to place the order or as the address for settlement or confirmation of the trade does not alter the account's status as a Canadian account. Trades made by or on behalf of bona fide foreign subsidiaries of Canadian institutions are considered to be non-Canadian accounts, if the order is placed by the foreign subsidiary. For the purpose of this Policy, the relevant client of the Participant is the person to whom the order is confirmed.		
Policy 6.4 – Trades to be on a Marketplace **Part 4 – Reporting Foreign Trades** Clause (e) of Rule 6.4 requires a Participant to report to a marketplace any trade in a listed security or a quoted security that is made as principal with a non-Canadian account or as agent if both the purchaser and seller are non-Canadian accounts, unless the trade is reported to ~~a~~an foreign organized regulated market. If such an "outside Canada" trade has not been reported to ~~a~~an foreign organized regulated market, a Participant shall report such trade to a marketplace no later than the close of business on the next trading day. The report shall identify the security, volume, price (in the currency of the trade and in Canadian dollars) and time of the trade.		The revisions to Part 4 of Policy 6.4 from the Revised Off-Marketplace Proposal are editorial and reflect the adoption of the term "foreign organized regulated market"

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Policy 6.4 – Trades to be on a Marketplace **Part 5 – Application of UMIR to Orders Not Entered on a Marketplace** Under Rule 6.4, a Participant, when acting as principal or agent, may not trade nor participate in a trade in a security by means other than the entry of an order on a marketplace except in accordance with an exemption specifically enumerated within Rule 6.4. For the purposes of UMIR, a "marketplace" is defined as an Exchange, QTRS or an ATS and a "Participant" is defined essentially as a dealer registered in accordance with securities legislation of any jurisdiction and who is a member of an Exchange, a user of a QTRS or a subscriber to an ATS. If a person is a Participant, certain provisions of UMIR will apply to every order handled by that Participant even if the order is entered or executed on a marketplace or market that has not adopted UMIR as its market integrity rules or if the order is executed over-the-counter. In particular, the following provisions of UMIR will apply to an order handled by a Participant notwithstanding that the order is not entered on a marketplace that has adopted UMIR: • Rule 2.1 requires a Participant to transact business openly and fairly and in accordance with just and equitable principles of trade when trading on a marketplace or trading or otherwise dealing in securities which are eligible to be traded on a marketplace; • Rule 4.1 prohibits a Participant from frontrunning certain client orders; • Part 5 dealing with the "best execution obligation" of a Participant in respect of a client order; • Rule 8.1 governing client-principal trading; and • Rule 9.1 governing regulatory halts, delays and suspensions of trading. In accordance with Rule 11.9, UMIR will not apply to an order that is entered or executed on a marketplace in accordance with the Marketplace Rules of that marketplace as adopted in accordance with Part 7 of the		

Text of Provisions Following Adoption of the Amendments (Changes from the Revised Off-Marketplace Proposal Highlighted)	Commentator and Summary of Comment	RS Response to Comment and Additional RS Commentary
Trading Rules or if the order is entered and executed on a marketplace or otherwise in accordance with the rules of an applicable regulation services provider or in accordance with the terms of an exemption from the application of the Trading Rules.		
Policy 7.5 – Recorded Prices If the price of: • an internal cross or intentional cross to be recorded on a marketplace; or • a trade that has been executed outside of Canada that is to be reported to a marketplace in accordance with clause (e) of Rule 6.4, has been agreed to in a foreign currency and the trade is to be recorded or reported in Canadian currency, the price in foreign currency shall be converted to Canadian dollars using the exchange rate the Participant would have applied in respect of a trade of similar size on ~~a~~an foreign organized regulated market at the time of the internal cross, intentional cross or execution of the trade outside of Canada. If the trade price converted into Canadian currency falls between two trading increments for the marketplace on which the cross is to be entered or the trade reported, the price shall be rounded to the nearest trading increment. A Participant shall maintain with the record of the order the exchange rate used for the purpose of entering the internal cross or intentional cross or reporting the foreign trade and such information shall be provided to the Market Regulator upon request in such form and manner as may be reasonably required by the Market Regulator in accordance with Rule 10.11(3).	**CIBC –** As the spreads used by firms may vary, it creates an inconsistency from firm to firm.	The current rule provides for the use of the mid-market spot rate or 7-day forward exchange rate in effect at the time of the trade, plus or minus 15 basis points. In the view of RS, this test provided for more "latitude" than required. RS recognizes that exchange rates will not be same for all firms or all orders within a firm. The onus is on the firm to demonstrate that the exchange rate used for the transaction was reasonable and that an exchange rate has not been selected solely for the purpose of allowing the trade to avoid "best price" obligations. The revisions from the Revised Off-Marketplace Proposal are editorial reflecting the adoption of the definition of "foreign organized regulated market".
Policy 8.1 – Client-Principal Trading **Part 1 - General Requirements** Rule 8.1 governs client-principal trades. It provides that, for trades of 50 standard trading units of less, a Participant trading with one of its clients as principal must give the client a better price than the client could obtain on a marketplace. A Participant must take reasonable steps to ensure that the price is the best available price for the client taking into account the condition of the market. If the		

Text of Provisions Following Adoption of the Amendments (Changes from the Revised Off-Marketplace Proposal Highlighted)	Commentator and Summary of Comment	RS Response to Comment and Additional RS Commentary
security is traded on more than one marketplace, the client must receive, when the Participant is buying, a higher price than the best bid price, and, if the Participant is selling, the client must pay a lower price than the best ask price. For client-principal trades greater than 50 standard trading units, the Participant may do the trade provided the client could not obtain a better price on a marketplace in accordance with the best execution obligations under Rules 5.1 and 5.2. The Participant must take reasonable steps to ensure that the best price is obtained and the price to the client is justified by the condition of the market.		
General or Other Comments	**Scotia –** As a general principal all persons directly accessing the Canadian equity markets should be bound by the same set of regulatory obligations and standards of conduct.	The issue of "trade-through" obligations will the addressed by the Canadian Securities Administrators in proposals following consideration of comments received in response to current concept proposals regarding trade-through protection. Reference should be made to Market Integrity Notice 2007-007 – *Request for Comments - Joint Canadian Securities Administrators/Market Regulation Services Inc. Notice on Trade-Through Protection, Best Execution and Access to Marketplaces – Proposed Amendments to National Instrument 21-101 Marketplace Operation and National Instrument 23-101 Trading Rules and Related Universal Market Integrity Rules* (April 20, 2007). RS intends to undertake any consequential amendments to UMIR that may be required as a result of changes to Marketplace Operation Instrument or Trading Rules.
	TSX – Notes that the introduction of the proposed "bypass" marker will require significant programming changes and not less than 90 days prior notice to access vendors. Unlikely that the TSX would be in a position to accept the new marker within 90 days after approval of the amendments.	The Amendments have two aspects, namely: limiting the obligation of a Participant to the amount of the "disclosed volume" on other protected marketplaces and the ability of the marketplace to ensure that orders entered to fulfill an obligation to better prices are not allocated to "undisclosed" volume. The Amendments recognize the potential delays that may be experienced by a marketplace in programming for a "bypass order" marker and provide a mechanism for a Participant or Access Person to comply if the marker is not available on a particular marketplace (in that it the trade can not be executed on a particular marketplace because of restrictions on allocations by the trading system of that marketplace, the trade may be executed "off-marketplace" and then reported to a marketplace.)

13.1.2 MFDA Adjourns Settlement Hearing Regarding Portfolio Strategies Corporation

NEWS RELEASE
For immediate release

MFDA ADJOURNS SETTLEMENT HEARING REGARDING PORTFOLIO STRATEGIES CORPORATION

May 13, 2008 (Toronto, Ontario) – The Settlement Hearing regarding Portfolio Strategies Corporation, which was scheduled to take place on Thursday May 15, 2008 in Calgary, Alberta, has been adjourned to a time, date and location to be announced shortly.

A copy of the Notice of Settlement 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

13.1.3 RS Market Integrity Notice – Request for Comments – Provisions Respecting the "Best Price" Obligation

May 16, 2008 No. 2008-009

RS MARKET INTEGRITY NOTICE

REQUEST FOR COMMENTS

PROVISIONS RESPECTING THE "BEST PRICE" OBLIGATION

Summary

This Market Integrity Notice provides notice that, on April 22, 2008, the Board of Directors of Market Regulation Services Inc. approved amendments to the Universal Market Integrity Rules respecting the "best price" obligation for immediate implementation upon the publication of this Market Integrity Notice. The "best price" obligation requires a Participant to make "reasonable efforts" to fill better-priced orders displayed on a protected marketplace at the time the Participant executes at an inferior price on another marketplace or foreign organized regulated market. In particular, the amendments provide that the Market Regulator will accept that a Participant has made "reasonable efforts" to comply with the "best price" obligation if the Participant has:

- entered the order on a marketplace that will ensure compliance with the "best price" obligation;
- used an acceptable order router; or
- provided the order to another Participant for entry on a marketplace.

If a Participant uses another means to enter an order on a marketplace, the amendments expand on the factors that may be taken into account by Market Regulation Services Inc. in determining whether a Participant has made "reasonable efforts" to obtain the best available prices on a protected marketplace. The factors have been expanded to include whether:

- the protected marketplace recently launched operations;
- order information from the protected marketplace is available through a data vendor used by the Participant;
- the protected marketplace has recently had a material malfunction or interruption of services; and
- the protected marketplace has demonstrated an inordinate proportion of "inferior fills" with respect to tradeable orders routed to it.

The amendments also remove transaction costs as a factor in determining the "best price" obligation and clarify that "reasonable efforts" does not require a Participant to maintain a connection to each protected marketplace.

Each Participant must adopt policies and procedures to ensure compliance with its "best price" obligation, which will include the relevant factors upon which it is relying in making trading decisions. Each Participant must review its policies and procedures on an ongoing basis to reflect changes to the trading environment and market structure.

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 THE "BEST PRICE" OBLIGATION

Summary

This Market Integrity Notice provides notice that, on April 22, 2008, the Board of Directors ("Board") of Market Regulation Services Inc. ("RS") approved amendments to the Universal Market Integrity Rules ("UMIR") respecting the "best price" obligation for immediate implementation upon the publication of this Market Integrity Notice ("Interim Amendments"). The "best price" obligation requires a Participant to make "reasonable efforts" to fill better-priced orders displayed on a protected marketplace at the time the Participant executes at an inferior price on another marketplace or foreign organized regulated market. In particular, the Interim Amendments provide that the Market Regulator will accept that a Participant has made "reasonable efforts" to comply with the "best price" obligation if the Participant has:

- entered the order on a marketplace that will ensure compliance with the "best price" obligation;
- used an acceptable order router; or
- provided the order to another Participant for entry on a marketplace.

If a Participant uses another means to enter an order on a marketplace, the Interim Amendments expand the factors that may be taken into account by RS in determining whether a Participant has made "reasonable efforts" to obtain the best available prices on a "protected marketplace"[1]. The factors have been expanded to include whether:

- the protected marketplace recently launched operations;
- order information from the protected marketplace is available through a data vendor used by the Participant;
- the protected marketplace has recently had a material malfunction or interruption of services; and
- the protected marketplace has demonstrated an inordinate proportion of "inferior fills" with respect to tradeable orders routed to it.

The Interim Amendments also remove transaction costs as a factor in determining the "best price" obligation and clarify that "reasonable efforts" do not require a Participant to maintain a connection to each protected marketplace.

Each Participant must adopt policies and procedures to ensure compliance with its "best price" obligation, which will include the relevant factors upon which it is relying in making trading decisions. Each Participant must review its policies and procedures on an ongoing basis to reflect changes to the trading environment and market structure.

RS considers these to be "interim" amendments because the Canadian Securities Administrators ("CSA") are developing a trade-through proposal.[2] Depending upon the final form of this trade-through regime, conforming changes may be required to UMIR, in particular the "best price" obligation under Rule 5.2 as modified by the Interim Amendments. RS expects that the Interim Amendments will be in effect from the date of this Market Integrity Notice until changes implementing the final form of the CSA's trade-through regime become effective.

Rule-Making Process

RS has been recognized as a self-regulatory organization by the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, Ontario Securities Commission and, in Quebec, by the Autorité des marchés financiers (the "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 ("Trading Rules").

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

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1 Concurrent with the publication of this Market Integrity Notice, RS issued Market Integrity Notice 2008-008 - *Amendment Approval – Provisions Respecting "Off-Marketplace" Trades* (May 16, 2008) that provided notice of the approval by the Recognizing Regulators of various amendments to UMIR including the adoption of a definition of "protected marketplace". See "Impact of Amendments Respecting "Off-Marketplace" Trades" on pages 7 and 8.

2 See Market Integrity Notice 2007-007 – *Request for Comments – Joint Canadian Securities Administrators/Market Regulation Services Inc. Notice on Trade-Through Protection, Best Execution and Access to Marketplaces* (April 20, 2007) ("Joint Notice").

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"), Canadian Trading and Quotation System ("CNQ") and egX Canada Inc. ("egX"), each as an as an "exchange" for the purposes of the Marketplace Operation Instrument ("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 alternative trading system ("ATS"). CNQ presently operates an "alternative market" known as "Pure Trading" that is entitled to trade securities that are listed on other Exchanges and that presently trades securities listed on the TSX. egX is recognized in British Columbia as an Exchange and RS has agreed to act as the regulation services provider for egX upon egX commencing trading operations.

The Board approved the Interim Amendments for immediate implementation upon publication of this Market Integrity Notice. Based on comments received, the Recognizing Regulators may require changes to the Interim Amendments or may require that the Interim Amendments be repealed by RS. The text of the Interim Amendments is set out in Appendix "A". Comments are requested on all aspects of the Interim Amendments, including comments on policy alternatives that may be available to the implementation of the Interim Amendments. Comments should be in writing and delivered by ***June 9, 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 final approval of the Interim Amendments.

Rationale for the Interim Amendments

The emergence of multiple transparent marketplaces trading the same securities has highlighted the operational challenges that Participants face in complying with the "best price" obligation in Rule 5.2. Within this environment, RS is concerned that its enforcement of the current "best price" obligation would require Participants to access orders on all marketplaces without regard to such operational challenges.

Without amendments to the Marketplace Operation Instrument and UMIR to implement a comprehensive trade-through protection regime, the application of Rule 5.2 prior to the Interim Amendments essentially resulted in a trade-through obligation at the Participant level, despite the fact that the "best price" obligation is only one element of a robust trade-through regime. Imposing a trade-through obligation at the Participant level using Rule 5.2 is inconsistent with the view of the Recognizing

Regulators, RS and many commentators that a different and more efficient alternative for trade-through protection is a marketplace-level obligation.[3]

In an effort to address these concerns, RS applied on December 20, 2007 to the Recognizing Regulators, in accordance with Rule 11.1 of UMIR, for their approval to grant an exemption for a class of transactions.[4] Under the proposed exemption, a Participant would have been permitted, when determining compliance with the "best price" obligation under Rule 5.2 of UMIR, to take into account the disclosed volume of orders on only the protected marketplaces to which the Participant has access as:

- a member, in the case of a recognized exchange;
- a user, in the case of a recognized quotation and trade reporting system; or
- a subscriber, in the case of an alternative trading system.

Since that time, based on discussions about this exemption with the Recognizing Regulators, RS has instead developed the Interim Amendments for immediate implementation and ***has therefore withdrawn the original application for approval of the exemption***. The Interim Amendments have a different impact than the original proposed exemption and become effective on May 16, 2008.

Background to the Interim Amendments

Impact of the Amendments Respecting "Off-Marketplace" Trades

Concurrent with the publication of this Market Integrity Notice, RS has published Market Integrity Notice 2008-008 - *Amendment Approval – Provisions Respecting "Off-Marketplace" Trades* (May 16, 2008) which provides notice that various amendments to UMIR ("Off-Marketplace" Amendments) became effective May 16, 2008 that, among other changes:

- adopt the definition of a "protected marketplace" as a marketplace that:
  - disseminates order data in real-time and electronically through one or more information vendors in accordance with the Marketplace Operation Instrument,
  - permits dealers to have access to trading in the capacity as agent,
  - provides fully-automated electronic order entry, and
  - provides fully-automated order matching and trade execution;
- incorporate into Rule 5.2, the guidance of RS that the "best price" obligation arises at the time of the execution of an order;[5]

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[3] The trade-through protection proposal outlined by RS and the CSA would require each marketplace to establish, maintain and enforce written policies and procedures that are reasonably designed to prevent trade-throughs (in a manner similar to the requirements in the United States under Regulation NMS) and to regularly review the effectiveness of the policies and procedures and take prompt action to remedy deficiencies. The proposal would not mean that marketplaces would be required to establish linkages with other marketplaces. RS and the CSA identified a number of alternative ways a marketplace could choose to implement its policies and procedures obligation without requiring mandatory linkages. Some examples included:

- preventing orders from being entered into the marketplace when they are not at the best available prices;
- preventing orders from being executed if not at the best price;
- providing price improvement so that the transaction is executed at the same or better price to that available on another marketplace;
- requiring participants to take certain specified actions or to more generally confirm their own policies and procedures;
- allowing the entry of "inter-market sweep orders"; and
- establishing voluntary linkages (direct or indirect through an entity that has access to other marketplaces) to the other marketplaces to route orders to the best available visible limit orders.

Although the obligation to establish, maintain and enforce written policies to prevent trade-throughs would rest with the individual marketplaces, the decision about how to implement the requirement would be a choice and an opportunity for marketplaces to differentiate themselves and their services.

[4] Market Policy Notice 2007-009 – *General – Application for Approval of an Exemption from Aspects of the Best Price Obligation* (December 20, 2007).

[5] Rule 5.2 previously provided that the Participant was to make reasonable efforts "prior to" the execution of an order but RS had issued guidance on the interpretation of this requirement. See Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006).

- eliminate the distinction between "active" and "passive" orders when determining which orders owe a "best price" obligation;

- confirm that the obligation of a Participant to fill better-priced orders is not limited by the size of the trade executed by the Participant; and

- specifically provide that a Participant will be considered to have taken "reasonable efforts" to obtain the best price if, at the time of the execution of the order on a particular marketplace or foreign organized regulated market, the Participant enters orders on behalf of the client, non-client or principal account on each other protected marketplace and such orders have a sufficient volume and are at a price to fill the then disclosed volume[6] on that protected marketplace.

Status of Current Marketplaces as Protected Marketplaces

Of the current marketplaces, only Chi-X, CNQ (including Pure Trading), Omega, TSX and TSXV meet all four conditions to qualify as a protected marketplace. None of BlockBook, Bloomberg, Liquidnet and MATCH Now qualify as a "protected marketplace".

A Participant has an obligation to execute against better-priced orders on Chi-X, CNQ, Omega, Pure, TSX and TSXV before executing at an inferior price on any marketplace or foreign organized regulated market. For a description of the basic features of each these marketplaces, see "Summary Comparison of Current Equity Marketplaces" available on the RS website: www.rs.ca.

A Participant owes a "best price" obligation to only the "visible" portion of a "better-priced" order on a protected marketplace. If a marketplace permits the entry of an "iceberg" order for which only a portion of the volume is disclosed, no "best price obligation" is owed to the portion of the order that is not visible at the time the Participant is determining its obligation under Rule 5.2. At the present time, iceberg orders are permitted on CNQ, Pure, TSX and TSXV.

If a protected marketplace has visible orders but the marketplace is not open for trading at that time, the "best price" obligation does not apply to such orders. A Participant may trade at any time taking into account all visible orders on marketplaces then open for trading. The "best price" obligation does apply to a special trading facility of a marketplace that conducts trading before or after "regular" trading hours if orders in such special facility are visible.

Description of the Interim Amendments

The "best price" obligation requires a Participant to make "reasonable efforts" to fill better-priced orders displayed on a protected marketplace at the time the Participant executes at an inferior price on another marketplace or foreign organized regulated market. The Interim Amendments:

- set out certain order handling methods which will be considered to be "reasonable efforts";

- expand on the factors that RS will take into account in determining whether "reasonable efforts" have been made if a Participant is using an order handling method other than one which is automatically considered "reasonable efforts";

- provide specific requirements for each Participant to adopt policies and procedures to ensure compliance with the "best price" obligation;

- clarify that "reasonable efforts" does not require a Participant to maintain a connection to each protected marketplace; and

- remove transaction costs as a factor to be taken into consideration in determining compliance with the "best price" obligation.

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[6] The term "disclosed volume" is defined as including the volume of orders on a protected marketplace at a price better than the price of the intended trade but excludes:
- the undisclosed portion of any iceberg order;
- a Basis Order;
- a Call Market Order;
- a Market-on-Close Order;
- an Opening Order;
- a Special Terms Order; or
- a Volume-Weighted Average Price Order.

The Interim Amendments are effective as of the date of this Market Integrity Notice but may be varied or repealed following public comment and review by the Recognizing Regulators.

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

Order Handling Methods That Are Automatically Considered "Reasonable Efforts"

The Interim Amendments provide that the Market Regulator will accept that a Participant has made "reasonable efforts" to comply with the "best price" obligation if the Participant has:

- entered the order on a marketplace that will ensure compliance with the "best price" obligation;
- used an acceptable order router; or
- provided the order to another Participant for entry on a marketplace.

Reliance on Marketplace Router or Functionality

A Participant will be considered to have taken "reasonable efforts" to satisfy its "best price" obligation in respect of a particular order if the Participant has entered the order on a marketplace that has taken reasonable efforts to obtain order information from each protected marketplace and that will, upon receipt of the order:

- route all or any part of the order required to comply with Rule 5.2 to a protected marketplace;
- execute the order at a price that will comply with Rule 5.2; or
- automatically vary the price of the order to a price that will comply with Rule 5.2.

RS expects that the Participant will monitor and document the performance of any marketplace order router or marketplace trading system functionality. If the Participant becomes aware that the marketplace is failing to handle orders in a manner that will comply with Rule 5.2, the Participant can no longer rely on the arrangements with that marketplace to demonstrate "reasonable efforts" to obtain the "best price".

RS expects that a marketplace which makes a router or functionality available to Participants to comply with their "best price" obligation will devote sufficient resources to the upgrade and maintenance of the router or functionality to be able to incorporate new protected marketplaces as they become available. In particular, RS expects that the marketplace will have taken reasonable efforts to obtain order information from each protected marketplace. RS expects that a marketplace offering these routers or functionality will obtain the order information either directly from the protected marketplace or from an information vendor. A marketplace would not be required to take into account a particular protected marketplace if order information from that particular protected marketplace is not available in a form and format that readily permits the use of such order information in the trading system of the marketplace. RS does not expect that each marketplace offering these routers or functionality will be in a position to integrate information from any new protected marketplace on its launch date. In the ordinary course, RS would expect that a marketplace should have integrated the new protected marketplace into its router or functionality within 90 days of the launch of the new marketplace. Unless RS has granted an exemption to a marketplace, if the marketplace has not integrated the new protected marketplace into its router or functionality within 90 days of launch of the new marketplace, a Participant would no longer be able to rely on its arrangements with the marketplace to demonstrate "reasonable efforts" to obtain the "best price".

RS recognizes that, in certain circumstances, a marketplace may on a temporary basis cease taking into account orders on a particular protected marketplace as a result of interruption of service or the unavailability of quotes on the particular protected marketplace. For a discussion of RS's expectations in these circumstances, see "Interruption of Marketplace Service" on pages 13 and 14 and "Unavailability of Quotes" on page 15.

Reliance on Smart Order Router Technology

A Participant will be considered to have taken "reasonable efforts" to satisfy its "best price" obligation in respect of a particular order if the Participant has entered the order on a marketplace using an order router developed and operated by the Participant or a service provider if:

- the order router has demonstrated an ability to access any order on a protected marketplace required to comply with Rule 5.2; and

- the Participant or service provider has taken reasonable efforts to obtain order information from each protected marketplace.

RS expects that the Participant or service provider will monitor the performance of their order router to ensure that the router is performing adequately. In particular, RS expects that with the launch of a new marketplace which qualifies as a protected marketplace the performance of the order router will be re-evaluated.

If a Participant proposes to rely on the use of an order router developed and operated by the Participant or a service provider, RS expects that the Participant or service provider will make reasonable efforts to obtain order information from each protected marketplace. For a discussion of RS's expectations of "reasonable efforts" in this context, see "Availability of Marketplace Data" on pages 14 and 15.

RS recognizes that, in certain circumstances, an order router may on a temporary basis cease taking into account orders on a particular protected marketplace as a result of interruption of service or the unavailability of quotes on the particular protected marketplace. For a discussion of RS's expectations in these circumstances, see "Interruption of Marketplace Service" on pages 13 and 14 and "Unavailability of Quotes" on page 15.

Reliance on Another Participant

If a Participant routes orders to another Participant for entry on a marketplace, RS will consider the first Participant to have complied with their best price obligations and will look to the second Participant to ensure that "reasonable efforts" are undertaken to obtain "best price". The Participant that receives an order from another Participant as part of an introducing/carrying broker arrangement or as an individual jitney order takes on the obligation to undertake "reasonable efforts" to obtain the best price on the execution of the order in accordance with the other requirements of Rule 5.2.

Additional Factors to be Considered When Using Other Order Handling Methods

If a Participant uses a means to enter an order on a marketplace other than one of the methods which will be automatically considered to comply with the "best price" obligation, the Interim Amendments expand the factors that may be taken into account by RS in determining whether a Participant has made "reasonable efforts" to obtain the best available prices on a "protected marketplace". For example, these additional factors will be relevant if a Participant uses an order router that does not meet the requirements described above under the heading "Reliance on Smart Order Router Technology" or if the Participant has decided to manually route a particular order or a particular component of its order flow.

Under the Interim Amendments, the additional factors that RS may take into account include the following:

Launch of a New Marketplace

RS acknowledges that a significant lead time is required for Participants, information vendors, service providers and other marketplaces to be able to adapt all of their systems to accommodate the introduction of a new protected marketplace. The lead time that is required reflects the need for co-ordination and the reality that all parties have other priorities and commitments with respect to their systems and technology initiatives. Section 12.3 of the Marketplace Operation Instrument provides that a new marketplace must provide at least two months public notice of technology requirements regarding interfacing with or access to the marketplace and that they must make testing facilities available to the public at least one month prior to the launch of trading operations. The longer the period of time that such technology specifications and testing facilities are available to the public prior to the launch of operations the easier for all market participants to adapt their systems to accommodate the launch of the new protected marketplace.

RS also recognizes there is a degree of uncertainty regarding whether new marketplaces are able to meet announced launch timeframes and there is some reluctance to make the required investments and commitments to systems and technology until the commencement of trading operations is either certain or in fact a reality. In connection with the launch of a new marketplace, if no or minimal testing is performed by the marketplace prior to launch, there will be a period after launch during which Participants may wish to assess the capacity, integrity and security of marketplace systems before directing order flow to such marketplace.

The Interim Amendments include as a relevant factor whether the protected marketplace provided testing facilities to the public for a sufficient period of time prior to launch in accordance with section 12.3 of the Marketplace Operation Instrument. If a new protected marketplace made testing facilities available for a sufficient period of time prior to launch, the Participant would be expected to take orders from the new protected marketplace into account and to obtain the best available price on that marketplace.

In the view of RS, a reasonable period of time during which to accommodate the launch of a new protected marketplace would be the longer of:

- three months following the launch of the new protected marketplace; and
- six months following the date that testing facilities were available to the public in accordance with section 12.3 of the Marketplace Operation Instrument.

As such, if a new protected marketplace provided only the minimum of one month for the availability of testing facilities as required by section 12.3 of the Marketplace Operation Instrument, RS would consider a reasonable period to be five months from the launch of the new protected marketplace before a Participant would be expected to fill better-priced orders on the new protected marketplace.

Interruption of Marketplace Service

RS will take into account as a relevant factor whether the protected marketplace has recently had a material malfunction or interruption of services. This factor may be taken into account in a decision by a Participant to initially connect to the protected marketplace or to continue to direct order flow to that particular protected marketplace.

If, in the course of ongoing marketplace operations, a Participant experiences an interruption of service with a particular protected marketplace, RS would expect that the Participant would document the nature of the interruption and the provision of notice of the interruption to the protected marketplace, any relevant service provider used by the Participant and the technology staff of the Participant so that the causes of the interruption could be identified and the responsible party could take remedial action. If a protected marketplace has experienced a material malfunction or interruption of service on any trading day, RS would not expect the Participant, depending upon the circumstances, to take that marketplace into account for the balance of the trading day should trading resume on that marketplace. For example, if the interruption was "momentary" as the marketplace moved trading to its back-up systems or if the nature and duration of the interruption of service are known at the outset of the interruption of service and the marketplace resumes trading as scheduled, the Participant would be expected to take that marketplace into account on the resumption of trading.

If the Participant has experienced persistent or prolonged material malfunctions or interruptions of service, including delays in:

- the processing of orders;
- the execution of trades;
- the communication of the status of orders or trades; or
- the dissemination to the applicable data vendor of order or trade information,

the Participant would not be expected to route orders to such marketplace until such time as the protected marketplace had demonstrated that its systems are reliable and fully-functioning. Participants are required to continue to monitor the system performance of the marketplace and to once again take into account best available prices on that marketplace once it has returned to normal operations.

As a general guideline, RS would view malfunctions or interruptions of service which affects the ability of a Participant to conduct trading on a marketplace on three days in any thirty day period to constitute a material malfunction or interruption of service that is "persistent or prolonged". In these circumstances, RS would accept that a Participant was acting reasonably if the Participant did not route further orders to that protected marketplace until such time as the protected marketplace had demonstrated that its systems are reliable and fully-functioning. Once a Participant has determined that a particular protected marketplace was having persistent or prolonged material malfunctions or interruptions of service, RS would expect that the Participant would continue to monitor and document the system performance of that marketplace and, as a general guideline, RS would expect that a Participant would consider orders on that marketplace if there has not been a material malfunction or interruption of service for a period of at least thirty days and consideration of that marketplace is not otherwise excluded by the application of one of the other factors. RS acknowledges that information on the reliability and status of a marketplace system may not be readily available[7] and that a Participant may have to rely on representations made by the marketplace.

Availability of Marketplace Data

RS will take into account as a relevant factor whether order information from the protected marketplace is available through an information vendor used by the Participant in a form and format that readily permits the use of such order information in the trading systems of the Participant. In the absence of an information processor and a single official consolidated market display, RS acknowledges that each Participant must rely on one or more information vendors to provide order and trade information

[7] Marketplace information may become available if the CSA proceeds with amendments to the Marketplace Operation Instrument to require periodic reports of market quality information. See proposed Part 14.1 of the Marketplace Operation Instrument in the Joint Notice.

from the various marketplaces trading a particular security. RS is aware that not all information vendors make information available from all marketplaces, or even all protected marketplaces. RS expects that a Participant will request their information vendors to access the data of all protected marketplaces. RS recognizes that a reasonable period of time is required to permit a Participant to integrate additional data feeds (whether from an existing information vendor or an additional information vendor) into the trading system of the Participant. If an information vendor used by the Participant makes order and trade information available from a particular protected marketplace, RS would expect, in the ordinary course, that the Participant would take steps to be able to integrate that data into the trading systems of the Participant within 90 days following the date that the information vendor is first able to make the data available. If the Participant is not able to integrate the data within that time period, RS would expect that the Participant would document the steps which the Participant and the information vendor had taken prior to the expiry of the 90-day period in order to be able to demonstrate that they had diligently pursued the integration of the data as part of the reasonable efforts to comply with the "best price" obligation of the Participant.

If the information vendor used by a Participant does not make available order information from a particular protected marketplace in a format that can be readily integrated into the Participant's systems and the Participant determines that the trading activity on that particular marketplace is such that the Participant must consider that particular marketplace in accordance with its "best execution" obligations under Rule 5.1[8], RS would expect that the Participant would make alternate arrangements with information vendors in order to obtain information on orders and trades on that protected marketplace. In the ordinary course, RS would expect that the Participant would implement these arrangements within 90 days following the date the Participant determined that the protected marketplace must be considered in accordance with the Participant's "best execution" obligations. Once again, if the Participant is not able to enter a new arrangement and integrate the data within that time period, RS would expect that the Participant would document the steps which the Participant and the information vendor had taken prior to the expiry of the 90-day period in order to be able to demonstrate that they had diligently pursued the integration of the data from the particular protected marketplace.

Unavailability of Quotes

Compliance with the "best price" obligation is measured by reference to the information which was available to the Participant at the time of the entry of an order. Given the speed at which trades occur and at which orders are entered, changed or cancelled, a Participant cannot necessarily execute with every order that appeared to be "available" at the time the Participant decided which marketplace to access. However, if a protected marketplace has demonstrated that, of the immediately tradeable orders sent to that particular protected marketplace, an inordinate proportion of:

- market orders are executed at a worse price than indicated on that marketplace at the time the decision was made to route the order to that particular protected marketplace; and
- limit orders fail to execute for the price and volume indicated on that marketplace at the time the decision was made to route the order to that particular protected marketplace,

a Participant may take this factor into account when determining whether to connect to or otherwise obtain access to that marketplace. RS acknowledges that information on the "fill" rates of a particular marketplace may not be readily available and that a Participant may have to rely on representations made by the marketplace.

Adverse results for immediately tradeable orders would be expected to occur on a marketplace that does not have sufficient "depth of book" to support the trading of average or above-average sized orders of liquid securities. Participants who intend to rely on this factor when making order routing decisions must monitor their "fill" rates for orders entered on the various protected marketplaces. A Participant would be expected to continue to monitor and document the trading activity on a protected marketplace which it had stopped utilizing due to the unavailability of quotes. If the monitoring discloses that trading activity on a particular marketplace has "matured" to the level that the marketplace has a demonstrated capacity to handle small or average size orders for a specific security, the Participant must consider order information from such marketplace in making "reasonable efforts" to comply with the "best price" obligation.

Adherence to Policies and Procedures

In determining if a Participant has undertaken "reasonable efforts" in obtaining best price, regardless of the method chosen by the Participant to enter orders on a marketplace, RS will consider whether the Participant has followed the policies and procedures regarding the "best price" obligation which the Participant has adopted in accordance with Rule 7.1 of UMIR. (See "Adoption of Policies and Procedures" on page 16 and 17.) In conducting a trade desk review or other inquiry to determine

[8] Reference is made to "Rule 5.1 – Best Execution Obligation" on pages 8 and 9 of Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006). RS expects that each Participant will monitor of trading activity on each marketplace for the purpose of determining whether the marketplace should be considered for compliance with the "best execution" obligation. RS also expects each Participant to document their analysis of trading activity on each marketplace that supports their decisions. See "Adoption of Policies and Procedures" on pages 16 and 17.

whether the Participant has undertaken "reasonable efforts" to obtain the best price, RS will first ascertain whether the Participant's policies and procedures are adequate to ensure compliance with the "best price" obligation and then whether the Participant has followed those policies and procedures. In particular, the trade desk review will be looking to determine whether a Participant has monitored and documented:

- trading activity levels on each marketplace (including any marketplace which the Participant has stopped utilizing due to the unavailability of quotes);
- the performance of any marketplace router or functionality which the Participant has relied on to satisfy "best price" obligations;
- the performance of any smart order router or functionality developed and operated by the Participant or a service provider and on which the Participant has relied on to satisfy "best price" obligations; and
- the system performance of any protected marketplace that the Participant has determined has had a material malfunction or interruption of service.

Additional Unspecified Factors

The Interim Amendments provide that RS may consider additional factors beyond those specifically listed in Policy 5.2. Such additional factors may be a response to a number of developments including the emergence of new marketplaces, the introduction of new functionality by marketplaces or the recognition of a single consolidated market display produced by an information processor. If RS proposes to take into consideration a factor which is not specifically listed in Policy 5.2, RS will provide guidance on the application of such new factor through the issuance of a Market Integrity Notice at least 90 days prior to the date that RS proposes to take such new factor into account.

Adoption of Policies and Procedures

Rule 7.1 requires each Participant to adopt written policies and procedures to be followed by directors, officers, partners and employees of the Participant that are adequate, taking into account the business and affairs of the Participant, to ensure compliance with the requirements of UMIR, including the "best price" obligation under Rule 5.2. RS expects that each Participant will have adopted policies and procedures which set out the steps or process to constitute the "reasonable efforts" that the Participant will take to ensure that orders receive the "best price" when executed on a marketplace. These policies and procedures must address the factors which the Participant will take into account:

- initially in determining whether orders on a protected marketplace need to be considered; and
- on an on-going basis once the Participant has determined that orders on a particular protected marketplace should be considered.

The policies and procedures adopted by the Participant must take into account the relevant factors and other requirements set out in Policy 5.2 giving effect to the Interim Amendments.

RS acknowledges that each Participant may also take into account additional factors which are reasonable and of particular importance to the type of business conducted by the Participant. However, any additional factors identified by a Participant must not be inconsistent with the requirements set out in Policy 5.2 or the provisions of the Marketplace Operation Instrument. For example, section 12.3 of the Marketplace Operation Instrument establishes minimum standards to be met by new marketplaces with respect to the availability of technical information and testing facilities. In addition, section 12.1 of the Marketplace Operation Instrument sets out requirements regarding the capacity of the trading system of a marketplace. Finally, the relevant factors enumerated in Part 1 of Policy 5.2 as provided by the Interim Amendments allow a Participant to take into account the actual operational performance of a protected marketplace. In these circumstances, RS would consider it unreasonable for a Participant to adopt as part of its policies and procedures a provision which would allow the Participant to disregard order information from a marketplace that did not have a minimum number of successful "industry wide" tests prior to launch or did not have certain redundancies or back-up capacity.

RS expects that each Participant will re-evaluate the appropriateness of its policies and procedures with the launch of each new marketplace, particularly a marketplace that qualifies as a protected marketplace. RS also expects that each Participant will monitor and document the levels of trading activity on each marketplace taken into account by the Participant in determining whether to establish or to maintain access to a particular marketplace (either for compliance with the "best price" obligation or the "best execution" obligation). In particular, if a Participant has ceased to take into account orders from a particular protected marketplace as a result of an interruption of marketplace services or the unavailability of quotes, the policies and procedures should indicate how the Participant will monitor and document developments on that particular protected marketplace that would

be relevant to determining when orders on that particular protected marketplace should once again be taken into consideration for the purposes of complying with the "best price" obligation.

On a monthly and quarterly basis, RS makes publicly available summary data on trading activity on each marketplace related to the percentage of trades, volume and value of each of the marketplaces regulated by RS. The summary is available on the RS website (at www.rs.ca) and may be accessed on the homepage under the heading "Marketplaces We Regulate".

Connectivity to Marketplaces

Rule 5.2 requires Participants to make reasonable efforts to fill better-priced orders on a protected marketplace before executing a trade at an inferior price on another marketplace or foreign market. RS has indicated in previous guidance that UMIR does not require that a Participant maintain trading access to every Canadian marketplace on which a security may trade. The Interim Amendments have amended the provisions of Part 1 of Policy 5.2 to specifically confirm that making "reasonable efforts" to obtain best price does not require that a Participant become a member, user or subscriber of each protected marketplace.

If a Participant directs its order flow to a marketplace that offers a smart order router that will route, upon receipt, all or any part of an order entered by the Participant to a protected marketplace with "better-priced" orders to comply with the Rule 5.2, RS will consider the Participant to have complied with their best price obligations. In order to access the marketplace router, the marketplace may require that the Participant be a member, user or subscriber of each protected marketplace to which orders may be routed. Alternatively, the marketplace (or a Participant acting on its behalf) may itself be a member, user or subscriber of each protected marketplace and the marketplace may take on the responsibility for the order in a manner comparable to that of a "jitney". In this latter case, since the particular marketplace has taken on the responsibility to consider prices on protected marketplaces and to access those protected marketplaces, the Participant would not be required to determine whether to directly connect to any new protected marketplace or to indirectly access any new protected marketplace through a Participant that had access to that marketplace.

Transaction Costs

In the Joint Notice, RS and the Recognizing Regulators set out a number of concept proposals and proposed rule changes that, among other things, would establish:

- that one of the general factors to be taken into account under the "best execution" obligation would be the overall cost of the transaction; and
- a maximum amount that a marketplace would be able to charge for access to a quote for trade-through purposes.

In contemplation of the adoption of one or both of these changes, the Interim Amendments repealed the current factor under Part 1 of Policy 5.2 that allows the consideration of the transaction costs and other costs that would be associated with executing the trade on a marketplace. With the repeal of this factor, each Participant when following its policies and procedures to obtain the "best price" will take account of the price of the orders displayed by each of the protected marketplaces without regard to any transaction fee that would be payable or any rebate or fee that may be earned if the order was executed on a particular marketplace. The repeal of this factor simplifies the logic for determining which marketplace an order should be routed to as the decision will now be made by comparing only the displayed prices on each of the protected marketplaces subject to the application of the factors identified in the Policy to Rule 5.2.

Summary of the Impact of the Interim Amendments

The most significant impacts of the adoption of the Interim Amendments are:

- confirmation that "reasonable efforts" does not automatically require a Participant to have a direct connection to each protected marketplace;
- providing that each Participant must adopt policies and procedures for obtaining "best price" which must take into account the factors set out in Policy 5.2 together with other factors that are relevant to the business conducted by the Participant;
- providing that a Participant will be considered to have made "reasonable efforts" if the Participant has entered the order using an acceptable order router or similar facility operated by the Participant, a service provider, marketplace or other Participant;
- expanding the factors taken into account in determining whether a Participant has made "reasonable efforts" to obtain the best available prices to include whether:

  - order information from the protected marketplace is available through a data vendor used by the Participant,
  - the protected marketplace has recently launched operations or had any material malfunction or interruption of services,
  - the protected marketplace has demonstrated an inordinate proportion of "inferior fills" with respect tradeable orders routed to it; and

- removing differences in transaction costs between protected marketplaces as a factor that may be taken into account in determining whether a Participant has made "reasonable efforts".

With the adoption of the Off-Marketplace Amendments and the immediate implementation of the Interim Amendments, certain of the guidance previously provided by RS with respect to obtaining "best price" in a multiple marketplace environment trading the same securities has been repealed and replaced with the issuance of Market Integrity Notice 2008-010 - *Guidance – Complying with "Best Price" Obligations* (May 16, 2008). In particular, guidance related to Rule 5.2 from the following notices has been repealed and replaced:

- Market Integrity Notice 2006-017 – *Guidance – Securities Trading on Multiple Marketplaces* (September 1, 2006);
- Market Integrity Notice 2006-020 – *Guidance – Compliance Requirements For Trading On Multiple Marketplaces* (October 30, 2006);
- Market Integrity Notice 2007-015 – *Guidance – Specific Questions Related to Trading on Multiple Marketplaces* (August 10, 2007); and
- Market Integrity Notice 2007-021 – *Guidance – Expectations Regarding "Best Price" Obligations* (October 24, 2007).

Appendices

- Appendix "A" sets out the text of the Interim Amendments to the Rules and Policies respecting the "best price" obligation; and
- Appendix "B" contains the text of the relevant provisions of the Rules and Policies as they read on the adoption of the Interim Amendments. Appendix "B" also contains a marked version of the current provisions highlighting the changes introduced by the Interim Amendments.

Questions / Further Information

For further information or questions concerning this notice contact:

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ROSEMARY CHAN,
VICE PRESIDENT, MARKET POLICY AND GENERAL COUNSEL

Appendix "A"

Provisions Respecting the "Best Price" Obligations

The Universal Market Integrity Rules are hereby amended as follows:

1. Subsection (3) of Rule 5.3 is repealed.

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

1. Part 1 of Policy 5.2 is deleted and the following substituted:

Part 1 – Qualification of Obligation

The "best price obligation" imposed by Rule 5.2 is subject to the qualification that a Participant make "reasonable efforts" to ensure that an order receives the best price. "Reasonable efforts" does not require that a Participant become a member, user or subscriber of each protected marketplace.

The Market Regulator will accept that a Participant has made "reasonable efforts" to obtain the "best price" if the Participant:

- enters the order on a marketplace by means of an order router developed and operated by the Participant or a service provider if:
  - the order router has demonstrated an ability to access orders on a protected marketplace, and
  - the Participant or service provider has taken reasonable efforts to obtain order information from each protected marketplace,
- enters the order on a marketplace that has taken reasonable efforts to obtain order information from each protected marketplace and that, in accordance with the arrangements between the Participant and the marketplace, will, upon receipt of the order:
  - route all or any part of the order required to comply with Rule 5.2 to a protected marketplace,
  - execute the order at a price that will comply with Rule 5.2, or
  - automatically vary the price of the order to a price that will comply with Rule 5.2; or
- provides the order to another Participant for entry on a marketplace.

In determining whether a Participant has made "reasonable efforts" in other circumstances, the Market Regulator will consider, among other factors:

Factors Related to Initial Consideration of a Particular Marketplace

- whether the marketplace qualifies as a "protected marketplace";
- whether the protected marketplace has recently:
  - commenced operations, or
  - had any material malfunction or interruption of service;
- whether, in the absence of an information processor, a data vendor used by the Participant has made order information from the protected marketplace available in a form and format that readily permits the use of such order information in the trading systems of the Participant; and
- whether the Participant has followed the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace need to be initially considered.

Factors Related to On-going Compliance

- whether a "better-priced" order is on a protected marketplace which the Participant has determined to consider in accordance with the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace need to be initially considered;

- whether the Participant has experienced:

    - disruptions in trading activity as a result of any material malfunction or interruption of service of a particular protected marketplace, or

    - an inordinate proportion of immediately tradeable orders entered on a particular protected marketplace being executed at an inferior price to that displayed at the time the order was entered by the Participant or not being executed or being executed only in part for a volume less than that displayed at the time the order was entered by the Participant; and

- whether the Participant has followed the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace need to be considered on an on-going basis.

2. Policy 7.1 is amended by adding the following as Part 6:

Part 6 – Specific Provisions Respecting the Best Price Obligation

Each Participant must adopt written policies and procedures that are adequate, taking into account the business and affairs of the Participant, to ensure compliance with the "best price obligation". The policies and procedures must set out the steps or process to be followed by the Participant that constitute the "reasonable efforts" that the Participant will take to ensure that orders receive the "best price" when executed on a marketplace. These policies and procedures must address the factors which the Participant will take into account:

- initially in determining whether order on a protected marketplace need to be considered; and

- on an on-going basis once the Participant has determined that orders on a particular protected marketplace should be considered.

The policies and procedures adopted by the Participant:

- must take into account the factors and other requirements enumerated in Policy 5.2; and

- may take into account other additional factors which are reasonable and of particular importance to the type of business conducted by the Participant provided any additional factors identified by a Participant must not be inconsistent with the requirements set out in Policy 5.2 or the provisions of the Marketplace Operation Instrument.

Appendix "B"

Text of the Rules and Policies to Reflect Interim Amendments Respecting the "Best Price" Obligation

Text of Provisions Following Adoption of Interim Amendments	Text of Current Provisions Marked to Reflect Adoption of Interim Amendments
5.2 Best Price Obligation (1) A Participant shall make reasonable efforts at the time of the execution of an order to ensure that: (a) in the case of an offer, the order is executed at the best bid price; and (b) in the case of a bid, the order is executed at the best ask price. (2) Subsection (1) does not apply to the execution of an order which is: (a) required or permitted by a Market Regulator pursuant to clause (b) of Rule 6.4 to be executed other than on a marketplace in order to maintain a fair or orderly market; (b) a Special Terms Order unless: (i) the security is a listed security or quoted security and the Marketplace Rules of the Exchange or QTRS governing the trading of a Special Terms Order provide otherwise, or (ii) the order could be executed in whole, according to the terms of the order, on a marketplace or with a market maker displayed in a consolidated market display; or (c) directed or consented to by the holder of the account to be entered on a marketplace as: (i) a Call Market Order, (ii) a Volume-Weighted Average Price Order, (iii) a Market-on-Close Order, (iv) an Opening Order, (v) a Basis Order, or (vi) a Closing Price Order.	**5.2 Best Price Obligation** (1) A Participant shall make reasonable efforts at the time of the execution of an order to ensure that: (a) in the case of an offer, the order is executed at the best bid price; and (b) in the case of a bid, the order is executed at the best ask price. (2) Subsection (1) does not apply to the execution of an order which is: (a) required or permitted by a Market Regulator pursuant to clause (b) of Rule 6.4 to be executed other than on a marketplace in order to maintain a fair or orderly market; (b) a Special Terms Order unless: (i) the security is a listed security or quoted security and the Marketplace Rules of the Exchange or QTRS governing the trading of a Special Terms Order provide otherwise, or (ii) the order could be executed in whole, according to the terms of the order, on a marketplace or with a market maker displayed in a consolidated market display; or (c) directed or consented to by the holder of the account to be entered on a marketplace as: (i) a Call Market Order, (ii) a Volume-Weighted Average Price Order, (iii) a Market-on-Close Order, (iv) an Opening Order, (v) a Basis Order, or (vi) a Closing Price Order. ~~(3) For the purposes of subsection (1), the Participant may take into account any transaction fees that would be payable to the marketplace in connection with the execution of the order as set out in the schedule of transaction fees disclosed in accordance with Marketplace Operation Instrument.~~

Text of Provisions Following Adoption of Interim Amendments	Text of Current Provisions Marked to Reflect Adoption of Interim Amendments
Policy 5.2 – Best Price Obligation **Part 1 – Qualification of Obligation** The "best price obligation" imposed by Rule 5.2 is subject to the qualification that a Participant make "reasonable efforts" to ensure that an order receives the best price. "Reasonable efforts" does not require that a Participant become a member, user or subscriber of each protected marketplace. The Market Regulator will accept that a Participant has made "reasonable efforts" to obtain the "best price" if the Participant: • enters the order on a marketplace by means of an order router developed and operated by the Participant or a service provider if: o the order router has demonstrated an ability to access orders on a protected marketplace, and o the Participant or service provider has taken reasonable efforts to obtain order information from each protected marketplace, • enters the order on a marketplace that has taken reasonable efforts to obtain order information from each protected marketplace and that, in accordance with the arrangements between the Participant and the marketplace, will, upon receipt of the order: o route all or any part of the order required to comply with Rule 5.2 to a protected marketplace, o execute the order at a price that will comply with Rule 5.2, or o automatically vary the price of the order to a price that will comply with Rule 5.2; or • provides the order to another Participant for entry on a marketplace. In determining whether a Participant has made "reasonable efforts" in other circumstances, the Market Regulator will consider, among other factors: ***Factors Related to Initial Consideration of a Particular Marketplace*** • whether the marketplace qualifies as a "protected marketplace"; • whether the protected marketplace has recently:	**Policy 5.2 – Best Price Obligation** **Part 1 – Qualification of Obligation** The "best price obligation" imposed by Rule 5.2 is subject to the qualification that a Participant make "reasonable efforts" to ensure that an order receives the best price. "Reasonable efforts" does not require that a Participant become a member, user or subscriber of each protected marketplace. The Market Regulator will accept that a Participant has made "reasonable efforts" to obtain the "best price" if the Participant: • enters the order on a marketplace by means of an order router developed and operated by the Participant or a service provider if: o the order router has demonstrated an ability to access orders on a protected marketplace, and o the Participant or service provider has taken reasonable efforts to obtain order information from each protected marketplace, • enters the order on a marketplace that has taken reasonable efforts to obtain order information from each protected marketplace and that, in accordance with the arrangements between the Participant and the marketplace, will, upon receipt of the order: o route all or any part of the order required to comply with Rule 5.2 to a protected marketplace, o execute the order at a price that will comply with Rule 5.2, or o automatically vary the price of the order to a price that will comply with Rule 5.2; or • provides the order to another Participant for entry on a marketplace. In determining whether a Participant has made "reasonable efforts" in other circumstances, the Market Regulator will consider, among other factors: ~~• the transaction costs and other costs that would be associated with executing the trade on a marketplace; and~~

Text of Provisions Following Adoption of Interim Amendments	Text of Current Provisions Marked to Reflect Adoption of Interim Amendments
○ commenced operations, or ○ had any material malfunction or interruption of service; • whether, in the absence of an information processor, a data vendor used by the Participant has made order information from the protected marketplace available in a form and format that readily permits the use of such order information in the trading systems of the Participant; and • whether the Participant has followed the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace needs to be initially considered. ***Factors Related to On-going Compliance*** • whether a "better-priced" order is on a protected marketplace which the Participant has determined to consider in accordance with the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace needs to be initially considered; • whether the Participant has experienced: ○ disruptions in trading activity as a result of any material malfunction or interruption of service of a particular protected marketplace, or ○ an inordinate proportion of immediately tradeable orders entered on a particular protected marketplace being executed at an inferior price to that displayed at the time the order was entered by the Participant or not being executed or being executed only in part for a volume less than that displayed at the time the order was entered by the Participant; and • whether the Participant has followed the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace needs to be considered on an on-going basis.	***Factors Related to Initial Consideration of a Particular Marketplace*** • whether the marketplace qualifies as a "protected marketplace"; • whether the protected marketplace has recently: ○ commenced operations, or ○ had any material malfunction or interruption of service; • whether, in the absence of an information processor, a data vendor used by the Participant has made order information from the protected marketplace available in a form and format that readily permits the use of such order information in the trading systems of the Participant; and • whether the Participant has followed the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace needs to be initially considered. ***Factors Related to On-going Compliance*** • whether a "better-priced" order is on a protected ~~another~~ marketplace which the Participant has determined to consider in accordance with the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace needs to be initially considered ~~that:~~ ~~○ disseminates order data in real-time and electronically through one or more information vendors,~~ ~~○ permits dealers to have access to trading in the capacity as agent,~~ ~~○ provides fully-automated electronic order entry, and~~ ~~○ provides fully-automated order matching and trade execution~~.; • whether the Participant has experienced: ○ disruptions in trading activity as a result of any material malfunction or interruption of service of a particular protected marketplace, or ○ an inordinate proportion of immediately tradeable orders entered on a particular protected marketplace being executed at an inferior price to that displayed at the time the order was entered by the Participant or not being executed or being executed only in part for a volume less than that displayed at

Text of Provisions Following Adoption of Interim Amendments	Text of Current Provisions Marked to Reflect Adoption of Interim Amendments
	the time the order was entered by the Participant; and • whether the Participant has followed the policies and procedures adopted by the Participant for determining whether orders on a protected marketplace needs to be considered on an on-going basis.
Policy 7.1 – Trading Supervision Obligation **Part 6 – Specific Provisions Respecting the Best Price Obligation** Each Participant must adopt written policies and procedures that are adequate, taking into account the business and affairs of the Participant, to ensure compliance with the "best price obligation". The policies and procedures must set out the steps or process to be followed by the Participant that constitute the "reasonable efforts" that the Participant will take to ensure that orders receive the "best price" when executed on a marketplace. These policies and procedures must address the factors which the Participant will take into account: • initially in determining whether orders on a protected marketplace needs to be considered; and • on an on-going basis once the Participant has determined that orders on a particular protected marketplace should be considered. The policies and procedures adopted by the Participant: • must take into account the factors and other requirements enumerated in Policy 5.2; and • may take into account other additional factors which are reasonable and of particular importance to the type of business conducted by the Participant provided any additional factors identified by a Participant must not be inconsistent with the requirements set out in Policy 5.2 or the provisions of the Marketplace Operation Instrument.	**Policy 7.1 – Trading Supervision Obligation** **Part 6 – Specific Provisions Respecting the Best Price Obligation** Each Participant must adopt written policies and procedures that are adequate, taking into account the business and affairs of the Participant, to ensure compliance with the "best price obligation". The policies and procedures must set out the steps or process to be followed by the Participant that constitute the "reasonable efforts" that the Participant will take to ensure that orders receive the "best price" when executed on a marketplace. These policies and procedures must address the factors which the Participant will take into account: • initially in determining whether orders on a protected marketplace needs to be considered; and • on an on-going basis once the Participant has determined that orders on a particular protected marketplace should be considered. The policies and procedures adopted by the Participant: • must take into account the factors and other requirements enumerated in Policy 5.2; and • may take into account other additional factors which are reasonable and of particular importance to the type of business conducted by the Participant provided any additional factors identified by a Participant must not be inconsistent with the requirements set out in Policy 5.2 or the provisions of the Marketplace Operation Instrument.

13.1.4 RS Notice to Public - Settlement Hearing - Kevin Moorhead

May 15, 2008

No. 2008-

Summary

Commencing at 10:00 a.m. on Thursday, May 22, 2008 for one (1) half day, an RS Hearing Panel will convene at RS, 9th floor, 145 King Street West, Toronto, Ontario to consider a settlement agreement between RS and Kevin Moorhead pertaining to UMIR Rule 2.2. The hearing is open to the public.

Questions / Further Information

For further information or questions concerning this notice contact:

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Enforcement Counsel
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Fax: 416.646.7285
e-mail: charles.corlett@rs.ca

NOTICE TO PUBLIC

Subject: Market Regulation Services Inc. sets hearing date In the Matter of Kevin Moorhead to consider a Settlement Agreement.

Market Regulation Services Inc. ("RS") will hold a Hearing before a Panel of the Hearing Committee (the "Hearing Panel") of RS on Thursday, May 22, 2008, commencing at 10:00 a.m., or as soon thereafter as the Hearing can be held at Market Regulation Services Inc., 145 King Street West, Suite 900, Toronto, Ontario M5H 1J8. The Hearing is open to the public.

The purpose of the hearing is to consider a Settlement Agreement entered into between RS and Kevin Moorhead ("Moorhead").

The settlement with Moorhead relates to Universal Market Integrity Rules ("UMIR") 2.2(1), 2.2(2)(b) [Manipulative and Deceptive Activities].

No details of the Settlement Agreement will be released prior to the May 22, 2008 hearing.

The Hearing Panel may accept or reject a Settlement Agreement pursuant to Part 3.4 of Policy 10.8 of the Universal Market Integrity Rules governing the practice and procedure of hearings. In the event the Settlement Agreement is accepted, the matter becomes final and there can be no appeal of the matter. In the event the Settlement Agreement is rejected, RS may proceed with a hearing of the matter before a differently constituted Hearing Panel.

The terms of the settlement, if accepted and approved by the Hearing Panel, and the disposition of this matter by the Hearing Panel will be published by RS as a Disciplinary Notice and in a news release.

Reference: Charles Corlett
Enforcement Counsel
Market Regulation Services Inc.
Telephone: (416) 646 7253

13.1.5 RS Notice to Public - Settlement Hearing - Northern Securities Inc.

May 14, 2008

No. 2008-

Summary

On a date to be determined, an RS Hearing Panel will convene at RS, 9th floor, 145 King Street West, Toronto, Ontario to consider a settlement agreement between RS and Northern Securities Inc. pertaining to UMIR Rule 7.1 and Policy 7.1. The hearing is open to the public. A Notice to Public will be issued when the date and time of the hearing is confirmed.

Questions / Further Information

For further information or questions concerning this notice contact:

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NOTICE TO PUBLIC

Subject: Market Regulation Services Inc. announces hearing In the Matter of Northern Securities Inc. to consider a Settlement Agreement.

Market Regulation Services Inc. ("RS") will hold a Hearing before a Panel of the Hearing Committee (the "Hearing Panel") of RS on a date to be determined at RS, 9th floor, 145 King Street West, Toronto, Ontario. The Hearing is open to the public.

The purpose of the hearing is to consider a Settlement Agreement entered into between RS and Northern Securities Inc. ("NSI").

The settlement with NSI relates to Universal Market Integrity Rules ("UMIR") 7.1 [Trading Supervision Obligations] and Policy 7.1.

No details of the Settlement Agreement will be released prior to the hearing.

The Hearing Panel may accept or reject a Settlement Agreement pursuant to Part 3.4 of Policy 10.8 of the Universal Market Integrity Rules governing the practice and procedure of hearings. In the event the Settlement Agreement is accepted, the matter becomes final and there can be no appeal of the matter. In the event the Settlement Agreement is rejected, RS may proceed with a hearing of the matter before a differently constituted Hearing Panel.

The terms of the settlement, if accepted and approved by the Hearing Panel, and the disposition of this matter by the Hearing Panel will be published by RS as a Disciplinary Notice and in a news release.

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