The Ontario Securities Commission

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May 15, 2009

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

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

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1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

MAY 15, 2009

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
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20 Queen Street West
Toronto, Ontario
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Carol S. Perry	—	CSP
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

May 15, 2009 11:00 a.m.	**Maple Leaf Investment Fund Corp. and Joe Henry Chau** s. 127 A. Sonnen in attendance for Staff Panel: LER
May 15, 2009 2:00 p.m.	**Rajeev Thakur** s. 127 M. Britton in attendance for Staff Panel: JEAT/ST
May 19-21; June 17-19, 2009 10:00 a.m.	**Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony** s. 127 and 127.1 J. Feasby in attendance for Staff Panel: MGC/MCH
May 21, 2009 2:00 p.m.	**Nest Acquisitions and Mergers and Caroline Frayssignes** s. 127(1) and 127(8) C. Price in attendance for Staff Panel: ST/PLK

May 25, 27 – June 2, 2009 10:00 a.m.	**Global Partners Capital, Asia Pacific Energy Inc., 1666475 Ontario Inc. operating as "Asian Pacific Energy", Alex Pidgeon, Kit Ching Pan also known as Christine Pan, Hau Wai Cheung, also known as Peter Cheung, Tony Cheung, Mike Davidson, or Peter McDonald, Gurdip Singh Gahunia also known as Michael Gahunia or Shawn Miller, Basis Marcellinius Toussaint also known as Peter Beckford, and Rafique Jiwani also known as Ralph Jay** s. 127 M. Boswell in attendance for Staff Panel: TBA
May 25, 2009 10:00 a.m.	**Teodosio Vincent Pangia and Transdermal Corp.** s. 127 J. Feasby in attendance for Staff Panel: LER
May 25, 2009 2:00 p.m.	**M P Global Financial Ltd., and Joe Feng Deng** s. 127(1) M. Britton in attendance for Staff Panel: JEAT
May 26, 2009 2:30 p.m.	**Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan** s. 127 H. Craig in attendance for Staff Panel: JEAT
May 26, 2009 2:30 p.m.	**Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale** s. 127 H. Craig in attendance for Staff Panel: JEAT
May 26, 2009 2:30 p.m.	**Paul Iannicca** s. 127 H. Craig in attendance for Staff Panel: JEAT
June 1-3, 2009 10:00 a.m.	**Robert Kasner** s. 127 H. Craig in attendance for Staff Panel: PJL/MCH/PLK
June 3, 2009 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 in attendance for Staff Panel: LER/MCH
June 4, 2009 10:00 a.m.	**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman** s. 127(7) and 127(8) M. Boswell in attendance for Staff Panel: DLK/CSP/PLK
June 4, 2009 11:00 a.m.	**Abel Da Silva** s. 127 M. Boswell in attendance for Staff Panel: LER
June 5, 2009 10:00 a.m.	**Andrew Keith Lech** s. 127(10) J. Feasby in attendance for Staff Panel: TBA

June 10, 2009 10:00 a.m.	**Global Energy Group, Ltd. and New Gold Limited Partnerships** s. 127 H. Craig in attendance for Staff Panel: TBA
June 15, 2009	**Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson** s. 127(1) and 127(5) M. Boswell in attendance for Staff Panel: TBA
June 16, 2009 10:00 a.m.	**Sextant Capital Management Inc., Sextant Capital GP Inc., Sextant Strategic Opportunities Hedge Fund L.P., Otto Spork, Robert Levack and Natalie Spork** s. 127 S. Kushneryk in attendance for Staff Panel: TBA
June 22, 24-26, 2009 10:00 a.m. June 23, 2009 2:30 p.m.	**Biovail Corporation, Eugene N. Melnyk, Brian H. Crombie, John R. Miszuk and Kenneth G. Howling** s. 127(1) and 127.1 J. Superina, A. Clark in attendance for Staff Panel: JEAT/DLK/PLK
June 29, 2009 10:00 a.m.	**Goldbridge Financial Inc., Wesley Wayne Weber and Shawn C. Lesperance** s. 127 J. Feasby in attendance for Staff Panel: JEAT
June 30, 2009 10:00 a.m.	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 A. Sonnen in attendance for Staff Panel: LER
July 6, 2009 10:00 a.m.	**Lyndz Pharmaceuticals Inc., Lyndz Pharma Ltd., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s. 127(1) and (5) J. Feasby in attendance for Staff Panel: TBA
July 9, 2009 10:00 a.m.	**Berkshire Capital Limited, GP Berkshire Capital Limited, Panama Opportunity Fund and Ernest Anderson** s. 127 E. Cole in attendance for Staff Panel: TBA
July 10, 2009 10:00 a.m.	**Uranium308 Resources Inc., Uranium308 Resources PLC., Michael Friedman, George Schwartz, Peter Robinson, Alan Marsh Shuman and Innovative Gifting Inc.** s. 127 M. Boswell in attendance for Staff Panel: TBA
July 23, 2009 10:00 a.m.	**W.J.N. Holdings Inc., MSI Canada Inc., 360 Degree Financial Services Inc., Dominion Investments Club Inc., Leveragepro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex ltd., Prosporex Inc., Networth Financial Group Inc., Networth Marketing Solutions, Dominion Royal Credit Union, Dominion Royal Financial Inc., Wilton John Neale, Ezra Douse, Albert James, Elnonieth "Noni" James, David Whitely, Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Trudy Huynh, Dorlan Francis, Vincent Arthur, Christian Yeboah, Azucena Garcia and Angela Curry** s. 127 H. Daley in attendance for Staff Panel: TBA

July 27-31; August 5-14, 2009 10:00 a.m.	**Shane Suman and Monie Rahman** s. 127 and 127(1) C. Price in attendance for Staff Panel: TBA
August 10-17; 19-21, 2009 10:00 a.m.	**New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., L. Jeffrey Pogachar, Paola Lombardi and Alan S. Price** s. 127 S. Kushneryk in attendance for Staff Panel: TBA
September 3, 2009 10:00 a.m.	**Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York** s. 127 S. Horgan in attendance for Staff Panel: TBA
September 9, 2009 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 M. Britton in attendance for Staff Panel: LER
September 21-25, 2009 10:00 a.m.	**Swift Trade Inc. and Peter Beck** s. 127 S. Horgan in attendance for Staff Panel: TBA
September 30 – October 23, 2009 10:00a.m.	**Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited** s. 127 M. Britton in attendance for Staff Panel: TBA
October 19-November 10; November 12-13, 2009 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
October 20, 2009 10:00 a.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: TBA
November 16-December 11, 2009 10:00 a.m.	**Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries** s. 127 and 127.1 M. Britton in attendance for Staff Panel: TBA

January 11, 2010 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: TBA	TBA	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA	TBA	**Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin** s. 127 H. Craig in attendance for Staff Panel: JEAT/MC/ST
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell** s. 127 J. Waechter in attendance for Staff Panel: TBA	TBA	**Gregory Galanis** s. 127 P. Foy in attendance for Staff Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s. 127 K. Daniels in attendance for Staff Panel: TBA	TBA	**Franklin Danny White, Naveed Ahmad Qureshi, WNBC The World Network Business Club Ltd., MMCL Mind Management Consulting, Capital Reserve Financial Group, and Capital Investments of America** s. 127 C. Price in attendance for Staff Panel: PJL/ST
TBA	**Peter Sabourin, W. Jeffrey Haver, Greg Irwin, Patrick Keaveney, Shane Smith, Andrew Lloyd, Sandra Delahaye, Sabourin and Sun Inc., Sabourin and Sun (BVI) Inc., Sabourin and Sun Group of Companies Inc., Camdeton Trading Ltd. and Camdeton Trading S.A.** s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: JEAT/DLK/CSP	TBA	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 and 127(1) D. Ferris in attendance for Staff Panel: PJL/CSP

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

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

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

Global Petroleum Strategies, LLC, Petroleum Unlimited, LLC, Aurora Escrow Services, LLC, John Andrew, Vincent Cataldi, Charlotte Chambers, Carl Dylan, James Eulo, Richard Garcia, Troy Gray, Jim Kaufman, Timothy Kaufman, Chris Harris, Morgan Kimmel, Roger A. Kimmel, Jr., Erik Luna, Mitch Malizio, Adam Mills, Jenna Pelusio, Rosemary Salveggi, Stephen J. Shore and Chris Spinler

LandBankers International MX, S.A. De C.V.; Sierra Madre Holdings MX, S.A. De C.V.; L&B LandBanking Trust S.A. De C.V.; Brian J. Wolf Zacarias; Roger Fernando Ayuso Loyo, Alan Hemingway, Kelly Friesen, Sonja A. McAdam, Ed Moore, Kim Moore, Jason Rogers and Dave Urrutia

1.2 Notices of Hearing

1.2.1 Factorcorp Inc. et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
FACTORCORP INC., FACTORCORP FINANCIAL INC.,
AND MARK TWERDUN

NOTICE OF HEARING
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION
(Sections 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on June 30, 2009 at 10:00 a.m., or as soon thereafter as the hearing can be held:

AND TAKE NOTICE the purpose of the hearing is to consider whether it is in the public interest for the Commission to make an order that:

(a) pursuant to clause 2 of subsection 127(1), trading in any securities by Factorcorp Inc. ("FCI"), Factorcorp Financial Inc. ("FFI"), (collectively, the "Companies") and Twerdun cease permanently or for such other period as specified by the Commission;

(b) pursuant to clause 3 of subsection 127(1), any exemptions contained in Ontario securities law do not apply to the Companies or to Twerdun permanently or for such other period as specified by the Commission;

(c) pursuant to clause 8 of subsection 127(1), Twerdun be prohibited from becoming or acting as a director or officer of any issuer, registrant, investment fund manager or promoter;

(d) pursuant to clause 9 of subsection 127(1), Twerdun, pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law to the Commission or to KPMG in its capacity as Trustee ("Trustee") over the estates of the Companies, for allocation to or for the benefit of third parties;

(e) pursuant to clause 10 of subsection 127(1), Twerdun disgorge to the Commission any amount obtained as a result of non-compliance with Ontario securities law, for allocation, through the Trustee, if appropriate, to or for the benefit of third parties;

(f) pursuant to clause 6 of subsection 127(1) that Twerdun be reprimanded;

(g) pursuant to section 127.1, that Twerdun be ordered to pay the costs of the investigation and the costs of or related to the hearing incurred by or on behalf of the Commission;

(h) pursuant to clause 7 of subsection 127(7), that the temporary order made respectively against Twerdun on July 6, 2007, as amended on July 27, 2007 and October 26, 2007, be extended to the conclusion of the hearing; and

(i) such other order as the Commission may consider appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff dated May 12, 2009 and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 12th day of May, 2009.

"Daisy Aranha"
Per: Secretary to the Commission

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

AND

IN THE MATTER OF
FACTORCORP INC., FACTORCORP FINANCIAL INC.,
AND MARK TWERDUN

STATEMENT OF ALLEGATIONS
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION

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

I. The Respondents

1. FactorCorp Financial Inc. ("FFI") was incorporated in Ontario on May 26, 2003. FFI was never registered under the *Securities Act*, R.S.O. 1990, c.S.5, (the "Act") and was never a reporting issuer in Ontario.

2. FactorCorp Inc. ("FCI") was incorporated in Ontario on August 13, 2002 and was registered with the Commission as a limited market dealer from 2004 to 2007. FCI was never a reporting issuer in Ontario.

3. Mark Twerdun is a resident of Ontario and was at all material times the sole officer, director and shareholder of FCI and sole officer, director and controlling shareholder of FFI. Twerdun's wife and children own or beneficially own the remaining shares of FFI. Twerdun was formerly registered with the Commission as the sole trading officer and compliance officer of FCI from 2004 to 2007 (the "Material Time"). During the Material Time, Twerdun was the sole directing mind of FFI and FCI (collectively, the "Companies").

II. Facts Relating to the Allegations

a) Overview

4. The Companies were held out as being in the business of providing short term financing to commercial clients ("Clients") through factoring, leasing and other secured, asset-backed financing services. The Companies purported to generate revenue by way of using capital to make short term loans on a secured basis.

5. The conduct at issue relates to misrepresentations made by the Respondents in relation to the nature and security of the purported loans made by the Companies. The offering memoranda and promotional material prepared and circulated by the Respondents stated that the financing extended by the Companies was for short term debt financing and was properly secured. In fact, many of the loans made by the Respondents to Clients were either not secured or inadequately secured and/or had unenforceable security.

6. Moreover, in many instances the Respondents failed to exercise any reasonable due diligence, care or control in ensuring, monitoring or reviewing the nature of the security or its adequacy and/or the investment risks. In two instances, the Companies directed funds for the purchase of shares; these purchases were not contemplated by the offering memoranda.

7. Twerdun was the directing mind of the Companies. Although the Companies were held out as separate entities, in practice the investments were pooled and operationally Twerdun did not distinguish between FFI and FCI.

8. During the Material Time, the Companies, by way of various offering memoranda, raised approximately $58 million through the sale of non-prospectus qualified debentures to approximately 700 Ontario investors (the "Debentures") for the purported purpose of pooling funds for use in the Companies' secured short-term financing business.

9. The Debentures sold to Ontario investors, during the Material Time, were sold primarily through a registered dealer by way of offering memoranda without a prospectus, in reliance on the accredited investor exemption from the prospectus and registration requirements of the Act contained in OSC Rule 45-501 and, subsequently, NI 45-106 (the "AI Exemption"). The vast majority of investors to whom debentures were sold did not meet the criteria required for the AI Exemption.

b) Monitor, Receivership and Bankruptcy of the Companies

10. On August 1, 2007, further to a temporary order issued by the Commission on July 6, 2007 (the "Temporary Order"), the Commission ordered that the Companies appoint KPMG Inc. ("KPMG") as a monitor.

11. By Order of the Superior Court of Justice dated October 17, 2007, KPMG was appointed receiver and manager (the "Receiver") over the assets, undertakings and properties of the Companies. The Receiver was discharged by Order of the Superior Court of Justice dated March 18, 2009.

12. By Order of the Superior Court of Justice dated March 25, 2008 (the "Bankruptcy Proceedings"), the Companies were adjudged bankrupt on a consolidated basis and KPMG was appointed the trustee of the consolidated estate (the "Trustee").

13. In the First Report of the Trustee dated December 4, 2008, filed with the Court in the Bankruptcy Proceedings, the Trustee concluded that on the basis of available information, it expects that the ultimate realization on the loan and preferred shares held by the Companies may be nominal and that investors in the Companies will suffer a significant loss on their investments in the Companies.

14. In the Trustee's Report of its Preliminary Administration dated April 24, 2008, the Trustee reported on its review and analysis of 11 loans contained in the Companies' loan portfolio and concluded: two were in receivership, three were making regular payments, six were in default, certain loans were not secured against all of the Client's assets, other loans were not secured at all and the value of the collateral securing certain loans was in question.

c) The Distribution and the Offering Memoranda

15. The terms of the Debentures ranged from one to five-year terms with interest of six to eight percent, depending upon the term. The majority of Debentures were sold through Farm Mutual Financial Services Inc. ("FMFS"), a mutual fund dealer and limited market dealer.

16. The Respondents distributed various offering memoranda (the "OMs"), which were used to sell the Debentures during the Material Time. Five of the OMs identify FFI as the issuer. FCI is identified as the issuer in at least two of the OMs. Despite the use of both FFI and FCI as the issuer, investors only received Debentures issued by FFI.

17. The OMs identify and describe two types of secured financing which the Companies would invest in: factoring and secured lending. The two types of secured financing are described as having similar "risk profiles". The OMs describe factoring as a process whereby the customer pledges its receivables or assets deemed by the 'factor' to be of acceptable credit quality in exchange for financing.

18. The OMs provided that the two types of financing would be secured and that the Companies would conduct risk assessments and due diligence in relation to the value of the security. The OMs made statements in relation to the nature of the loans the Company would make and the nature of the security they would require. Those statements included, but were not limited to, the following:

- The OMs provide that the Companies would limit their secured lending to situations where there are independent valuations of the assets to be secured:

  The Corporation will consider other temporary loans where there is alternative and strong tangible security such as collateral mortgages on principal residences, chattel mortgages on manufacturing equipment etc. In all such cases, the temporary advances are limited to circumstances in which there are available independent valuations by conservative industry sources (e.g. real estate and equipment appraisers, tax valuations, etc.) based either on liquidation values or a conservative advance rate (e.g., 70%) of market value. In such cases, the Manager will ensure that such temporary asset-backed "bridge" loans have similar or lesser risk characteristics as the factoring transactions described above.

- The OMs describe the risk management practices the Companies would implement:

  Overseen by the Manager [defined as FFI or FCI], the Corporation [FFI or FCI] will utilize an assortment of proprietary financial structures, security, credit decisioning and administrative procedures to ensure that the Corporation's funds are used to build a profitable portfolio at acceptable risk.

- The OMs delineate types of security that would be provided on loans obtained:

  Specific security requirements will be determined by the Manager and are specific to each transaction but will generally consist of elements of the following:

- *General Security Agreement registered in the first position over the receivables financed;*
- *Acknowledgements / priority agreement from the current PPSA registrants;*
- *Personal guarantees of the principal shareholders;*
- *Factoring Agreements, promissory notes and/or financing agreements incorporating repurchase agreements in the event that payment for the receivables is not received in the agreed timeframe;*
- *Other security specific to the transaction (i.e collateral mortgages on residences, chattel mortgages on specific equipment, irrevocable letters of direction over other cash receipts such as tax receivables, etc.)*
- *Government or Insurance* Company covenants or guarantees.

- In identifying risk factors the OMs make further representations as to the security and its valuation;
- A number of the OMs stated that FCI was the issuer.

19. The Respondents were obliged to file the OMs with the Commission and failed to do so, contrary to s. 4.3 of OSC Rule 45-501, subsequently amended to s. 6.4 of OSC Rule 45-501.

d) Other Promotional Material

20. During the course of the distribution, the Respondents circulated directly to FMFS and to debenture holders promotional material, including: the FactSheet, the Question and Answer Sheet, and the periodic reports to investors (the "Promotional Material"). In addition, through presentations to sales representatives, Twerdun communicated information about the nature of the investment. The presentations and/or Promotional Material contained statements relating to:

- the quality and nature of the security obtained to cover the loans to Clients;
- the risks involved with the investment; and
- the ongoing monitoring, analysis and assessment of the Companies' loan portfolio and related security.

IV. Misleading or Untrue Statements

a) Offering Memoranda

21. In the OMs distributed to investors during the material time and as more particularly described in paragraphs 17 to 19, above, the Respondents represented that:

(a) investor funds would be used only in factoring or secured lending transactions;

(b) loans would be backed by adequate collateral and secured;

(c) the Companies would implement risk management strategies to reduce risk and to monitor and value the security; and

(d) in some cases the issuer was FCI.

22. In fact, certain loans made by the Companies were insufficiently secured against all of the assets of the borrower, other loans were not secured at all, and the value of the collateral in the loans was in question. The Respondents failed to conduct reasonable due diligence or implement the "Risk Management Practices" as promised in the OMs in respect of certain loans, the value and/or enforceability of collateral to be secured thereby and the security actually granted.

23. Moreover, contrary to the OM, which stated that investor funds would be used for secured lending, the Respondents made the following two equity investments:

i) between July 10, 2003 and July 11, 2007, FFI used $19,568,300 of investor funds to purchase preferred shares in Express Commercial Services Inc. ("ECS"), an Ontario-based factoring business. This equity investment was not contemplated by the OMs.

ii) on or about May 15, 2006, FFI purchased treasury shares in Activecore Technologies Inc. ("Activecore") a Toronto based technology company that trades in the U.S. over-the-counter market. This equity investment was not contemplated by the OMs.

24. The Companies knew or ought to have known the above statements in the OMs were, in a material respect and at the time and in the light of the circumstances under which they were made, misleading or untrue and/or did not state facts required to be stated or that were necessary to make the statements not misleading. Such statements would reasonably have had a significant effect on the market price or value of the security.

25. Twerdun knew or ought to have known of the above statements and conduct and authorized, permitted or acquiesced in the making of the statements and in the conduct.

b) Promotional Material

26. The statements, more particularly described in paragraph 21 above, contained in the Promotional Material and made at presentations to sales representatives, were misleading or untrue or omitted facts that would make them not misleading. Such statements would reasonably have had a significant effect on the market price or value of the security.

27. The Respondents knew or ought to have known that the statements made in the Promotional Material and presentations, more particularly described in paragraph 21 above, were in a material respect and at the time and in the light of the circumstances under which they were made, misleading or untrue and/or did not state facts required to be stated or that were necessary to make the statements not misleading.

V. Illegal Distribution

28. Of the 680 Debentures sold through FMFS only a small fraction of investors met the income, net financial assets and/or net worth threshold necessary to qualify for the AI Exemption. The vast majority of the clients either did not meet the requirements or there was insufficient information to make that determination.

29. FFI relied on the AI Exemption to the registration and prospectus requirements of the Act. Investors in the Debentures were required to fill out and sign subscription agreements, including accredited investor certificates attesting to their purported status as accredited investors as Appendix A to the subscription agreements (the "Subscription Agreements"). Twerdun, on behalf of FFI, signed each of the Subscription Agreements, stating that "the foregoing subscription agreement is hereby accepted". In many instances, Twerdun knew or ought to have known that the investors were not accredited and ought to have made further inquiries.

30. FFI and Twerdun failed to ensure that the requirements of the AI Exemption were met and, therefore, cannot rely on the AI Exemption.

VI. Twerdun Materially Misled Commission

31. In proceedings before the Commission relating to the extension of the Cease Trade Order and appointment of a monitor, as described in paragraph 11 above, Twerdun swore an affidavit on July 16, 2007 (the "Affidavit") and filed it with the Commission with respect to a hearing held on July 20, 2007 wherein the Respondents sought to vary or revoke the Temporary Order and Staff sought to extend it (the "Temporary Order Hearing"). In the Affidavit, Twerdun stated that FFI's investments were all "performing" and none were in default.

32. At the Temporary Order Hearing, a Commissioner asked Twerdun a series of questions, relating to the status of the Companies' lending portfolio and whether there were any non-performing loans. In response Twerdun confirmed with the Panel that the loans were all performing, that regular audits were conducted and there were no non-performing loans or other concerns relating to the portfolio.

33. In addition, in the Affidavit, Twerdun made untrue statements to the Commission in his evidence when he stated that the Companies had security over the loans and that no repayment of Debentures had taken place since April 2007.

34. Twerdun also misled the Commission about specific discussions he had with a certain U.S. hedge fund, a potential financier for the Companies, with respect to the impact of a monitor on financing negotiations. In response to questions posed by the Commission at the Temporary Order Hearing, Twerdun stated that he had specific discussions with the hedge fund about a monitor appointment and that the hedge fund had advised it would end financing negotiations were a monitor appointed.

35. The above representations made by Twerdun in the Affidavit and to the Commission at the Temporary Order Hearing were, in a material respect and at the time and in light of the circumstances under which they were made, misleading or untrue or failed to state a fact that was required to be stated or necessary to make the statements not misleading.

VII. Breach of Temporary Order

36. The Temporary Order, issued July 6, 2007, ordered, among other things, that:

> Twerdun, FactorCorp and any company controlled, directly or indirectly, by Twerdun, and FactorCorp including but not limited to FactorCorp Financial, are prohibited from making redemptions and participating in or acquiescing to any act, directly or indirectly, in furtherance of a redemption of securities of FactorCorp and FactorCorp Financial;

37. On July 12, 2007, in breach of the Temporary Order, FFI gave instructions to FFI's financial institution directing the electronic transfer of funds totalling $724,287.53, to be paid to ten identified holders of Debentures. On July 13, 2007 the transfer was settled and the payment made.

38. It is the allegation of Staff that Twerdun was aware of authorized, permitted or acquiesced in the making of the above transfer in breach of the Temporary Order.

VIII. Breaches of Ontario Securities Law and Conduct Contrary to the Public Interest

39. Staff allege that the foregoing conduct engaged in by the Respondents constituted breaches of Ontario securities law and/or was contrary to the public interest:

(a) the OMs distributed by the Respondents contained misleading or untrue statements and/or failed to state facts which were required to be stated (as particularized above), in contravention of s. 122(1)(b) and/or s. 126.2 of the Act;

(b) the Promotional Material distributed by the Respondents to investors contained misleading or untrue statements and/or failed to state facts which were required to be stated (as particularized above), in contravention of s. 126.2 of the Act;

(c) FFI and Twerdun breached the Temporary Order by redeeming certain Debentures on July 13, 2007, in contravention of s. 122(1)(c) of the Act;

(d) Twerdun, as the sole officer and director of FFI and FCI, authorized, permitted or acquiesced in non-compliance with Ontario securities law described in subparagraph (a) to (c) above. Staff rely on sections 129.2 and 122(3) of the Act;

(e) Twerdun knowingly made statements and filed evidence and information with the Commission that was materially misleading or untrue and/or failed to state facts which were required to be stated, in contravention of clause (a) of subsection 122(1) of the Act;

(f) the course of conduct engaged in by the respondents as described herein compromised the integrity of Ontario's capital markets, was abusive to Ontario's capital markets and was contrary to the public interest;

40. Staff reserve the right to make such other allegations as Staff may advise and the Commission may permit.

Dated at Toronto, this 12th day of May, 2009

1.4 Notices from the Office of the Secretary

1.4.1 Neo Material Technologies Inc. et al.

FOR IMMEDIATE RELEASE
May 11, 2009

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

AND

IN THE MATTER OF
NEO MATERIAL TECHNOLOGIES INC. AND
PALA INVESTMENTS HOLDINGS LIMITED AND
ITS WHOLLY-OWNED SUBSIDIARY
0833824 B.C. LTD.

TORONTO – Following a hearing held on May 7, 2009 in the above named matter, the Commission issued its Decision today with Reasons to follow.

A copy of the Decision dated May 11, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Laurie Gillett
Manager, Public Affairs
416-595-8913

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

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

1.4.2 FactorCorp Inc. et al.

FOR IMMEDIATE RELEASE
May 12, 2009

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

AND

IN THE MATTER OF
FACTORCORP INC.,
FACTORCORP FINANCIAL INC.,
AND MARK IVAN TWERDUN

TORONTO – The Commission issued an Order today which provides that the Temporary Order be continued until the Proceeding is concluded and a decision of the Commission is rendered or until the Commission considers it appropriate.

A copy of the Order dated May 12, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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SECRETARY

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& Public Affairs
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1.4.3 FactorCorp Inc. et al.

FOR IMMEDIATE RELEASE
May 12, 2009

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

AND

IN THE MATTER OF
FACTORCORP INC.,
FACTORCORP FINANCIAL INC.,
AND MARK TWERDUN

TORONTO – The Office of the Secretary issued a Notice of Hearing today setting the matter down to be heard on June 30, 2009 at 10:00 a.m. in Hearing Room B or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated May 12, 2009 and Statement of Allegations of Staff of the Ontario Securities Commission dated May 12, 2009 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Director, Communications
& Public Affairs
416-593-8120

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Kilburn Ogilvie Investment Management Ltd. – s. 3.3(4) of OSC Rule 31-502 Proficiency Requirements for Registrants

Headnote

Exemption pursuant to section 4.1 of OSC Rule 31-502 Proficiency Requirements for Registrants from requirements in subsection 3.3(4) whereby the designated registered representative, partner or officer shall be employed at the same location as the associate representative, partner or associate officer whose advice must be approved.

Rules Cited

Ontario Securities Commission Rule 31-502 Proficiency Requirements for Registrants.

May 6, 2009

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

AND

IN THE MATTER OF
KILBURN OGILVIE INVESTMENT MANAGEMENT LTD.

DECISION
(Subsection 3.3(4) of the
Ontario Securities Commission Rule 31-502
***Proficiency Requirements for Registrants*)**

UPON the Director having received the application of Kilburn Ogilvie Investment Management Ltd. (the **Applicant**) for a decision pursuant to section 4.1 of Ontario Securities Commission Rule 31-502 *Proficiency Requirements for Registrants* (**Rule 31-502**) granting the Applicant relief from the provision in subsection 3.3(4) of Rule 31-502 requiring an associate advising officer to be supervised by an advising officer, partner or representative who is employed at the same location as the associate advising officer;

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

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

1. The Applicant is registered under the Act as an investment counsel and portfolio manager. The Applicant's head office is located in British Columbia. However, the Applicant seeks to hire John Waymann as an associate advising representative.

2. Mr. Waymann has applied for registration as an associate advising officer with the Applicant. Mr. Waymann intends to work for the Applicant at its Toronto office upon registration. The Applicant intends for Mr. Waymann to be supervised by Trevor Kilburn, who is employed at the Applicant's head office.

3. Staff of the Commission have confirmed that Mr. Waymann meets the proficiency requirements for registration as an associate advising officer or has been granted an exemption therefrom.

4. Rule 31-502 requires that the registered advising officer, partner or representative be employed at the same location as the associate advising representative, partner or officer whose advice must be approved (the **requirement for supervision from the same location**).

5. The Applicant has provided a description of its policies and procedures which combine the use of modern technology and periodic in-person visits to facilitate adequate supervision of Mr. Waymann by Mr. Kilburn despite the physical distance between the primary working locations of Mr. Waymann and Mr. Kilburn.

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 section 4.1 of Rule 31-502, that the Applicant is granted an exemption from the requirement for supervision from the same location for so long as:

A. The Applicant continues to be registered in the category of investment counsel and portfolio manager in the province of Ontario; and

B. Mr. Waymann continues to be employed by the Applicant.

"Erez Blumberger"
Manager, Registrant Regulation

2.1.2 National Bank Securities Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from the requirements contained in paragraphs 2.5(2)(a) and 2.5(2)(c) of National Instrument 81-102 Mutual Funds – Top Funds permitted to invest up to 10% in aggregate in securities of exchange-traded funds traded on a Canadian or American stock exchange – The exchange-traded funds are defined by categories and the relief subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.5(2)(a), 2.5(2)(c), 19.1.

May 6, 2009

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

AND

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

AND

IN THE MATTER OF
NATIONAL BANK SECURITIES INC.
(NBSI or the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption relieving the mutual funds managed by it that are subject to National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Existing Funds**), and such other mutual funds subject to NI 81-102 that are managed by the Filer or an affiliate of the Filer in the future (the **Future Funds**, together with the Existing Funds, individually, a **Fund** and, collectively, the **Funds**) from:

(a) the prohibition contained in paragraph 2.5(2)(a) of NI 81-102 that would prevent the Funds from investing in the Underlying Funds (as defined below), some of which are mutual funds that are not subject to NI 81-102 and/or National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**); and

(b) the prohibition contained in paragraph 2.5(2)(c) of NI 81-102 that would prevent the Funds from investing in the Underlying Funds, some of which are mutual funds that are not qualified for distribution in the local jurisdiction

to permit each Fund to invest in Underlying Funds (collectively, the **Exemption Sought**).

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

(a) the Autorité des marchés financiers (**AMF**) is the principal regulator for this application;

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

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

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning in this decision unless otherwise defined.

Representations

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

1. NBSI is a corporation governed under the *Canada Business Corporations Act* and has its head office located in Montréal, Québec.

2. NBSI is registered as a mutual fund dealer (or equivalent) in each of the provinces and territories of Canada and is a member of the Mutual Fund Dealers Association of Canada.

3. Each Existing Fund is managed by the Filer and each Future Fund will be managed by the Filer or an affiliate of the Filer.

4. Each Existing Fund is, and each Future Fund will be, a) an open-ended mutual fund organized and governed under the laws of a jurisdiction of Canada, b) a reporting issuer under the laws of some or all of the provinces and territories of Canada, and c) governed by the provisions of NI 81-102.

5. Securities of each Existing Fund are, and securities of each Future Fund will be, qualified for distribution in some or all of the provinces and territories of Canada under a simplified prospectus

and annual information form filed with and receipted by the securities regulators in the applicable jurisdiction(s).

6. Neither the Filer nor any of the Existing Funds are in default of securities legislation in any of the jurisdictions.

7. Each Existing Fund is, and each Future Fund will be, permitted, in accordance with its investment objective, to invest in exchange traded funds (**ETFs**).

8. In addition to investing in ETFs that qualify as index participation units as defined in NI 81-102 (IPUs), the Funds propose to invest in the following:

   a) ETFs that use leverage to obtain exposure to no more than +/– 200% of a widely-quoted market index (the ETF's **Underlying Index**) on a daily basis (**Leveraged ETFs**). Leveraged ETFs invest in a manner to replicate, before fees and expenses, the performance of an Underlying Index on a multiple or an inverse (opposite) multiple basis. A Leveraged ETF that tracks the inverse of its Underlying Index by no more than 200% is referred to as a **Bear ETF**. As each Leveraged ETF uses some form of leverage to track either its Underlying Index or the inverse of its Underlying Index by a specified multiple on a daily basis, it does not "replicate" the performance of a specified widely-quoted market index and is not, therefore, an IPU;

   b) ETFs that hold gold, permitted gold certificates or specified derivatives of which the underlying interest is gold or permitted gold certificates (**Gold ETFs**). Underlying assets of the Gold ETFs are assets that the Funds are permitted to hold pursuant to section 2.3 of NI 81-102. Gold ETFs invest in a manner to replicate, before fees and expenses, the price of gold. As Gold ETFs track the price of gold, rather than a "specified widely-quoted market index", they are not IPUs; and

   c) Gold ETFs that are also Leveraged ETFs (**Leveraged Gold ETFs**). Leveraged Gold ETFs are a combination of Leveraged ETFs and Gold ETFs and so will not meet the definition of an IPU.

   The Leveraged ETFs, Gold ETFs and Leveraged Gold ETFs are referred to collectively in this decision as **Underlying Funds**.

9. The maximum exposure of an investment by a Fund in an Underlying Fund will be the amount invested by the Fund in securities of the Underlying Fund.

10. The securities of the Underlying Funds purchased by a Fund will trade on a stock exchange in Canada or the United States.

11. The Underlying Funds are attractive investments for the Funds, as they provide an efficient and cost effective means of achieving diversification and exposure.

12. NBSI is not currently related to any Underlying Fund, it is not the manager of an Underlying Fund and it does not currently expect to be so related in the near future.

13. An investment by a Fund in securities of an Underlying Fund will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Fund.

14. Absent the Exemption Sought, an investment by a Fund in an Underlying Fund that is a mutual fund would be prohibited by section 2.5 of NI 81-102 because:

   a) none of the Underlying Funds are or will be subject to NI 81-101;

   b) some of the Underlying Funds are not, or will not be, subject to NI 81-102; and

   c) some of the Underlying Funds may not be qualified for distribution in each jurisdiction in which the Funds are or will be qualified for distribution.

Decision

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

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

a) a Fund may not purchase securities of an Underlying Fund if, immediately after the purchase, more than 10% of the net assets of the Fund, taken at market value at the time of the purchase, would consist of securities of the Underlying Funds;

b) in addition to a), if short selling relief has been obtained in respect of a Fund, the Fund may not purchase securities of a Bear ETF or sell any security short if, immediately after the transaction, the aggregate market value of (i) all securities sold short by the Fund, and (ii) all securities of Bear

ETFs held by the Fund, would exceed 20% of the Fund's net assets, taken at market value at the time of the transaction;

c) each Fund will limit its exposure to gold (including direct purchases of gold, permitted gold certificates, investments in Gold ETFs, investments in Leveraged Gold ETFs, investments in specified derivatives the underlying interest of which is gold and investments in IPUs that track a gold index), to no more than 20% of the net assets of the Fund, taken at market value at the time of purchase;

d) the investment by a Fund in securities of an Underlying Fund is in accordance with the fundamental investment objective of the Fund;

e) the Exemption Sought does not apply to a Fund that is a 'money market fund' (as defined in NI 81-102);

f) the prospectus of each Fund discloses, or will disclose the next time it is renewed after the date hereof, (i) in the Investment Strategy section of the prospectus, the fact that the Fund has obtained relief to invest in Leveraged ETFs, Leveraged Gold ETFs and Gold ETFs, as appropriate, and (ii) to the extent applicable, the risks associated with such an investment;

g) in determining a Fund's compliance with the concentration restriction in section 2.1 of NI 81-102, the Fund will, for each unit of an Underlying Fund held by it, consider that it holds directly its proportionate share of the securities held by the Underlying Fund;

h) despite g), the Fund shall not include in the determination referred to in g), a security that is a component of an Underlying Fund that represents less than 10% of the Underlying Index, and

i) each Fund will not invest in an Underlying Fund with an Underlying Index based, directly or indirectly through a specified derivative or otherwise, on a physical commodity other than gold.

"Josee Deslauriers"
Director, Investment Funds and Continuous Disclosure

2.1.3 CIBC Asset Management Inc.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to a fund manager as a "company providing services to the mutual fund" under section 11.1(1)(b) of NI 81-102 – The fund manager is not a member of the Mutual Fund Dealers' Association – Representations of the Decision speak to the safeguarding of client assets – Relief permits the fund manager to commingle client cash related to the fund manager's open-ended mutual funds in the same trust account as client cash temporarily received by the fund manager for investment in deposits offered by an affiliate.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 11.1(1)(b), 19.1.

May 5, 2009

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
CIBC ASSET MANAGEMENT INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer (the **Application**) for a decision under the securities legislation of the principal jurisdiction (the **Legislation**) under section 19.1 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) granting relief (the **Exemption Sought**) from the requirements of section 11.1(1)(b) of NI 81-102 that cash received by a person or company providing services to a mutual fund, for investment in, or on the redemption of, securities of the mutual fund (**Mutual Fund Cash**) may be commingled only with cash received by the service provider for the sale or on the redemption of other mutual fund securities (collectively, the **Commingling Prohibition**).

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

(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 to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (the **Passport Jurisdictions**)

(The Jurisdiction and the Passport Jurisdictions are collectively, the *Jurisdictions*).

Interpretation

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

Representations

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

1. The Filer is the manager and trustee of various open-end mutual funds (the **Funds**).

2. The Filer is registered as a dealer in the category of mutual fund dealer in Ontario and as a "firm" in the group savings plan brokerage sector in Québec. The Filer is also registered as an adviser in the categories of investment counsel and port-folio manager or the equivalent in each of the provinces and territories of Canada and as commodity trading manager in Ontario.

3. The Filer does not sell mutual fund securities directly to the public and is not a member of the Mutual Fund Dealers Association of Canada (the **MFDA**).

4. Securities of the Funds are generally sold through other registered dealers (**Dealers**).

5. Pursuant to an order dated June 27, 2001 (the "**Order**"), the Filer was exempted from the requirements of Rule 31-506 – *SRO Membership – Mutual Fund Dealers* requiring the Filer to become a member of the MFDA, provided its dealer activities were restricted as provided in the Order and incidental to its principal business of managing the Funds.

6. The Filer is not in default of securities legislation in any jurisdiction of Canada.

7. The Filer maintains one or more trust accounts on behalf of the Funds managed by it (the **Trust Accounts**) with major Canadian financial insitutions in which all monies (**Mutual Fund Cash**) invested by securityholders in the Funds (**Investors**) are paid by way of cheque, wire transfer, electronic funds transfer and the FundSERV electronic order entry systems (**Industry Standard Settlement Processes**) and from which redemption proceeds or assets to be distributed are paid. The Trust Accounts are interest bearing and all of the interest earned on cash in the Trust Accounts is paid to Investors of the Funds or to each of the Funds on a pro rata basis in compliance with subsection 11.1(4) of NI 81-102. The Filer also ensures compliance with section 11.3 in the way in which the Trust Accounts are maintained.

8. Each Trust Account is held on behalf of the Funds. The Filer, as manager and trustee of the Funds, has access to the applicable Trust Account and has control over which of its employees has access to the applicable Trust Account.

9. The Canadian Imperial Bank of Commerce (**CIBC**) is a federally regulated bank. The Filer is a wholly-owned subsidiary of CIBC.

10. CIBC intends to accept cash deposits into high interest savings accounts from Investors via Dealers (such investments, the **Deposits**) by way of Industry Standard Settlement Processes. The Deposits will be offered by CIBC through the Filer and will be held at CIBC.

11. The Filer intends to provide the administrative infrastructure necessary to permit CIBC to offer the Deposits to Investors via Dealers, specifically including the operational means by which Investors' funds will be moved from the Dealers to CIBC.

12. The Deposits offered by CIBC are or will be savings accounts eligible for deposit insurance from the Canada Deposit Insurance Corporation (**CDIC**) subject to CDIC rules and regulations. Investors who wish to invest cash in the Deposits may also purchase units of the Funds from their Dealer at the same time.

13. Dealers who accept cash from Investors for investment in the Deposits (**Other Cash**) and for investment in the Funds (as noted above, **Mutual Fund Cash**) will forward such cash to the Filer via Industry Standard Settlement Processes. Once received, the Filer proposes to hold both Mutual Fund Cash and Other Cash temporarily in the Trust Accounts. Investors' Other Cash will then be forwarded by the Filer from its Trust Accounts to CIBC, while the Investors' Mutual Fund Cash will be forwarded by the Filer from the Trust Account to individual Fund accounts in the name of the Funds' custodian. For a brief time then, the Filer anticipates that Mutual Fund Cash and Other Cash will be temporarily commingled in the Trust Accounts.

14. As manager of the Funds, the Filer is subject to the statutory standard of care set forth in section 116 of the *Securities Act* (Ontario) and to similar

provisions contained in the legislation of the Jurisdictions. As a federally regulated company, CIBC accepts the Deposits as guaranteed trust money and the Filer, acting as an agent of CIBC, will comply with the fiduciary standard of care and applicable customer protection legislation and regulations which apply to CIBC in respect of the Deposits. Investors' Other Cash will be eligible for deposit insurance from CDIC subject to CDIC rules and regulations.

15. The temporary commingling of Other Cash with Mutual Fund Cash in the Trust Accounts will permit a seamless method to move funds from Dealers to the Funds and CIBC, and in reverse, and will facilitate significant administrative and systems economies that will enable the Filer to enhance its level of service to its clients.

16. In the absence of the Exemption Sought, the commingling of the Mutual Fund Cash with Other Cash would contravene the Commingling Prohibition and would require the Filer to establish separate trust accounts for the Funds and the Deposits. This would effectively not permit the offering of CDIC eligible deposits to Investors alongside mutual fund investments within the same nominee-name accounts, which the Filer believes to be of significant value to investors.

17. Commingled Mutual Fund Cash and Other Cash will be forwarded to individual Fund accounts in the name of the Funds' custodian and to CIBC, as applicable, no less frequently than following overnight processing of Fund purchase and Deposit orders. Commingled Mutual Fund Cash and Other Cash will be forwarded from the Trust Accounts to the relevant dealers or dealer trust accounts which redeem Funds or order withdrawals from the Deposits no less frequently than following overnight processing of redemption or withdrawal orders, subject to the time it may take for an Investor to redeem a cheque issued in respect of redeemed Fund units or withdrawn Deposits. Accordingly, all monies held in the Trust Accounts will be cleared no less frequently than on a daily basis at the beginning of each business day following the previous business day's overnight processing of all purchase and deposit transactions involving the Funds and Deposits and most redemptions from the Funds and withdrawals from the Deposits.

18. The Filer does not believe that the interests of its clients will be prejudiced in any way by the commingling of Other Cash with Mutual Fund Cash in the Trust Accounts.

19. The Filer is a "company providing services to the mutual fund" under the provisions of section 11.1(1)(b) of NI 81-102. Accordingly, the Comingling Prohibition prohibits the Filers from comingling Mutual Fund Trust Monies with Other Cash.

20. Mutual Fund Cash or Other Cash related to the transaction initiated by one of the Filer's clients will not be used to settle the transaction initiated by any other client of the Filer.

21. In providing services, the Filer currently has systems in place to be able to account for all monies it received into and all of the monies that are to be paid out of the Trust Accounts in order to meet the policy objectives of section 11.1 and 11.2 of NI 81-102.

22. The Filer will ensure that proper records with respect to client cash in a commingled account are kept, and will ensure that its respective Trust Accounts are reconciled, and that Mutual Fund Cash and Other Cash are properly accounted for, daily.

23. The Filer will ensure that all transactions in its Trust Accounts are manually reviewed on a daily basis in order to monitor the Trust Account for discrepancies in the handling of Mutual Fund Cash and Other Cash in the Trust Accounts.

24. Any error in the handling of monies in a Filer's Trust Account as a result of the commingling of funds identified through such daily review process will promptly be corrected by the Filer.

25. Except for the Commingling Prohibition, the Filer will comply with all other requirements prescribed in Part 11 of NI 81-102 with respect to handling and segregation of client cash.

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 Exemption Sought is granted.

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

2.1.4 Aurora Energy Resources Inc. – s. 1(10)

Headnote

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

Applicable Legislative Provisions

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

May 8, 2009

Aurora Energy Resources Inc.
Suite 600, 140 Water Street
St. John's, Newfoundland and Labrador A1C 6H6

Attn: Paul Coombs, Chief Financial Officer and Corporate Secretary

Dear Mr. Coombs:

Re: Aurora Energy Resources Inc. (the Applicant) – application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfound-land and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

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

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

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

2.1.5 CIBC World Markets Inc. – MRRS Decision

Headnote

Mutual Reliance Review System – Relief sought from the trade confirmation requirement in section 36 of the Securities Act (Ontario) (the Ontario Act), pursuant to the exemption in section 147 of the Ontario Act.

The Applicant must deliver a trade confirmation for every trade made by the Applicant. However, since the affiliated adviser will carry out the trades in the funds in its discretion in accordance with the parameters of the model portfolios, it would be confusing for clients to receive a trade confirmation every time a trade is made. Instead, the client will receive monthly statements from the Applicant if there have been transactions in the client's overall account, and quarterly statements if there have been no transactions. Further, the adviser will provide quarterly performance reports to clients.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 36, 147.

May 8, 2009

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

AND

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

AND

IN THE MATTER OF
CIBC WORLD MARKETS INC.
(the APPLICANT)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Applicant for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Applicant be exempt from the requirement to deliver trade confirmations to clients under the Legislation with respect to trades in securities of the Funds (as defined below) carried out by CIBC Asset Management Inc. (**CAMI**) in connection with the Rebalancing Activities (as defined below) for the Product (as defined and described below) which Product is distributed by the Applicant (the **Exemption Sought**).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

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

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

Interpretation

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

Representations

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

1. The Applicant is registered as an investment dealer or equivalent in all applicable provinces and territories in Canada.

2. CAMI is registered as an adviser in the categories of investment counsel and portfolio manager or the equivalent in all applicable provinces and territories in Canada and as a mutual fund dealer in Ontario, but is exempt from the requirement to be a member of the Mutual Fund Dealers Association pursuant to the Ontario Securities Commission decision dated June 27, 2001 (the **MFDA Exemption**).

3. The terms and conditions of the MFDA Exemption limit CAMI's trading activities in Ontario to those permitted trading activities specifically set out in the MFDA Exemption. We believe the Rebalancing Activities (as defined below) are currently permitted under the MFDA Exemption as an act in furtherance of a trade (see section 5(d) of the MFDA Exemption). CAMI did not therefore vary its MFDA Exemption since the MFDA Exemption allows for the Rebalancing Activities (as defined below) to be carried out by CAMI in Ontario. In all other jurisdictions, CAMI is exempt from the dealer registration requirement with respect to its Rebalancing Activities (as defined below) pursuant to the relief granted in *In the Matter of CIBC Asset Management Inc.* by Decision Document dated April 8, 2009.

4. The Applicant and CAMI are affiliated entities.

5. The Applicant's salespersons distribute the CIBC Frontiers product (the **Product**) to their clients.

6. The Product consists of a number of model portfolios (the **Model Portfolios**), which together occupy successive portions of the investing

spectrum from conservative, income-maintenance investing to aggressive growth investing. Currently, each Model Portfolio is made up exclusively of units of Frontiers Pools.

7. Any of the Frontiers Pools that currently exist or that may be created in the future (the **Funds**) and that are used in the Product are and will be qualified under a simplified prospectus that has been receipted by the applicable securities regulators under the Legislation. Each Fund is managed by CAMI.

8. If a client is interested in the Product, the client completes an investor profile form (the **Form**). The Form is used by the Applicant as a "know your client" form, to enable the Applicant to consider the client's financial circumstances, investment knowledge, investment objectives and risk tolerance, and thereby assist in determining an appropriate Model Portfolio for the client. From and based on the information provided in the Form, the Applicant recommends one of the Model Portfolios as suitable for the client.

9. The client receives a description of the Model Portfolio selected by the client (the **Selected Model Portfolio**), completes the account application and enters in to an agreement (the **Account Agreement**) with the Applicant.

10. The class of units of the Funds that are available under the Product enable management fees and operating expenses to be paid by the Funds to CAMI, as manager of the Funds. Sales charges and/or trailing commissions will be payable by CAMI to the Applicant in respect of any sales, redemptions (depending on the purchase option selected by the client) or fund switches. Disclosure to this effect is made to the client. There is no duplication of any fees.

11. The client does not pay any fees to the Applicant with respect to assets held for the client in the Product. In addition, no fees are charged by CAMI directly to the client.

12. The Account Agreement authorizes the Applicant to permit CAMI to invest client monies in accordance with the terms of the Selected Model Portfolio.

13. Pursuant to an agreement between the Applicant and CAMI, CAMI is responsible for developing and managing the Model Portfolios. Each Model Portfolio is broken down into different asset classes (**Asset Classes**). Each Asset Class is allocated a permitted range (**Permitted Range**), being a minimum and maximum percentage of the Selected Model Portfolio that can be allocated to Funds of a particular Asset Class. The Asset Classes and Permitted Ranges are disclosed to the client in the Selected Model Portfolio and cannot be changed without the client's approval.

14. CAMI manages the Model Portfolios on a discretionary basis. In doing so, CAMI determines a benchmark percentage (**Benchmark Percentage**) for each Asset Class, representing the target percentage within the Permitted Range, and adjusts that percentage at its discretion. CAMI also uses its discretion in choosing which Funds will be used for each Asset Class, provided the investment objective and strategies of any Fund are consistent with the Asset Class and any such Funds are listed in the Selected Model Portfolio for the client. CAMI's actions will be carried out with a view to ensuring that the Model Portfolio continues to abide by the stated objectives. Finally, CAMI may rebalance Model Portfolios in response to market fluctuations. The above activities are herein defined as the **Rebalancing Activities**.

15. The Account Agreement will provide that the client will not receive Trade Confirmations for the trades carried out in connection with the Rebalancing Activities for the Product (but will receive Trade Confirmations from the Applicant for trades carried out in connection with other trades for the Product), and that the Applicant will send the client a monthly statement of account if there have been transactions in the client's account and quarterly statements if there have been no transactions. Existing clients will be notified via the monthly statement of account or the quarterly statement that they will not receive Trade Confirmations for the trades carried out in connection with the Rebalancing Activities for the Product. The client will also receive a quarterly performance report from CAMI with respect to the Product. The monthly statement of account, if any, will identify the assets being managed on behalf of the client through the Product, and include, for each trade made during the period, the information which the Applicant would otherwise have been required to include in a Trade Confirmation in accordance with the Trade Confirmation Requirement, except for the following information (which will be maintained by the Applicant in its books and records and made available to the client upon request):

    a. the name of the dealer, if any, used by the Applicant as its agent to effect the trade; and

    b. the name of the salesperson, if any, in the trade.

16. All trades in connection with the Product will be reflected in the client's account on the day following the trade.

17. CAMI will be responsible for ensuring that the client monies are invested in accordance with the terms of the Selected Model Portfolio. Notwithstanding that there is no direct relationship between the client and CAMI, the client will be entitled to treat CAMI as if CAMI were a party to the Account Agreement with respect to its responsibilities in this regard.

18. The client is provided with a simplified prospectus for the Funds at the time of purchase and on each subsequent purchase if the prospectus has been renewed or amended since the last purchase. In addition, if and when new Funds are created and qualified under the simplified prospectus, and are intended to be used in the Model Portfolio, the Applicant will provide clients of the Model Portfolio with a new or amended simplified prospectus which includes those new Funds.

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 Exemption Sought is granted provided that the Account Agreement discloses that the client will not receive trade confirmations for the trades that are the subject of the Exemption Sought, and that the client will receive a monthly statement of account if there have been transactions in the client's account and quarterly statements if there have been no transactions.

"David L. Knight"
Commissioner
Ontario Securities Commission

"Mary Condon"
Commissioner
Ontario Securities Commission

2.1.6 Quetzal Energy Inc. – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

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

May 8, 2009

Quetzal Energy Inc.
c/o Jennifer Campbell
Cassels Brock & Blackwell LLP
40 King Street West
Scotia Plaza, Suite 2100
Toronto, ON M4H 3C2

Dear Sirs/Mesdames:

Re: Quetzal Energy Inc. (the Applicant) – application for a decision under the securities legislation of Ontario and Alberta (the Jurisdictions) that the Applicant is not a reporting issuer

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

As the Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

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

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

"Michael Brown"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.7 Shermag Inc.

Headnote

Dual Application for relief from formal valuation and minority approval requirements contained in Part 4 of Regulation 61-101 in connection with a business combination – CCAA proceedings – for a related party transaction, there is an exemption in Regulation 61-101 from the formal valuation and minority approval requirements in the context of a court approved bankruptcy / insolvency transaction – no equivalent exemption available for a business combination transaction – Independent Committee has reviewed the transaction proposed transaction Estimate Valuation Report by RSM Richter Inc., the monitor under the CCAA proceedings, concluded that the common shares of Shermag have no value – Shareholders of Shermag have no economic interest – No better alternatives than the proposed transaction.

Applicable Legislative Provisions

Sections 4.2, 4.3, 4.5 and 9.1 of Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions.

TRANSLATION

March 16, 2009

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

AND

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

AND

IN THE MATTER OF
SHERMAG INC.
(the "Filer")

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "**Decision Maker**" and collectively the "**Decision Makers**") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for an exemption from the valuation and minority approval requirements under Sections 4.2, 4.3 and 4.5 of *Regulation 61-101 Protection of Minority Security Holders in Special Transactions* ("**Regulation 61-101**").

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

a) the *Autorite des marches financiers* is the principal regulator for this application, and

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

Interpretation

Terms defined in *Regulation 14-101 Definitions* and *Regulation 11-102 respecting the Passport System* have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a company incorporated under the *Companies Act* (Quebec) on January 28, 1977. The Filer's core business is the production of household goods and residential furniture.

2. The Filer's head office and its administrative offices are located at 2171 King Street West, Sherbrooke, Quebec, Canada, J1J 2G1.

3. The Filer is a reporting issuer or the equivalent in the provinces of Quebec and Ontario and its common shares are listed for trading on the Toronto Stock Exchange.

4. The connecting factor used to identify Quebec as the principal regulator is the location of the Filer's head office and business operations.

5. On May 5, 2008 (the "**Filing Date**"), the Filer and its subsidiaries, Jaymar Furniture Corp., Scierie Montauban Inc., Megabois (1989) Inc., Shermag Corporation and Jaymar Sales Corporation (collectively, the "**Applicants**") applied for and obtained an order of the Quebec Superior Court (the "**Court**") for their protection under the *Companies' Creditors Arrangement Act* ("**CCAA**"), including a general stay of proceedings against the Applicants until June 4, 2008 (the "**Stay Termination Date**") (the "**CCAA Order**").

6. The CCAA Order, inter alia, allows the Filer to continue operating as it attempts to develop a restructuring plan (the "**Plan**") by staying, as of the Filing Date, substantially all claims against the Applicants, their respective property and assets and their respective directors, officers, agents, contractors and employees.

7. Pursuant to the CCAA Order, the Filer obtained from the Court an order releasing it from certain obligations, and in particular that of preparing any document related to a potential shareholders' meeting, including the annual financial statements, management information, circular and annual information form (the "**Financial Statement Order**").

8. On June 4, 2008, the Applicants received from the Court a new order, inter alia, extending the Stay Termination Date to September 8, 2008. On September 8, 2008, the Filer obtained a new order from the Court further extending the Stay Termination Date to December 10, 2008. On December 10, 2008, the Filer obtained an new order from the Court further extending the Stay Termination Date to April 4, 2009.

9. Under the CCAA Order, the Court appointed RSM Richter Inc. ("**RSM Richter**") to act as monitor for the affairs and finances of the Filer for the period during which the CCAA Order is in effect, and in particular ordering it to give the Court and stakeholders, including creditors affected by the Plan, a report on the Plan valuation (the "**Monitor's Report**").

10. Clarke Inc. ("**Clarke**") is a Nova Scotia-based incorporated company.

11. Clarke is a reporting issuer in all of the provinces and territories of Canada and has its common shares and two series of convertible debentures listed for trading on the Toronto Stock Exchange.

12. Mr. George Armoyan is the Executive Chairman and senior officer of Clarke. Some companies controlled by Mr. Armoyan and/or relatives of Mr. Armoyan, including Geosam (as defined below), own an aggregate of approximately 32.2 % of the issued and outstanding common shares of Clarke.

13. Clarke owns approximately 19.99% of the issued and outstanding common shares of the Filer.

14. Mr. Armoyan and two other officers of Clarke are currently members of the board of directors of the Filer.

15. Geosam Investments Limited ("**Geosam**") is a Nova Scotia-based incorporated private investment company.

16. Geosam owns approximately 22.9 % of the issued and outstanding common shares of Clarke.

17. Mr. Armoyan is the President and Secretary of Geosam and Melinda Lee, one of the members of the board of directors of the Filer, is a Vice President of Clarke and of Geosam.

18. Geosam is a related party of Clarke as that term is defined in Regulation 61-101. Clarke is a related party of the Filer as it owns more than 10 % of the voting rights attached to all the issued and outstanding voting securities of the Filer. Given the above-described relationships between Geosam, Clarke and the Filer, Geosam may be considered a control person of the Filer or acting in concert with Clarke.

19. On August 1, 2008, the Filer announced that its credit facilities with Wachovia Capital Finance Corporation (Canada) had been assigned to Geosam (the "**Debt Assignment**"). The Debt Assignment was approved by an order of the Court in the context of the CCAA proceedings concerning the Filer. Due to the Debt Assignment, Geosam became the sole secured creditor of the Filer.

20. Geosam has proposed to the Filer that Geosam acquire the business of the Filer in the context of CCAA proceedings (the "**Transaction**").

21. While the form that the Transaction will take has not been finalized yet, it is currently anticipated that it will be structured as an arrangement of the Filer pursuant to a Court order in the context of the CCAA proceedings (the "**Arrangement**"). The Arrangement would include the following features:

    a) the existing equity of the Filer would be cancelled;

    b) new common shares would be issued by the Filer to Geosam or a party designated by Geosam in consideration for a subscription amount of approximately $1,500,000 (the "**Subscription Amount**"); and

    c) part or all of the Subscription Amount would be used by the Filer to offer and pay an amount to its creditors as a compromise and settlement of their respective claims.

22. The Filer plans to seek to cease to be a reporting issuer following the 'completion of the Transaction.

23. The Transaction could be also carried out by Geosam using an alternative method to the Arrangement, which may be in the form of a forced sale of the assets of the Filer by Geosam following the exercise and enforcement of its rights as secured creditor (the "**Asset Sale**"). Under Regulation 61-101, the Asset Sale could constitute a "related party transaction" for which there is an exemption from the valuation and minority approval requirements in Part 5 of Regulation 61-101.

24. According to the conclusions set out in the estimated valuation report included in the Monitor's Report prepared as at November 1st, 2008 by RSM Richter Corporate Finance (as defined below) and dated March 3rd, 2009 (the "**Estimated Valuation Report**"), the common shares of the Filer currently have no value. In addition, whether the Transaction were to be completed by way of the Asset Sale or by way of the Arrangement under the CCAA, in light of the insolvency of the Filer, shareholders of the Filer will not receive anything for their common shares. Therefore to grant the shareholders a right to vote in the context of the Transaction would be the equivalent of giving them a veto over a transaction in which they no longer have any economic interest.

26. The Filer has set up a committee (the "**Independent Committee**") made up of the independent directors of its Board of Directors, namely Messrs. John LeBoutillier and Claude Pichette. For the purposes of this decision, the Decision Makers have asked for and obtained the following representations and confirmations from the Independent Committee:

    a) The Independent Committee was originally created in February 2008 to consider the proposal made publicly by Clarke to acquire, at a price to be negotiated between Clarke and the Filer but below the then market price on the Toronto Stock Exchange, all the issued and outstanding shares of the Filer. Since any offer to be made by Clarke would have been considered an "insider bid" under Regulation 61-101, the Independent Committee formally mandated KPMG LLP to obtain a formal valuation of the shares of the Filer. Considering the conclusion drawn by this formal valuation, in draft form, obtained by the Independent Committee, Clarke ultimately decided not to launch a formal offer for all the issued and outstanding shares of the Filer.

    b) After the withdrawal of Clarke's offer in April 2008, the Independent Committee remained in function and closely monitored, and in the end approved along with the other Board members of the Filer, all events leading the Filer to file for protection under the CCAA.

       The Independent Committee considered, and ultimately independently approved, any and all aspects of the CCAA proceedings where any related party to the Filer or Clarke had an interest. In this regard, only the Independent Committee supervised and made decisions regarding matters where Clarke or Geosam had an interest, including the Debt Assignment, the subsequent amendments to the terms and conditions of such debt, the management agreement entered into with Clarke, the granting of additional security on uncharged assets of the Filer to Geosam, and all aspects of the Transaction;

    c) The Filer is currently insolvent;

    d) The Transaction is in the best interest of the Filer and all its stakeholders;

    e) There are no better alternatives to the Transaction for the Filer and its stakeholders;

    f) No proposal has been made to the Filer by any person pursuant to which its shareholders would receive any consideration for their shares of the Filer;

g) The Independent Committee is aware that the independent valuation and minority approval requirements prescribed by Regulation 61-101 are triggered by the Transaction if carried out by Arrangement;

h) The Independent Committee has determined that such requirements should not, in the circumstances, be applicable due to the fact that the Independent Committee has satisfied itself that the fair market value of the issued and outstanding shares of the Filer is negative;

i) The Independent Committee is of the view that:

i) no shareholder approval, as prescribed by Regulation 61-101, should be required in the circumstances, and the Independent Committee will not request or recommend same;

ii) no independent valuation as prescribed by Regulation 61-101, other than the Estimated Valuation Report, should be required, and the Independent Committee will not request or recommend same;

iii) there is no need, or relevance, to request KPMG LLP to finalise its formal valuation obtained in 2008, and the Independent Committee will not request or recommend same;

j) If such valuation and approval are nevertheless required, the Filer would likely be forced into bankruptcy, and less money would be made available for the unsecured creditors of the Filer;

k) The Independent Committee has reviewed the Estimated Valuation Report. While the Estimated Valuation Report does not constitute an "Independent Valuation" for the purposes of Regulation 61-101, it was prepared by an independent party, being the corporate finance division ("**RSM Richter Corporate Finance**") of the Court-appointed CCAA Monitor (working in conjunction with RSM Richter) for the purposes of submitting the Plan. The Independent Committee was further satisfied of RSM Richter Corporate Finance's experience, qualifications and independence and, taking into account all of the circumstances, including the interests of Geosam in the Transaction as well as the holdings and historical involvement of Clarke in and with the capital of the Filer, that RSM Richter Corporate Finance was given access to the information necessary to prepare its Estimated Valuation Report in an independent manner;

l) The Independent Committee is aware of the qualifications and limitations set forth in the Estimated Valuation Report;

m) The Independent Committee is satisfied with the manner in which the Estimated Valuation Report has been prepared and has accepted its conclusions;

n) Based upon the Estimated Valuation Report, the Independent Committee has concluded that :

i) the outstanding shares of the Filer have no value and will not have any value going forward;

ii) the shareholders of the Filer have no more economic interest in the Filer and will not have any economic interest going forward; and

iii) performing another valuation would be of no benefit under these circumstances since there is no scenario under which the Filer's shareholders would receive any value for their shares;

o) Shareholders of the Filer do not have any economic interest in the outcome of the CCAA proceedings in that they will not receive any consideration for their shares and therefore their voting interest should not be considered within the context of the Transaction; and

p) The only viable solution for the Filer and the applicants to emerge from CCAA protection and continue its business that has been presented or proposed is the Transaction.

27. Since the, Filing Date, all material changes concerning the File have been duly and publicly disclosed as required by the securities legislation.

28. Due to the Financial Statement Order, the Filer has not filed the following continuous disclosure documents:

a) its annual information form in respect of its fiscal year ended April 4, 2008;

b) its annual financial statements and MD&A for its fiscal year ended April 4, 2008;

c) its interim financial statements and interim MD&As; and

d) its management proxy circular in respect of its fiscal year ended April 4, 2008. Decision

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that the Transaction proceeds by way of Arrangement as set forth above.

“Louis Morisset”
Surintendant des marches de valeurs

2.1.8 Jones Heward Investment Counsel Inc.

Headnote

NP 11-203 – Exemptive relief granted to exchange-traded fund for initial and continuous distribution of units, including: relief from dealer registration requirement to permit promoter to disseminate sales communications promoting the funds subject to compliance with Part 15 of NI 81-102, relief to permit the funds' prospectus to not contain an underwriter's certificate, and relief from take-over bid requirements in connection with normal course purchases of units on the Toronto Stock Exchange subject to undertaking by unitholders not to exercise any votes attached to units which represent more than 20% of the votes attached to all outstanding units of the funds – Securities Act (Ontario).

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 59(1), 74(1), 95-100, 104(2)(c), 147.

Rules Cited

National Instrument 81-102 Mutual Funds.

May 8, 2009

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
JONES HEWARD INVESTMENT COUNSEL INC.
(the Filer)

DECISION

Background

The principal regulator has received an application from the Filer under the securities legislation of the Jurisdiction (the **Legislation**) for a decision (the **Exemption Sought)** that:

1. Exempts the Filer from the dealer registration requirement of the Legislation in connection with its dissemination of sales communications relating to the distribution of units (**Units**) of BMO Canadian Government Bond Index ETF, BMO Dow Jones Canada Titans 60 Index ETF, BMO US Equity Index ETF, BMO International Equity Index ETF, BMO Emerging Markets Equity Index ETF, BMO Global Infrastructure Index ETF and BMO Dow Jones Diamonds Index ETF (the **Existing Funds**) and any additional exchange-traded funds of which the Filer, or an affiliate of the Filer, may be the trustee and/or manager and which operate on a similar basis as the Existing Funds (the **Future Funds**, which together with the Existing Funds are collectively referred to as the **Funds**).

2. Exempts purchasers of Units from the requirements of the Legislation related to take-over bids, including the requirement to file a report of a take-over bid and the accompanying fee with each applicable Jurisdiction (the **Take-over Bid Requirements**) in respect of take-over bids for the Funds.

3. Exempts the Funds from the requirement that the prospectus of the Funds contain a certificate of the underwriter or underwriters who are in a contractual relationship with the issuer whose securities are being offered.

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

1. the OSC is the principal regulator for this application; and

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

Interpretation

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

Basket of Securities means a group of securities determined by the Filer from time to time representing the constituents of the investment portfolio then held by the Funds.

Designated Brokers means registered brokers and dealers that enter into agreements with the Funds to perform certain duties in relation to the Funds.

Prescribed Number of Units means the number of Units of the Funds determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

Underwriters means registered brokers and dealers that have entered into underwriting agreements with the Funds and that subscribe for and purchase Units from the Funds and Underwriter means any one of them.

Unitholders means beneficial and registered holders of Units.

Terms defined in National Instrument 14-101 – *Definitions*, Multilateral Instrument 11-102 – *Passport System* and NI 81-102 – *Mutual Funds* (**NI 81-102**) have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Funds are or will be mutual fund trusts governed by the laws of Ontario and will be reporting issuers under the Legislation.

2. The Filer has applied to list the Units on the TSX and the TSX has conditionally approved the listing of the Units. The Filer will file a final prospectus for the Funds to qualify the distribution of the Units.

3. The Units issued by the Existing Funds will be index participation units within the meaning of NI 81-102. The Funds will be generally described as exchange-traded funds.

4. The Filer, a registered investment counsel and portfolio manager and limited market dealer in Ontario and Newfoundland and Labrador, is the trustee and manager of the Funds and is responsible for the administration of the Funds.

5. Each of the Existing Funds will seek investment results that correspond generally to the price and yield performance of an index (the **Index**) by replicating generally the portfolio of securities which constitutes such Index, net of fees and expenses.

6. Units may only be subscribed for or purchased directly from the Funds by Underwriters or Designated Brokers and orders may only be placed for Units in the Prescribed Number of Units (or an integral multiple thereof) on any day when there is a regular trading session on the TSX.

7. The Funds will appoint Designated Brokers to perform certain functions which include standing in the market with a bid and ask price for Units of the Funds for the purpose of maintaining liquidity for the Units.

8. Each Underwriter or Designated Broker that subscribes for Units must deliver, in respect of each Prescribed Number of Units to be issued, a Basket of Securities and cash in an amount sufficient so that the value of the Basket of Securities and cash delivered is equal to the net asset value of the Units subscribed for next determined following the receipt of the subscription order. In the discretion of the Filer, the Funds may also accept subscriptions for Units in cash only or in a combination of cash and securities in an amount equal to the net asset value of the Units next determined following the receipt of the subscription order.

9. The net asset value per Unit of each the Funds will be calculated and published daily on www.bmo.com/etfs.

10. Upon notice given by the Filer from time to time and, in any event, not more than once quarterly, a Designated Broker will subscribe for Units in cash in an amount not to exceed 0.3% of the net asset value of the Funds, or such other amount established by the Filer and disclosed in the prospectus of the Funds, next determined following delivery of the notice of subscription to that Designated Broker.

11. Neither the Underwriters nor the Designated Brokers will receive any fees or commissions in connection with the issuance of Units to them. The Filer may, at its discretion, charge an administration fee on the issuance of Units to the Designated Brokers or Underwriters.

12. Except as described in paragraphs 6 through 10 above, Units may not be purchased directly from the Funds. Investors are generally expected to purchase Units through the facilities of the TSX. Designated Brokers and Underwriters have agreed to offer the Units for sale to the public only as permitted under the Legislation. The Legislation requires a prospectus to be delivered to purchasers buying Units as part of a distribution, including first purchasers of Units in a distribution on the TSX. Provided that the Designated Brokers and Underwriters comply with applicable Legislation, first purchasers of Units in the distribution on the TSX will receive a prospectus from the Designated Brokers and Underwriters. Units may be issued directly to Unitholders upon the reinvestment of distributions of income or capital gains.

13. Unitholders that wish to dispose of their Units may generally do so by selling their Units on the TSX through a registered broker or dealer, subject only to customary brokerage commissions. A Unitholder that holds a Prescribed Number of Units or an integral multiple thereof may exchange such Units for Baskets of Securities and cash. Unitholders may also redeem their Units for cash at a redemption price equal to 95% of the closing price of the Units on the TSX on the date of redemption.

14. As manager, the Filer receives a fixed annual fee from the Funds. Such annual fee is calculated as a fixed percentage of the net asset value of the Funds.

15. Unitholders will have the right to vote at a meeting of Unitholders in respect of the Funds in certain

circumstances, including prior to any change in the fundamental investment objective of the Funds, any change to their voting rights, the introduction of a fee or expense to be charged to the Funds or to Unitholders or a change in the basis of the calculation of a fee or expense charged to the Funds or Unitholders where such change could result in an increase in the amount of fees or expenses payable by the Funds or Unitholders.

16. No investment dealer will act as principal distributor for the Funds. The Filer will be the only entity desiring to foster market awareness and promote trading in the Units through the dissemination of sales communications.

17. The application of the Take-over Bid Requirements to the Funds would have an adverse impact upon Unit liquidity because they could cause Designated Brokers and other large Unitholders to cease trading Units once prescribed take-over bid thresholds are reached.

18. Although the Units will trade on the TSX and the acquisition of Units can be subject to the Take-Over Bid Requirements:

    (a) it will not be possible for one or more Unitholders to exercise control or direction over a Fund as the master declaration of trust governing the Funds will ensure that there can be no changes made to a Fund which do not have the support of the Filer;

    (b) it will be difficult for purchasers of Units to monitor compliance with Take-Over Bid Requirements because the number of outstanding Units will always be in flux as a result of the ongoing issuance and redemption of Units by the Funds; and

    (c) the way in which Units will be priced deters anyone from either seeking to acquire control of, or offering to pay a control premium for, outstanding Units because pricing of a Unit will depend on the performance of the portfolio of the ETF as a whole.

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 is that the Exemption Sought is granted so long as:

1. The Filer complies with Part 15 of NI 81-102 in connection with its dissemination of sales communications relating to the distribution of Units.

2. A purchaser of Units (**Unit Purchaser**), and any person or company acting jointly or in concert with the Unit Purchaser (a **Concert Party**), prior to making any take-over bid for Units that is not otherwise exempt from the Take-over Bid Requirements, provides the Filer with an undertaking not to exercise any votes attached to the Units held by the Unit Purchaser and any Concert Party which represent more than 20% of the votes attached to the outstanding Units of a Fund.

"James Turner"

"Wendell S. Wigle"

2.1.9 Galileo Funds Inc. et al.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of Mutual Fund Mergers – approval required because mergers do not meet the criteria for pre-approval – certain mergers have differences in investment objectives and fee structures – mergers not a "qualifying exchange" or a tax-deferred transaction under Income Tax Act – financial statements of continuing funds not required to be sent to unitholders of the terminating fund in connection with the current mergers and future mergers provided the information circular sent for unitholder meeting clearly discloses the various ways unitholders can access the financial statements.

Applicable Legislative Provisions

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

May 7, 2009

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
GALILEO FUNDS INC.
(the "Manager")

AND

IN THE MATTER OF
GALILEO ABSOLUTE RETURN FUND,
GALILEO CANADIAN ACTIVE/PASSIVE FUND,
GALILEO FUND AND
GALILEO GLOBAL ACTIVE/PASSIVE FUND
(the "Terminating Funds")

AND

IN THE MATTER OF
GALILEO SMALL/MID CAP FUND
(the "Continuing Fund")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Manager for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for:

(a) approval of the mergers of the Terminating Funds into the Continuing Fund (the Terminating Funds and the Continuing Fund are sometimes collectively referred to as the "**Funds**") under subsection 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* ("**NI 81-102**") (the "**Proposed Mergers**"); and

(b) relief from the financial statements delivery requirements contained in subsection 5.6(1)(f)(ii) of NI 81-102 in respect of:

(i) the Proposed Mergers; and

(ii) all future mergers of mutual funds managed by the Manager (the "**Future Mergers**" and collectively with the Proposed Mergers, the "**Mergers**"),

(collectively, the "**Exemption Sought**").

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

(i) the Ontario Securities Commission is the principal regulator for this application; and

(ii) the Manager has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Yukon, Northwest Territories and Nunavut (the "**Non-Principal Jurisdictions**", and together with the Province of Ontario, the "**Jurisdictions**").

Interpretation

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

Representations

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

1. The Manager is a corporation existing under the laws of Ontario. The head office of the Manager is located in Toronto, Ontario.

2. The Manager is the manager and trustee of the Funds.

3. The Funds are open-end mutual fund trusts established under the laws of Ontario by declarations of trust.

4. Units of the Funds are currently qualified for sale in each of the provinces and territories of Canada by a simplified prospectus dated November 11, 2008 (the "**Prospectus**").

5. Each of the Funds is a reporting issuer in the Jurisdictions, and is not in default of the securities legislation in any of the Jurisdictions.

6. Other than circumstances in which the Principal Regulator or the securities regulatory authority of a Non-Principal Jurisdiction has expressly exempted a Fund therefrom, each of the Funds follows the standard investment restrictions and practices set out in NI 81-102.

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

8. The Manager intends to merge each of the Terminating Funds into the Continuing Fund effective on or about the close of business on May 31, 2009 (the "**Effective Date**"). The Proposed Mergers will be structured pursuant to the following steps:

   a. The Manager will review each Terminating Fund's investment portfolio and consider the portfolio in light of the investment objectives of the Continuing Fund. If a Terminating Fund holds investments which are not suitable for the Continuing Fund, those investments may be sold prior to the Effective Date. The value of any investments sold prior to the Effective Date will depend on prevailing market conditions. As a result, a Terminating Fund and the Continuing Fund may each temporarily hold cash or money market instruments and may not be fully invested in accordance with their respective investment objectives for a brief period of time prior to, and following the Proposed Mergers.

   b. On the Effective Date, each Terminating Fund will transfer all of its assets (which will consist of cash and portfolio securities) to the Continuing Fund, in exchange for units of the Continuing Fund.

   c. Immediately following the above-noted transfer and distribution, each Terminating Fund will distribute to its unitholders the units of the Continuing Fund so that following the distribution, the unitholders of a Terminating Fund will become direct unitholders of the Continuing Fund. Unitholders of each Terminating Fund will receive units of the same value and of the same class of the Continuing Fund as they currently own in the Terminating Fund.

   d. As soon as reasonably possible following the Proposed Mergers, each Terminating Fund will be wound up.

9. Unitholders of the Terminating Funds will continue to have the right to redeem units of the Terminating Funds for cash at any time up to the close of business on the Effective Date. In addition, any automatic reinvestments of distributions, purchases under pre-authorized chequing plans and automatic withdrawal plans in effect prior to the Proposed Mergers for a Terminating Fund will be re-established in the Continuing Fund unless the investor advises the Manager otherwise.

10. Unitholders of the Terminating Funds will be asked to approve the Proposed Mergers at special meetings to be held on May 15, 2009. A notice of meeting, a management information circular and a form of proxy were mailed to unitholders of the Funds on or about April 22, 2009 in connection with such meetings, and were filed on SEDAR. The materials mailed to unitholders also included a copy of the current Prospectus of the Funds. The management information circular provides sufficient information about the Proposed Mergers to permit unitholders to make an informed decision about the Proposed Mergers.

11. The notice of meeting and the management information circular prominently disclose that unitholders can obtain the most recent annual and interim financial statements of the Continuing Fund by accessing the SEDAR website at www.sedar.com, by accessing the Manager's website at www.galileofunds.ca or by calling the Manager's toll-free telephone number or contacting the Manager by e-mail.

12. If the approval of unitholders is not received at the special meeting in respect of a Proposed Merger, then that Proposed Merger will not proceed.

13. Upon a request by a unitholder of a Terminating Fund for financial statements of the Continuing Fund, the Manager will make best efforts to provide the unitholder with such financial statements in a timely manner so that the unitholder can make an informed decision regarding the Proposed Merger.

14. Each of the Terminating Funds and the Continuing Fund have an unqualified audit report in respect of their most recent audited financial statements, being the annual financial statements for the year ended December 31, 2008.

15. The Independent Review Committee of the Terminating Funds has provided a positive recom-

mendation with respect to the Proposed Mergers and such recommendation was included in the management information circular.

16. All costs attributable to the Proposed Mergers (consisting primarily of legal, proxy solicitation, printing, mailing and regulatory costs, and including any brokerage expenses incurred in respect of any sale of portfolio assets of the Terminating Funds), will be borne by the Manager and will not be borne by the Funds.

17. The Terminating Funds will merge into the Continuing Fund on or about the close of business on the Effective Date and the Continuing Fund will continue as a publicly offered open-end mutual fund governed by the laws of Ontario. Following the Proposed Mergers, the Terminating Funds will be wound up as soon as reasonably practicable.

18. Pursuant to section 132.2 of the *Income Tax Act* (Canada) (Tax Act), a merger of mutual funds can be effected on a tax deferred basis where the property of the Terminating Fund is acquired by the Continuing Fund in a "qualifying exchange ". The term "qualifying exchange" is defined in paragraph 132.2(2) of the Tax Act and requires that each merging fund be a "mutual fund trust" at the time of the Proposed Mergers. Currently, neither the Continuing Fund nor any of the Terminating Funds (other than the Galileo Fund) is a "mutual fund trust" for purposes of the Tax Act. Accordingly, the Proposed Mergers cannot be effected on a tax-deferred basis and will be subject to tax on capital gains, if any, in connection with the transfer of each Terminating Fund's assets to the Continuing Fund.

19. Unitholders of the Terminating Funds were provided with information about the tax consequences of the Proposed Mergers in the management information circular and have the opportunity to consider this information prior to voting on the Proposed Mergers.

20. No sales charges will be payable in connection with the acquisition by the Continuing Fund of the investment portfolios of the Terminating Funds.

21. Approval of the Proposed Mergers is required because the Proposed Mergers do not meet certain criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102 in the following ways:

    a. while the Manager believes that the fundamental investment objective of each Terminating Fund is substantially similar to the fundamental investment objective of the Continuing Fund in most material respects, there are variations in the investment objectives of certain Terminating Funds (with respect to the capitalization size and/or geographic focus of the companies in which they invest) which may lead a reasonable investor to conclude that the fundamental investment objectives of the Terminating Funds differ from those of the Continuing Fund in some material respects;

    b. the fee structures of the Terminating Funds and the Continuing Fund are substantially similar, except that certain Terminating Funds will experience an increase of 0.05% or 0.10% in the management fee payable for Class A and Class F units of such Funds;

    c. none of the Proposed Mergers is a "qualifying exchange" within the meaning of section 132.2 of the Tax Act or is a tax-deferred transaction under subsection 85(1), 85.1(1), 86(1) or 87(1) of the Tax Act, and accordingly the Proposed Mergers cannot be effected on a tax-deferred basis and will be subject to tax on capital gains, if any, in connection with the transfer of each Terminating Fund's assets to the Continuing Fund; and

    d. the meeting materials sent to unitholders of the Terminating Funds did not include the most recent annual and interim financial statements that have been made public for the Continuing Fund.

22. Except as noted above, the Proposed Mergers will comply with the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.

23. The Manager submits that the Proposed Mergers will result in the following benefits:

    a. unitholders of the Funds will enjoy increased economies of scale and lower fund operating expenses (which are borne indirectly by unitholders) as part of a larger combined Continuing Fund;

    b. the Proposed Mergers will eliminate the administrative and regulatory costs of operating the Terminating Funds as separate mutual funds;

    c. the Continuing Fund will have a portfolio of greater value, allowing for increased portfolio diversification opportunities than the Terminating Funds currently enjoy;

    d. to the extent that securities in a Terminating Fund's portfolio are transferred to the Continuing Fund, there will be a savings in brokerage charges over a

straight liquidation of those portfolio securities if the Terminating Fund was simply terminated; and

e. the Continuing Fund, as a result of its greater size, will benefit from its larger profile in the marketplace.

Decision

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that:

(a) the management information circular sent to unitholders in connection with a Merger prominently discloses that unitholders can obtain the most recent interim and annual financial statements of the applicable continuing fund by accessing the SEDAR website at www.sedar.com, by accessing the Manager's website at www.galileofunds.ca, by calling the Manager's toll-free telephone number or by contacting the Manager by e-mail;

(b) upon a request by a unitholder of a terminating fund for financial statements, the Manager will make best efforts to provide the unitholder with financial statements of the applicable continuing fund in a timely manner so that the unitholder can make an informed decision regarding the Merger;

(c) each applicable terminating fund and the applicable continuing fund with respect to a Merger have an unqualified audit report in respect of their last completed financial period; and

(d) the information circular sent to unitholders in connection with a Merger provides sufficient information about the Merger to permit unitholders to make an informed decision about the Merger.

This decision will terminate one year after the publication in final form of any legislation or rule dealing with matters in paragraph 5.5(1)(b) of NI 81-102.

"Darren McKall"
Assistant Manager
Ontario Securities Commission

2.1.10 Man Canada AHL Alpha Fund

Headnote

NP 11-203 – Seed capital relief and Weekly NAV calculation relief from National Instrument 81-104 Commodity Pool and National Instrument 81-106 – Investment Fund Continuous Disclosure for a commodity pool fund not to be subject to the seed capital requirement with conditions, and for the commodity pool fund to calculate its net asset value weekly with conditions, due to the nature of the fund's indirect exposure to another commodity pool that published its net asset value on a weekly basis.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 14.2
National Instrument 81-104 Commodity Pools, ss. 3.2(2)(a) and 10.1.

April 30, 2009

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
MAN CANADA AHL ALPHA FUND
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for exemptive relief from:

(a) section 14.2(3)(b) of NI 81-106, which requires the net asset value ("**NAV**") of an investment fund that uses specified derivatives to be calculated at least once every business day ("**NAV Relief**"); and

(b) section 3.2(2)(a) of NI 81-104, which requires a commodity pool to have invested in it at all times securities that were issued pursuant to paragraph 3.2(1)(a) of NI 81-104 and had an aggregate issue price of $50,000 ("**Seed Capital Relief**"),

(herein collectively referred to as the "**Requested Relief**").

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application),

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

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

Interpretation

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

Representations

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

1. The Filer is an investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust.

2. Man Investments Canada Corp (the "Manager") is the manager, trustee and promoter of the Filer. The Manager will be responsible for providing or arranging for the provision of administrative services required by the Filer. The principal office of the Manager is located at Suite 1202, 70 York Street, Toronto, Ontario M5J 1S9.

3. The Filer filed the Preliminary Prospectus dated March 17, 2009 on SEDAR with respect to the Offering of Class A Units and Class F Units, a receipt for which was issued by the Commission on March 18, 2009.

4. The Filer is a commodity pool as such term is defined in section 1.1 of NI 81-104, in that the Filer has adopted fundamental investment objectives that permit the Filer to gain exposure to or use or invest in specified derivatives in a manner that is not permitted under National Instrument 81-102 – *Mutual Filers* ("**NI 81-102**").

5. The Filer is subject to NI 81-102 and the *Securities Act* (Ontario), subject to any exemptions therefrom that may be granted by securities regulatory authorities and subject to the exemptions therefrom granted to commodity pools in NI 81-104.

6. Although the Filer will be a mutual fund trust for purposes of the *Income Tax Act* (Canada), its operation will differ from that of a conventional mutual fund as the Filer does not intend to continuously offer Units once the Filer is out of primary distribution.

7. The Filer's investment objective is to provide investors with the opportunity to realize capital appreciation through investment returns that have a low correlation to traditional forms of stock and bond securities. The investment objective of the Filer, as well as its investment strategy, is disclosed in the Preliminary Prospectus.

8. To pursue its investment objective, the Filer will obtain exposure to a diversified portfolio of financial instruments across a range of global markets including currencies, bonds, stocks, energy, metals and interest rates (the "**AHL Portfolio**") to be managed using a multi-strategy trading program that invests in futures, options and forward contracts, swaps and other financial derivative instruments both on and off-exchange.

9. The Filer will obtain exposure to the AHL Portfolio through one or more forward purchase and sale agreements (collectively, the "**Forward Agreement**") to be entered into with one or more Canadian chartered banks and/or their affiliates (collectively, the "**Counterparty**").

10. The AHL Portfolio will be held as a segregated portfolio of AHL Investment Strategies SPC (the "**AHL SPC**"), a segregated portfolio company incorporated with limited liability in the Cayman Islands and registered as a segregated portfolio company under the *Companies Law* (2007 Revision).

11. The return to the Filer, and consequently to holders of Units, will depend on the return of a series of Canadian dollar denominated redeemable notes (the "**AHL SPC Notes**") issued by the AHL SPC in respect of the segregated account holding the AHL Portfolio. The aggregate value at any time of the outstanding AHL SPC Notes will equal the aggregate net asset value of the AHL Portfolio.

12. The Filer will invest substantially all of the proceeds of the Offering in a portfolio of non-dividend paying common shares of Canadian public companies (the "**Common Share Portfolio**"). Pursuant to the Forward Agreement, the Counterparty will agree to pay to the Filer on the scheduled settlement date of the Forward Agreement, as the purchase price for the Common Share Portfolio, an amount equal to the net redemption proceeds of the AHL SPC Notes, subject to any applicable costs owing to the Counterparty under the Forward Agreement.

13. The return to the Fund, and consequently to holders of Units, will by virtue of the Forward Agreement depend on the redemption value of the AHL SPC Notes that is based on the performance of the AHL Portfolio, which calculates and reports NAV on a weekly basis. The NAV per Unit of each class will depend on the NAV of the AHL SPC Notes.

14. The Class F Units are designed for fee-based accounts. The only differences between Class A Units and Class F Units are the management fees payable to the Manager with respect to each class of Units, the redemption fee payable in connection with redemptions of Units and the service fee, being 0.50% per annum of the NAV per Class A Unit, plus applicable taxes, which is only payable in respect of Class A Units. The NAV per Unit of each class will not be the same as a result of the different fees allocable to each class of Units.

15. The Filer does not intend to list the Units on any stock exchange. Units of each class may be redeemed on a weekly basis for a redemption price equal to 100% of the NAV per Unit of that class less, if applicable, the redemption fee payable in connection with early redemptions of Units, subject to the Filer's right to suspend redemptions in certain circumstances.

16. Under section 14.2(3)(b) of NI 81-106, an investment fund that is a reporting issuer that uses or holds specified derivatives, such as the Filer intends to do, must calculate its net asset value on a daily basis.

17. The Filer proposes to calculate its net asset value as at the Monday (the "**Valuation Date**") of each week and as at December 31 in each year (if not otherwise a Valuation Date).

18. The Preliminary Prospectus discloses, and the final prospectus of the Filer will disclose, that the NAV per Unit of each class of Units will be calculated and made available to the financial press for publication on a weekly basis. The Manager will post the net asset value per Unit of each class of Units on its website at www.maninvestments.com.

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:

Seed Capital Relief

(a) the Manager may not redeem any of its initial investment of $50,000 in the Filer until $5.0 million has been received by the Filer from persons or companies other than the persons and companies referred to in paragraph 3.2(l)(a) of NI 81-104;

(b) the basis on which the Manager may redeem any of its initial investment of $50,000 from the Filer will be disclosed in the prospectus of the Filer;

(c) if, after the Manager redeems its initial investment of $50,000 in the Filer in accordance with condition (a) above, the value of the Units subscribed for by investors other than the persons and companies referred to in paragraph 3.2(l)(a) of NI 81-104 drops below $5.0 million for more than 30 consecutive days, the Manager will, unless the Filer is in the process of being dissolved or terminated, reinvest $50,000 in the Filer and maintain that investment until condition (a) is again satisfied;

(d) the Manager will at all times maintain excess working capital of a minimum of $100,000;

NAV Relief

(e) the NAV per Unit of each class of Units will be calculated and made available to the financial press for publication on a weekly basis. The Manager will post the net asset value per Unit of each class of Units on its website at www.maninvestments.com; and

(f) if the NAV of the AHL SPC Notes is published more frequently than weekly, the Filer must calculate its NAV on the same frequency.

Darren McKall
Assistant Manager
Ontario Securities Commission

2.1.11 Centernario Copper Corporation

Headnote

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

Applicable Legislative Provisions

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

May 13, 2009

Centernario Copper Corporation
Suite 905, 130 Bloor Street West
Toronto, Ontario, M5S 1N5

Dear Sirs/Mesdames:

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

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

As the Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

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

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

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

2.2 Orders

2.2.1 FactorCorp Inc. et al. – ss. 127, 144

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

AND

IN THE MATTER OF
FACTORCORP INC.,
FACTORCORP FINANCIAL INC.,
AND MARK IVAN TWERDUN

TEMPORARY ORDER
(Sections 127 and 144 of the Act)

WHEREAS FactorCorp Inc. ("FactorCorp") was an Ontario corporation registered under Ontario securities law as a Limited Market Dealer ("LMD");

AND WHEREAS FactorCorp Financial Inc. ("FactorCorp Financial") was an Ontario corporation that was not a reporting issuer and was not registered with the Commission;

AND WHEREAS Mark Twerdun ("Twerdun") was the controlling shareholder and sole director and officer of both FactorCorp and FactorCorp Financial;

AND WHEREAS the Commission issued an order on July 6, 2007 (the "Temporary Order");

AND WHEREAS on July 27, 2007 the Commission varied the Temporary Order and ordered pursuant to subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (as amended) (the "Act") that:

(a) pursuant to paragraph 127(1)2, all trading in any securities by and of the respondents cease except that Twerdun is permitted to trade, in his name only, in securities that have not been issued by FactorCorp or FactorCorp Financial, for his own account or for the account of a registered retirement savings plan or registered retirement income fund (as defined in the *Income Tax Act* (Canada)) in which he has legal and beneficial ownership and interest;

(b) pursuant to paragraph 127(1)3 of the Act, but subject to paragraph (a) above, all exemptions contained in Ontario securities law do not apply to the respondents; and

(c) pursuant to paragraph 127(1)1 of the Act, the following terms and conditions are imposed on the registration of FactorCorp and Twerdun, effective immediately:

(i) Twerdun, FactorCorp and any company controlled, directly or indirectly, by Twerdun, and FactorCorp including but not limited to FactorCorp Financial, are prohibited from making repayments and participating in or acquiescing to any act, directly or indirectly, in furtherance of a redemption of securities of FactorCorp and FactorCorp Financial;

(ii) Twerdun and FactorCorp are prohibited from transferring their controlling interest in any company including but not limited to FactorCorp Financial; and

(iii) Twerdun and FactorCorp shall cause FactorCorp and FactorCorp Financial to retain a monitor (the "Monitor"), selected by Staff, by 5:00 p.m. Eastern Time on August 1, 2007. The Monitor's primary objective will be to review the business, operations and affairs of FactorCorp Financial, FactorCorp and any company controlled, directly or indirectly, by Twerdun, FactorCorp and FactorCorp Financial involved with the issuance of securities and related proceeds. The Monitor shall be retained on terms to be established by Staff.

AND WHEREAS the Temporary Order, as varied on July 27, 2007, was further varied on October 26, 2007 to apply to Twerdun only;

AND WHEREAS the Temporary Order, as varied, was extended by Orders of the Commission dated: August 27, 2007, September 26, 2007, October 26, 2007, December 6, 2007, February 13, 2008, April 15, 2008, June 16, 2008, August 29, 2008, January 5, 2009, March 5, 2009 and April 8, 2009. Pursuant to the April 8, 2009 Order, the Temporary Order, as varied, was extended to expire on May 13, 2009, unless further extended by the Commission;

AND WHEREAS on August 1, 2007 KPMG Inc. ("KPMG") was appointed Monitor by FactorCorp and FactorCorp Financial pursuant to the Temporary Order, as varied;

AND WHEREAS by Order of the Superior Court of Justice dated October 17, 2007, KPMG was appointed Receiver and Manager (the "Receiver") over the assets, undertakings and properties of FactorCorp and FactorCorp Financial and by Order of the Superior Court of Justice dated October 30, 2007, the appointment of the Receiver was confirmed and extended until further Order of the Court;

AND WHEREAS by Order of the Superior Court of Justice dated March 25, 2008, FactorCorp and FactorCorp Financial were adjudged bankrupt, a Bankruptcy Order was made against FactorCorp and FactorCorp Financial and

KPMG Inc. was appointed Trustee of the Estates of FactorCorp and FactorCorp Financial (the "Trustee");

AND WHEREAS the Commission has previously considered various Reports of the Receiver acting as Monitor and in its capacity as Receiver and as Trustee, pleadings and the endorsements of the Honourable Justice Mossip, dated September 21, 2007, in Court File No. CV-06-00227-00, and the endorsement of the Honourable Justice Morawetz, dated March 25, 2008, in Court File No. 31-OR-207506 T, as previously filed, and the submissions of the parties;

AND WHEREAS on May 12, 2009, a proceeding (the "Proceeding") was commenced by way of the issuance of a Notice of Hearing by the Commission, under sections 127 and 127.1 of the Act in relation to Twerdun, FactorCorp and FactorCorp Financial and a Statement of Allegations was delivered by Staff;

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

AND WHEREAS Staff of the Commission consent to the making of this order and counsel for Twerdun does not oppose it;

AND WHEREAS by Authorization Order made April 1, 2008, pursuant to subsection 3.5(3) of the Act, any one of W. David Wilson, James E. A. Turner, Lawrence E. Ritchie, Paul K. Bates or David L. Knight, acting alone, is authorized to exercise the powers of the Commission under the Act, subject to subsection 3.5(4) of the Act, to make orders under section 17 of the Act;

IT IS ORDERED that the Temporary Order, as varied on October 26, 2007, be continued until the Proceeding is concluded and a decision of the Commission is rendered or until the Commission considers it appropriate, as follows:

(a) pursuant to paragraph 127(1)2, all trading in any securities by Twerdun cease except that Twerdun is permitted to trade, in his name only, in securities that have not been issued by FactorCorp or FactorCorp Financial, for his own account or for the account of a registered retirement savings plan or registered retirement income fund (as defined in the Income Tax Act (Canada)) in which he has legal and beneficial ownership and interest; and

(b) pursuant to paragraph 127(1)3 of the Act, but subject to paragraph (a) above, all exemptions contained in Ontario securities law do not apply to Twerdun; and

(c) pursuant to paragraph 127(1)1 of the Act, the following terms and conditions are imposed on the registration of Twerdun, effective immediately:

(i) Twerdun, and any company controlled, directly or indirectly, by him, are prohibited from making repayments and participating in or acquiescing to any act, directly or indirectly, in furtherance of a redemption of securities of FactorCorp and FactorCorp Financial without the prior written consent of the Receiver and/or Trustee; and

(ii) Twerdun is prohibited from transferring his controlling interest in any company including but not limited to FactorCorp and FactorCorp Financial.

DATED at Toronto, this 12th day of May, 2009.

"Lawrence E. Ritchie"
Vice-Chair

2.2.2 Principal Global Investors, LLC – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Relief from the adviser registration requirements of subsection 22(1)(b) of the CFA granted to sub-advisers not ordinarily resident in Ontario in respect of advice regarding trades in commodity futures contracts and commodity futures options traded on commodity futures exchanges outside of Canada and cleared through clearing corporations outside of Canada, subject to certain terms and conditions. Relief mirrors exemption available in section 7.3 of OSC Rule 35-502 – Non-Resident Advisers (Rule 35-502) made under the Securities Act (Ontario).

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., paragraph 22(1)(b) and s. 80.
Securities Act, R.S.O. 1990, c. S.5, as am. – Rule 35-502 – Non Resident Advisers.

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

AND

IN THE MATTER OF
PRINCIPAL GLOBAL INVESTORS, LLC

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of Principal Global Investors, LLC (the **Sub-Adviser**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 80 of the CFA, that the Sub-Adviser (including its directors, officers and employees) be exempt, for a period of five years, from the requirements of paragraph 22(1)(b) of the CFA in respect of acting as an adviser for Integra Capital Limited (the **Principal Adviser**) for the benefit of Investment Accounts (as defined below) regarding commodity futures contracts and commodity futures options (**Futures**) traded on commodity futures exchanges outside of Canada and cleared through clearing corporations outside of Canada;

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

AND UPON the Sub-Adviser having represented to the Commission that:

1. The Sub-Adviser is a limited liability company formed under the laws of the State of Delaware, United States of America. The Sub-Adviser is not a resident of any province or territory of Canada.

2. The Sub-Adviser is currently registered as an international adviser under the *Securities Act* (Ontario) (the **OSA**) and is not registered in any capacity under the securities legislation of any other jurisdiction in Canada. The Sub-Adviser is currently registered as an investment adviser under the *Investment Advisers Act of 1940* (U.S.), as amended, and is exempted from registration as a commodity trading adviser or commodity pool operator with the U.S. Commodities Futures Trading Commission.

3. The Principal Adviser is a corporation incorporated under the laws of the Province of Ontario, and is registered as a limited market dealer and as an investment counsel and portfolio manager under the OSA, and as a commodity trading manager under the CFA.

4. The Sub-Adviser has entered into arrangements with the Principal Adviser to provide sub-advisory services (the **Proposed Sub-Advisory Services**) to the Principal Adviser in respect of investment accounts of clients located in Ontario that have retained the Principal Adviser to provide investment management and advisory services (**Investment Accounts**) pursuant to investment management agreements (**Investment Management Agreements**). An Investment Management Agreement may provide for the provision of investment management or advisory services both with respect to securities and with respect to Futures.

5. The Ontario clients referred to in the preceding paragraph may include investment funds established by the Principal Adviser of which the Principal Adviser would be administrative manager, and that will be offered on a private placement basis to accredited investors, as defined in National Instrument 45-106 *Prospectus and Registration Exemptions*, or investors purchasing pursuant to the registration and prospectus exemptions contained in certain blanket orders and discretionary exemptive relief in respect of capital accumulation plans. The Principal Adviser may, pursuant to a written agreement with each such fund act as an adviser in respect of trading securities or Futures, and may retain the Applicant as a sub-adviser to provide Sub-Advisory Services in respect of securities or Futures transactions.

6. The Sub-Adviser and the Principal Adviser shall enter into a written agreement (a **Sub-Advisory Agreement**) with respect to the Investment Accounts, pursuant to which the Principal Adviser will either delegate to the Sub-Adviser investment management authority in respect of the Investment Account or retain the Sub-Adviser to provide advisory services to the Principal Adviser in respect of the Investment Account. A Sub-Advisory Agreement may be entered into with

respect to a specific Investment Account, or may pertain to multiple Investment Accounts.

7. The Proposed Sub-Advisory Services to be provided by the Sub-Adviser may be in respect of both securities and in Futures. The Sub-Adviser will provide the Proposed Sub-Advisory Services in respect of securities transactions in reliance on section 7.3 of OSC Rule 35-502 – *Non Resident Advisers* (**Rule 35-502**) or in reliance on its international adviser registration.

8. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a partner or an officer of a registered adviser and is acting on behalf of a registered adviser. Under the CFA, "adviser" means a person or company engaging in or holding himself, herself or itself out of engaging in the business of advising others as to trading in "contracts", and "contracts" means commodity futures contracts and commodity futures options.

9. By providing the Proposed Sub-Advisory Services in relation to Futures, the Sub-Adviser will be acting as an adviser with respect to Futures and, in the absence of being granted the request relief, would be required to registered as an adviser under the CFA.

10. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA for a person or company acting as an adviser in respect of Futures that is similar to the exemption from the adviser registration requirement in section 25(1)(c) of the OSA for acting as an adviser (as defined in the OSA) in respect of securities that is provided under section 7.3 of Rule 35-502.

11. As would be required under section 7.3 of Rule 35-502:

    (a) the obligations and duties of the Sub-Adviser in connection with the Proposed Sub-Advisory Services will be set out in a written agreement with the Principal Adviser;

    (b) the Principal Adviser will contractually agree with the Investment Account to be responsible for any loss that arises out of the failure of the Sub-Adviser:

        (i) to exercise the powers and discharge the duties of its office honesty, in good faith and in the best interests of the Principal Adviser and the Investment Account; or

        (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (together with (i), the **Assumed Obligations**); and

    (c) the Principal Adviser cannot be relieved by the Investment Account from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations.

12. The Sub-Adviser is not resident of any province or territory of Canada.

13. The Sub-Adviser is appropriately registered or exempt from registration to provide advice to the Principal Adviser and Investment Account pursuant to the applicable legislation of its principal jurisdiction.

14. Prior to purchasing any securities in one or more of the Investment Accounts, all investors in the Investment Account who are Ontario residents will receive written disclosure that includes:

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or the individual representatives of the Sub-Adviser) advising the Investment Account because it is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested on the basis of the terms and conditions proposed;

IT IS ORDERED, pursuant to section 80 of the CFA, that the Sub-Adviser (including its directors, officers and employees) is exempted from the requirements of paragraph 22(1)(b) of the CFA in respect of the Proposed Sub-Advisory Services provided to the Principal Adviser and an Investment Account, for a period of five years, provided that at the relevant time that such activities are engaged in:

    (a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

    (b) the Sub-Adviser is appropriately registered or exempt from registration to provide advice to the Principal Adviser and Investment Account pursuant to the

applicable legislation of its principal jurisdiction;

(c) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

(d) the Principal Adviser has contractually agreed with the Investment Account to be responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations;

(e) the Principal Adviser cannot be relieved by the Investment Account from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(f) prior to purchasing any securities in an Investment Account, all investors who are Ontario residents received written disclosure that includes:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or the individual representatives of the Sub-Adviser) advising the Investment Account because it is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

April 28, 2009

"Suresh Thakrar"
Commissioner
Ontario Securities Commission

"Paul K. Bates"
Commissioner
Ontario Securities Commission

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Neo Material Technologies Inc. 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
NEO MATERIAL TECHNOLOGIES INC. AND
PALA INVESTMENTS HOLDINGS LIMITED AND
ITS WHOLLY-OWNED SUBSIDIARY
0833824 B.C. LTD.

DECISION (REASONS TO FOLLOW)
Section 127 of the Securities Act, R.S.O. 1990 c. S.5

Hearing:	May 7, 2009		
Decision:	May 11, 2009		
Panel:	Lawrence E. Ritchie	–	Vice-Chair (Chair of the Panel)
	David L. Knight, FCA	–	Commissioner
Counsel:	Tom Friedland Grant McGlaughlin Rebecca Burrows Melanie Ouanounou	–	Pala Investments Holdings Limited and its wholly-owned subsidiary 0833824 B.C. Ltd.
	Peter F.C. Howard Edward J. Waitzer David Weinberger Samaneh Hosseini	–	Neo Material Technologies Inc.
	James Sasha Angus Shannon O'Hearn Paul Hayward Konata Lake	–	Staff of the Ontario Securities Commission

DECISION

[1] This is the decision of the Ontario Securities Commission (the "Commission") in connection with the application brought by Pala Investments Holdings Limited ("Pala") and 0833824 B.C. Ltd. ("083") related to the transaction under which Pala proposes to purchase for cash up to a maximum of 10.6 million (as amended on April 27, 2009) of the outstanding common shares of Neo Material Technologies Inc. ("Neo").

[2] This document does not constitute the Commission's reasons for our decision in this matter. Given the nature of the application and the facts that gave rise to it, we have been asked to render a decision as quickly as possible. Accordingly, we are issuing this decision now on an expedited basis. Full reasons will follow in due course for purposes of subsection 9(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

I. THE APPLICATION

[3] This matter arises out of an application brought by Pala and 083 seeking an order from this Commission made pursuant to section 127 of the Act in connection with an offer by 083 to purchase for cash up to a maximum of 23 million (or approximately 20%) of the outstanding shares of Neo not already held by 083 and its affiliates at a price of $1.40 for each common share (the "Pala Offer"). The Pala Offer was subsequently amended on April 27, 2009 (i) to increase the offer price to $1.70 per share (ii) to decrease the maximum number of shares to be taken up to a maximum of 10.6 million (or approximately 9.5%) and (iii) to extend the expiry time of the Pala Offer to May 15, 2009.

II. THE RELIEF SOUGHT BY PALA

[4] In connection with the Pala Offer, 083 and Pala seek a permanent order pursuant to subsection 127(1) of the Act that:

(a) trading cease in respect of any securities issued, or to be issued, under or in connection with the Second Shareholder Rights Plan (as defined below); and

(b) trading cease in respect of any securities issued, or to be issued, under or in connection with the First Shareholder Rights Plan (as defined below).

[5] In argument, the Respondent to this Application, Neo, and Staff of the Commission take the position that our focus need be only on the Second Shareholder Rights Plan. All parties agree that if we do no grant the relief sought in respect of the Second Shareholder Rights Plan, the relief sought in respect of the First Shareholder Rights Plan is unnecessary.

III. THE TRANSACTION

[6] The parties to this Application provided us with an agreed statement of facts, as well as affidavit materials relied on respectively by each party.

[7] Neo is a public corporation continued under the laws of Canada. It is a producer, processor and developer of neodymium-iron-boron magnetic powders, rare earths and zirconium based engineered materials and applications.

[8] Pala is a multi-strategy investment company launched in 2006 and registered in Jersey, Channel Islands. It has a particular focus on mining and resource companies in both developed and emerging markets. Pala has been an investor in Neo since July 2007. At the date of the Pala Offer, Pala had beneficial ownership of, or exercised control or direction over, 23,640,000 common shares of Neo, representing 20.46% of the 115, 521,000 outstanding common shares of Neo.

[9] 083 was incorporated on August 29, 2008 under the laws of the province of British Columbia. It was incorporated for the purpose of acquiring or investing in Canadian businesses.

[10] Neo has a shareholder rights plan dated as of February 5, 2004 (the "First Shareholder Rights Plan"). The First Shareholder Rights Plan was approved by the Neo shareholders at the annual and special meeting of shareholders held June 28, 2004 and reconfirmed on April 28, 2007. It contains a minimum tender condition requiring that at least 50% of the independently held common shares of Neo must be tendered in order for a bidder to take up and pay for any of the shares deposited under the offer (the "Minimum Tender Condition").

[11] On February 9, 2009, Pala announced that, through a wholly-owned subsidiary, it intended to acquire up to a maximum of 23 million of the outstanding common shares of Neo, representing approximately 20% of Neo's shares at a price of $1.40 per share. The Pala Offer was structured to comply with the Permitted Bid definition contained in the First Shareholder Rights Plan by remaining open for at least 60 days, and, in the event that the Minimum Tender Condition is met, by remaining open for another 10 days from the date of the announcement that 50% had been tendered.

[12] On February 12, 2009, Neo's Board of Directors (the "Neo Board") adopted a second shareholder rights plan (the "Second Shareholder Rights Plan"). The Second Shareholder Rights Plan is substantially similar to the First Shareholder Rights Plan except that it prohibits partial bids.

[13] Pala issued a Take-over Bid Circular on February 25, 2009.

[14] On April 21, 2009, Pala filed a press release announcing its intention to vary and extend the Pala Offer (i) to increase the offer price to $1.70 per share (ii) to decrease the maximum number of shares to be taken up to a maximum of 10.6 million and (iii) to extend the expiry time of the Pala Offer to May 15, 2009.

[15] At Neo's Annual and Special Meeting on April 24, 2009, Neo's shareholders passed a resolution to approve, ratify and confirm the adoption of the Second Shareholder Rights Plan. Although not in the agreed statement of facts, it was not contested

that (i) excluding Pala's holdings, 81.24% of the shares voted were in favour of the Second Shareholder Rights Plan and (ii) 82.74% of Neo's shares were represented in person and by proxy at the meeting.

[16] On April 27, 2009, Pala formally amended the Pala Offer by filing its Notice of Variation and Extension.

IV. DECISION

[17] In this case, the Applicant asserts that Neo's "pill" must go, and urges us to exercise our public interest jurisdiction to "cease trade" the Second Shareholder Rights Plan. In all of the circumstances, we are not satisfied that it is in the public interest to grant the relief sought at this time.

[18] While we intend to expand on these points in the reasons to follow, at this time (and without limiting ourselves), we point out that we are influenced by the following considerations:

(a) the Second Shareholder Rights Plan was adopted by the Neo Board in the context of, and in response to the Pala Offer;

(b) there is no evidence that the process undertaken by the Neo Board to evaluate and respond to the Pala Offer, including the decision to implement the Second Shareholder Rights Plan, was not carried out in what the Neo Board determined to be the best interests of the corporation and of the Neo shareholders, as a whole;

(c) an overwhelming majority of the Neo shareholders (excluding Pala) approved the Second Shareholder Rights Plan while the Pala Offer remained outstanding;

(d) the evidence supports a finding that the Neo shareholders were sufficiently informed about the Second Shareholder Rights Plan prior to casting their votes; and

(e) there is no evidence to suggest that management or the Neo Board coerced or unduly pressured the Neo shareholders to approve the Second Shareholder Rights Plan.

[19] As a result of our decision, the Application is dismissed.

Dated at Toronto this 11th day of May, 2009.

"Lawrence E. Ritchie"

"David L. Knight"

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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
Delano Technology Corporation	27 Apr 09	08 May 09	08 May 09	
HMZ Metals Inc.	01 May 09	13 May 09	13 May 09	
Empirical Inc.	07 May 09	19 May 09		
Talware Networx Inc.	07 May 09	19 May 09		
YSV Ventures Inc.	07 May 09	19 May 09		
Shelton Canada Corp.	07 May 09	19 May 09		
Lakota Resources Inc.	07 May 09	19 May 09		
FMX Ventures Inc.	07 May 09	19 May 09		
Cabot Creek Mineral Corporation	07 May 09	19 May 09		
Brighter Minds Media Inc.	08 May 09	20 May 09		
EnQuest Energy Services Corp.	11 May 09	22 May 09		
Pay Linx Financial Corporation	11 May 09	22 May 09		
Sahara Energy Ltd.	11 May 09	22 May 09		
ImaSight Corp.	11 May 09	22 May 09		
Cold Creek Capital Inc.	11 May 09	22 May 09		
High Ridge Resources Inc.	12 May 09	25 May 09		
Inviro Medical Inc.	13 May 09	25 May 09		
Clearly Canadian Beverage Corporation	13 May 09	25 May 09		
Buffalo Gold Ltd.	13 May 09	25 May 09		
Molystar Resources Inc.	13 May 09	25 May 09		
Relax Hotels Windsor 1988 Limited Partnership	13 May 09	25 May 09		

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
Airesurf Networks Holdings Inc.	07 May 09	19 May 09			
Newlook Industries Corp.	07 May 09	19 May 09			
Global Development Resources, Inc	07 May 09	19 May 09			

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Archangel Diamond Corporation	08 May 09	20 May 09			
First Metals Inc.	13 May 09	25 May 09			

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
Coalcorp Mining Inc.	18 Feb 09	03 Mar 09	03 Mar 09		
Outlook Resources Inc.	31 Mar 09	13 Apr 09	13 Apr 09		
Synergex Corporation	02 Apr 09	14 Apr 09	14 Apr 09		
Goldstake Explorations Inc.	08 Apr 09	20 Apr 09	20 Apr 09		
In-Touch Surveys Systems Ltd.	04 May 09	15 May 09			
Viking Gold Exploration Inc.	04 May 09	15 May 09			
Wedge Energy International Inc.	04 May 09	15 May 09			
Dia Bras Exploration Inc.	04 May 09	15 May 09			
Airesurf Networks Holdings Inc.	07 May 09	19 May 09			
Newlook Industries Corp.	07 May 09	19 May 09			
Global Development Resources, Inc	07 May 09	19 May 09			
Archangel Diamond Corporation	08 May 09	20 May 09			
First Metals Inc.	13 May 09	25 May 09			

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesScource (see www.carswell.com).

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
04/22/2009	16	Adira Energy Corp. - Common Shares	525,000.00	N/A
03/24/2009	2	Alexandria Real Estate Equities Inc. - Common Shares	12,897,500.00	275,000.00
04/30/2009	6	Allen-Vanguard Corporation - Warrants	0.00	16,496,000.00
03/30/2009	12	Alpes 2009 Canada L.P. - Limited Partnership Interest	3,950,000.00	3,950,000.00
04/21/2009	1	Axmin Inc. - Units	2,500,000.00	25,000,000.00
05/01/2009	3	BacTech Mining Corporation - Units	200,000.00	400,000.00
04/30/2009	1	Broadway Credit Card Trust - Notes	98,173,596.00	1.00
04/22/2009	25	Cadan Resources Corporation - Common Shares	724,758.90	12,079,315.00
04/23/2009	5	Canadian Horizons (Kelowna) Limited Partnership - Units	190,000.00	19,000.00
04/23/2009	12	CareVest Blended Mortgage Investment Corporation - Preferred Shares	429,249.00	429,249.00
04/23/2009	3	CareVest First Mortgage Investment Corporation - Preferred Shares	66,100.00	66,100.00
04/23/2009	14	CareVest First Mortgage Investment Corporation - Preferred Shares	501,063.00	501,063.00
04/29/2009	6	Chrysler Lease II Trust - Notes	1,715,463,799.34	N/A
04/29/2009	1	Chrysler Lease III Trust - Notes	291,689,291.05	N/A
04/09/2009	15	Claude Resources Inc. - Flow-Through Shares	4,266,400.00	N/A
04/09/2009	4	Claude Resources Inc. - Units	6,449,325.00	8,599,100.00
04/20/2009 to 04/29/2009	22	CMC Markets UK plc - Contracts for Differences	505,000.00	22.00
01/05/2009	1	Colt Resources Inc. - Units	30,000.00	12,000.00
05/06/2009	9	Continental Precious Minerals Inc. - Units	2,000,000.00	N/A
03/31/2009	373	Cooper Pacific Mortgage Investment Corporation - Units	2,865,817.00	2,865,817.00
04/07/2009	1	Corporate Office Properties Trust - Common Shares	1,051,750.00	35,000.00
04/20/2009	7	East Coast Energy Inc. - Units	39,000.00	N/A

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
04/24/2009	11	Empower Technologies Corporation - Debentures	145,200.00	N/A
04/24/2009	68	Encanto Potash Corp. - Common Shares	2,049,514.75	5,620,658.00
04/23/2009	12	Fem Med Formulas Limited Partnership - Notes	690,000.00	N/A
04/29/2009	1	First Leaside Expansion Limited Partnership - Notes	200,000.00	200,000.00
04/30/2009	2	First Leaside Fund - Trust Units	18,500.00	18,500.00
04/22/2009 to 04/30/2009	8	First Leaside Fund - Trust Units	187,240.00	187,240.00
04/24/2009	1	First Leaside Progressive Limited Partnership - Units	60,000.00	60,000.00
04/10/2009 to 04/24/2009	13	Gateway Mortgage Investment Corp. - Common Shares	271,834.00	N/A
01/16/2009	5	GeneNews Limited - Debentures	718,782.85	N/A
04/20/2009 to 04/24/2009	8	General Motors Acceptance Corporation of Canada, Limited - Notes	2,271,384.53	2,271,384.53
04/28/2009	13	Geo Minerals Ltd. - Units	176,500.00	2,206,250.00
04/20/2009	3	Georgia-Pacific LLC - Notes	4,747,364.66	N/A
04/17/2009	22	Gold World Resources Inc. - Units	522,606.66	26,130,133.00
01/01/2008 to 12/31/2008	17	GS USD Liquid Reserves Fund #399 - Common Shares	47,441,794.25	38,284,210.99
01/01/2008 to 12/31/2008	19	GS USD Liquid Reserves Fund #499 - Common Shares	165,730,488.65	133,739,903.70
04/22/2009	20	Harmony Investment Fund Feeder 1 Limited - Common Shares	211,823,021.97	N/A
04/30/2009	15	Harte Gold Corp. - Flow-Through Units	270,000.00	2,600,000.00
04/29/2009	1	Host Hotels & Resorts - Common Shares	4,758,000.00	600,000.00
04/09/2009	1	HSBC Holdings plc - Common Shares	39,486.22	5,000.00
04/24/2009	7	H&R Real Estate Investment Trust - Debentures	200,000.00	N/A
04/13/2009 to 04/21/2009	33	IGW Real Estate Investment Trust - Trust Units	529,011.47	488,998.00
05/05/2009	51	ILI Technologies (2002) Corp. - Units	1,393,878.10	13,937,781.00
05/04/2009	1	Imperial Capital Acquisition Fund IV (Institutional) 2 Limited Partnership - Units	1,116,144.95	1,116,144.95
04/30/2009	1	Imperial Capital Acquisition Fund IV (Institutional) 3 Limited Partnership - Units	1,116,144.95	1,116,145.00
05/04/2009	1	Imperial Capital Acquisition Fund IV (Institutional) 4 Limited Partnership - Units	558,072.49	558,072.49
05/01/2009	1	Imperial Capital Acquisition Fund IV	558,072.49	558,072.49

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
		(Institutional) 5 Limited Partnership - Units		
04/30/2009	2	Jarden Corporation - Notes	2,897,679.75	N/A
06/22/2008 to 08/05/2008	19	John Bordynuik Inc. - Common Shares	1,469,265.00	11,754.12
04/30/2009	4	Kingwest Avenue Portfolio - Units	215,000.00	10,251.52
04/29/2009	1	LaSalle Hotel Properties - Common Shares	60,650.00	5,000.00
04/23/2009	1	MBB Trust - Units	37,490,176.00	4,006,770.00
10/04/2008	4	Metals Creek Resources Corp. - Flow-Through Units	500,000.00	3,125,000.00
04/09/2009 to 04/16/2009	34	Mooncor Oil & Gas Corp. - Units	1,156,000.00	N/A
04/29/2009 to 05/01/2009	4	New Solutions Financial (II) Corporation - Debentures	700,000.00	4.00
04/29/2009	1	Newcastle Minerals Ltd. - Options	1.00	N/A
04/24/2009 to 04/30/2009	14	Newport Canadian Equity Fund - Units	702,000.00	6,540.95
04/24/2009 to 04/30/2009	92	Newport Fixed Income Fund - Units	8,431,010.83	82,616.88
04/30/2009	9	Newport Strategic Yield Fund Limited Partnership - Units	855,012.57	77,131.00
04/24/2009 to 04/30/2009	33	Newport Yield Fund - Units	1,911,300.00	19,411.90
05/01/2009	3	Northern Trust Corporation - Common Shares	28,840,800.00	480,000.00
10/06/2008	9	Opawica Explorations Inc. - Common Shares	1,148,000.00	2,870,000.00
04/23/2009	10	PFC2019 Pacific Financial Corp. - Bonds	703,000.00	N/A
05/05/2009	9	Platinum Investment Trust - Trust Units	95,590.00	9,559.00
04/24/2009	2	Pond Biofuels Inc. - Units	500,000.00	N/A
04/24/2009	12	Reliance L.P. - Notes	97,811,000.00	100,000,000.00
04/17/2009	2	Resonance Media Services Inc. - Common Shares	76,479.60	764,706.00
04/15/2009	103	Resverlogix Corp. - Common Shares	24,253,820.65	8,916,845.00
04/22/2009 to 05/01/2009	68	Rio Cristal Zinc Corporation - Units	780,000.00	26,000,000.00
04/22/2009	22	Rocher Deboule Minerals Corp. - Units	162,500.00	1,625,000.00
04/27/2009	1	Rocmec Mining Inc. - Units	500,000.00	6,250,000.00
04/21/2009	7	Rosetta Stones Inc. - Common Shares	3,202,259.34	143,958.00
12/22/2008	1	RPFL-Kensington Private Equity Limited Partnership IV - Limited Partnership Units	150,000.00	3.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
04/29/2009	2	Shaelynn Capital Inc. - Preferred Shares	9,800.00	9,800.00
04/22/2009	1	SKETCH2 CORP - Common Shares	525,000.00	2,100,000.00
04/15/2009	57	Skyline Apartment Real Estate Investment Trust - Trust Units	3,629,066.42	329,915.13
03/31/2009	1	Sprott Foundation Unit Trust - Units	21,678.98	N/A
04/20/2009	28	Sterling Resources Ltd. - Units	11,200,000.00	N/A
04/02/2009	1	The Presbyterian Church in Canada - Units	6,920.50	N/A
04/23/2009	5	UC Resources Ltd. - Common Shares	1,000,000.00	10,000,000.00
11/01/2008	1	Value Contrarian Canadian Equity Fund - Units	150,000.00	75.31
12/29/2008 to 01/06/2009	16	VG Gold Corp. - Flow-Through Shares	350,000.00	7,000,000.00
04/27/2009	3	Vornado Realty Trust - Common Shares	10,255,820.00	17,250,000.00
04/27/2009	3	Vornado Realty Trust - Common Shares	10,255,820.00	197,000.00
04/21/2009	25	Walton AZ Vista Del Monte Limited Partnership 1 - Units	1,020,239.41	82,557.00
04/21/2009	15	Walton GA Arcade Meadows 2 Investment Corporation - Common Shares	301,440.00	30,144.00
04/24/2009	35	Walton GA Arcade Meadows 2 Investment Corporation - Common Shares	565,280.00	56,528.00
04/03/2009	8	Walton GA Arcade Meadows Limited Partnership 2 - Limited Partnership Units	1,020,234.94	81,940.00
04/24/2009	30	Walton TX Amble Way Investment Corporation - Common Shares	456,440.00	45,644.00
04/24/2009	10	Walton TX South Grayson Investment Corporation - Common Shares	204,130.00	20,413.00
04/29/2009 to 04/30/2009	5	Wedge Energy International Inc. - Common Shares	149,401.25	N/A
04/22/2009	1	Weingarten Realty Investors - Common Shares	5,283,000.00	300,000.00
04/22/2009	22	Winfield Resources Limited - Units	150,000.00	3,000,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Capital Power Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form PREP Prospectus dated May 8, 2009
NP 11-202 Receipt dated May 12, 2009
Offering Price and Description:
$ * - * Common Shares
Price: $ * per Common Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
Goldman Sachs Canada Inc.
Promoter(s):
EPCOR Utilities Inc.
Project #1419330

Issuer Name:
Co-operators General Insurance Company
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 7, 2009
NP 11-202 Receipt dated May 8, 2009
Offering Price and Description:
$100,000,000.00 - (4,000,000 Shares) Non-Cumulative 5-Year Rate Reset Class E Preference Shares, Series D
Price: $25.00 per Series D Preference Share to initially yield 7.25%
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Desjardins Securities Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Blackmont Capital Inc.
Dundee Securities Corporation
Industrial Alliance Securities Inc.
Promoter(s):
-
Project #1417507

Issuer Name:
Coastal Energy Company
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 11, 2009
NP 11-202 Receipt dated May 11, 2009
Offering Price and Description:
$16,000,000.00 - 5,000,000 Common Shares
Price: $3.20 per Common Share
Underwriter(s) or Distributor(s):
Thomas Weisel Partners Canada Inc.
Paradigm Capital Inc.
Canaccord Capital Corporation
Macquarie Capital Markets Canada Inc.
CIBC World Markets Inc.
Tristone Capital Inc.
Promoter(s):
-
Project #1419053

Issuer Name:
Great-West Lifeco Inc.
Principal Regulator - Manitoba
Type and Date:
Preliminary Shelf Prospectus dated May 7, 2009
NP 11-202 Receipt dated May 7, 2009
Offering Price and Description:
$4,000,000,000.00 Debt Securities (unsecured) First Preferred Shares Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1417310

Issuer Name:
Katanga Mining Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 8, 2009
NP 11-202 Receipt dated May 8, 2009
Offering Price and Description:
US$250,000,000.00
* Rights to Subscribe for Common Shares at a price of US$* per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1418153

Issuer Name:
Keegan Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 8, 2009
NP 11-202 Receipt dated May 8, 2009
Offering Price and Description:
$16,800,000.00 - 7,000,000 Common Shares
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
Canaccord Capital Corporation
Clarus Securities Inc.
Paradigm Capital Inc.
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1418434

Issuer Name:
Response Biomedical Corp
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated May 8, 2009
NP 11-202 Receipt dated May 8, 2009
Offering Price and Description:
73,333,333 Units
Price: $0.15 per Unit
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
-
Project #1415924

Issuer Name:
SilverCrest Mines Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 7, 2009
NP 11-202 Receipt dated May 8, 2009
Offering Price and Description:
$15,000,000.00 - 21,428,571 Units Price: $0.70 per Unit
Underwriter(s) or Distributor(s):
Jennings Capital Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #1417777

Issuer Name:
Tactical Global Bond ETF Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated May 8, 2009
NP 11-202 Receipt dated May 8, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
AlphaPro Management Inc.
Project #1418204

Issuer Name:
Tranzeo Wireless Technologies Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 7, 2009
NP 11-202 Receipt dated May 7, 2009
Offering Price and Description:
Minimum: * Units ($2,500,000.00)
Maximum: * Units ($4,000,000.00)
Price: $ * per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
-
Project #1417558

Issuer Name:
Uranium Participation Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated May 12, 2009
NP 11-202 Receipt dated May 12, 2009
Offering Price and Description:
$90,625,000.00 - 11,625,000 Common Shares
Price: $7.75 per Common Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Dundee Securities Corporation
Scotia Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
GMP Securities L.P.
Raymond James Ltd.
Salman Partners Inc.
Promoter(s):
-
Project #1419494

Issuer Name:
Zenith Industries Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated May 8, 2009
NP 11-202 Receipt dated May 11, 2009
Offering Price and Description:
$3,600,000.00 - 28,000,000 Common Shares
Price: $0.125 per Common Share
Underwriter(s) or Distributor(s):
Wellington West Capital Inc.
Promoter(s):
-
Project #1419112

Issuer Name:
Cathedral Energy Services Income Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 11, 2009
NP 11-202 Receipt dated May 11, 2009
Offering Price and Description:
$13,047,600.00 - 3,144,000 Trust Units Price: $4.15 per Trust Unit
Underwriter(s) or Distributor(s):
Wellington West Financial Markets Inc.
CIBC World Markets Inc.
FirstEnergy Capital Corp.
Peters & Co. Limited
Thomas Weisel Partners Canada Inc.
Acumen Capital Finance Partners Limited
Cormark Securities Inc.
Promoter(s):
-
Project #1415612

Issuer Name:
Counsel All Equity Portfolio
Counsel Balanced Portfolio
Counsel Conservative Portfolio
Counsel Fixed Income
Counsel Growth Portfolio
Counsel Regular Pay Portfolio
Counsel World Managed Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 6, 2009 to Final Simplified Prospectuses and Annual Information Forms dated January 7, 2009
NP 11-202 Receipt dated May 12, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Counsel Group of Funds Inc.
Project #1349722

Issuer Name:
H&R Finance Trust
H&R Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Base Shelf Prospectus dated May 11, 2009
NP 11-202 Receipt dated May 12, 2009
Offering Price and Description:
$500,000,000.00
Stapled Units
Debt Securities (subordinated indebtedness)
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
The REIT
Project #1414724/1414716

Issuer Name:
Pembina Pipeline Income Fund
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 12, 2009
NP 11-202 Receipt dated May 12, 2009
Offering Price and Description:
$150,020,000.00 - 11,540,000 TRUST UNITS $13.00 PER TRUST UNIT
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Clarus Securities Inc.
Canaccord Capital Corporation
FirstEnergy Capital Corp.
Peters & Co. Limited
Promoter(s):
-
Project #1415318

Issuer Name:
Tradex Bond Fund
Tradex Equity Fund Limited
Tradex Global Equity Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 8, 2009
NP 11-202 Receipt dated May 8, 2009
Offering Price and Description:
Mutual Fund Securities at Net Asset Value
Underwriter(s) or Distributor(s):
Tradex Management Inc.
Promoter(s):
-
Project #1402402

Issuer Name:
Trimark Canadian Bond Private Pool
Trimark Canadian Equity Private Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 6, 2009 to Final Simplified Prospectus and Annual Information Form dated August 11, 2008
NP 11-202 Receipt dated May 12, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):

Promoter(s):
-
Project #1287653

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender of Registration	Bjurman, Barry & Associates	International Adviser (Investment Counsel & Portfolio Manager)	May 7, 2009
Voluntary Surrender of Registration	Bieber Securities Inc.	Investment Dealer	May 7, 2009
Name Change	From: C.P.M.S. Computerized Portfolio Management Services Inc. To: Stylus Asset Management Inc.	Limited Market Dealer and Investment Counsel & Portfolio Manager.	May 4, 2009
Name Change	From Neuberger Berman, LLC To: Neuberger Berman LLC	International Adviser (Investment Counsel & Portfolio Manager) & International Dealer	April 28, 2009

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 MFDA Sets Date for IOCT Financial Inc. and Michelle A. Bolhuis Hearing in Toronto, Ontario

NEWS RELEASE
For immediate release

MFDA SETS DATE FOR IOCT FINANCIAL INC. AND MICHELLE A. BOLHUIS HEARING IN TORONTO, ONTARIO

May 7, 2009 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of IOCT Financial Inc. and Michelle Anne Bolhuis by Notice of Hearing dated March 5, 2009.

As specified in the Notice of Hearing, the first appearance in this matter took place today before a three-member Hearing Panel of the MFDA's Central Regional Council.

The hearing of this matter on its merits has been scheduled to take place before the Hearing Panel on October 7-8, 2009 commencing at 10:00 a.m. (Eastern) in the Hearing Room located at the offices of the MFDA at 121 King Street West, Suite 1000, Toronto, Ontario, or as soon thereafter as the hearing can be held. The hearing will be open to the public, except as may be required for the protection of confidential matters.

A copy of the Notice of Hearing is available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 150 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Yvette MacDougall
Hearings Coordinator
416-943-4606 or ymacdougall@mfda.ca

13.1.2 MFDA Hearing Panel Reserves Judgment in Gary A. Price Hearing

NEWS RELEASE
For immediate release

MFDA HEARING PANEL RESERVES JUDGMENT IN GARY A. PRICE HEARING

May 12, 2009 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Gary Alan Price by Notice of Hearing issued June 23, 2008.

The hearing of this matter on its merits was concluded today in Toronto, Ontario before a Hearing Panel of the Central Regional Council of the MFDA. The Hearing Panel reserved its decision and advised that it would issue its decision and written reasons in due course.

A copy of the Notice of Hearing is available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 149 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Shaun Devlin
Vice-President, Enforcement
416-943-4672 or sdevlin@mfda.ca

13.1.3 CDS Rule Amendment Notice – Technical Amendments to CDS Rules Relating to Regulation SHO – SEC Interim Final Temporary Rule 204T - Additional Close-out Requirements

CDS Clearing and Depository Services Inc. ("CDS")

TECHNICAL AMENDMENTS TO CDS RULES

Regulation SHO – SEC Interim Final Temporary Rule 204T - Additional Close-out Requirements

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

In 2006, CDS's regulators approved amendments to the CDS Participant Rules related to Regulation SHO as adopted by the United States Securities and Exchange Commission ("SEC"). Under the rule amendments, CDS was granted the authority to close out a fail-to-deliver position of a participant using the cross-border services in certain equity securities trading in the U.S. that are on a U.S. SRO list of securities experiencing substantial and persistent failures to deliver. Regulation SHO's close-out requirements were designed to address problems with failures to deliver in certain equity securities.

In 2007, the SEC amended the close-out requirements for fails to deliver resulting from sales of threshold securities pursuant to Rule 144 of the Securities Act of 1933 (Securities Act). And CDS's regulators approved consequential technical amendments to CDS Participant Rule 10.2.3(b) in order to be consistent with the amended Regulation SHO.

On October 17, 2008, the SEC adopted Interim Final Temporary Rule 204T to expand the close-out requirements in Regulation SHO. Specifically, additional close-out requirements were enacted for fails to deliver resulting from sales of any equity securities, in addition to existing close-out requirements for threshold securities. CDS Participant Rule 10.2.3(b) must be amended in order to be consistent with Interim Final Temporary Rule 204T.

The text of CDS Rules marked for the amendments are attached hereto in Appendix "A" and may be accessed at the CDS website.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments as they are amendments required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement.

C. EFFECTIVE DATE OF THE RULE

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the Recognition and Designation Order, as amended on November 01, 2006, and Annexe A ("Protocole d'examen et d'approbation des Règles de Services de Dépot et de Compensation CDS Inc. par l'Autorité des marchés financiers") of AMF Decision 2006-PDG-0180, made effective on November 01, 2006, CDS has determined that these amendments will be effective on June 29, 2009.

D. QUESTIONS

Questions regarding this notice may be directed to:

Resa R.H. Sitzer
Managing Director, Legal
The Canadian Depository for Securities Limited
85 Richmond Street West
Toronto, Ontario M5H 2C9
Telephone: 416-365-3918
Fax: 416-365-1984
e-mail: attention@cds.ca

TOOMAS MARLEY
Chief Legal Officer

APPENDIX "A"
PROPOSED CDS RULE AMENDMENTS

Text of CDS Participant Rules marked to reflect proposed amendments	Text CDS Participant Rules reflecting the adoption of proposed amendments
10.2.3(b) Regulation SHO "Regulation SHO" means Regulation SHO adopted by the United States Securities and Exchange Commission promulgated under United States federal securities law, as amended from time to time. "Regulation SHO Security" means a security governed by Regulation SHO. "Non-compliant Position with Regulation SHO" means a Participant using a Cross-Border Service is in a fail to deliver position regarding a sale of a ~~threshold security, as defined in Rule 203(c)(6) of~~ Regulation SHO Security~~, as provided in Rule 203(b)(3)~~. Each Participant using a Cross-Border Service shall comply with the terms of Regulation SHO. CDS shall take the necessary steps to close out the Participant's Non-compliant Positions with Regulation SHO by the purchase of Regulation SHO Securities ~~threshold securities~~ in the amount and within the time specified by ~~Rule 203(b)(3) of~~ Regulation SHO. Such Participant shall reimburse CDS for all costs and expenses in regards to steps taken by CDS to close out the Participant's Non-compliant Positions with Regulation SHO, including the purchase price of the Regulation SHO Securities ~~threshold securities~~, cost of funding, fees payable to CDS, and fees and expenses of legal counsel and other professionals retained by CDS. CDS shall have absolute discretion to purchase such Regulation SHO Securities ~~threshold securities~~ by any means available. Each Participant acknowledges that CDS must close out a Participant's Non-compliant Positions with Regulation SHO immediately and therefore the purchase price of such Regulation SHO Securities ~~threshold securities~~ may be greater than a price that could be obtained by alternative means of purchase or delay in purchase. Each Participant using a Cross-Border Service releases and discharges CDS from any liability or claim arising from the exercise of the powers granted pursuant to this Rule 10.2.3(b).	**10.2.3(b) Regulation SHO** "Regulation SHO" means Regulation SHO adopted by the United States Securities and Exchange Commission promulgated under United States federal securities law, as amended from time to time. "Regulation SHO Security" means a security governed by Regulation SHO. "Non-compliant Position with Regulation SHO" means a Participant using a Cross-Border Service is in a fail to deliver position regarding a sale of a Regulation SHO Security. Each Participant using a Cross-Border Service shall comply with the terms of Regulation SHO. CDS shall take the necessary steps to close out the Participant's Non-compliant Positions with Regulation SHO by the purchase of Regulation SHO Securities in the amount and within the time specified by Regulation SHO. Such Participant shall reimburse CDS for all costs and expenses in regards to steps taken by CDS to close out the Participant's Non-compliant Positions with Regulation SHO, including the purchase price of the Regulation SHO Securities, cost of funding, fees payable to CDS, and fees and expenses of legal counsel and other professionals retained by CDS. CDS shall have absolute discretion to purchase such Regulation SHO Securities by any means available. Each Participant acknowledges that CDS must close out a Participant's Non-compliant Positions with Regulation SHO immediately and therefore the purchase price of such Regulation SHO Securities may be greater than a price that could be obtained by alternative means of purchase or delay in purchase. Each Participant using a Cross-Border Service releases and discharges CDS from any liability or claim arising from the exercise of the powers granted pursuant to this Rule 10.2.3(b).

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