

The Ontario Securities Commission

# OSC Bulletin

May 23, 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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# Chapter 1

## Notices / News Releases

### 1.1 Notices

### SCHEDULED OSC HEARINGS

#### 1.1.1 Current Proceedings Before The Ontario Securities Commission

**MAY 23, 2008**

#### **CURRENT PROCEEDINGS**

**BEFORE**

#### **ONTARIO SECURITIES COMMISSION**

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

The Harry S. Bray Hearing Room  
Ontario Securities Commission  
Cadillac Fairview Tower  
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Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

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 26, 2008

10:00 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)

K. Daniels & M. Britton in attendance for Staff

Panel: WSW/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

<p>June 2, 2008 9:30 a.m.</p>	<p><b>Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton</b></p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: WSW/DLK</p>	<p>June 16, 2008 10:00 a.m.</p>	<p><b>Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)</b></p> <p>s.127 and 127.1</p> <p>D. Ferris in attendance for Staff</p> <p>Panel: TBA</p>
<p>June 9, 2008 10:00 a.m.</p>	<p><b>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.</b></p> <p>s. 127(5)</p> <p>K. Daniels &amp; M. Britton in attendance for Staff</p> <p>Panel: WSW/MCH</p>	<p>June 16, 2008 2:30 p.m.</p>	<p><b>FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun</b></p> <p>s. 127</p> <p>M. Mackewn in attendance for Staff</p> <p>Panel: LER/ST</p>
<p>June 10, 2008 2:30 p.m.</p>	<p><b>Saxon Financial Services, Saxon Consultants, Ltd., International Monetary Services, FXBridge Technology, Meisner Corporation, Merchant Capital Markets, S.A., Merchant Capital Markets, MerchantMarx et al</b></p> <p>s. 127(1) &amp; (5)</p> <p>M. Boswell in attendance for Staff</p> <p>Panel: WSW/CSP</p>	<p>June 18, 2008 10:00 a.m.</p>	<p><b>Shallow Oil &amp; Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman</b></p> <p>s. 127(7) and 127(8)</p> <p>M. Boswell in attendance for Staff</p> <p>Panel: TBA</p>
<p>June 11, 2008 10:00 a.m.</p>	<p><b>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</b></p> <p>s. 127(1) &amp; (5)</p> <p>P. Foy in attendance for Staff</p> <p>Panel: LER/JEAT</p>	<p>June 20, 2008 10:00 a.m.</p>	<p><b>First Global Ventures, S.A., Allen Grossman and Alan Marsh Shuman</b></p> <p>s. 127</p> <p>D. Ferris in attendance for Staff</p> <p>Panel: WSW/ST/MCH</p>
<p>June 12, 2008 10:00 a.m.</p>	<p><b>Swift Trade Inc. and Peter Beck</b></p> <p>s. 127</p> <p>E. Cole in attendance for Staff</p> <p>Panel: TBA</p>	<p>June 24, 2008 2:30 p.m.</p>	<p><b>Stanton De Freitas</b></p> <p>s. 127 and 127.1</p> <p>P. Foy in attendance for Staff</p> <p>Panel: JEAT/ST</p>

June 24, 2008 2:30 p.m.	<b>David Watson, Nathan Rogers, Amy Giles, John Sparrow, Leasesmart, Inc., Advanced Growing Systems, Inc., The Bithub.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.</b>	September 2, 2008 2:30 p.m.	<b>LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&amp;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</b>
	s. 127 and 127.1		s. 127
	P. Foy in attendance for Staff		M. Britton in attendance for Staff
	Panel: JEAT/ST		Panel: LER/ST
July 14, 2008 10:00 a.m.	<b>Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin</b>	September 3, 2008 10:00 a.m.	<b>Shane Suman and Monie Rahman</b>
	s. 127		s. 127 & 127(1)
	H. Craig in attendance for Staff		C. Price in attendance for Staff
	Panel: TBA		Panel: TBA
July 14, 2008 10:00 a.m.	<b>Gold-Quest International, Health &amp; Harmony, Iain Buchanan and Lisa Buchanan</b>	September 22, 2008 10:00 a.m.	<b>John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir</b>
	s.127		S. 127 and 127.1
	H. Craig in attendance for Staff		I. Smith in attendance for Staff
	Panel: TBA		Panel: TBA
July 18, 2008 10:00 a.m.	<b>Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson</b>	September 26, 2008 10:00 a.m.	<b>Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton and Peter Y. Atkinson</b>
	s. 127(1) and 127(5)		s.127
	M. Boswell in attendance for Staff		J. Superina in attendance for Staff
	Panel: TBA		Panel: LER/MCH
July 22, 2008 2:30 p.m.	<b>Sunwide Finance Inc., Sun Wide Group, Sun Wide Group Financial Insurers &amp; Underwriters, Wi-Fi Framework Corporation, Bryan Bowles, Steven Johnson, Frank R. Kaplan and George Sutton</b>	September 30, 2008 10:00 a.m.	<b>Al-Tar Energy Corp., Alberta Energy Corp., Drago Gold Corp., David C. Campbell, Abel Da Silva, Eric F. O'Brien and Julian M. Sylvester</b>
	s. 127		s. 127 & 127.1
	C. Price in attendance for Staff		M. Boswell in attendance for Staff
	Panel: JEAT/MCH		Panel: JEAT/DLK

October 6, 2008	<b>Norshield Asset Management (Canada) Ltd., Olympus United Group Inc., John Xanthoudakis, Dale Smith and Peter Kefalas</b>	January 26, 2009	<b>Darren Delage</b>
10:00 a.m.	s.127 P. Foy in attendance for Staff Panel: TBA	10:00 a.m.	s. 127 M. Adams in attendance for Staff Panel: TBA
October 8, 2008	<b>MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric</b>	February 2, 2009	<b>Biovail Corporation, Eugene N. Melnyk, Brian H. Crombie, John R. Miszuk and Kenneth G. Howling</b>
10:00 a.m.	s. 127 & 127(1) D. Ferris in attendance for Staff Panel: TBA	10:00 a.m.	s. 127(1) and 127.1 J. Superina/A. Clark in attendance for Staff Panel: TBA
November 3, 2008	<b>Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited</b>	March 23, 2009	<b>Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony</b>
10:00 a.m.	s. 127 E. Cole in attendance for Staff Panel: TBA	10:00 a.m.	s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
November 11, 2008	<b>LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&amp;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</b>	TBA	<b>Yama Abdullah Yaqeen</b>
2:30 p.m.	s. 127 M. Britton in attendance for Staff Panel: LER/ST	TBA	s. 8(2) J. Superina in attendance for Staff Panel: TBA
January 12, 2009	<b>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</b>	TBA	<b>Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell</b>
10:00 a.m.	s. 127 C. Price in attendance for Staff Panel: TBA	TBA	s. 127 J. Waechter in attendance for Staff Panel: TBA
			<b>Frank Dunn, Douglas Beatty, Michael Gollogly</b>
			s.127 K. Daniels in attendance for Staff Panel: TBA



TBA	<b>Limelight Entertainment Inc., Carlos A. Da Silva, David C. Campbell, Jacob Moore and Joseph Daniels</b>  s. 127 and 127.1  D. Ferris in attendance for Staff  Panel: JEAT/ST	<b>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</b>  <b>Global Partners Capital, WS Net Solution, Inc., Hau Wai Cheung, Christine Pan, Gurdip Singh Gahunia</b>
TBA	<b>Gregory Galanis</b>  s. 127  P. Foy in attendance for Staff  Panel: TBA	<b>Land Banc of Canada Inc., LBC Midland I Corporation, Fresno Securities Inc., Richard Jason Dolan, Marco Lorenti and Stephen Zeff Freedman</b>
TBA	<b>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.</b>  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**

1.4 Notices from the Office of the Secretary

1.4.1 Irwin Boock et al.

**FOR IMMEDIATE RELEASE**  
May 15, 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** – Following a hearing held today, the Commission issued an Order in the above named matter.

A copy of the Order is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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1.4.2 Adrian Samuel Leemhuis et al.

**FOR IMMEDIATE RELEASE**  
May 16, 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** – Following a hearing held in the above noted matter, today the Commission issued an Order that the Temporary Orders issued on April 22, 2008 and May 1, 2008, are continued until May 26, 2008 and that this matter is adjourned until May 26, 2008 at 10:00 a.m.

A copy of the Order is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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1.4.3 John Illidge

**FOR IMMEDIATE RELEASE**  
**May 16, 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** – Following a hearing held yesterday, the Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and John Illidge.

A copy of the Settlement Agreement and Order are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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1.4.4 John Illidge et al.

**FOR IMMEDIATE RELEASE**  
**May 16, 2008**

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

**AND**

**IN THE MATTER OF  
JOHN ILLIDGE, PATRICIA McLEAN,  
DAVID CATHCART, STAFFORD KELLEY AND  
DEVENDRANAOUTH MISIR**

**TORONTO** – On May 15, 2008, the Commission issued an Order that the Hearing on the Merits, currently scheduled to commence on May 20, 2008, is adjourned and will commence on September 22, 2008 and continue for two weeks.

A copy of the Order is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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## Chapter 2

# Decisions, Orders and Rulings

## 2.1 Decisions

### 2.1.1 Spectra Energy Income Fund

#### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions - Application by a 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)(b).

**Citation:** Spectra Energy Income Fund, 2008 ABASC 292

**May 14, 2008**

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

**AND**

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

**AND**

**IN THE MATTER OF  
SPECTRA ENERGY INCOME FUND  
(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**) that the Filer is not a reporting issuer in each of the Jurisdictions (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 unincorporated, open ended, limited purpose trust established under the laws of the Province of Alberta and has a head office in Calgary, Alberta.
2. On March 4, 2008, the Filer entered into an agreement with Spectra Energy Midstream Holdco Management Partnership (the **Purchaser**) by which the Purchaser agreed to acquire all of the outstanding units (the **Spectra Units**) of the Filer (the **Purchase**) with the aim of consummating a going private transaction.
3. A management information circular with respect to the Purchase, dated March 19, 2008 and filed on SEDAR on March 26, 2008 was mailed to all unit holders of the Filer (the **Unit Holders**) on March 25, 2008. Approval of the Purchase was conditional upon the obtaining of at least 66 2/3% majority approval, as well as majority of the minority approval. At a special meeting of the Unit Holders held on April 24, 2008, requisite approval of the Purchase was obtained from the Unit Holders. Pursuant to the Purchase, among other things, each Unit Holder will receive, or will be entitled to receive, cash consideration of \$11.25 for each Spectra Unit held by the Unit Holders.
4. The closing of the Purchase occurred on May 1, 2008, following which the Purchaser became the beneficial holder of all the issued and outstanding Spectra Units.
5. 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.
6. The Filer is not in default of any requirements of the Legislation.

7. The Spectra Units have been de-listed from the Toronto Stock Exchange and no securities of the Filer are currently trading on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.
8. The Filer has no current intention to seek public financing by way of an offering of securities.
9. Upon the grant of the relief requested, the Filer will not be a reporting issuer or the equivalent in any jurisdiction of Canada.
10. The Filer seeks an order deeming the Filer to have ceased to be a reporting issuer in the Jurisdictions.

#### 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

#### 2.1.2 Royal Bank of Canada - MRRS Decision

##### Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Relief granted from insider reporting requirements for certain insiders in respect of the sale of common shares pursuant to an automatic securities purchase and disposition plan.

##### Applicable Legislative Provisions

National Instrument 55-101 - Insider Reporting Exemptions.  
OSC Staff Notice 55-701 - Automatic Securities Disposition Plans and Automatic Securities Purchase Plans.

(Translation)

May 14, 2008

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

AND

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

AND

IN THE MATTER OF  
ROYAL BANK OF CANADA  
(the "Bank")

#### MRRS DECISION DOCUMENT

##### Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Bank for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") for exemptive relief, subject to certain conditions, from insider reporting requirements contained in the Legislation in respect of the sale of common shares of the Bank by certain insiders of the Bank pursuant to an automatic securities purchase and disposition plan.

Under the Mutual Reliance Review System for Exemptive Relief Applications,

- (a) the Autorité des marchés financiers du Québec is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

## Interpretation

Defined terms contained in *Regulation 14-101 respecting Definitions* (and elsewhere, National Instrument 14-101 *Definitions*) have the same meaning in this decision unless they are defined in this decision.

## Representations

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

1. The Bank is a Schedule I Canadian chartered bank incorporated under the *Bank Act* (Canada).
2. The Bank is a reporting issuer in each jurisdiction where such concept exists.
3. The Bank's head office located at 1 Place Ville Marie, Montréal, Québec, and its corporate headquarters are located at 200 Bay Street, Toronto, Ontario.
4. The authorized share capital of the Bank includes an unlimited number of common shares.
5. The Bank's common shares trade on the Toronto, New York and Swiss stock exchanges.
6. The Bank has adopted an Automatic Exercise of Options Program (the "**Program**"), the parameters for which are set out in a written procedures document. Under the Program:
  - (a) directors of the Bank who hold options granted under the Bank's Director Stock Option Plan (the "**Director Plan**"), which plan has been discontinued, may participate in the Program ("**Eligible Directors**");
  - (b) those officers of the Bank who hold or are in the future granted Options under the Bank's Employee Stock Option Plan (the "**Employee Plan**") and who are determined by the Human Resources Committee of the Board of Directors of the Bank to be eligible to participate in the Program may participate in the Program ("**Eligible Officers**");
  - (c) Eligible Directors and Eligible Officers who elect to participate in the Program (collectively, "**Participating Insiders**") may choose to have options ("**Options**") awarded to them under a specific grant (a "**Grant**") made pursuant to the Directors Plan or the Employee Plan, as applicable, automatically exercised in pre-determined regular quarterly instalments over a designated period of time (provided that, at such times, the exercise price of such Options is less

than the market price of the Underlying Shares), in which case such Participating Insiders will, in effect, automatically purchase the common shares underlying such Options (the "**Underlying Shares**");

- (d) upon the automatic exercise of Options and the consequent automatic purchase of Underlying Shares, some of the Underlying Shares may be automatically sold in the market to cover withholding taxes payable upon exercise of the Options and other incidental costs related to such sale, such as brokerage commissions, which sales constitute "specified dispositions of securities" ("**Specified Dispositions**") as contemplated under section 5.4 of National Instrument 55-101 – *Insider Reporting Exemptions* ("**NI 55-101**");
- (e) in addition to Underlying Shares sold pursuant to Specified Dispositions, Participating Insiders may also elect to have some or all of the Underlying Shares issued to them upon exercise automatically sold in the market, which dispositions do not qualify as "specified dispositions of securities" as contemplated under section 5.4 of NI 55-101 ("**Non-Specified Dispositions**");
- (f) all elections made by a Participating Insider with respect to the automatic exercise of Options (and consequent purchase of Underlying Shares) and the automatic sale of Underlying Shares (including both Specified Dispositions and Non-Specified Dispositions):
  - (i) are irrevocable and may not be amended;
  - (ii) will not be terminated until, in the case of an Eligible Director, 90 days after the director ceases to be a director of the Bank and, in the case of an Eligible Officer, such officer ceases to be an employee of the Bank;
  - (iii) must be made by the Participating Insider during a period designated by the Bank as an open trading window period; and
  - (iv) must not be made when the Participating Insider is in possession of material undisclosed information in relation to the Bank;

- (g) once an election is made in respect of a Grant, neither the Bank nor any service provider retained by the Bank in respect of the Program may consult with any Participating Insider regarding the timing of the exercise of Options or the disposition of Underlying Shares. Under the Program, no Participating Insider may disclose to any individual any information concerning the Bank that is intended to or could influence the timing of exercise of Options or the disposition of Underlying Shares;
- 7. The Program is an automatic securities purchase plan, or an "ASPP", as contemplated by the definition thereof in NI 55-101, which foresees an automatic securities disposition plan, or an "ASDP".
- 8. Participating Insiders are expected to avail themselves of the insider reporting exemptions provided for, and comply with the alternative reporting requirements prescribed by, Part 5 of NI 55-101 in respect of the automatic purchase of Underlying Shares upon the automatic exercise of Options and in respect of Specified Dispositions.

**Decision**

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

The decision of the Decision Makers under the Legislation is that the Insider Reporting Requirements shall not apply to a Participating Insider in respect of Non-Specified Dispositions made pursuant to the Program provided that:

- 1. each Participating Insider must file a report, in the form prescribed by the Insider Reporting Requirements, disclosing on a transaction-by-transaction basis or in acceptable summary form, each Non-Specified Disposition of Underlying Shares under the Program that has not been previously disclosed by or on behalf of the Participating Insider during a calendar year within 90 days of the end of the calendar year; and
- 2. such exemption is not available to a Participating Insider that has direct or indirect beneficial ownership of, control or direction over, or a combination of direct or indirect beneficial ownership of, and control or direction over, securities of the Bank carrying more than 10 percent of the voting rights attached to all of the Bank's outstanding voting securities.

"Josée Deslauriers"  
Director of Capital Markets

**2.1.3 NexGen Financial Limited Partnership et al.**

**Headnote**

MI 11-102 and NP 11-203 - certain mutual funds granted exemptions from National Instrument 81-102 Mutual Funds to engage in short selling of securities up to 20% of net assets, subject to certain conditions and requirements – relief is needed to implement the mutual fund investment objectives and strategies.

**Applicable Legislative Provisions**

National Instrument 81-102 Mutual Funds, ss. 2.6(a) and (c), 6.1(1), 19.1.

**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  
NEXGEN FINANCIAL LIMITED PARTNERSHIP  
(the "Filer")**

**AND**

**IN THE MATTER OF  
THE NEXGEN FUNDS LISTED IN SCHEDULE "A"  
(the "Existing Funds")**

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of the Existing Funds and each mutual fund hereafter created and managed by the Filer or any of the affiliates of the Filer (the "Future Funds" and together with the Existing Funds, other than any fund which is a money market market or fixed income fund, the "Funds") for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "Legislation") exempting the Funds from the following requirements of the Legislation, subject to certain terms and conditions:

- 1) the requirements of sections 2.6 (a) and 2.6(c) of Part 2 of National Instrument 81-102 relating to the ability of the Funds to sell portfolio securities short; and



- 2) the requirements of section 6.1 (1) of Part 6 of National Instrument 81-102 relating to the deposit of a portion of a Fund's assets with an entity other than such Fund's custodian.

Paragraphs (1) and (2) together referred to as the "Requested Relief".

Under the Process for Exemptive Relief Applications for 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 and Quebec.

**Interpretation**

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

**Representations**

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

1. NexGen Financial Limited Partnership ("NexGen") is a limited partnership formed under the laws of the Province of Ontario having its head office in Toronto, Ontario. NexGen is registered as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the categories of mutual fund dealer and limited market dealer and commodity trading manager.
2. NexGen is the manager of the Funds, whose securities of the Existing Funds are currently qualified for sale in the Provinces of British Columbia, Alberta, Ontario and Quebec (the "Jurisdictions") pursuant to two separate simplified prospectuses and annual information forms dated May 9, 2007 and March 6, 2007. NexGen has received exemptive relief from the applicable securities regulatory authorities extending the lapse date of March 6, 2007 prospectus to May 9, 2007 with the intent that all Existing Funds will be qualified for sale in the Jurisdictions under a single prospectus to be dated on or about May 9, 2008.
3. Each of the Funds is, or will be, an open-end mutual fund trust or a class of shares of a mutual fund corporation established under the laws of the Province of Ontario of which the Filer, or an affiliate of the Filer, is or will be the manager.
4. Each of the Funds is, or will be, a reporting issuer in the provinces of, Ontario, British Columbia, Alberta and Quebec, and distributes or will distribute securities under a simplified prospectus

and annual information form and be otherwise subject to NI 81-102.

5. With the exception of specific exemptions granted by the applicable securities regulatory authorities, the investment practices of each of the Funds will comply in all respects with the requirements of Part 2 of National Instrument 81-102. Each of the Funds will be authorized to engage in a limited, prudent and disciplined amount of short selling. All short sales will be made consistent with each of the Funds' investment objective.
6. In order to effect a short sale, a Fund will borrow from either its custodian or a dealer (the "Borrowing Agent"), which Borrowing Agent may be acting either as principal for its own account or as agent for other lenders of securities.
7. Each of the Funds will implement the following controls (the "Controls") when conducting a short sale:
- a) Securities will be sold short for cash, with the Fund assuming the obligation to return to the Borrowing Agent the securities borrowed to effect the short sale;
- b) The short sale will be effected through market facilities through which the securities sold short are normally bought and sold;
- c) The Fund will receive cash for the securities sold short within normal trading settlement periods for the market in which the short sale is effected;
- d) The securities sold short will be liquid securities that:
- i. Are listed and posted for trading on a stock exchange; and
1. the issuer of the security has a market capitalization of not less than Cdn. \$300 million, or the equivalent thereof, of such security at the time the short sale is effected; or
2. the Fund has pre-arranged to borrow for the purpose of such sale;

or

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>ii. are bonds, debentures or other evidences of indebtedness of or guaranteed by the Government of Canada or any province or territory of Canada or the Government of the United States of America;</li> </ul>   | <ul style="list-style-type: none"> <li>2. the Fund will hold "cash cover" (as defined in NI 81-102) in an amount, including the Fund's assets deposited with Borrowing Agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis;</li> </ul>  |
| <ul style="list-style-type: none"> <li>e) at the time securities of a particular issuer are sold short:           <ul style="list-style-type: none"> <li>i the aggregate market value of all securities of that issuer sold short by the Fund will not exceed 5% of the total net assets of the Fund; and</li> <li>ii the Fund will place a "stop loss" order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 120% (or such lesser percentage as the Manager may determine) of the price at which the securities were sold short;</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>3. no proceeds from short sales by the Fund will be used by the Fund to purchase long positions in securities other than cash cover;</li> <li>4. the Fund will maintain appropriate internal controls regarding its short sales including written policies and procedures, risk management controls and proper books and records;</li> <li>5. any short sales made by the Fund will be subject to compliance with the investment objectives of the Fund;</li> <li>6. the Requested Relief will not apply to a Fund that is classified as a money market fund or a short-term income fund;</li> <li>7. for short sale transactions in Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall be a registered dealer in Canada and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection fund;</li> <li>8. for short sale transactions outside of Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall:           <ul style="list-style-type: none"> <li>(a) be a member of a stock exchange and, as a result, be subject to a regulatory audit; and</li> <li>(b) have a net worth in excess of the equivalent of \$50 million determined from its most recent audited financial statements that have been made public;</li> </ul> </li> </ul> |
| <ul style="list-style-type: none"> <li>f) the Fund will deposit Fund assets with the Borrowing Agent as security in connection with the short sale transaction;</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>g) the Fund will keep proper books and records of all short sales and Fund assets deposited with Borrowing Agents as security;</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>h) the Fund will develop written policies and procedures for the conduct of short sales prior to conducting any short sales; and</li> </ul>  |   |
| <ul style="list-style-type: none"> <li>i) the Fund will provide disclosure in its prospectus of the short selling strategies and the details of this exemptive relief prior to implementing the short selling strategy.</li> </ul>  | <ul style="list-style-type: none"> <li>9. except where the Borrowing Agent is the Fund's custodian, when the Fund deposits Fund assets with a Borrowing Agent as security in connection with a short sale transaction, the amount of Fund assets deposited with the Borrowing Agent does not, when aggregated with the amount of Fund assets already held by the Borrowing Agent as security for outstanding short sale transactions of the Fund, exceed 10% of the total assets of the Fund, taken at market value as at the time of the deposit;</li> </ul>   |

**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 provided that in respect of each Fund:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>1. the aggregate market value of all securities sold short by the Fund will not exceed 20% of the net assets of the Fund on a daily marked-to-market basis.</li> </ul> | <ul style="list-style-type: none"> <li>10. the security interest provided by the Fund over any of its assets that is required to enable the Fund to effect short sale transactions is made in accordance with industry practice for that type of</li> </ul> |
|---|---|

transaction and relates only to obligations arising under such short sale transactions;

11. prior to conducting any short sales, the Fund discloses in its simplified prospectus a description of (i) short selling, (ii) how the Fund intends to engage in short selling, (iii) the risks associated with short selling, and (iv) in the Investment Strategy section of the simplified prospectus, the Fund's strategy and this exemptive relief;

12. prior to conducting any short sales, the Fund discloses in its annual information form the following information:

(a) that there are written policies and procedures in place that set out the objectives and goals for short selling and the risk management procedures applicable to short selling;

(b) who is responsible for setting and reviewing the policies and procedures referred to in the preceding paragraph, how often the policies and procedures are review, and the extent and nature of the involvement of the board of directors or trustee of the Funds in the risk management process;

(c) trading limits or other controls on short selling in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;

(d) whether there are individuals or groups that monitor the risks independent of those who trade; and

(e) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions;

13. prior to conducting any short sales, the Fund has provided to its securityholders not less than 60 days' written notice that discloses the Fund's intent to begin short selling transactions and the disclosure required in the Fund's simplified prospectus and annual information form as outlined in paragraphs 11 and 12 above, or the Fund's initial simplified prospectus and annual information form and each renewal thereof has included such disclosure; and

14. the Requested Relief shall terminate upon the coming into force of any legislation or rule of the principal regulator dealing with matters referred to in subsections 2.6(a), 2.6(c) and 6.1(1) of NI 81-102.

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

**SCHEDULE A**

NexGen Canadian Cash Registered Fund  
NexGen Canadian Bond Registered Fund  
NexGen Canadian Growth and Income Registered Fund  
NexGen Canadian Balanced Growth Registered Fund  
NexGen Canadian Dividend and Income Registered Fund  
NexGen Canadian Large Cap Registered Fund  
NexGen Canadian Growth Registered Fund  
NexGen North American Dividend and Income Registered Fund  
NexGen North American Large Cap Registered Fund  
NexGen North American Value Registered Fund  
NexGen North American Growth Registered Fund  
NexGen North American Small / Mid Cap Registered Fund  
NexGen American Growth Registered Fund  
NexGen Global Value Registered Fund  
NexGen Global Resource Registered Fund  
NexGen Global Dividend Registered Fund  
NexGen Canadian Cash Tax Managed Fund  
NexGen Canadian Bond Tax Managed Fund  
NexGen Canadian Growth and Income Tax Managed Fund  
NexGen Canadian Balanced Growth Tax Managed Fund  
NexGen Canadian Dividend and Income Tax Managed Fund  
NexGen Canadian Large Cap Tax Managed Fund  
NexGen Canadian Growth Tax Managed Fund  
NexGen North American Dividend and Income Tax Managed Fund  
NexGen North American Large Cap Tax Managed Fund  
NexGen North American Value Tax Managed Fund  
NexGen North American Growth Tax Managed Fund  
NexGen North American Small / Mid Cap Tax Managed Fund  
NexGen American Growth Tax Managed Fund  
NexGen Global Value Tax Managed Fund  
NexGen Global Resource Tax Managed Fund  
NexGen Global Dividend Tax Managed Fund

**2.1.4 Global Hunter Securities, LLC - 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 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 15, 2008**

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

**AND**

**IN THE MATTER OF  
GLOBAL HUNTER SECURITIES, LLC**

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

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

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

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

1. The Applicant is a limited liability company organized under the laws of the State of New York in the United States of America. The head office of the Applicant is located in New Orleans, Louisiana, United States of America.
2. The Applicant is registered as a broker-dealer with the United States Securities and Exchange

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

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

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

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

- C. pays any applicable activity fees, or other fees that the Act requires it to pay to the Commission, by cheque, draft, money order or other acceptable means at the appropriate time; and
- D. is not registered in any other 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

## 2.1.5 Uranium Focused Energy Fund - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Closed-end investment trust exempt from prospectus requirements in connection with the sale of units repurchased from existing security holders pursuant to market purchase programs and by way of redemption of units by security holders subject to conditions.

### Ontario Statutes Cited

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

### National Instruments Cited

National Instrument 45-102 Resale of Securities, s. 2.8(2).

May 7, 2008

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

AND

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

AND

IN THE MATTER OF  
URANIUM FOCUSED ENERGY FUND  
(the “Filer”)

### MRRS DECISION DOCUMENT

### Background

The local securities regulatory authority or regulator (the “**Decision Maker**”) in each of the Jurisdictions has received an application from the Filer for a decision (the “**Requested Relief**”) under the securities legislation of the Jurisdictions (the “**Legislation**”), that the requirement contained in the Legislation to file and obtain a receipt for a preliminary prospectus and a final prospectus (the “**Prospectus Requirements**”) shall not apply to the distribution of units of the Filer (the “**Units**”) which have been repurchased by the Filer pursuant to the mandatory market purchase program, the discretionary market purchase program, or by way of redemption of Units at the request of holders thereof.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

### Interpretation

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

### Representations

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

- 1. The Filer is an unincorporated closed-end investment trust established under the laws of the Province of Ontario by a declaration of trust dated as of February 27, 2007 (the "**Declaration of Trust**").
- 2. The Filer is not considered to be a "mutual fund" as defined in the Legislation because the holders of the Units ("**Unitholders**") are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the Filer as contemplated in the definition of "mutual fund" in the Legislation.
- 3. The Filer filed a final long form prospectus dated February 27, 2007 (the "**Prospectus**") with the securities regulatory authorities in each of the Jurisdictions and became a reporting issuer or the equivalent thereof in the Jurisdictions on February 27, 2007 upon obtaining a receipt for the Prospectus. As of the date hereof, the Filer is not in default of any requirements under the Legislation.
- 4. The Units are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the trading symbol "UF". As of April 30, 2007, 20,273,100 Units were issued and outstanding.
- 5. Each Unit represents an equal, undivided beneficial interest in the net assets of the Filer and is redeemable (as described below) at the option of the holder thereof.
- 6. Each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with all other Units with respect to any and all distributions made by the Filer.
- 7. Middlefield Fund Management Limited (the "**Manager**"), which was incorporated pursuant to the *Business Corporations Act* (Ontario), is the manager and the trustee of the Filer.

- 8. In order to enhance liquidity and to provide market support for the Units, pursuant to the Declaration of Trust and the terms and conditions that attach to the Units, the Filer shall, subject to compliance with any applicable regulatory requirements, be obligated to purchase (the "**Mandatory Purchase Program**") any Units offered in the market at the then prevailing market price if, at any time after the closing of the Filer's initial public offering, the price at which Units are then offered for sale is less than 95% of the net asset value of the Filer ("**Net Asset Value**") per Unit as at the close of business in Toronto, Ontario on the immediately preceding business day, provided that:

- (a) the maximum number of Units that the Filer shall purchase pursuant to the Mandatory Purchase Program in any calendar quarter will be 1.25% of the number of Units outstanding at the beginning of each such period; and
- (b) the Filer shall not be required to purchase Units pursuant to the Mandatory Purchase Program if:
  - (i) the Manager reasonably believes that the Filer would be required to make an additional distribution in respect of the year to Unitholders of record on December 31 of such year in order that the Filer will generally not be liable to pay income tax after the making of such purchase;
  - (ii) in the opinion of the Manager, the Filer lacks the cash, debt capacity or other resources to make such purchases; or
  - (iii) in the opinion of the Manager, such purchases would adversely affect the ongoing activities of the Filer or the remaining Unitholders.

- 9. The Filer complies with the insider trading restrictions imposed by securities legislation.

- 10. In addition, the Declaration of Trust provides that the Filer, subject to applicable regulatory requirements and limitations, shall have the right, but not the obligation, exercisable in its sole discretion, at any time, to purchase outstanding Units in the market at prevailing market prices (the "**Discretionary Purchase Program**").

- 11. Pursuant to the Declaration of Trust and subject to the Filer's right to suspend redemptions, Units may be surrendered for redemption (the "Redemption Program" and, together with the



- Mandatory Purchase Program, Discretionary Purchase Program and Additional Redemptions (as defined below), the “**Programs**”) by a Unitholder in any month commencing in September 2008 on any date that is at least 20 business days prior to September 30 (“**Valuation Date**”) by giving notice thereof to the Filer’s registrar and transfer agent. Units surrendered for redemption by a Unitholder by 5:00 p.m. (Toronto time) on the 20th business day prior to a Valuation Date will, subject to an investment dealer finding purchasers for Units properly surrendered for redemption at the direction of the Filer and subject to the Filer’s right to suspend redemptions in certain circumstances, be redeemed on the Valuation Date and the Unitholder will receive payment therefor on or before the 15th business day following such Valuation Date.
12. A Unitholder who properly surrenders a Unit for redemption on the Valuation Date of September of any year commencing in 2008 will receive the amount, if any, equal to the “Redemption Price per Unit” (as described in the Prospectus).
  13. In addition, at the sole discretion of the Manager and subject to the receipt of any necessary regulatory approvals, the Manager may allow additional redemptions from time to time of Units (“**Additional Redemptions**”), for an amount equal to the Redemption Price per Unit; provided that the holder thereof shall be required to use the full amount received on such redemption to purchase treasury securities of a new or existing fund promoted by Middlefield Group then being offered to the public by prospectus.
  14. Purchases of Units made by the Filer under the Programs are exempt from the issuer bid requirements of the Legislation pursuant to exemptions contained therein.
  15. The Filer desires to, and the Declaration of Trust provides that the Filer shall have the ability to, sell through one or more securities dealers, Units that have been repurchased by the Filer pursuant to the Programs (“**Repurchased Units**”) in lieu of cancelling such Units and subject to obtaining all necessary regulatory approvals.
  16. The Prospectus disclosed that the Filer may repurchase and redeem, as the case may be, Units under the Programs and that, subject to receiving all necessary regulatory approvals, the Filer may arrange for one or more securities dealers to find purchasers for any Repurchased Units.
  17. In order to effect sales of Repurchased Units by the Filer, the Filer intends to sell, in its sole discretion and at its option, any Repurchased Units purchased by it under the Programs primarily through one or more securities dealers and through the facilities of the TSX (or such other exchange on which the Units are then listed).
  18. All Repurchased Units will be held by the Filer for a period of 4 months after the repurchase thereof by the Filer (the “**Holding Period**”), prior to the resale thereof.
  19. The sale of Repurchased Units will not have a significant adverse impact on the market price of the Units.
  20. Repurchased Units that the Filer does not resell within 12 months after the Holding Period (or 16 months after the date of repurchase) will be cancelled by the Filer.
  21. Prospective Purchasers who subsequently acquire Repurchased Units will have equal access to all of the continuous disclosure documents of the Filer, which will be filed on SEDAR, commencing with the Prospectus.
  22. The Legislation provides that a trade by or on behalf of an issuer in previously issued securities of that issuer that have been purchased by that issuer is a distribution subject to the Prospectus Requirements. Consequently, in the absence of the Requested Relief, the sale by the Filer of the Repurchased Units is a distribution that is subject to the Prospectus Requirements.

**Decision**

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

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

- (a) the Repurchased Units are sold by the Filer through the facilities of and in accordance with the regulations and policies of the TSX or the market on which the Units are then listed; and
- (b) the Filer complies with the conditions of paragraphs 1 through 5 of subsection 2.8(2) of National Instrument 45-102 with respect to the sale of the Repurchased Units.

“Kevin J. Kelly”  
Commissioner

“Paul K. Bates”  
Commissioner

**2.2 Orders**

**2.2.1 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**

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

**WHEREAS** on May 5, 2008, the Ontario Securities Commission (the "Commission") made an 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 any securities by Irwin Boock ("Boock"), Victoria Gerber ("Gerber") and Svetlana Kouznetsova ("Kouznetsova") shall cease and further, that trading in the securities 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 ("Enerbrite Technologies") shall cease (the "Temporary Cease Trade Order");

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

**AND WHEREAS** Staff seek to extend the Temporary Cease Trade Order, as amended;

**UPON READING** the Affidavit of Craig Gallacher, sworn May 14, 2008;

**AND UPON HEARING** submissions from counsel for Staff of the Commission and counsel for Enerbrite, and Staff representing to the Commission that Boock consents to the extension of the Temporary Cease Trade Order until June 11, 2008, with no one appearing for Gerber, Kouznetsova, WGI Holdings, Federated Purchaser, First National and TCC Industries;

**AND UPON BEING ADVISED** by counsel to Enerbrite that Enerbrite takes no position in respect of the extension of the Temporary Cease Trade Order, as amended, until June 11, 2008;

**AND WHEREAS** based on the evidence filed and the submissions of counsel, the Commission is satisfied

that reasonable efforts have been made by Staff to bring the Notice of Hearing and Temporary Cease Trade Order to the attention of all of the Respondents;

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

**IT IS ORDERED THAT:**

1. the hearing to extend the Temporary Cease Trade Order, as amended, is adjourned until June 11, 2008 at 10:00 a.m.;
2. pursuant to subsection 127(8) of the Act, the Temporary Cease Trade Order, as amended, is extended until June 11, 2008 or until further order of the Commission.

**IT IS FURTHER ORDERED** that service of documents upon WGI Holdings, Federated Purchaser, First National TCC Industries and Compushare shall be effected by first class mail, fax or email to the addresses as set out in Appendix A.

DATED at Toronto this 15th day of May, 2008.

"James E. A. Turner"

"Lawrence E. Ritchie"



**APPENDIX A**

**Federated Purchaser, Inc.** (c.o.b. as Lakeside Insurance and Financial, Inc.)

1. New York State Secretary of State:

570 Hood Rd, Suite 18  
Markham, ON L3R 4G7

2. Pink Sheets:

3588 N. Mt. Juliet Road  
Mt. Juliet, TN 37122

Phone: 615-773-6040  
Fax: 615-773-6043

**WGI Holdings, Inc.:**

1. California Secretary of State:

Tom Henderson, President  
516 N Charles Street, 5th Floor  
Baltimore, MD 21201

2. [www.wgiholdings.com](http://www.wgiholdings.com):

3000 Richmond Ave.  
Suite 400  
Houston, TX 77098

Contact: Greg Shindler  
Office: 713.213.9444  
Fax: 832.201.8846

3. Pink Sheets:

3000 Richmond Ave  
Suite 400  
Houston, TX 77098

Phone: 713-213-9444  
Fax: 832-201-8846

**First National Entertainment Corporation**

1. Delaware Secretary of State:

570 Hood Road,  
Suite 18  
Markham, ON L3R 4G7

2. Pink sheets:

5541 Longmont  
Houston, TX 77056

Phone: 713-515-7985  
Fax: 832-201-8846

3. [www.fnat.biz](http://www.fnat.biz):

5541 Longmont  
Houston, Texas 77506

Phone: 713-515-7985  
Fax: 832-201-8846

General Inquiries: [info@fnat.biz](mailto:info@fnat.biz)  
Greg Shindler: [gshindler@fnat.biz](mailto:gshindler@fnat.biz)

4. SEC Filings:

4933 Fiske Circle  
Orlando, FLA 32826

**TCC Industries Inc.**

1. Texas Secretary of State:

330 Rayford Road  
Suite 124  
Spring, TX  
773861

and

89 Samuel Oster Ave.  
Thornhill, ON L4J 7C9

**2.2.2 Gartmore Investment Limited - s. 211 of the Regulation**

**Headnote**

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

**Statutes Cited**

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

**Regulations Cited**

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

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

**AND**

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

**AND**

**IN THE MATTER OF  
GARTMORE INVESTMENT LIMITED**

**ORDER  
(Section 211 of the Regulation)**

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

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

**AND UPON** the Applicant having represented to the Commission that:

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

2. The Applicant is a limited liability company organized under the laws of England and Wales. The Applicant's principal place of business is located at 8 Fenchurch Place, London, United Kingdom.
3. The Applicant is registered in the United Kingdom with the Financial Services Authority. The Applicant is also registered with the United States Securities and Exchange Commission as an investment adviser.
4. The Applicant does not currently act as an underwriter in the United States or in the United Kingdom or in any other jurisdiction.
5. In the absence of the relief requested in this Application, the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of international dealer as the Applicant does not carry on the business of an underwriter in a country other than Canada.
6. The Applicant does not currently act as an underwriter in Ontario and the Applicant will not act as an underwriter in Ontario if it is registered under the Act as a dealer in the category of international dealer, notwithstanding the fact that subsection 100(2) of the Regulation provides that the registration of an international dealer authorizes the dealer to act as an underwriter for the sole purpose of making a distribution that it is authorized to make by section 208 of the Regulation.

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

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

- a. the Applicant carries on the business of a dealer and in good standing in a country other than Canada; and
- b. notwithstanding subsection 100(2) of the Regulation, the Applicant shall not act as an underwriter in Ontario.

May 13, 2008

"Paul K Bates" Commissioner  
Ontario Securities Commission

"Margot C Howard"  
Commissioner  
Ontario Securities Commission

2.2.3 Adrian Samuel Leemhuis et al.

**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.**

**ORDER**

**WHEREAS** on April 22, 2008, the Ontario Securities Commission (the "Commission") issued a Temporary Order pursuant to section 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that all trading in securities of and all trading of securities by Future Growth Group Inc., Future Growth Fund Limited, Future Growth Global Fund Limited, Future Growth Market Neutral Fund Limited, and Future Growth World Fund shall cease, that all trading of securities by Adrian Leemhuis shall cease and that any exemptions contained in Ontario securities law do not apply to the Respondents;

**AND WHEREAS** on April 22, 2008, the Commission ordered that the Temporary Order dated April 22, 2008 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 Temporary Order pursuant to section 127(5) of the Act that all trading in securities by ASL Direct Inc. shall cease and that any exemptions contained in Ontario securities law do not apply to ASL;

**AND WHEREAS** on May 1, 2008, the Commission ordered that the Temporary Order dated May 1, 2008 shall expire on the 15th day after its making unless extended by the Commission;

**AND WHEREAS** on May 2, 2008, the Commission issued an Amended Notice of Hearing to consider the extension of the Temporary Order dated April 22, 2008, and the Temporary Order dated May 1, 2008 to be held on May 6, 2008 at 2:30 p.m.;

**AND WHEREAS** on May 6, 2008 the Commission held a hearing and counsel for Staff and counsel for the Respondents attended before the Commission and confirmed there was no objection to adjourning until May 16, 2008, and the Commission ordered that pursuant to section 127(8) that the Temporary Order dated April 22, 2008 be extended to May 16, 2008, that the Temporary Order dated May 1, 2008 be extended to May 16, 2008 and that the hearing to consider the extension of these orders be adjourned to May 16, 2008;

**AND WHEREAS** Staff of the Commission confirm that they may submit requests for the Commission to make orders pursuant to s. 144 of the Act, on consent, to vary the Temporary Orders dated April 22, 2008 and May 1, 2008 to permit ASL Direct Inc. and Mr. Leemhuis to carry out unsolicited trades on behalf of clients of ASL Direct Inc.;

**AND WHEREAS** the Commission held a hearing on May 16, 2008 and counsel for Staff and counsel for the Respondents attended before the Commission;

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

**IT IS HEREBY ORDERED** that pursuant to section 127(8) that the Temporary Order dated April 22, 2008, extended on May 6, 2008, is further extended to May 26, 2008;

**IT IS FURTHER ORDERED** that the Temporary Order dated May 1, 2008, extended on May 6, 2008, is further extended to May 26, 2008; and

**IT IS FURTHER ORDERED** that the hearing to consider the extension of the Temporary Order dated April 22, 2008 and the Temporary Order dated May 1, 2008 is adjourned to May 26, 2008 at 10:00 a.m.

**DATED** at Toronto this 16th day of May, 2008.

"Wendell S. Wigle"

"Margot C. Howard"

2.2.4 John Illidge 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  
JOHN ILLIDGE, PATRICIA McLEAN,  
DAVID CATHCART, STAFFORD KELLEY AND  
DEVENDRANAOUTH MISIR

ORDER  
(Section 127 of the Securities Act)

**WHEREAS** on July 11, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, to consider whether it is in the public interest to make certain orders against John Illidge ("Illidge"), Patricia McLean ("McLean"), David Cathcart ("Cathcart"), Stafford Kelley ("Kelley") and Devendranauth Misir ("Misir") (collectively, the "Respondents");

**AND WHEREAS** at a pre-hearing conference held April 27, 2007, dates for the hearing on the merits of this matter (the "Hearing on the Merits") were tentatively set down for six weeks, commencing on May 5, 2008;

**AND WHEREAS** by letter dated March 8, 2008, Cathcart requested an adjournment of the Hearing on the Merits until winter 2008-2009 for the following reasons: (1) spring 2008 is a very busy time for Cathcart's roofing business and, accordingly, holding the Hearing on the Merits as scheduled would be prejudicial to him; and (2) Cathcart has not retained counsel to represent him on this matter but intends to do so;

**AND WHEREAS** a hearing was held on April 21, 2008 to consider Cathcart's motion for an adjournment;

**AND WHEREAS** the hearing of the motion on April 21, 2008 was attended by Cathcart, Illidge, counsel for McLean and counsel for Staff of the Commission ("Staff") and the Panel heard submissions from all the parties present;

**AND WHEREAS** Staff opposed the adjournment of the Hearing on the Merits until winter 2008-2009, but requested that the hearing be delayed to commence the week of May 19, 2008 in order to accommodate continuation of settlement discussions with certain of the Respondents and to encourage the unrepresented Respondents to retain counsel;

**AND WHEREAS** Staff informed the Panel that Misir, who did not appear on the motion, opposed the adjournment, but consented to commencing the Hearing on the Merits in the week of May 19, 2008;

**AND WHEREAS** Staff informed the Panel that Kelley, who did not appear on the motion, did not oppose the adjournment;

**AND WHEREAS** Illidge supported Cathcart's motion for an adjournment on the basis that Illidge may also retain counsel who will require time to prepare for the Hearing on the Merits;

**AND WHEREAS** counsel for McLean did not oppose the adjournment;

**AND WHEREAS** counsel for Staff estimated that a period of three weeks would be sufficient for the Hearing on the Merits;

**AND WHEREAS** the Panel considered the fairness to the parties of an adjournment and other relevant factors, including the likelihood that if the Hearing on the Merits does not occur in May 2008, it would have to be put over until Spring 2009 because of the Commission's busy hearings calendar;

**AND WHEREAS** the Panel ordered that the Hearing on the Merits shall commence on May 20, 2008, with the following four weeks reserved for the hearing, and that if there is a change in circumstances prior to the commencement of the Hearing on the Merits, the parties may bring any additional motions before the Commission at the commencement of the Hearing on the Merits or earlier if necessary.

**AND WHEREAS** on May 13, 2008, McLean moved for an adjournment of the hearing on grounds including ongoing settlement discussions with Staff;

**AND WHEREAS** on May 12, 2008, the Commission approved a settlement between Kelley and Staff;

**AND WHEREAS** on May 15, 2008, the Commission approved a settlement between Illidge and Staff;

**AND WHEREAS** a hearing was held on May 15, 2008 to hear the adjournment motion brought by McLean;

**AND WHEREAS** Staff and counsel for McLean attended the hearing of the adjournment motion;

**AND WHEREAS** Staff consents to the adjournment;

**AND WHEREAS** hearing dates have become available in September 2008;

**AND WHEREAS** McLean and Staff agree that the Hearing on the Merits should be set for September 22, 2008 and continue for two weeks;

**AND WHEREAS** Staff and counsel for McLean advise that Cathcart and Misir consent to the adjournment

and that the Hearing on the Merits should commence on September 22, 2008 and continue for two weeks;

**AND WHEREAS** the Panel considers that the adjournment may facilitate settlement discussions or narrow the disputed issues so that the Hearing on the Merits can be completed in two weeks or less, rather than the four weeks currently fixed;

**AND WHEREAS** the Panel considers it to be in the public interest to make this order;

**IT IS HEREBY ORDERED** that the Hearing on the Merits shall commence on September 22, 2008 and continue for two weeks.

**DATED** at Toronto this 15th day of May, 2008

“Wendell S. Wigle”

“Suresh Thakrar”

## 2.2.5 Rogers Communications Inc. - s. 104(2)(c)

### Headnote

Clause 104(2)(c) - Issuer bid - relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act - Issuer proposes to purchase, at a discounted purchase price, up to 4,000,000 of its Class B Non-Voting Shares from one shareholder - due to discounted purchase price, proposed purchases cannot be made through TSX trading system - Issuer cannot rely on exemption available under section 101.2 of the Act from issuer bid requirements because proposed purchases cannot be made through the facilities of the TSX - but for the fact that the proposed purchases cannot be made through the TSX trading system, Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases - no adverse economic impact on or prejudice to Issuer or public shareholders - proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions.

### Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

May 2, 2008

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

**AND**

**IN THE MATTER OF  
ROGERS COMMUNICATIONS INC.**

**ORDER  
(Clause 104(2)(c))**

**UPON** the application (the “**Application**”) of Rogers Communications Inc. (the “**Issuer**”) to the Ontario Securities Commission (the “**Commission**”) for an order pursuant to clause 104(2)(c) of the Act exempting the Issuer from the requirements of sections 94 to 94.8 and 97 to 98.7 of the Act (the “**Issuer Bid Requirements**”) in connection with the proposed purchases (“**Proposed Purchases**”) by the Issuer of up to 4,000,000 (the “**Subject Shares**”) of its Class B Non-Voting shares (the “**Shares**”) from one of its shareholders and/or such shareholder’s affiliates (collectively, the “**Selling Shareholders**”);

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

**AND UPON** the Issuer having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (British Columbia).

1. The head office of the Issuer is located at 333 Bloor Street East, 10th Floor, Toronto, Ontario, M4W 1G9.
2. The Issuer is a reporting issuer in each of the provinces of Canada and the Shares are listed for trading on the Toronto Stock Exchange (the "TSX") and the New York Stock Exchange. The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.
3. The authorized common share capital of the Issuer consists of 112,462,014 Class A Voting shares and 1,400,000,000 Shares, of which 527,040,709 were issued and outstanding as of February 29, 2008.
4. The head office of the Selling Shareholders is located in Toronto, Ontario.
5. The Selling Shareholders have advised the Issuer that they do not directly or indirectly own more than 5% of the issued and outstanding Shares.
6. The Selling Shareholders have advised the Issuer that they are the beneficial owners of more than 4,000,000 Shares.
7. Pursuant to a "Notice of Intention to Make a Normal Course Issuer Bid" filed with the TSX and dated January 10, 2008 (the "Notice"), the Issuer is permitted to make normal course issuer bid (the "Bid") purchases (each a "Bid Purchase") to a maximum of the lesser of 15,000,000 Shares and that number of Shares that can be purchased under the Bid for an aggregate purchase price of C\$300,000,000 in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "TSX Rules"). To date, no Shares have been purchased under the Bid.
8. In addition to making Bid Purchases by means of open market transactions, the Notice contemplates that the Issuer may purchase Shares by way of exempt offer.
9. The Issuer and the Selling Shareholders intend to enter into one or more agreements of purchase and sale (the "Agreement") pursuant to which the Issuer will agree to acquire, by one or more trades occurring prior to June 30, 2008, the Subject Shares from the Selling Shareholders for a purchase price (the "Purchase Price") that will be negotiated at arm's length between the Issuer and the Selling Shareholders. The Purchase Price will be at a discount to the prevailing market price and below the prevailing bid-ask price for the Shares.
10. The purchase of the Subject Shares by the Issuer pursuant to the Agreement will constitute an "issuer bid" for purposes of the Act, to which the Issuer Bid Requirements would apply.
11. Because the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Shares at the time of each trade, the Proposed Purchases cannot be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholders in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to Section 101.2(1) of the Act.
12. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Shares at the time of the trade, the Issuer could otherwise acquire the Subject Shares as a "block purchase" (a "Block Purchase") in accordance with Section 629(1)7 of the TSX Rules and Section 101.2(1) of the Act.
13. Each of the Selling Shareholders is at arm's length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. In addition, each Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* ("NI 45-106").
14. The Issuer will be able to acquire the Subject Shares from the Selling Shareholders in reliance upon the exemption from the dealer registration requirements of the Act that is available as a result of the combined effect of section 2.16 of NI 45-106 and Section 4.1(a) of Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions*.
15. Management is of the view that the Issuer will be able to purchase the Subject Shares at a lower price than the price at which the Issuer will be able to purchase the Shares under the Bid and management is of the view that this is an appropriate use of the Issuer's funds.
16. The purchase of Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's securityholders. As the Subject Shares are non-voting shares, the Proposed Purchases will not affect control of the Issuer. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.
17. To the best of the Issuer's knowledge, as of February 29, 2008 the public float for the Shares consisted of approximately 92% for purposes of the TSX Rules.
18. The market for the Shares is a "liquid market" within the meaning of Section 1.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.



19. Other than the Purchase Price, no additional fee or other consideration will be paid in connection with the Proposed Purchases.

20. Neither the Issuer nor the Selling Shareholders are aware of any undisclosed "material change" or any undisclosed "material fact" (each as defined in the Act) in respect of the Issuer.

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

**IT IS ORDERED** pursuant to clause 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid Requirements in connection with the Proposed Purchases, provided that:

- (a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit for the Bid Purchases in accordance with the TSX Rules;
- (b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX Rules during the calendar week it completes each Proposed Purchase and may not make any further Bid Purchases for the remainder of that calendar day;
- (c) the Purchase Price is not higher than the last "independent trade" (as that term is used in paragraph 629(1)1 of the TSX Rules) of a board lot of Shares immediately prior to the execution of each Proposed Purchase;
- (d) the Issuer will otherwise acquire any additional Shares pursuant to the Bid and in accordance with the TSX Rules;
- (e) immediately following its purchase of the Subject Shares from the Selling Shareholders, the Issuer will report the purchase of the Subject Shares to the TSX; and
- (f) at the time that the Agreement is entered into by the Issuer and the Selling Shareholders or at the time of the Proposed Purchases, neither the Issuer nor the Selling Shareholders will be aware of any undisclosed "material change" or any undisclosed "material fact" (each as defined in the Act) in respect of the Issuer.

"Wendell S. Wigle"

"Suresh Thakrar"

**2.2.6 Baring International Investment Limited - s. 218 of the Regulation**

**Headnote**

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

**Regulation Cited**

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

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

**AND**

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

**AND**

**IN THE MATTER OF  
BARING INTERNATIONAL INVESTMENT LIMITED**

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

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

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

**AND UPON** the Applicant having represented to the Commission that:

1. The Applicant is a corporation formed under the laws of England and Wales. The head office of the Applicant is located in London, United Kingdom.
2. The Applicant is authorized and registered by the Financial Services Authority in the United Kingdom (the **FSA**) and is registered as an investment adviser with the U.S. Securities and Exchange Commission.

3. The Applicant is also presently registered as an international adviser (investment counsel and portfolio manager) and international dealer under the Act and as a portfolio manager (securities) with the British Columbia Securities Commission.
4. The Applicant has applied to the Commission to change its categories of registration under the Act from international adviser (investment counsel and portfolio manager) and international dealer to non-Canadian adviser (investment counsel and portfolio manager) and non-resident LMD.
5. The Applicant proposes to offer privately placed securities to accredited investors in Ontario pursuant to the registration and prospectus exemptions contained in National Instrument 45-106 - *Prospectus and Registration Exemptions*.
6. Section 213 of the Regulation provides that a registered dealer that is not an individual must be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.
7. The Applicant is not resident in Canada and does not require a separate Canadian company in order to carry out its proposed LMD activities in Ontario. It is more efficient and cost-effective to carry out those activities through the existing company.
8. Without the relief requested, the Applicant would not meet the requirements of the Regulation for registration as a dealer in the category of LMD as it is not a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.

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

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

1. The Applicant appoints an agent for service of process in Ontario.
2. The Applicant shall provide to each client resident in Ontario a statement in writing disclosing the non-resident status of the Applicant, the Applicant's jurisdiction of residence, the name and address of the agent for service of process of the Applicant in Ontario, and the nature of risks to clients that legal rights may not be enforceable.
3. The Applicant will not change its agent for service of process in Ontario without giving the Commission 30 days prior notice of such change by filing a new Submission to Jurisdiction and Appointment of Agent for Service of Process.
4. The Applicant and each of its registered salespersons, officers or directors irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial, and administrative tribunals of Ontario and any administrative proceedings in Ontario, in any proceedings arising out of or related to or concerning its registration under the Act or its activities in Ontario as a registrant.
5. The Applicant will not have custody of, or maintain customer accounts in relation to, securities, funds and other assets of clients resident in Ontario.
6. The Applicant will inform the Director immediately upon the Applicant becoming aware:
  - (a) that it has ceased to be authorized or registered by the FSA or has ceased to be registered as an investment adviser in the United States; or
  - (b) of its registration in any other jurisdiction not being renewed or being suspended or revoked; or
  - (c) that it is the subject of a regulatory proceeding, investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority; or
  - (d) that the registration of its salespersons, officers or directors who are registered in Ontario have not been renewed or have been suspended or revoked in any Canadian or foreign jurisdiction; or
  - (e) that any of its salespersons, officers or directors who are registered in Ontario are the subject of a regulatory proceeding, investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority in any Canadian or foreign jurisdiction.
7. The Applicant will pay the increased compliance and case assessment costs of the Commission due to the Applicant's location outside Ontario, including the cost of hiring a third party to perform a compliance review on behalf of the Commission.
8. The Applicant will make its books and records outside Ontario, including electronic records, readily accessible in Ontario, and will produce physical records for the Commission within a reasonable time if requested.
9. If the laws of the jurisdiction in which the Applicant's books and records are located prohibit production of the books and records in Ontario without the consent of the relevant client, the



Applicant shall, upon a request by the Commission:

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

May 20, 2008

"Suresh Thakrar"  
Commissioner  
Ontario Securities Commission

"David Knight"  
Commissioner  
Ontario Securities Commission

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## Chapter 3

# Reasons: Decisions, Orders and Rulings

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### 3.1 OSC Decisions, Orders and Rulings

#### 3.1.1 John Illidge

**IN THE MATTER OF THE  
SECURITIES ACT,  
R.S.O. 1990, c.S-5, AS AM. (“the Act”)**

**AND**

**IN THE MATTER OF  
JOHN ILLIDGE (“Illidge”)**

**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 Act, it is in the public interest to make an order that:

- (i) Illidge be permanently prohibited from trading in any securities;
- (ii) Any exemptions contained in Ontario securities law do not apply to Illidge permanently;
- (iii) Illidge be reprimanded;
- (iv) Illidge resign any position he currently holds as an officer or director of any issuer;
- (v) Illidge be banned from acting as an officer or director of any issuer;
- (vi) Illidge pay costs of the investigation and hearing 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 Illidge in accordance with the terms and conditions set out below. Illidge 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, Illidge agrees with the facts as set out in Part III of this Settlement Agreement.

##### **B. Facts**

###### **i. Hucamp Mines Ltd.**

4. Hucamp Mines Ltd. (“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 was halted, common shares in Hucamp were listed for trading on the CDNX Exchange.

**ii. The Respondents**

**a. Illidge**

5. Illidge was the President and CEO of Hucamp from March, 1996 until May, 2001. He was Chairman of Hucamp from May, 2001 until September 6, 2001.

6. 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 in on January 21, 2002.

7. In 1996, Illidge founded St. James Securities Inc. ("St. James"), a Toronto brokerage house and a member of the Toronto Stock Exchange. St. James ceased operations in October 1999 when most of its clients were transferred to Northern Securities Inc. ("Northern").

8. Illidge has not been registered with the Commission since January 26, 2000.

**b. Patricia McLean**

9. Patricia McLean ("McLean") was a director of Hucamp from March 1996 until June 30, 2001. McLean was also the Secretary of Hucamp until her resignation in May, 2001.

10. McLean was also a member of the corporate finance department of Rampart, beginning in November, 1999. She was a registered representative with Rampart between February 2000 and February 2001.

**c. David Cathcart**

11. David Cathcart ("Cathcart") was a registered representative with Rampart from December 1999 to August 2001.

12. Cathcart was a registered representative with St. James from May 1996 to November, 1999, and with Northern from November to December, 1999.

**d. Stafford Kelley**

13. Stafford Kelley ("Kelley") is the President of Medallion Capital Corporation ("Medallion"), a company that offers investor relations consulting services to Canadian companies. Kelley and Medallion provided investor relation services to Hucamp beginning on January 3, 2001.

**e. Devendranauth Misir**

14. Devendranauth Misir ("Misir") is a Toronto businessman, financial advisor and lawyer, at the firm of Misir & Co. He is not registered with the Commission in any capacity.

**iii. Hucamp Private Placements**

15. In 2000 and 2001, Hucamp entered into a series of private placements.

**a. May 12, 2000**

16. Hucamp's public file reflects a private placement dated May 12, 2000. Hucamp announced its "completion" to the public by press release on July 7, 2000. This transaction involved 2.0 million units, each unit being comprised of one Hucamp share at \$0.25 and one "series B warrant" which was exchangeable for 1 common share at \$0.20 until June 25, 2003.

17. The placees in this private placement were Southampton Capital Limited ("Southampton"), a company controlled by McLean, which received 600,000 units for \$150,000; MPH Consulting Inc. ("MPH"), a geological consulting company, which was to receive 600,000 units for \$150,000; and Elkhorn Capital (Elkhorn), a private investment company, which received 800,000 units for \$200,000.

18. 600,000 and 800,000 units were issued to Southampton and Elkhorn, respectively.

19. The units that were to be placed with MPH were never issued. The principals of MPH were not aware of the private placement. These facts were never publicly disclosed.

**Reasons: Decisions, Orders and Rulings**

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20. Neither Southampton nor Elkhorn ever paid for the units issued, and Hucamp never received any of the proceeds of this private placement. These facts were never publicly disclosed.

21. Elkhorn was not at arm's length to Hucamp or Illidge. This fact was not publicly disclosed.

22. Illidge permitted the inaccurate public disclosures described in paragraphs 16 to 21 to be made and to remain uncorrected. Illidge failed to be duly diligent in this regard.

b. June 26, 2000 and June 30, 2000

23. Hucamp's public file reflects a private placement dated June 26, 2000. Hucamp announced the "completion" of this placement to "arm's length parties" to the public by press release on August 23, 2000. This transaction involved 1.0 million units, each unit being comprised of one Hucamp share at \$0.25 and one "series D warrant" which was exchangeable for 1 common share at \$0.28 until June 28, 2003.

24. The placees in this private placement, the identities of which were not publicly disclosed, were Atlas Securities Inc. ("Atlas"), a brokerage house in Turks & Caicos, B.W.I., which received 400,000 units for \$100,000; and Elkhorn, which received 600,000 units for \$150,000.

25. Hucamp's public file reflects a private placement dated June 30, 2000. Hucamp announced the "completion" of this placement to "arm's length parties" to the public by press release on August 23, 2000. This transaction involved 1.0 million units, each unit being comprised of one Hucamp share at \$0.29 and one "series F warrant" which was exchangeable for 1 common share at \$0.50 until June 30, 2003.

26. The placee in this private placement, the identity of which was not publicly disclosed, was Atlas, which received 1,000,000 units for \$290,000.

27. Elkhorn was issued 400,000 units.

28. Although the total number of units to be placed with Atlas by virtue of these two private placements was to be 1.4 million, 1.8 million units were actually issued to Atlas. These units were divided equally between accounts at Atlas held by Illidge, Misir and Scott Turner. These facts were never publicly disclosed.

29. Elkhorn was not at arm's length to Illidge or Hucamp. This fact was not publicly disclosed.

30. Neither Elkhorn nor Atlas ever paid Hucamp for the units issued, and Hucamp never received any of the proceeds of these private placements. These facts were never publicly disclosed.

31. Illidge permitted the inaccurate public disclosures described in paragraphs 23 to 30 to be made and to remain uncorrected. Illidge failed to be duly diligent in this regard.

c. November 4, 2000

32. Hucamp's public file reflects a non-brokered private placement dated November 4, 2000 and announced to the public by press release on October 10, 2000. Hucamp announced that "it has agreed to a non-brokered private placement of up to" 1.5 million flow through common shares at \$1.30 per share.

33. As at December 31, 2000, 500,000 shares had been issued to one placee: Almasa Distribution FZCO ("Almasa"), a private investment company. These shares were deposited in the Almasa account at Rampart at the direction of Cathcart and Illidge. Neither Almasa nor Almasa's principals authorized the purchase of these shares.

34. These facts were never publicly disclosed.

d. November 27, 2000

35. Hucamp's public file reflects a private placement dated November 27, 2000. Hucamp announced to the public that it had "agreed to" the private placement by press release on November 27, 2000. This transaction involved 1.0 million units, each unit being comprised of one Hucamp share at \$1.15 and one "series H warrant" which was exchangeable for 1 common share at \$1.40 until November 27, 2002.

36. The placees in this private placement included new clients of Misir who had just won a lottery (the "Lottery Winners") and Misir's brother and wife. The Lottery Winners were unsophisticated investors and relied on Misir for investment advice. Misir controlled their account at Rampart with Illidge and Cathcart. They had the Lottery Winners participate in this private

placement without authorization, without disclosing their own interests in the investment, and without disclosing the risks associated with it.

37. After the private placement was announced, its terms were changed so that each unit consisted of 1 share and approximately 1.217 warrants. The terms were also changed so that the warrants were exercisable until November 27, 2002. These changes in terms were not disclosed to the public.

38. Only 749,428 units were issued pursuant to this private placement for proceeds of only \$861,716.10. These facts were not disclosed to the public.

39. The Lottery Winners made their purchase of 401,578 units for \$461,648.60 on March 27, 2001. Misir's brother purchased 217,350 units for \$249,972.50 on March 6, 2001. Misir's sister-in-law purchased 130,500 units for \$150,095.00 on February 28, 2001.

#### **iv Trading in Hucamp Shares**

40. In 2000 and 2001, the market in Hucamp was subjected to abusive trading practices by the Illidge, McLean, Cathcart, Kelley and Misir. Each of the other Respondents engaged in some of the conduct described below and Illidge engaged in all of the conduct described below or permitted it to occur in his accounts:

- a. Controlled the market for Hucamp shares and manipulated or attempted to manipulate the market price for Hucamp shares;
- b. Engaged in trading for the purpose of creating a false appearance of trading volume in and demand for Hucamp shares;
- c. Frequently engaged in trades in Hucamp shares with each other;
- d. Dominated trading in Hucamp shares;
- e. Engaged in trading of Hucamp shares by using nominee accounts at Rampart and elsewhere;
- f. Both bought and sold Hucamp shares through jitney trades;
- g. Engaged in up ticking and high closing; and,
- h. Engaged in wash trades.

#### **IV. CONDUCT CONTRARY TO THE PUBLIC INTEREST**

41. Illidge acknowledges that his conduct, as described in paragraphs 16 to 40 above, was contrary to the public interest.

#### **V. POSITION OF THE RESPONDENT**

42. Illidge asserts the following points in mitigation:

- a. With respect to the private placements described above, that he relied on lawyers, accountants and associates to close those placements;
- b. With respect to the June 12 and 26, 2000 private placements, he was not aware that units were placed into an account in his name at Atlas;
- c. With respect to the trading described above, that he gave trading authority to the registered representatives on his accounts as he was managing two other businesses and traveling extensively for business purposes at the time of the trading;
- d. That he lost in excess of \$4 million when Hucamp was cease traded and Rampart placed in receivership, and
- e. That, despite the reliance Illidge placed on others, he accepts responsibility for his actions and omissions.

#### **VI. TERMS OF SETTLEMENT**

43. Illidge agrees to the following terms of settlement:

- (a) The Commission will make an Order under section 127 of the Act that:
  - (i) Illidge shall be permanently banned from trading in any securities;
  - (ii) Illidge shall be permanently banned from acquiring any securities;
  - (iii) Any exemptions contained in Ontario securities law shall not apply to Illidge permanently;
  - (iv) Illidge shall resign any position he currently holds as an officer or director of any registrant or issuer; and,
  - (v) Illidge shall be permanently banned from acting as an officer or director of any issuer or registrant;

#### **VII. STAFF COMMITMENT**

44. 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 Illidge in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 49, below.

#### **VIII. PROCEDURE FOR APPROVAL OF SETTLEMENT**

45. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for May 15, 2008, or such other date as may be agreed to by Staff and Illidge in accordance with the procedures described in this Settlement Agreement.

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

47. Staff and Illidge agree that if this Settlement Agreement is approved by the Commission, Illidge 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, IV, VI, VII and VIII of this Settlement Agreement.

48. If Illidge 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 Illidge based on the facts set out in Part III of this Settlement Agreement and based on the breach of this Settlement Agreement.

49. 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 Illidge 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.

50. Whether or not this Settlement Agreement is approved by the Commission, Illidge 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.

#### **IX. DISCLOSURE OF AGREEMENT**

51. 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 Illidge and Staff or as may be required by law.

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

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

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

DATED this 13th day of May, 2008

**Signed in the presence of:**

“Anne Paiement”  
WITNESS

“John Illidge”  
**John Illidge**  
**Respondent**

DATED this 13th day of May, 2008

STAFF OF THE ONTARIO SECURITIES

“Michael Watson”  
**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  
JOHN ILLIDGE ("Illidge")**

**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 Illidge and others;

**AND WHEREAS** Illidge and Staff of the Commission entered into a settlement agreement dated May 13, 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 Illidge and from counsel for Staff of the Commission;

**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. Illidge shall be permanently banned from trading in any securities;
  - b. Illidge shall be permanently banned from acquiring any securities;
  - c. Any exemptions contained in Ontario securities law shall not apply to Illidge permanently;
  - d. Illidge shall resign any position he currently holds as an officer or director of any registrant or issuer; and,
  - e. Illidge shall be permanently banned from acting as an officer or director of any issuer or registrant.

Dated at Toronto on this 16th day of May 2008

"James E. A. Turner"

"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
Tele-Find Technologies Corp.	08 May 08	20 May 08		22 May 08
Visionsky Corp.	09 May 08	21 May 08		23 May 08
Kermode Exploration Ltd.	06 May 08	16 May 08	16 May 08	
Icefloe Technologies Inc.	05 May 08	16 May 08	16 May 08	
JPY Holdings Ltd.	16 May 08	28 May 08		
Exmin Resources Inc.	16 May 08	28 May 08		
Buffalo Gold Ltd.	16 May 08	28 May 08		
Thistle Mining Inc.	06 May 08	16 May 08	16 May 08	
Cheyenne Energy Inc.	21 May 08	02 Jun 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
Warwick Communications Inc.	02 May 08	15 May 08	15 May 08		
Petrolympic Ltd.	02 May 08	15 May 08		16 May 08	
OnePak, Inc.	05 May 08	16 May 08	16 May 08		
Dynamic Fuel Systems Inc.	05 May 08	16 May 08		19 May 08	
McVicar Resources Inc.	05 May 08	16 May 08		19 May 08	
PharmEng International Inc.	07 May 08	20 May 08	20 May 08		
Prime City One Capital Corp.	07 May 08	20 May 08		21 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 July 07	26 July 07		

**Cease Trading Orders**

<b>Company Name</b>	<b>Date of Order or Temporary Order</b>	<b>Date of Hearing</b>	<b>Date of Permanent Order</b>	<b>Date of Lapse/ Expire</b>	<b>Date of Issuer Temporary Order</b>
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		
Petrolympic Ltd.	02 May 08	15 May 08		16 May 08	
Warwick Communications Inc.	02 May 08	15 May 08	15 May 08		
Dynamic Fuel Systems Inc.	05 May 08	16 May 08		19 May 08	
McVicar Resources Inc.	05 May 08	16 May 08		19 May 08	
Onepak, Inc.	05 May 08	16 May 08	16 May 08		
PharmEng International Inc.	07 May 08	20 May 08	20 May 08		
Prime City One Capital Corp.	07 May 08	20 May 08		21 May 08	

## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://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](http://www.sedi.ca)).

## Chapter 8

# Notice of Exempt Financings

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### 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
05/02/2008	4	Appia Energy Corp. - Common Shares	98,500.00	98,500.00
04/30/2008	7	Avrio Ventures General Partner Ltd. - Limited Partnership Units	23,230,000.00	232.20
05/06/2008	5	BTI Photonics Systems Inc. - Debentures	2,137,330.60	2,129,876.04
04/22/2008	13	Canadian Trading and Quotation System Inc. - Common Shares	2,525,000.00	631,250.00
04/22/2008	13	Canadian Trading and Quotation System Inc. - Debentures	2,525,000.00	2,525,000.00
04/29/2008	26	CCS Inc. - Notes	312,000,004.00	312,000,000.00
01/16/2007 to 04/20/2007	11	CC&L Infrastructure Limited Partnership - Trust Units	7,630,000.00	749,843.00
04/01/2008 to 04/24/2008	10	Century Mining Corporation - Flow-Through Shares	1,560,750.00	4,498,571.00
04/01/2008 to 04/24/2008	10	Century Mining Corporation - Units	1,560,750.00	1,275,000.00
05/03/2008 to 05/09/2008	6	CMC Markets Canada Inc. - Contracts for Differences	73,000.00	6.00
04/24/2008	1	Companhia de Saneamento de Minas Gerais - Common Shares	74,300,000.00	5,000,000.00
04/30/2008	4	Crowflight Minerals Inc. - Common Shares	5,000,300.00	8,065,000.00
04/30/2008	4	Crowflight Minerals Inc. - Flow-Through Shares	6,000,000.00	8,000,000.00
04/29/2008	3	Dianor Resources Inc. - Common Shares	13,600.00	40,000.00
04/29/2008	1	Dianor Resources Inc. - Common Shares	15,750.00	50,000.00
05/05/2008	1	Double Hull Tankers, Inc. - Common Shares	10,631.25	8,000,000.00
04/30/2008	1	Explor Resources inc. - Common Shares	10,000.00	50,000.00
05/01/2008	5	Falcon Ridge RMH Limited Partnership - Limited Partnership Units	372,000.00	32.00
05/01/2008	1	Firm Capital Mortgage Investment Corporation - Preferred Shares	400,000.00	400,000.00
05/02/2008	3	First Horizon National Corporation - Common Shares	10,351,500.00	1,005,000.00
05/02/2008	3	First Horizon National Corporation - Common Shares	10,332,700.00	1,015,000.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
05/01/2008	1	First Leaside Elite Limited Partnership - Limited Partnership Interest	24,789.84	24,330.00
05/05/2008	1	First Leaside Fund - Trust Units	3,605.51	3,561.00
05/01/2008	1	First Leaside Properties Fund - Trust Units	11,000.00	11,000.00
04/30/2008 to 05/06/2008	8	First Leaside Wealth Management Inc. - Notes	239,626.00	239,626.00
05/06/2008	1	First Leaside Wealth Management Inc. - Preferred Shares	20,000.00	20,000.00
05/02/2008	3	Flatrock Trust - Notes	48,674,740.00	47,800,000.00
05/05/2008 to 05/09/2008	21	General Motors Acceptance Corporation of Canada, Limited - Notes	4,957,897.15	4,957,897.15
05/06/2008	3	Gippsland Offshore Petroleum Limited - Common Shares	1,500,000.00	15,000,000.00
03/31/2008	1	Gold Coast Bank - Common Shares	48,661.80	2,153,054.00
05/02/2008 to 05/09/2008	5	HMZ Metals Inc. - Debentures	86,500.00	865.00
05/01/2008	5	IGF Funds Ltd. - Common Shares	6,110,650.00	5,950.00
05/12/2008	12	JOG Limited Partnership No. IV - Limited Partnership Units	12,230,000.00	1,223,000.00
05/09/2008	25	Kilo Goldmines Inc. - Units	3,450,000.00	2,300,000.00
04/30/2008	1	Kingwest Canadian Equity Portfolio - Units	150,000.00	12,464.27
04/29/2008	24	Lero Gold Corp. - Common Shares	59,999,999.75	70,558,235.00
05/01/2008	2	Magenta Mortgage Investment Corporation - Common Shares	225,000.00	225,000.00
04/29/2008	7	MagIndustries Corp. - Common Shares	21,000,000.00	5,250,000.00
04/29/2008	1	MagIndustries Corp. - Receipts	21,000,000.00	5,250,000.00
04/29/2008	7	MagMinerals Holdings Corp. - Common Shares	21,000,000.00	5,250,000.00
04/29/2008	1	MagMinerals Inc. - Receipts	21,000,000.00	5,250,000.00
04/29/2008	1	MagMinerals Potash Corp. - Receipts	21,000,000.00	5,250,000.00
05/09/2008	3	Montero Mining and Exploration Ltd. - Common Shares	0.00	150,000.00
04/30/2008 to 05/09/2008	14	MPH Ventures Corp. - Units	649,000.00	3,262,000.00
05/02/2008	24	Nelson Financial Group Ltd. - Notes	1,405,000.00	24.00
05/01/2008	3	North American Financial Group Inc. - Debt	125,000.00	35.00
05/05/2008	11	OccuLogix, Inc. - Debt	303,750.00	303,750.00



**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
04/29/2008	4	Onex Partners III LP - Limited Partnership Interest	552,139,500.00	545,000,000.00
05/06/2008	5	Pacific Copper Corp. - Units	1,116,160.50	3,157,142.00
04/30/2008	151	Painted Pony Petroleum Ltd. - Common Shares	38,280,000.00	8,800,000.00
05/01/2008	1	Praetorian Institutional LLC - Common Shares	127,362.50	125.00
05/08/2008	1	Real Goods Solar, Inc. - Common Shares	608,940.00	60,000.00
04/29/2008	3	Richview Resources Inc. - Flow-Through Shares	660,000.00	6,000,000.00
04/29/2008	3	Richview Resources Inc. - Non Flow-Through Shares	660,000.00	3,000,000.00
04/30/2008	52	Rockcliff Resources Inc. - Flow-Through Shares	4,215,399.00	7,025,665.00
04/30/2008	47	Rockcliff Resources Inc. - Units	99,000.00	165,000.00
05/06/2008	13	Rupert Resources Ltd. - Units	700,000.00	2,000,000.00
04/25/2008	3	Sextant Strategic Opportunities Hedge Fund LP - Units	74,750.00	2,282.90
05/01/2008	2	Stacey Muirhead RSP Fund - Trust Units	29,000.00	2,688,048.00
04/30/2008	43	Standing Stone Redwater Limited Partnership - Limited Partnership Units	2,909,375.00	232.75
05/06/2008	128	Starfield Resources Inc. - Flow-Through Shares	20,000,000.40	15,000,000.00
04/29/2008	8	Student Transportation of America Ltd. - Common Shares	9,974,250.00	1,705,000.00
05/06/2008	4	Taranis Resources Inc. - Common Shares	750,000.00	114,130.00
05/06/2008	4	Taranis Resources Inc. - Units	750,000.00	1,630,432.00
04/30/2008	10	The McElvaine Investment Trust - Trust Units	542,075.42	34,271.43
05/02/2008	191	TriAxon Resources Ltd. - Receipts	47,287,000.00	9,457,400.00
05/08/2008	2	VoIPShield Systems Inc. - Common Shares	600,000.00	699,301.00
05/13/2008	6	VSS Communications Parallel Partners IV, L.P. - Limited Liability Interest	11,403,867.00	11,187,193.00
05/07/2008	7	Vulcan Minerals Inc. - Units	735,000.00	1,225,000.00
01/01/2006 to 12/31/2007	9	Walter Scott & Partners Global Fund - Units	109,496,006.00	7,934,018.80
01/01/2006 to 12/31/2007	2	Walter Scott & Partners International Fund - Units	84,310,894.00	5,405,773.14
05/01/2008	41	WFR Capital Inc. - Bonds	1,357,100.00	13,571.00
05/01/2008	41	WFR Investments Inc. - Common Shares	1,357.10	13,571.00

**Notice of Exempt Financings**

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<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
05/06/2008	12	Wildcat Exploration Ltd. - Flow-Through Shares	291,500.00	500,000.00
05/31/2007 to 10/05/2007	71	Wolverine Exploration Inc. - Common Shares	505,141.00	16,430,000.00

## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

Apollo Gold Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated May 13, 2008  
NP 11-202 Receipt dated May 14, 2008

**Offering Price and Description:**

\$25,000,000.00 to \$40,000,000.00 - \* Common Shares  
Price: \$ \* per Common Share

**Underwriter(s) or Distributor(s):**

Haywood Securities Inc.  
Blackmont Capital Inc.

**Promoter(s):**

-

**Project #1265502**

**Issuer Name:**

Coalcorp Mining Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated May 14, 2008  
NP 11-202 Receipt dated May 14, 2008

**Offering Price and Description:**

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

**Underwriter(s) or Distributor(s):**

GMP Securities L.P.  
Canaccord Capital Corporation  
Loewen, Ondaatje, McCutcheon Limited  
Macquarie Capital Markets Canada Ltd.

**Promoter(s):**

-

**Project #1265908**

---

**Issuer Name:**

Assiniboia Farmland Limited Partnership 4  
Principal Regulator - Saskatchewan

**Type and Date:**

Preliminary Prospectus dated May 15, 2008  
NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

\$ \* - \* Limited Partnership Units Price: \$25.00 per unit  
Minimum Purchase: 100 units

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
Richardson Partners Financial Limited  
Wellington West Capital Inc.  
Berkshire Securities Inc.  
Canaccord Capital Corporation  
Dundee Securities Corporation  
Raymond James Ltd.  
Research Capital Corporation

**Promoter(s):**

EAI Agriculture Development Corporation  
**Project #1268389**

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**Issuer Name:**

Copernican International Premium Dividend Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated May 14, 2008  
NP 11-202 Receipt dated May 15, 2008

**Offering Price and Description:**

\$107,569,000.00 - May 2009 Warrants to Subscribe for up to 6,985,000 Units at exercise price of \$7.62 or 7.65 May 2010 Warrants to Subscribe for up to 6,985,000 Units at exercise price of \$7.70 or 7.75  
May 2009 Warrant Exercise Price: \$7.62 per Unit or \$7.65 per Unit (Upon the exercise of one May 2009 Warrant for one Unit) May 2010 Warrant Exercise Price: \$7.70 per Unit or \$7.75 per Unit (Upon the exercise of one May 2010 Warrant for one Unit)

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Copernican Capital Corp.

**Project #1266333**

**Issuer Name:**

China Zirconium Limited  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated May 13, 2008  
NP 11-202 Receipt dated May 13, 2008

**Offering Price and Description:**

\$ \* - \* Share Price - \$ \* per Share

**Underwriter(s) or Distributor(s):**

GMP Securities L.P.  
Canaccord Capital Corporation  
Cormark Securities Inc.  
Blakemont Capital Inc.

**Promoter(s):**

-

**Project #1264876**

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**Issuer Name:**

Dynamic Power Global Balanced Class  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated May 16, 2008  
NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

Series A, F, I and O Shares

**Underwriter(s) or Distributor(s):**

Goodman & Company, Investment Counsel Ltd.

**Promoter(s):**

Goodman & Company, Investment Counsel Ltd.

**Project #1268273**

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**Issuer Name:**

Dynamic Power Global Navigator Class  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated May 16, 2008  
NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

Series A, F, I and O Shares

**Underwriter(s) or Distributor(s):**

Goodman & Company, Investment Counsel Ltd.

**Promoter(s):**

Goodman & Company, Investment Counsel Ltd.

**Project #1268270**

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**Issuer Name:**

ENBRIDGE GAS DISTRIBUTION INC.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Base Shelf Prospectus dated May 16, 2008

NP 11-202 Receipt dated May 20, 2008

**Offering Price and Description:**

\$600,000,000.00 - MEDIUM TERM NOTES  
(UNSECURED)

**Underwriter(s) or Distributor(s):**

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

Scotia Capital Inc.

TD Securities Inc.

**Promoter(s):**

-

**Project #1268484**

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**Issuer Name:**

Enbridge Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Base Shelf Prospectus dated May 16, 2008

NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

\$2,000,000,000.00 - MEDIUM TERM NOTES  
(UNSECURED)

**Underwriter(s) or Distributor(s):**

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

Scotia Capital Inc.

TD Securities Inc.

**Promoter(s):**

-

**Project #1268480**

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**Issuer Name:**

Jov Canadian Equity Class  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated May 14, 2008  
NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

Series A Shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

JovFunds Management Inc.

**Project #1268041**

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**Issuer Name:**

Mackenzie Destination+ 2017 Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated May 15, 2008  
NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

Series A, F, I and O Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Mackenzie Financial Corporation  
Project #1267666

---

**Issuer Name:**

Morneau Sobeco Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated May 14, 2008  
NP 11-202 Receipt dated May 14, 2008

**Offering Price and Description:**

\$153,000,000 - 12,750,000 Subscription Receipts each  
representing the right to receive one Unit Price - \$12.00 per  
Subscription Receipt

**Underwriter(s) or Distributor(s):**

National Bank Financial Inc.  
BMO Nesbitt Burns Inc.  
TD Securities Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.  
Raymond James Ltd.

**Promoter(s):**

-

Project #1265689

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**Issuer Name:**

Northgate Minerals Corporation  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Base Shelf Prospectus dated May  
16, 2008

NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

\$250,000,000.00:

Debt Securities

Common Shares

Warrants to Purchase Equity Securities

Warrants to Purchase Debt Securities

Share Purchase Contracts

Share Purchase or Equity Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #1268526

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**Issuer Name:**

Orbit Garant Drilling Inc.  
Principal Regulator - Quebec

**Type and Date:**

Amended and Restated Preliminary Prospectus dated May  
16, 2008

NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

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

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
National Bank Financial Inc.  
GMP Securities L.P.  
Desjardins Securities Inc.

**Promoter(s):**

1684182 Ontario LP  
1684182 Ontario GP, LP  
1684182 Ontario Inc.  
1684182 Ontario (International ) LP  
1684182 Ontario (International GP, LP  
Project #1264308

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**Issuer Name:**

Parta Growth Capital I Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary CPC Prospectus dated May 14, 2008  
NP 11-202 Receipt dated May 15, 2008

**Offering Price and Description:**

Minimum Offering - \$500,000.00 - 5,000,000 Common  
Shares; Maximum Offering - \$1,000,000.00 - 10,000,000  
Common Shares Price - \$0.10 per share

**Underwriter(s) or Distributor(s):**

Canaccord Capital Corporation

**Promoter(s):**

Paul Allard  
Project #1266548

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**Issuer Name:**

Prestige Telecom Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated May 15, 2008  
NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

7,348,401 Common Shares and 3,674,201 Warrants  
Issuable Upon Conversion of 7,348,401 Special Warrants  
Price - \$0.60 per Special Warrant

**Underwriter(s) or Distributor(s):**

Blackmont Capital Inc.  
Loewen Ondaatje McCutcheon Limited  
Versant Partners Inc.

**Promoter(s):**

Pierre Yves Methot  
Project #1267456

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**Issuer Name:**

Shoppers Drug Mart Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Base Shelf Prospectus dated May 14, 2008

NP 11-202 Receipt dated May 15, 2008

**Offering Price and Description:**

Up to \$1,000,000,000.00 - Medium Term Notes (unsecured) To be unconditionally guaranteed as to principal, interest and premium, if any, by each of the Guarantors

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #1265812**

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**Issuer Name:**

Standard Life Aggressive Portfolio  
Standard Life Canadian Dividend Growth Fund  
Standard Life Conservative Portfolio  
Standard Life Dividend Growth & Income Portfolio  
Standard Life Global Dividend Growth Fund  
Standard Life Global Monthly Income Fund  
Standard Life Global Portfolio  
Standard Life Growth Portfolio  
Standard Life India Equity Focus Fund  
Standard Life Moderate Portfolio  
Standard Life Monthly Income Fund  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Simplified Prospectuses dated May 15, 2008

NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

A-Series, T-Series, E-Series, Legend Series and O-Series  
1 Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

The Standard Life Assurance Company of Canada

**Project #1267643**

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**Issuer Name:**

Thompson Creek Metals Company Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated May 16, 2008  
NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

\$215,000,000.00 - 10,000,000 Common Shares Price: \$21.50 per Common Shares

**Underwriter(s) or Distributor(s):**

GMP Securities L.P.  
UBS Securities Canada Inc.  
Scotia Capital Inc.  
Cormark Securities Inc.  
Desjardins Securities Inc.  
Macquarie Capital Markets Canada Ltd.  
Blackmont Capital Inc.  
Paradigm Capital Inc.  
Versant Partners Inc.

**Promoter(s):**

-

**Project #1268385**

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**Issuer Name:**

AltaLink, L.P.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Base Shelf Prospectus dated May 16, 2008

NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

\$800,000,000.00 - Medium-Term Notes (secured)

**Underwriter(s) or Distributor(s):**

Scotia Capital Inc  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
RBC Dominion Securities Inc.  
Casgrain & Company Limited

**Promoter(s):**

-

**Project #1259217**

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**Issuer Name:**

CU Inc.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Base Shelf Prospectus dated May 15, 2008

NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

\$1,500,000,000.00 - Debentures (Unsecured)

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #1262672**

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**Issuer Name:**

Fortis Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated May 15, 2008  
NP 11-202 Receipt dated May 15, 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):**

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**Project #1262361**

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**Issuer Name:**

Shield Gold Inc.  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Prospectus dated May 9, 2008,  
amending and restating the Prospectus dated June 26,  
2007

NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

Minimum Offering: \$500,000.00 - 5,000,000 Common  
Shares; Maximum Offering: \$700,000.00 - 7,000,000  
Common Shares Price: \$0.10 per Common Share

**Underwriter(s) or Distributor(s):**

Global Securities Corporation

**Promoter(s):**

John Siriunas  
**Project #1059915**

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**Issuer Name:**

JG Capital Corp.  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated May 15, 2008  
NP 11-202 Receipt dated May 16, 2008

**Offering Price and Description:**

\$200,000.00 or 2,000,000 Common Shares PRICE: \$0.10  
per Common Share

**Underwriter(s) or Distributor(s):**

Canaccord Capital Corporation

**Promoter(s):**

Marc Cernovitch  
**Project #1248537**

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**Issuer Name:**

Phoenix Technology Income Fund  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated May 15, 2008  
NP 11-202 Receipt dated May 15, 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):**

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**Project #1262291**

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## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Mountain Fowler Asset Management Inc.	Limited Market Dealer & Investment Counsel & Portfolio Manager & Commodity Trading Manager	May 15, 2008
Change of Category	Gartmore Investment Limited	From: International Adviser (Investment Counsel & Portfolio Manager)  To: International Dealer, International Adviser (Investment Counsel & Portfolio Manager)	May 15, 2008
New Registration	Panoply Capital Asset Management Inc.	Limited Market Dealer and Investment Counsel & Portfolio Manager	May 15, 2008
Consent to Suspension pursuant to Rule 33-501 - Surrender of Registration	BMO Capital Corporation	Limited Market Dealer	May 15, 2008
New Registration	Greenrock Asset Management Ltd.	Limited Market Dealer, Investment Counsel & Portfolio Manager.	May 20, 2008
New Registration	Global Hunter Securities, LLC	International Dealer	May 21, 2008

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## Chapter 13

# SRO Notices and Disciplinary Proceedings

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### 13.1.1 MFDA Issues Notice of Hearing Regarding Ronald Lindsay Brown and Dylan Brown

**NEWS RELEASE**  
For immediate release

#### **MFDA ISSUES NOTICE OF HEARING REGARDING RONALD LINDSAY BROWN AND DYLAN BROWN**

**May 16, 2008** (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada (“MFDA”) today announced that it has commenced disciplinary proceedings against Ronald Lindsay Brown and Dylan Brown.

In its Notice of Hearing, MFDA staff alleges the following conduct contrary to the By-laws, Rules or Policies of the MFDA:

**Allegation #1:** Between May 2, 2002 and May 19, 2006, the Respondent Ronald Lindsay Brown (“Ronald Brown”) engaged in securities related business that was not carried on for the account of the Member or through the facilities of the Member by selling units of the Atrium Limited Partnership, the Villabar Properties (2003) Limited Partnership, the Lighthouse Pointe Limited Partnership and the Villabar Properties (2005) Limited Partnership, to clients and other individuals, contrary to MFDA Rule 1.1.1.

**Allegation #2:** Between May 2, 2002 and May 19, 2006, the Respondent Ronald Brown sold units of the Villabar Properties (2005) Limited Partnership to a client in reliance on the accredited investor exemption contained in OSC Rule 45-501 and subsequently NI 45-106, when he knew or ought to have known that the client did not qualify for the exemption, contrary to MFDA Rule 2.1.1.

**Allegation #3:** Between May 2, 2002 and May 19, 2006, the Respondent Ronald Brown denied selling limited partnerships and receiving commissions from the sales of limited partnerships in response to Member inquiries, thereby misleading the Member and frustrating its efforts to ensure compliance with the MFDA By-laws, Rules, Policies and applicable securities legislation, contrary to MFDA Rules 1.1.2 and MFDA 2.1.1.

**Allegation #4:** Between May 2, 2002 and June 30, 2002, the Respondent Dylan Brown, as co-branch manager, knew or ought to have known that the Respondent Ronald Brown was engaging in securities related business that was not carried on for the account of the Member or through the facilities of the Member and failed to take appropriate supervisory action, contrary to MFDA Rule 2.5.3 and MFDA Policy No. 2.

The first appearance in this matter will take place by teleconference before a Hearing Panel of the MFDA Central Regional Council in the Hearing Room located at the offices of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario on Wednesday, July 23, 2008 at 10:00 a.m. (Eastern) or as soon thereafter as can be held.

The purpose of the first appearance is to schedule the date for the commencement of the hearing on its merits and to address any other procedural matters.

The first appearance is open to the public, except as may be required for the protection of confidential matters. Members of the public attending the first appearance will be able to listen to the proceeding by teleconference.

A copy of the Notice of Hearing is available on the MFDA website at [www.mfda.ca](http://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](mailto:sdevlin@mfda.ca)

**13.1.2 Joint Notice and Request for Comment - Mutual Fund Dealers Association of Canada Application for Amendment and Restatement of Its Recognition Orders and Application to Amend the Definition of "Public Director" in its By-law No. 1**

Published May 23, 2008  
Effective May 23, 2008

The Mutual Fund Dealers Association of Canada (the MFDA) has submitted an application to the securities regulatory authority in each of Alberta, British Columbia, Manitoba, Ontario, Saskatchewan, New Brunswick and Nova Scotia (the Recognizing Jurisdictions) to amend and restate the orders of each of the Recognizing Jurisdictions recognizing the MFDA as a self-regulatory organization (the Recognition Orders). The MFDA requested the amendments in order to:

- (a) remove the definition of "Public Director" from the terms and conditions of the Recognition Orders; and
- (b) make housekeeping amendments to correct inconsistencies and typographical errors in the current Recognition Orders.

The MFDA's application to the Recognizing Jurisdictions includes proposed amendments to the definition of "Public Director" in its By-law No. 1. The Recognizing Jurisdictions are publishing for comment the application of the MFDA and the related documents, all of which can be found on the Recognizing Jurisdictions' websites or in their bulletins, where applicable.

We are seeking comments on all aspects of the application and related documents.

**A. CHANGES TO THE RECOGNITION ORDERS**

The MFDA proposes removing the definition of "Public Director" from the terms and conditions of the Recognition Orders because it is included in section 1 of the MFDA's By-law No. 1. Having the definition in both places is unnecessarily duplicative. The MFDA would prefer to have the definition in its By-law No. 1, changes to which are subject to prior approval of the Recognizing Jurisdictions pursuant to the terms and conditions to the Recognition Orders.

**B. CHANGES TO THE DEFINITION OF PUBLIC DIRECTOR IN BY-LAW No. 1**

The MFDA proposes amending the definition of "Public Director" in its By-law No. 1 to permit individuals currently ineligible to act as public directors to qualify where appropriate. The proposed amendments also change the terms of office and maximum tenure for all MFDA directors. The MFDA proposes these changes in order to align its governance structure with current practices of other SROs and required regulatory policy, as well as to increase the number of qualified individuals who meet the requirements to act as public directors.

**C. HOUSEKEEPING AMENDMENTS TO THE TERMS AND CONDITIONS OF RECOGNITION**

In its application for amendment and restatement of its Recognition Orders, the MFDA has also proposed correcting inconsistencies and typographical errors in the terms and conditions to the Recognition Orders.

**D. COMMENT PROCESS**

You are asked to provide your comments in writing and to send them on or before June 23, 2008, to:

c/o Sarah Corrigan-Brown  
British Columbia Securities Commission  
701 West Georgia Street  
Vancouver, BC V7Y 1L2

Email: [scorrigan-brown@bcsc.bc.ca](mailto:scorrigan-brown@bcsc.bc.ca)

We cannot keep submissions confidential. We will publish a summary of written comments we receive during the comment period.

If you have questions, you may contact:

Paige Ward, Director of Policy and Regulatory Affairs  
Mutual Fund Dealers Association of Canada  
(416) 943-5838

**SRO Notices and Disciplinary Proceedings**

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Sarah Corrigan-Brown  
British Columbia Securities Commission  
(604) 899-6738

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

May 23, 2008

March 18, 2008

The Secretary to the Commission  
British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
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V7Y 1L2

The Secretary to the Commission  
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20 Queen Street West  
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Executive Director  
Alberta Securities Commission  
300 – 5<sup>th</sup> Avenue S.W.  
4<sup>th</sup> Floor  
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The Secretary to the Commission  
Nova Scotia Securities Commission  
2nd Floor, Joseph Howe Building  
P.O. Box 468  
1690 Hollis Street  
Halifax, Nova Scotia  
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The Secretary to the Commission  
Saskatchewan Financial Services Commission  
1919 Saskatchewan Drive  
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500-400 St. Mary Avenue  
Winnipeg, Manitoba  
R3C 4K5

The Secretary to the Commission  
New Brunswick Securities Commission  
85 Charlotte Street, Suite 300  
Saint John, New Brunswick  
E2L 2J2

Dear Sirs/Mesdames:

**Re: Mutual Fund Dealers Association of Canada  
Application for amendment and restatement of terms and conditions of Order recognizing self-regulatory organization**

**1. APPLICATION**

**(a) Summary**

This application is made by the Mutual Fund Dealers Association of Canada ("MFDA") concurrently to each of the British Columbia Securities Commission, the Ontario Securities Commission, the Alberta Securities Commission, the Manitoba Securities Commission, the New Brunswick Securities Commission, the Saskatchewan Financial Services Commission and the Nova Scotia Securities Commission (respectively, the "BCSC", "OSC", "ASC", "MSC", "NBSC", "SFSC" and "NSSC" and, together, the "Commissions") for

- (i) an amendment and restatement of the terms and conditions of the Order of each such Commission recognizing the MFDA as a self-regulatory organization ("SRO") pursuant to section 24(a) of the *Securities Act* (British Columbia), section 21.1(1) of the *Securities Act* (Ontario), section 64(1) of the *Securities Act* (Alberta), section 31.1 of the *Securities Act* (Manitoba), section 35(1)(b) of the *Securities Act* (New Brunswick), section 21(2) of the *Securities Act, 1998* (Saskatchewan) and section 30(1) of the *Securities Act* (Nova Scotia) (respectively, the "BCSA", "OSA", "ASA", "MSA", "NBSA", "SSA" and "NSSA" and together, the "Legislation") respecting the definition of the term "Public Director"; and
- (ii) approval for corresponding amendments to such definition in the by-law (rules) of the MFDA.

In 2004, the BCSC, OSC, ASC, SFSC and NSSC approved an application by the MFDA to amend and restate its Orders in respect of recognition of the MFDA. The dates of the amended and restated Orders in respect of recognition of the MFDA referred to above by each of the BCSC, OSC, ASC, SFSC and NSSC are, respectively, June 3, 2004, March 30, 2004, May 18, 2004, April 16, 2004 and April 8, 2004. In 2006, the BCSC, OSC, SFSC and NSSC issued an order varying the Order of each such Commission to extend the suspension of MFDA Rule 2.4.1 until December 31, 2008. The dates of the variation Orders in respect of the recognition of the MFDA are, respectively, November 14, 2006, November 3, 2006, November 20, 2006 and



November 8, 2006. The Orders of the respective Commissions recognizing the MFDA as an SRO are referred to individually and collectively in this application as an "Order" or the "Orders" and the terms and conditions attached as Schedule A to each such order are referred to individually and collectively as "Terms and Conditions".

**(b) Authority for Application**

This application is made to the respective Commissions (i) in respect of the Orders pursuant to Section 171 of the BCSA, Section 144 of the OSA, Section 214(1) of the ASA, Section 31.5(3) of the MSA, Section 206(1) of the NBSA, Section 158(3) of the SSA and Section 151 of the NSSA, and (ii) in respect of the by-laws pursuant to the Terms and Conditions of the Orders.

**(c) Terms and Conditions to be Amended**

The Terms and Conditions of the BCSC, OSC, ASC, MSC, NBSC, SFSC and NSSC Orders to be amended are: Section 3(A) (Corporate Governance). It is proposed that the definition of "Public Director" be deleted from the Orders and the amendments to such definition be included in the corresponding definition in the by-laws of the MFDA. In addition, the MFDA is proposing certain housekeeping amendments, as reflected in the attached copies of the Terms and Conditions and described in section 3 below.

Reference is also made to (i) a joint application made by the Investment Dealers Association of Canada ("IDA") and Market Regulation Services Inc. ("RS") as published by certain of the Commissions dated February 8, 2008, and (ii) a joint application made by the IDA and the Canadian Investor Protection Fund ("CIPF") as published by certain of the Commissions dated March 7, 2008. The amendments to the Orders and approval for rule amendments requested herein are consistent with, and reflect the same regulatory policy considerations discussed with staff of the Commissions in respect of, the foregoing joint applications of the IDA and RS as SROs recognized in the same manner as MFDA as an SRO, and of the IDA and CIPF. These applications are collectively referred to as the "IDA/RS/CIPF Applications".

**2. THE APPLICANT**

The MFDA is a non-share capital corporation under Part II of the *Canada Corporations Act* incorporated on June 19, 1998 and has been recognized as an SRO pursuant to the Orders of the Commissions referred to in paragraph 1 of this Application.

**3. BASIS OF APPLICATION**

**(a) Corporate Governance – Definition of "Public Director" and Terms of Office**

The Orders recognizing the MFDA as an SRO pursuant to the provisions of the Legislation are made subject to the Terms and Conditions that are contained in Schedule A to the respective Orders. Section 3(A) of the Terms and Conditions of the Orders of the Commissions relates to the corporate governance of the MFDA and defines the term "Public Director". The definition disqualifies certain individuals from acting as Public Directors on the MFDA Board of Directors. These individuals include:

- (A) a director, partner, significant shareholder, officer, employee or agent of (or an associate or affiliate of) (i) a Member protection fund or of the IDA or IFIC, or (ii) a member of such fund, the IDA or IFIC;
- (B) an employee of a federal, provincial or territorial government or Crown agency;
- (C) a member of the House of Commons or of a provincial or territorial legislature;
- (D) an employee of a federal, provincial or territorial Crown agency;
- (E) a provider of services to the MFDA, a Member protection fund or a Member; and
- (F) an individual who is a member of the immediate family of an individual who would otherwise be disqualified from being a Public Director pursuant to clauses (A) to (E) above.

In addition, individuals who, within two years prior to their election as a Public Director, would have been disqualified from acting as a Public Director under clauses (A) to (D) above are not eligible as Public Directors.

On February 7, 2008, the Board of Directors of the MFDA approved amendments to MFDA By-law No.1 relating to the definition of "Public Director" to permit individuals currently ineligible as Public Directors on the basis described above to qualify as Public Directors where appropriate in accordance with MFDA's nominating procedures. In addition and in a manner that is consistent with the "IDA/RS/CIPF Applications" amendments to MFDA By-law No. 1 were passed to change the terms of office of all Directors of MFDA (i.e. Industry and Public Directors) to 2 years with a maximum tenure of 4 terms (i.e. 8 years). Currently, the

terms of office for Industry Directors of the MFDA are 2 years with a maximum of 3 terms (i.e. 6 years); and for Public Directors the terms are 3 years with a maximum of 2 terms (i.e. 6 years).

Apart from the substantive changes to the definition of "Public Director" and the terms of office for Directors described above, it is proposed that the definition be deleted from the Terms and Conditions on the basis that it is included in the rules of the MFDA – being Section 1 of By-law No. 1. Any changes to the rules of the MFDA are subject to the prior approval of the Commissions pursuant to the Terms and Conditions and it is unnecessarily duplicative and inefficient as a matter of regulatory cost and administration to require the same provision to be included in both instruments. The proposed approach has been endorsed by the Commissions in respect of the joint "IDA/RS/CIPF Applications" referenced above and it is fair and reasonable that the same regulatory approach be taken for all recognized SROs.

The purpose of the changes to the definition of "Public Director" and the terms of office is to align MFDA governance standards with current SRO practices and required regulatory policy and increase the number of qualified individuals who meet the requirements to act as Public Directors.

The MFDA's current governance structure, including the definition of "Public Director" is the result of the "Report of the Corporate Governance Committee on a Plan for Governance by the MFDA" as adopted by the Board of Directors of the MFDA dated February 2003 (the "Report"). The corporate governance structure adopted was intended to be rigorous and "leading edge", particularly in the area of ensuring that the public interest is best served and undesirable conflicts of interest or influence do not arise. In this regard, the Report and the structure adopted were tilted to a prescriptive approach in using detailed rules rather than a principle-based approach which preserved the objectives of the Report but permitted some flexibility in applying the principles. This prescriptive approach is particularly apparent in the adoption of the definition of Public Directors of the MFDA. At the same time, the Report recognized that the key to sound governance for the MFDA (as is the case with most organizations) is a robust director nomination process where a strong governance committee can identify, assess and recommend the nomination of effective directors including Public Directors with appropriate independence. The MFDA's Governance Committee has been developed and operates in that manner and the MFDA believes that its Board of Directors properly reflects the balance of the diversity of MFDA Members' interests as well as having strong independent Public Directors. The terms of reference for the Governance Committee do and will continue to reflect this mandate.

However, the experience of the MFDA's Governance Committee in identifying and assessing potential Public Directors has demonstrated that certain aspects of the criteria for Public Directors may be too rigid and inappropriate. This conclusion is not surprising in light of the fact that the Report was developed without the benefit of much MFDA Board selection experience. Moreover, the standards for general corporate governance have been subject to considerable scrutiny and change in the past few years. These kinds of changes were anticipated in the Report as it endorsed the need for the MFDA's governance to be under regular review. The proposed amendments to the definition of "Public Director" in the Terms and Conditions are a result of such review and based on the actual experience of the MFDA's Public Director nomination process.

**(b) Other Housekeeping Matters**

In addition to the amendment to delete the definition of "Public Director" and changes to the terms of office for Directors (and to make the amendments described above to the By-law of the MFDA), certain housekeeping amendments will be made to correct inconsistencies and typographical errors in the Terms and Conditions.

The Terms and Conditions of BCSC, OSC, ASC, MSC, SFSC and NSSC Orders reflect the fact that the MSC suspended MFDA Rule 2.4.1 until December 31, 2008.

**(c) Supporting Documents**

Submitted with this application are the following supporting documents in original or photocopied form:

- (i) draft orders amending and restating the Terms and Conditions of the Orders on the basis described herein;
- (ii) draft revised Terms and Conditions contained in Schedule A to the Orders reflecting the amendments described herein; and
- (iii) amendments to MFDA By-law No.1 as passed by the Board of Directors of the MFDA and submitted to each of the Commissions for approval.

This application has been reviewed and approved by, and is signed and made by, duly authorized officers of the MFDA and such officers confirm the truth of the facts contained herein. In addition to the undersigned officers, representatives of MFDA counsel, Borden Ladner Gervais LLP, are authorized to discuss this application and any matter related to it with the Commissions.

Yours very truly,

**MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

By: "Larry Waite"  
President and Chief Executive Officer

By: "Mark T. Gordon"  
Executive Vice-President

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

AND

IN THE MATTER OF  
MUTUAL FUND DEALERS ASSOCIATION OF CANADA/  
ASSOCIATION CANADIENNE DES COURTIER DE FONDS MUTUELS  
(THE "MFDA")

AMENDMENT AND RESTATEMENT  
OF RECOGNITION ORDER  
(Section 144)

**WHEREAS** the Commission issued an order dated February 6, 2001, recognizing the MFDA as a self-regulatory organization for mutual fund dealers pursuant to section 21.1 of the Act ("Original Order");

**AND WHEREAS** the Commission issued an order dated March 30, 2004, amending and restating the terms and conditions of the Original Order;

**AND WHEREAS** the Commission issued an order dated November 3, 2006, varying the terms and conditions of the Original Order, as amended by the order dated March 30, 2004 ("Previous Order");

**AND WHEREAS** the Commission has determined that it is not prejudicial to the public interest to issue an order that amends and restates the Previous Order to amend Schedule A to this order to delete the definition of "Public Director";

**IT IS ORDERED** pursuant to section 144 of the Act that the Previous Order be amended and restated as follows:

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

AND

IN THE MATTER OF  
MUTUAL FUND DEALERS ASSOCIATION OF CANADA/  
ASSOCIATION CANADIENNE DES COURTIER DE FONDS MUTUELS  
(the "MFDA")

RECOGNITION ORDER  
(Section 21.1)

**WHEREAS** the Commission recognized the MFDA as a self-regulatory organization for mutual fund dealers on February 6, 2001 ("PreviousOriginal Order"), subject to terms and conditions;

**AND WHEREAS** the Commission issued an order dated March 30, 2004, amending and restating the terms and conditions of the Original Order;

**AND WHEREAS** the Commission issued an order dated November 3, 2006, varying the terms and conditions of the Original Order, as amended by order dated March 30, 2004 ("Previous Order");

**AND WHEREAS** the MFDA has requested in an application dated ~~October 24, 2003~~ March 18, 2008, that ~~certain~~ changes be made to the Previous Order to remove the definition of public director;

**AND WHEREAS** the Board of Directors of the MFDA has passed amendments to the MFDA's by laws to change the MFDA's governance structure in order to provide for a proper balance among the interests of MFDA members and appropriate representation of individuals who represent the public interest on the MFDA Board of Directors and its committees and bodies;

**AND WHEREAS** the MFDA intends to enter into arrangements with other parties, subject to the consent of the Commission, for such other parties to perform the function of enforcing compliance by MFDA members, who conduct securities related business in Quebec, with the MFDA's or such other parties' substantially similar by laws, rules, regulations, policies, forms, and other similar instruments;

~~**AND WHEREAS** certain terms and conditions of the Previous Order were transitional in nature and the Commission is satisfied that the MFDA has met those terms and conditions;~~

**AND WHEREAS** the MFDA will continue to regulate, in accordance with its Rules, the operations and the standards of practice and business conduct of its members and their Approved Persons as defined under its Rules;

**AND WHEREAS** the Commission has considered the application and related submissions of the MFDA for continued recognition as a self-regulatory organization for mutual fund dealers;

**AND WHEREAS** the Commission has received certain representations and acknowledgements from the MFDA in connection with the MFDA's continued recognition as a self-regulatory organization;

**AND WHEREAS** the Commission considers it appropriate to set out in an order the terms and conditions of MFDA's continued recognition as a self-regulatory organization for mutual fund dealers, which terms and conditions are set out in Schedule A attached;

**AND WHEREAS** the MFDA has agreed to the terms and conditions set out in Schedule A;

**AND WHEREAS** the Commission is satisfied that MFDA recognition continues to be in the public interest;

**THE COMMISSION HEREBY AMENDS AND RESTATES** the MFDA's recognition as a self-regulatory organization so that the recognition pursuant to section 21.1 of the Act continues, subject to the terms and conditions attached as Schedule A.

~~March 30, 2004.~~

~~"Susan Wolburgh Jenah"~~

~~"David A. Brown"~~

SCHEDULE A

TERMS AND CONDITIONS OF RECOGNITION OF  
THE ~~MUTUAL~~MUTUAL FUND DEALERS ASSOCIATION OF CANADA  
AS A SELF-REGULATORY ORGANIZATION FOR MUTUAL FUND DEALERS

1. DEFINITIONS

For the purposes of this Schedule:

"Approved Person" has the same meaning as that under the MFDA rules, as amended by the MFDA and approved by the Commission from time to time;

"member" means a member of the MFDA;

"rules" means the by-laws, rules, regulations, policies, forms, and other similar instruments of the MFDA; and

"securities legislation" has the same meaning as that defined in National Instrument 14-101.

2. STATUS

The MFDA is and shall remain a not-for-profit corporation.

3. CORPORATE GOVERNANCE

(A) The MFDA's arrangements with respect to the appointment, removal from office and functions of the persons ultimately responsible for making or enforcing the rules of the MFDA, being the Board of Directors (the "Board"), shall secure a proper balance between the interests of the different members of the MFDA in order to ensure diversity of representation on the Board. In recognition that the protection of the public interest is a primary goal of the MFDA, a reasonable number and proportion of directors on the Board and on the committees of the Board shall be and remain during their term of office Public Directors and a Public Director is a director as defined in By-law No. 1 of the MFDA.

~~(i) who is not a current director (other than a Public Director), officer or employee of, or of an associate or affiliate of:~~

~~(a) the MFDA;~~

~~(b) any protection or contingency fund in which Members (at the time the director holds the relevant office) are required to participate, or~~

~~(c) the Investment Funds Institute of Canada or the Investment Dealers Association of Canada;~~

~~(ii) who is not a current director, partner, significant shareholder, officer, employee or agent of a Member, or of an associate or affiliate of a Member, of:~~

~~(a) the MFDA;~~

~~(b) any protection or contingency fund in which Members (at the time the director holds the relevant office) are required to participate, or~~

~~(c) the Investment Funds Institute of Canada or the Investment Dealers Association of Canada;~~

~~(iii) who is not a current employee of a federal, provincial or territorial government or a current employee of an agency of the Crown in respect of such government;~~

~~(iv) who is not a current member of the federal House of Commons or member of a provincial or territorial legislative assembly;~~

~~(v) who has not, in the two years prior to election as a Public Director, held a position described in (i)-(iv) above;~~

~~(vi) who is not:~~

~~(a) an individual who provides goods or services to and receives direct significant compensation from, or~~

~~(b) an individual who is a director, partner, significant shareholder, officer or employee of an entity that receives significant revenue from services the entity provides to, if such individual's compensation from that entity is significantly affected by the services such individual provides to,~~

~~the MFDA or any protection or contingency fund in which Members are required to participate, or a Member of the MFDA; and~~

~~(vii) who is not a member of the immediate family of the persons listed in (i) (vi) above.~~

For the purposes of this definition:

~~(a) "significant compensation" and "significant revenue" means compensation or revenue the loss of which would have, or appear to have, a material impact on the individual or entity, and~~

~~(b) "significant shareholder" means an individual who has an ownership interest in the voting securities of an entity, or who is a director, partner, officer, employee or agent of an entity that has an ownership interest in the voting securities of another entity, which voting securities in either case carry more than 10% of the voting rights attached to all voting securities for the time being outstanding.~~

(B) The MFDA's governance structure shall provide for:

(i) at least 50% of its directors, other than its President and Chief Executive Officer, shall be Public Directors;

(ii) the President and Chief Executive Officer of the MFDA is deemed to be neither a Public Director nor a non-Public Director;

(iii) appropriate representation of Public Directors on committees and bodies of the Board, in particular:

(a) at least 50% of directors on the governance committee of the Board shall be Public Directors,

(b) a majority of directors on the audit committee of the Board shall be Public Directors,

(c) at least 50% of directors on the executive committee of the Board, if any, shall be Public Directors,

(d) meetings of the Board shall have a quorum requirement of a reasonable number and proportion of Public Directors and non-Public Directors, with at least two Public Directors, and

(e) meetings of any committee or body of the Board shall have a quorum requirement of a reasonable number and proportion of Public Directors and non-Public Directors, provided that if the committee or body has Public Directors then the quorum must require at least one Public Director be present;

(iv) the remaining number of directors serving on the Board and on the above referred to committees and bodies of the Board, shall consist of directors representing the different members of the MFDA to ensure diversity of representation on the Board in accordance with paragraph (A);

(v) appropriate qualification, remuneration, and conflict of interest provisions and provisions with respect to the limitation of liability of and indemnification protection for directors, officers and employees of the MFDA; and

(vi) a chief executive officer and other officers, all of whom, except for the chair of the Board, are independent of any member.

#### 4. FEES

(A) Any and all fees imposed by the MFDA on its members shall be equitably allocated and bear a reasonable relation to the costs of regulating members, carrying out the MFDA's objects and protecting the public interest. Fees shall not have the effect of creating unreasonable barriers to membership and shall be designed to ensure that the MFDA has sufficient revenues to discharge its responsibilities.

(B) The MFDA's process for setting fees shall be fair, transparent, and appropriate.

## **5. COMPENSATION OR CONTINGENCY TRUST FUNDS**

The MFDA shall co-operate with compensation funds or contingency trust funds that are from time to time considered by the Commission under securities legislation to be compensation funds or contingency trust funds for mutual fund dealers and with any such fund that has applied to the Commission to be considered such funds (the "IPPs"). The MFDA shall ensure that its rules give it the power to assess members, and require members to pay such assessments, on account of assessments or levies made by or in respect of an IPP.

## **6. MEMBERSHIP REQUIREMENTS**

(A) The MFDA's rules shall permit all properly registered mutual fund dealers who satisfy the membership criteria to become members thereof and shall provide for the non-transferability of membership.

(B) Without limiting the generality of the foregoing, the MFDA's rules shall provide for:

(i) reasonable financial and operational requirements, including minimum capital and capital adequacy, debt subordination, bonding, insurance, record-keeping, new account, knowledge of clients, suitability of trades, supervisory practices, segregation, protection of clients' funds and securities, operation of accounts, risk management, internal control and compliance (including a written compliance program), client statement, settlement, order taking, order processing, account inquiries, confirmation and back office requirements;

(ii) reasonable proficiency requirements (including training, education and experience) with respect to Approved Persons of members;

(iii) consideration of disciplinary history, including breaches of applicable securities legislation, the rules of other self-regulatory organizations or MFDA rules, prior involvement in criminal, relevant quasi-criminal, administrative or insolvency proceedings or civil proceedings involving business conduct or alleging fraudulent conduct or deceit, and prior business and other conduct generally, of applicants for membership and any partners, directors and officers, in order that membership may, where appropriate, be refused where any of the foregoing have previously engaged in improper conduct, and shall be refused where the past conduct of any of the foregoing affords reasonable grounds for belief that the applicant's business would not be conducted with integrity;

(iv) reasonable consideration of relationships with other members and other business activities to ensure the appropriateness thereof; and

(v) consideration of the ownership of applicants for membership under the criteria established in paragraph 6(E).

(C) The MFDA shall require members to confirm to the MFDA that persons that it wishes to sponsor, employ or associate with as Approved Persons comply with applicable securities legislation and are properly registered.

(D) The MFDA rules shall require a member to give prior notice to the MFDA before any person or company acquires a material registered or beneficial interest in securities or indebtedness of or any other ownership interest in the member, directly or indirectly, or becomes a transferee of any such interests, or before the member engages in any business combination, merger, amalgamation, redemption or repurchase of securities, dissolution or acquisition of assets. In each case there may be appropriate exceptions in the case of publicly traded securities, de minimis transactions that do not involve changes in de facto or legal control or the acquisitions of material interests or assets, and non-participating indebtedness.

(E) The MFDA rules shall require approval by the MFDA in respect of all persons or companies proposing to acquire an ownership interest in a member in the circumstances outlined in paragraph 6(D) and, except as provided in paragraph 6(F), for approval of all persons or companies that satisfy criteria providing for:

(i) consideration of disciplinary history, including breaches of applicable securities legislation, the rules of other self-regulatory organizations or MFDA rules, involvement in criminal, relevant quasi-criminal, administrative or insolvency proceedings or civil proceedings involving business conduct or alleging fraudulent conduct or deceit, and prior business and other conduct generally; and

(ii) reasonable consideration of relationships with other members and involvement in other business activities to ensure the appropriateness thereof.



(F) The MFDA rules shall give the MFDA the right to refuse approval of all persons or companies that are proposing to acquire an ownership interest in a member in the circumstances outlined in paragraph 6(D) who do not agree to:

- (i) submit to the jurisdiction of the MFDA and comply with its rules;
- (ii) notify the MFDA of any changes in his, her or its relationship with the member or of any involvement in criminal, relevant quasi-criminal, administrative or insolvency proceedings or in civil proceedings involving business conduct or alleging fraudulent conduct or deceit;
- (iii) accept service by mail in addition to any other permitted methods of service;
- (iv) authorize the MFDA to co-operate with other regulatory and self-regulatory organizations, including sharing information with these organizations; and
- (v) provide the MFDA with such information as it may from time to time request and full access to and copies of any records.

(G) The MFDA shall notify the Commission forthwith of members whose rights and privileges will be suspended or terminated or whose membership will be terminated, and in each case the MFDA shall identify the member, the reasons for the proposed suspension or termination and provide a description of the steps being taken to ensure that the member's clients are being dealt with appropriately.

**7. COMPLIANCE BY MEMBERS WITH MFDA RULES**

(A) The MFDA shall enforce, as a matter of contract between itself and its members, compliance by its members and their Approved Persons with the rules of the MFDA and the MFDA shall cooperate with the Commission in ensuring compliance with applicable securities legislation relating to the operations, standards of practice and business conduct of members and Approved Persons, without prejudice to any action that may be taken by the Commission under securities legislation.

(B) The MFDA shall conduct periodic reviews of its members and the members' Approved Persons to ensure compliance by its members and the members' Approved Persons with the rules of the MFDA and shall conduct such reviews at a frequency requested by the Commission or its staff. The MFDA shall provide notice to staff of the Commission of any material violations of securities legislation of which it becomes aware in the ordinary course operation of its business. The MFDA shall also cooperate with the Commission in the conduct of reviews of its members and the members' Approved Persons as requested by the Commission or its staff, to ensure compliance by its members and their Approved Persons with applicable securities legislation.

(C) The MFDA shall promptly report to the Commission when:

- (i) any member has failed to file on a timely basis any required financial, operational or other report;
- (ii) early warning thresholds established by the MFDA that would reasonably be expected to raise concerns about a member's liquidity, risk-adjusted capital or profitability have been triggered by any member; and
- (iii) any condition exists with respect to a member which, in the opinion of the MFDA, could give rise to payments being made out of an IPP, including any condition which, alone or together with other conditions, could, if appropriate corrective action is not taken, reasonably be expected to:
  - (a) inhibit the member from promptly completing securities transactions, promptly segregating clients' securities as required or promptly discharging its responsibilities to clients, other members or creditors,
  - (b) result in material financial loss, or
  - (c) result in material misstatement of the member's financial statements.

The MFDA shall, in each case, identify the member, describe the circumstances that gave rise to the reportable event and describe the MFDA's proposed response to ensure the identified circumstances are resolved.

(D) The MFDA shall promptly report to the Commission actual or apparent misconduct by members and their Approved Persons and others where investors, creditors, members, an IPP or the MFDA may reasonably be expected to suffer

serious damage as a consequence thereof, including where the solvency of a member is at risk, fraud is present or there exist serious deficiencies in supervision or internal controls or non-compliance with MFDA rules or securities legislation. The MFDA shall, in each case, identify the member, the Approved Persons, or others, and the misconduct or deficiency as well as the MFDA's proposed response to ensure that the identified problem is resolved.

(E) The MFDA shall advise the Commission promptly following the taking of any action by it with respect to any member in financial difficulty.

(F) The MFDA shall promptly advise each other self-regulatory organization and IPP of which a member is a participant or which provides compensatory coverage in respect of the member, of any actual or apparent material breach of the rules thereof of which the MFDA becomes aware.

## **8. DISCIPLINE OF MEMBERS AND APPROVED PERSONS**

(A) The MFDA shall, as a matter of contract, have the right to and shall appropriately discipline its members and their Approved Persons for violations of the rules of the MFDA and shall cooperate with the Commission in the enforcement of applicable securities legislation relating to the operations, standards of practice and business conduct of the members and Approved Persons, without prejudice to any action that may be taken by the Commission under securities legislation.

(B) The MFDA rules shall enable it to prevent the resignation of a member from the MFDA if the MFDA considers that any matter affecting the member or any registered or beneficial holder of a direct or indirect ownership interest in securities, indebtedness or other interests in the member, or in a person or company associated or affiliated with the member or affecting the member's Approved Persons or any of them, should be investigated or that the member or any such person, company or Approved Person should be disciplined.

(C) The MFDA shall require its members and their Approved Persons to be subject to the MFDA's review, enforcement and disciplinary procedures.

(D) The MFDA shall notify

(i) the Commission in writing, and

(ii) the public and the media

(a) of any disciplinary or settlement hearing, as soon as practicable and in any event not less than 14 days prior to the date of the hearing, and

(b) of the disposition of any disciplinary action or settlement, including any discipline imposed, and shall promptly make available any written decision and reasons.

(E) Any notification required under paragraph 8 (D) shall include, in addition to any other information specified in paragraph 8 (D), the names of the member and the relevant Approved Persons together with a summary of circumstances that gave rise to the proceedings.

(F) The MFDA shall maintain a register to be made available to the public, summarizing the information which is required to be disclosed to the Commission under paragraphs 8 (D) and (E).

(G) The information given to the Commission under paragraphs 8 (D) and (E) will be published by the Commission unless the Commission determines otherwise.

(H) The MFDA shall at least annually review all material settlements involving its members or their Approved Persons and their clients with a view to determining whether any action is warranted, and the MFDA shall prohibit members and their Approved Persons from imposing confidentiality restrictions on clients vis-à-vis the MFDA or the Commission, whether as part of a resolution of a dispute or otherwise.

(I) Disciplinary and settlement hearings shall be open to the public and media except where confidentiality is required for the protection of confidential matters. The criteria and any changes thereto for determining these exceptions shall be specified and submitted to the Commission for approval.

**9. DUE PROCESS**

The MFDA shall ensure that the requirements of the MFDA relating to admission to membership, the imposition of limitations or conditions on membership, denial of membership and termination of membership are fair and reasonable, including in respect of notice, an opportunity to be heard or make representations, the keeping of a record, the giving of reasons and provision for appeals.

**10. PURPOSE OF RULES**

(A) The MFDA shall, subject to the terms and conditions of its recognition and the jurisdiction and oversight of the Commission in accordance with securities legislation, establish such rules as are necessary or appropriate to govern and regulate all aspects of its business and affairs and shall in so doing:

- (i) seek to ensure compliance by members and their Approved Persons with applicable securities legislation relating to the operations, standards of practice and business conduct of the members;
- (ii) seek to prevent fraudulent and manipulative acts and practices and to promote the protection of investors, just and equitable principles of trade and high standards of operations, business conduct and ethics;
- (iii) seek to promote public confidence in and public understanding of the goals and activities of the MFDA and to improve the competence of members and their Approved Persons;
- (iv) seek to standardize industry practices where appropriate for investor protection;
- (v) seek to provide for appropriate discipline;

and shall not:

- (vi) permit unfair discrimination among investors, mutual funds, members or others; or
- (vii) impose any barrier to competition that is not appropriate.

(B) Unless otherwise approved by the Commission, the rules of the MFDA governing the conduct of member business regulated by the MFDA shall afford investors protection at least equivalent to that afforded by securities legislation, provided that higher standards in the public interest shall be permitted and are encouraged.

**11. RULES AND RULE-MAKING**

(A) No new rules, changes to rules (which shall include any revocation in whole or in part of a rule) or suspension of rules shall be made effective by the MFDA without prior approval of the Commission. Any such rules, changes or suspensions shall be justified by reference to the permitted purposes thereof (having regard to paragraph 10). The approval process shall be subject to a memorandum of understanding between the Commission and the MFDA to be established regarding the review and approval of rules and amendments and suspensions thereto.

(B) Prior to proposing a new rule, changes to a rule (which shall include any revocation in whole or in part of a rule) or a suspension of a rule, the Board shall have determined that the entry into force of such rule or change or the suspension of the rule would be in the public interest and every proposed new rule, change or suspension must be accompanied by a statement to that effect.

(C) All rules, changes to rules and suspensions of rules adopted by the Board must be filed with the Commission.

(D) A copy of all written notices relevant to the rules or to the business and activities of members, their Approved Persons or other employees or agents to assist in the interpretation, application of and compliance with the rules and legislation relevant to such business and activities shall be provided to the Commission.

(E) The MFDA shall, wherever practicable, document its interpretations of its rules and distribute copies of that documentation to its members and the Commission.

**12. OPERATIONAL ARRANGEMENTS AND RESOURCES**

(A) The MFDA shall have adequate arrangements and resources for the effective monitoring and enforcement of compliance with its rules. With the consent of the Commission, the arrangements for monitoring and enforcement may make provision for the following:

- (i) one or more parts of those functions to be performed (and without affecting its responsibility) by another body or person that is able and willing to perform it; and
- (ii) its members and their Approved Persons to be deemed to be in compliance with its rules by complying with the substantially similar rules of such other body or person.

The Commission's consent may be varied or revoked from time to time and may be subject to terms and conditions.

(B) The MFDA shall respond promptly and effectively to public inquiries and generally shall have effective arrangements for the investigation of complaints (including anonymous complaints) against its members or their Approved Persons. With the consent of the Commission, such arrangements may make provision for one or more parts of that function to be performed on behalf of the MFDA (and without affecting its responsibility) by another body or person that is able and willing to perform it. The Commission's consent may be varied or revoked from time to time and may be subject to terms and conditions. The MFDA and any other body or person performing such function on behalf of the MFDA shall not refrain from investigating complaints due to the anonymity of the complainant where the complaint is otherwise worthy of investigation and sufficiently detailed to permit investigation.

(C) The MFDA shall ensure that it is accessible to the public and shall designate and make available to the public the names and telephone numbers of persons to be contacted for various purposes, including making complaints and enquiries.

(D) The arrangements and resources referred to in paragraphs (A) and (B) above shall consist at a minimum of:

- (i) a sufficient complement of qualified staff, including professional and other appropriately trained staff;
- (ii) an adequate supervisory structure;
- (iii) adequate management information systems;
- (iv) a compliance department and an enforcement department with appropriate reporting structures directly to senior management, and with written procedures wherever practicable;
- (v) procedures and structures that minimize or eliminate conflicts of interest within the MFDA;
- (vi) inquiry and complaint procedures and a public information facility, including with respect to the discipline history of members and their Approved Persons;
- (vii) guidelines regarding appropriate disciplinary sanctions; and
- (viii) the capacity and expertise to hold disciplinary hearings (including regarding proposed settlements) utilizing public representatives within the meaning of the current section 19.5 of the MFDA's By-Law No. 1 together with member representatives.

(E) The MFDA shall cooperate and assist with any reviews, scheduled or unscheduled, of its self-regulatory functions by an IPP or the Commission. In addition, in the event that the Commission is of the view that there has been a serious actual or apparent failure in the MFDA's fulfilment of its self-regulatory functions, the MFDA shall, where requested by the Commission, undergo an independent third party review on terms and by a person or persons satisfactory to or determined by the Commission, which review shall be at the expense of the MFDA.

(F) The MFDA shall cooperate and assist with any reviews, scheduled or unscheduled, of its corporate governance structure by the Commission. In addition, in the event that the Commission is of the view that there has been a serious weakness in the MFDA's corporate governance structure, the MFDA shall upon the request of the Commission undergo an independent third party review on terms and by a person or persons satisfactory to or determined by the Commission, which review shall be at the expense of the MFDA.

(G) The MFDA shall not make material changes to its organizational structure, which would affect its self-regulatory functions, without prior approval of the Commission.

(H) The MFDA shall comply with reporting requirements set out in Appendix A, as amended from time to time by the Commission or its staff. The MFDA shall also provide the Commission with other reports, documents and information as the Commission or its staff may reasonably request.

### 13. INFORMATION SHARING

The MFDA shall cooperate, by sharing information and otherwise, with IPPs, the Commission and its staff, and other Canadian federal, provincial and territorial recognized self-regulatory organizations and regulatory authorities, including without limitation, those responsible for the supervision or regulation of securities firms, financial institutions, insurance matters and competition matters. The Commission and its staff shall have unrestricted access to the books and records, management, staff and systems of the MFDA.

### 14. SUSPENSION OF MFDA RULE 2.4.1

MFDA Rule 2.4.1 is suspended and will continue to be suspended until December 31, 2008, in the Provinces of British Columbia, Saskatchewan, Manitoba, Ontario and Nova Scotia, and during such period the MFDA shall comply with the following conditions:

(A) the MFDA shall co-operate with the Commission and its staff, including participating on any joint industry and regulatory committee struck by the Commission and its staff, in their efforts to develop amendments to applicable securities legislation that would, among other things, allow an Approved Person to carry on securities related business (within the meaning of the MFDA rules) through a corporation, while preserving that Approved Person's and the member's liability to clients for the Approved Person's actions;

(B) the MFDA shall, as a condition of a member or Approved Person being entitled to rely on the suspension of Rule 2.4.1, require that the member and its Approved Persons agree, and cause any recipient of commissions on behalf of Approved Persons that is itself not registered as a dealer or a salesperson to agree, to provide to the MFDA, the Commission and the applicable member access to its books and records for the purpose of determining compliance with the rules of the MFDA and applicable securities legislation;

(C) the MFDA shall ensure in connection with the suspension of Rule 2.4.1 that members and Approved Persons comply with the remaining ~~Rules~~rules, with specific reference to Rule 1 Business Structures and Qualifications, Rule 1.2.1(d) Dual Occupations and the requirement noted above in paragraph (B);

(D) the MFDA shall ensure that members applying for membership are made aware of the requirements of Rule 1 by delivering to each applicant a copy of its Notice MR-0002; and

(E) the MFDA shall not accept a member whose relationship with its Approved Persons does not comply with the rules of the MFDA and in particular, Rule 1, unless the MFDA has granted exemptive relief to that applicant under the authority granted to the Board of Directors under section 38 of By-law No. 1.

## APPENDIX A

### Reporting Requirements

#### 1. Prior Notification

1.1 The MFDA shall advise the Commission in advance of any proposed material changes or reductions in its financial review program or operational and sales compliance review programs, including as to procedures or scope, or any proposed changes in its external audit instructions and of any proposed material changes or reductions in the operation of its investigation or enforcement programs.

#### 2. Immediate Notification

2.1 The MFDA shall give the Commission notice of new directors, officers and committee chairpersons, including a 5 year employment history and information as to the involvement in criminal, relevant quasi-criminal, administrative or insolvency proceedings and civil proceedings involving business conduct or alleging fraudulent conduct or deceit in respect of each such person.

#### 3. Annual Reporting

The MFDA shall within 120 days of its fiscal year end file the following information and reports to the Commission:

3.1 The MFDA's self-regulatory staff complement, by function, and of any material changes or reductions in self-regulatory staff, by function;

3.2 Copy or summary of self-assessment by management of the MFDA's performance of its self-regulatory responsibilities and any proposed actions arising therefrom. The self-assessment shall, for each of the MFDA's member regulatory functions, set performance measurements against which performance can be compared, and identify major successes, significant problem areas, plans to resolve these problems, recruitment and training plans, and other information as reasonably requested by the Commission or its staff; and

3.3 The MFDA's budget and audited financial statements.

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

DEFINITION OF PUBLIC DIRECTOR (Sections 1 and 3 of By-law No. 1)

On February 7, 2008, the Board of Directors of the Mutual Fund Dealers Association of Canada made the following amendments to sections 1 and 3 of MFDA By-law No.1:

1. DEFINITIONS

"aAssociate", where used to indicate a relationship with any person, means:

- (a) any corporation of which such person beneficially owns, directly or indirectly, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the corporation for the time being outstanding;
- (b) a partner of that person ~~acting on behalf of the partnership of which they are partners;~~
- (c) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity;
- (d) any relative of such person who resides in the same home as that person ~~including his/her spouse, or his/her spouse who has the same home as such person;~~
- (e) any person who resides in the same home as the person and to whom that person is married, or with whom that person is living in a conjugal relationship outside of marriage; or
- (f) any relative of a person mentioned in clause (e) above who has the same home as such person;

~~but where the Board of Directors orders that two persons shall, or shall not, be deemed to be associates, then such order shall be determinative of their relationships in the application of By-laws, Rules and Forms, with respect to that Member;~~

"Public Director" means a ~~d~~Director who is not:

- (a) an officer (other than the Chair or a Vice-Chair) or an employee of the Corporation;
- (b) a current partner, director, officer, employee or person acting in a similar capacity of, or the holder of a Significant Interest in:
  - (i) a Member;
  - (ii) an Associate of a Member; or
  - (iii) an affiliate of a Member; or
- (c) an Associate of a partner, director, officer, employee or person acting in a similar capacity of, or the holder of a Significant Interest in, a Member.

For all purposes of this By-law, a Public Director as at the date this definition of Public Director became effective and who does not qualify as a Public Director under such definition shall be deemed to qualify as a Public Director and to continue so qualified as long as and until he or she ceases to be qualified as a Public Director according to the definition of that term in force immediately before the date this definition becomes effective.

- (a) ~~who is not a current director (other than a Public Director), officer or employee of, or of an associate or affiliate of:~~
  - (i) ~~the MFDA;~~
  - (ii) ~~any protection or contingency fund in which Members (at the time the director holds the relevant office) are required to participate; or~~
  - (iii) ~~the Investment Funds Institute of Canada or the Investment Dealers Association of Canada;~~



- ~~(b) who is not a current director, partner, significant shareholder, officer, employee or agent of a Member, or of an associate or affiliate of a Member, of:
  - ~~(i) the MFDA;~~
  - ~~(ii) any protection or contingency fund in which Members (at the time the director holds the relevant office) are required to participate; or~~
  - ~~(iii) the Investment Funds Institute of Canada or the Investment Dealers Association of Canada;~~~~
- ~~(c) who is not a current employee of a federal, provincial or territorial government or a current employee of an agency of the Crown in respect of such government;~~
- ~~(d) who is not a current member of the federal House of Commons or member of a provincial or territorial legislative assembly;~~
- ~~(e) who has not, in the two years prior to election as a Public Director, held a position described in (a)-(d) above;~~
- ~~(f) who is not:
  - ~~(i) an individual who provides goods or services to and receives direct significant compensation from, or~~
  - ~~(ii) an individual who is a director, partner, significant shareholder, officer or employee of an entity that receives significant revenue from services the entity provides to, if such individual's compensation from that entity is significantly affected by the services such individual provides to,~~~~  
~~the MFDA or any protection or contingency fund in which Members are required to participate, or a Member of the MFDA; and~~
- ~~(g) who is not a member of the immediate family of the persons listed in (a)-(f) above.~~

**For the purposes of this definition:**

- ~~(i) "significant compensation" and "significant revenue" means compensation or revenue the loss of which would have, or appear to have, a material impact on the individual or entity;~~
- ~~(ii) "significant shareholder" means an individual who has an ownership interest in the voting securities of an entity, or who is a director, partner, officer, employee or agent of an entity that has an ownership interest in the voting securities of another entity, which voting securities in either case carry more than 10% of the voting rights attached to all voting securities for the time being outstanding.~~

**"Significant Interest" means in respect of any person the holding, directly or indirectly, of the securities of such person carrying in aggregate 10% or more of the voting rights attached to all of the person's outstanding voting securities.**

### **3. DIRECTORS**

#### **3.1 Duties and Number**

The affairs of the Corporation shall be managed by a Board of Directors. The number of persons comprising the Board of Directors shall be 13.

#### **3.2 Composition of the Board of Directors**

The Board of Directors shall be composed of 6 Public Directors, 6 Industry Directors and the President and Chief Executive Officer. The members of the Board of Directors (other than the President and Chief Executive Officer) shall collectively and over time be nominated and elected on the basis that there will be timely and appropriate regional representation on the Board of Directors of Members of the Corporation across Canada, provided that at any time (subject to the occurrence of vacancies) not less than 4 of the directors shall represent regions other than the Provinces of Ontario and Quebec. In addition, at any time (subject to the occurrence of vacancies) five of the Industry Directors shall be officers or



employees of a Member of the Corporation or of an affiliate or ~~associated~~ corporation which is an Associate of a Member. No Member, affiliate or ~~associated~~ corporation which is an Associate of a Member shall have more than 1 director, officer, employee or other representative on the Board of Directors and, if such event should occur, the Board of Directors in its discretion may request the resignation of or remove as a director, any director or directors in order that the requirements of this section are satisfied. Each director shall be at least 18 years of age.

### 3.3 Election and Term

#### 3.3.1 ~~Initial Election~~

~~At the Annual Meeting of the Corporation when this Section 3 of By-law No. 1 is sanctioned and becomes effective, 12 directors shall be elected from persons nominated and recommended to the Board of Directors by an ad hoc nominating committee established by the Board of Directors according to the requirements of Section 3.6.1 as if that Section were in force and a Governance Committee had been established in accordance with its provisions. Of the 6 Public Directors to be so elected, the terms of 3 Public Directors to be designated by the Board of Directors shall each expire at the second and third successive Annual Meetings. Of the 6 Industry Directors to be so elected, the terms of 3 such Industry Directors to be designated by the Board of Directors shall each expire at the first and second successive Annual Meetings on the election of their successors.~~

#### 3.3.2.1 Public Directors

At each Annual Meeting ~~commencing in the year 2005~~, 3 Public Directors shall be elected to fill the vacancies created by the expiry of the terms of office of the 3 Public Directors whose terms have expired at such meeting. The term for each Public Director to be elected at an Annual Meeting shall expire at the ~~third~~ second Annual Meeting next following such election on the election of his or her successors, unless expired earlier in accordance with this By-law. The Board of Directors shall be authorized to fix the term of any Public Director to be elected for a period of less than ~~3~~ 2 years in order to maintain the intended staggered terms of all Public Directors, but no such term shall be shortened if the Public Director has commenced his or her term of office. A Public Director shall be eligible to serve for only ~~2~~ 4 successive terms of ~~3~~ 2 years which shall include any shorter term as may have been fixed by the Board of Directors in accordance with this By-law, but shall exclude any portion of a term of office in respect of a vacancy filled pursuant to Section 3.5. Each Public Director to be elected at an Annual Meeting shall have been recommended by the Governance Committee to the Board of Directors for nomination for election by the Members according to the requirements of the By-laws and the terms of reference of the Governance Committee adopted by the Board of Directors. Any Member shall be entitled to submit to the Governance Committee ~~nominations~~ recommendations for Public Directors provided that such ~~nominations~~ recommendations shall have been received by the Corporation not less than 60 days prior to the relevant Annual Meeting.

#### 3.3.3.2 Industry Directors

At each Annual Meeting ~~commencing in the year 2004~~, 3 Industry Directors shall be elected to fill the vacancies created by the expiry of the terms of office of the 3 Industry Directors whose terms have expired at such meeting. The term for each Industry Director to be elected at an Annual Meeting shall expire at the second Annual Meeting next following such election on the election of his or her successors, unless expired earlier in accordance with this By-law. The Board of Directors shall be authorized to fix the term of any Industry Director to be elected for a period of less than 2 years in order to maintain the intended staggered terms of all Industry Directors, but no such term shall be shortened if the Industry Director has commenced his or her term of office. An Industry Director shall be eligible to serve only 3 successive terms of 2 years which shall include any shorter term as may have been fixed by the Board of Directors in accordance with this By-law, but shall exclude any portion of a term of office in respect of a vacancy filled pursuant to Section 3.5. Each Industry Director to be elected at an Annual Meeting shall have been recommended by the Governance Committee to the Board of Directors for nomination for election by the Members according to the requirements of the By-laws and the terms of reference of the Governance Committee adopted by the Board of Directors. Any Member shall be entitled to submit to the Governance Committee ~~nominations~~ recommendations for Industry Directors provided that such ~~nominations~~ recommendations shall have been received by the Corporation not less than 60 days prior to the relevant Annual Meeting.

#### 3.3.3 Transition

At the Annual Meeting in 2008 when this Section 3.3.3 is sanctioned and becomes effective,

- (i) Public Directors whose terms expire at such time (having then served 3 consecutive 2 year terms) shall be eligible to be nominated and elected for 1 further 2 year term;
- (ii) Public Directors whose terms do not expire at such time (having served less than 3 consecutive 2 or 3 year terms) shall remain eligible to be nominated and elected as Public Directors at subsequent Annual Meetings for further consecutive 2 year terms provided that no such Public Director shall be

eligible to serve more than 4 consecutive terms inclusive of terms served in whole or in part at such time;

(iii) Industry Directors whose terms expire at such time (having then served 2 consecutive 3 year terms) shall be eligible to be nominated and elected for 1 further 2 year term; and

(iv) Industry Directors whose terms do not expire at such time (having served less than 2 consecutive 3 year terms) shall remain eligible to be nominated and elected as Industry Directors at subsequent Annual Meetings for further consecutive 2 year terms provided that no such Industry Director shall be eligible to serve in aggregate for more than 8 consecutive years as an Industry Director.

### 3.4 Vacancies

The office of a director shall be automatically vacated:

- 3.4.1 if the director by notice in writing to the Corporation resigns his or her office, which resignation shall be effective at the time it is received by the Secretary of the Corporation or at the time specified in the notice, whichever is later;
- 3.4.2 if the director is found to be a mentally incompetent person or becomes of unsound mind;
- 3.4.3 if the director dies;
- 3.4.4 if the director becomes bankrupt or suspends payment of debts generally or makes an arrangement with creditors or makes an assignment or is declared insolvent;
- 3.4.5 in the case of a Public Director, if the director ceases to be qualified as a Public Director;
- 3.4.6 if the director is requested to resign pursuant to Section 3.2 and does not do so in a reasonable time;
- 3.4.7 if the Public or Industry Director is removed by a resolution passed by either three-quarters of the votes cast at a meeting of the Board of Directors or two-thirds of the votes cast at a meeting of Members;
- 3.4.8 in the case of the President and Chief Executive Officer, the director ceases to hold such office.

### 3.5 Filling Vacancies

If a vacancy in the Board of Directors shall occur for any reason, the vacancy shall be filled by a resolution electing or appointing a director passed by either a majority of the votes cast at a meeting of the Members or the Board of Directors, provided that in either case the director has been identified and recommended by the Governance Committee to the Board of Directors for nomination for election and the nominee is otherwise qualified as a director. In recommending any such nominee as a director, the Governance Committee shall ensure the requirements for the composition of the Board of Directors set out in Section 3.3.2 are satisfied and that the nomination process followed by the Governance Committee shall be in accordance with the requirements for nominees to be recommended to the Board of Directors for the election of directors at Annual Meetings except that no notice of the vacancy or request for nominations need be given to Members.

### 3.6 Committees

#### 3.6.1 Governance Committee

The Board of Directors shall establish a Governance Committee composed of 2 Public Directors and 2 Industry Directors. The 2 Industry Director members of the Governance Committee shall be officers or employees of a Member of the Corporation or of an affiliate or ~~associated~~ corporation which is an Associate of a Member. The Chair of the Governance Committee shall be 1 of the 2 Public Directors as selected by the Board of Directors. The Governance Committee shall be responsible for identifying and recommending to the Board of Directors Public and Industry Directors for election to the Board of Directors in accordance with the By-laws and the terms of reference adopted for the Governance Committee by the Board of Directors. In addition, the Governance Committee shall perform such other duties as the Board of Directors may delegate or direct from time to time. 1 Public Director and 1 Industry Director shall constitute a quorum of the Governance Committee.

#### 3.6.2 Audit Committee

The Board of Directors shall establish an Audit Committee composed of 2 Public Directors and 1 Industry Director. The Chair of the Audit Committee shall be 1 of the 2 Public Directors as selected by the Board of Directors. The Audit Committee shall review and report to the Board of Directors on the annual financial statements of the Corporation and shall perform such

other duties as the Board of Directors may delegate or direct from time to time. 1 Public Director and 1 Industry Director shall constitute a quorum of the Audit Committee.

**3.6.3** *Executive Committee*

The Board of Directors may in its discretion establish an executive committee (which may be otherwise named) composed of an equal number of Public Directors and Industry Directors. The Chair of the Executive Committee, if any, may be either a Public Director or Industry Director and shall be selected by the Board of Directors. The Executive Committee shall exercise such powers and such duties as are delegated or directed by the Board of Directors including, without limitation, the authority to exercise any of the powers of the Board of Directors. 1 Public Director and 1 Industry Director shall constitute a quorum of the Executive Committee.

**3.6.4** *Other Board Committees*

The Board of Directors may from time to time in its discretion appoint any other committee or committees as it considers necessary or appropriate for such purposes and with such powers as the Board of Directors may determine including, without limitation, the authority to exercise any of the powers of the Board of Directors and to act in all matters for and in the name of the Board of Directors under the By-laws. Subject to any provisions of the By-laws otherwise, any such committee may be composed of Public Directors or Industry Directors, or both. A majority of the members of a committee established under this Section 3.6.4 shall constitute a quorum, provided that if the committee is composed of 1 or more Public Directors, a quorum shall include 1 Public Director.

**3.6.5** *Committee Membership and Procedures*

Members of any committee of the Board of Directors including, without limitation, the Governance Committee, Audit Committee, Executive Committee (if any) or any other committee established pursuant to Section 3.6.4 and shall be appointed and subject to removal by the Board. The Board of Directors may prescribe rules and procedures not inconsistent with the Act and the By-laws relating to the calling of meetings of, and conduct of business by, committees of the Board. Subject to the By-laws and any resolution of the Board of Directors, meetings of any such committee shall be held at any time and place to be determined by the Chair of the committee or its members provided that 48 hours' prior written notice of such meetings shall be given, other than by mail, to each member of the committee. Notice by mail shall be sent at least 14 days prior to the meeting. No error or accidental omission in giving notice of any meeting of a committee shall invalidate such meeting or make void any proceedings taken at such meeting.

**3.7** **Remuneration of Directors**

The Board of Directors may determine from time to time such reasonable remuneration, if any, to be paid to the directors of the Corporation for serving as such and the Board may determine that such remuneration need not be the same for all directors including, without limitation, as between Public and Industry Directors. Public and Industry Directors may be reimbursed for reasonable expenses incurred by the director in the performance of the director's duties. Subject to Sections 6 and 7.1, nothing herein contained shall be construed to preclude any director from serving the Corporation as an officer or in any other capacity and receiving compensation therefor.

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