

The Ontario Securities Commission

# OSC Bulletin

June 26, 2009

Volume 32, Issue 26

(2009), 32 OSCB

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

**The Ontario Securities Commission**

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

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

Published under the authority of the Commission by:

**Carswell, a Thomson Reuters business**

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

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

Contact Centre - Inquiries, Complaints:  
Market Regulation Branch:  
Compliance and Registrant Regulation Branch  
    - Compliance:  
    - Registrant Regulation:  
Corporate Finance Branch  
    - Team 1:  
    - Team 2:  
    - Team 3:  
    - Insider Reporting:  
    - Mergers and Acquisitions:  
Enforcement Branch:  
Executive Offices:  
General Counsel's Office:  
Office of the Secretary:

Fax: 416-593-8122  
Fax: 416-595-8940  
Fax: 416-593-8240  
Fax: 416-593-8283  
Fax: 416-593-8244  
Fax: 416-593-3683  
Fax: 416-593-8252  
Fax: 416-593-3666  
Fax: 416-593-8177  
Fax: 416-593-8321  
Fax: 416-593-8241  
Fax: 416-593-3681  
Fax: 416-593-2318



THOMSON REUTERS

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

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

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

U.S.	\$175
Outside North America	\$400

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

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

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

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

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

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

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

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

© Copyright 2009 Ontario Securities Commission  
ISSN 0226-9325  
Except Chapter 7 ©CDS INC.



THOMSON REUTERS

---

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

Customer Relations  
Toronto 1-416-609-3800  
Elsewhere in Canada/U.S. 1-800-387-5164  
Fax 1-416-298-5082  
[www.carswell.com](http://www.carswell.com)  
Email [www.carswell.com/email](mailto:www.carswell.com/email)

# Table of Contents

<b>Chapter 1 Notices / News Releases ..... 5153</b>	
<b>1.1 Notices ..... 5153</b>	
1.1.1 Current Proceedings Before The Ontario Securities Commission ..... 5153	
1.1.2 CSA Staff Notice 21-310 – Information Processor for Corporate Debt Securities ..... 5159	
1.1.3 Notice of Commission Approval – Proposed Amendments to Universal Market Integrity Rules (UMIR) 10.15 Relating to Provisions Respecting the Assignment of Identifiers and Symbols ..... 5170	
1.1.4 OSC Notice 11-753 (Revised) – Statement of Priorities for Financial Year to End March 31, 2010..... 5171	
<b>1.2 Notices of Hearing..... 5179</b>	
1.2.1 IMG International Inc. et al. – ss. 127(7), 127(8) ..... 5179	
<b>1.3 News Releases ..... 5179</b>	
1.3.1 Canadian Securities Regulators Take Steps to Improve Mutual Fund Disclosure for Investors..... 5179	
<b>1.4 Notices from the Office of the Secretary ..... 5180</b>	
1.4.1 Paladin Capital Markets Inc. et al. .... 5180	
1.4.2 LandBankers International MX, S.A. de C.V. et al. .... 5181	
1.4.3 IMG International Inc. et al. .... 5181	
1.4.4 Julius Caesar Phillip Vitug ..... 5182	
1.4.5 IMG International Inc. .... 5182	
<b>Chapter 2 Decisions, Orders and Rulings ..... 5183</b>	
<b>2.1 Decisions ..... 5183</b>	
2.1.1 Mackenzie Financial Corporation et al. .... 5183	
2.1.2 Sentry Select Capital Inc. et al. .... 5187	
2.1.3 I.G. Investment Management, Ltd. and Investors Real Property Fund ..... 5193	
2.1.4 United Financial Corporation – s. 3.3(4) of OSC Rule 31-502 Proficiency Requirements for Registrants ..... 5206	
2.1.5 MediSolution Ltd. – s. 1(10)..... 5207	
2.1.6 GMP Capital Inc. .... 5208	
2.1.7 Cadiscor Resources Inc. – s. 1(10) ..... 5210	
2.1.8 Advantage Energy Income Fund ..... 5211	
2.1.9 John Deere Credit Inc. and John Deere Limited ..... 5215	
2.1.10 Growthworks Canadian Fund Ltd. .... 5218	
2.1.11 Skybridge Development Corp. – s. 1(10) ..... 5223	
2.1.12 Resolve Business Outsourcing Income Fund and 2206997 Ontario Inc. .... 5224	
2.1.13 Bell Canada ..... 5228	
2.1.14 Lockerbie & Hole Inc. – s. 1(10) ..... 5232	
<b>2.2 Orders..... 5233</b>	
2.2.1 Paladin Capital Markets Inc. et al. – ss. 127(1), 127(7), 127(8)..... 5233	
2.2.2 LandBankers International MX, S.A. de C.V. et al. – ss. 127(1), 127 (7)..... 5234	
2.2.3 IMG International Inc. et al. – ss. 127(1), 127(5)..... 5235	
2.2.4 Frank Russell Company et al. – ss. 78(1), 80 of the CFA..... 5236	
2.2.5 Frank Russell Company et al. – ss. 3.1(1), 78(1), 80 of the CFA ..... 5239	
2.2.6 Goldnev Resources Inc. – s. 144 ..... 5246	
2.2.7 Comgest Asset Management International Limited – s. 218 of the Regulation ..... 5247	
2.2.8 IMG International Inc. et al. – ss. 127(1), 127(8)..... 5250	
<b>2.3 Rulings..... (nil)</b>	
<b>Chapter 3 Reasons: Decisions, Orders and Rulings ..... (nil)</b>	
<b>3.1 OSC Decisions, Orders and Rulings ..... (nil)</b>	
<b>3.2 Court Decisions, Order and Rulings ..... (nil)</b>	
<b>Chapter 4 Cease Trading Orders ..... 5253</b>	
4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders..... 5253	
4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders ..... 5253	
4.2.2 Outstanding Management & Insider Cease Trading Orders ..... 5253	
<b>Chapter 5 Rules and Policies ..... (nil)</b>	
<b>Chapter 6 Request for Comments ..... (nil)</b>	
<b>Chapter 7 Insider Reporting ..... 5255</b>	
<b>Chapter 8 Notice of Exempt Financings..... 5327</b>	
Reports of Trades Submitted on Forms 45-106F1 and 45-501F1 ..... 5327	
<b>Chapter 9 Legislation..... (nil)</b>	
<b>Chapter 11 IPOs, New Issues and Secondary Financings..... 5333</b>	
<b>Chapter 12 Registrations..... 5341</b>	
12.1.1 Registrants..... 5341	
<b>Chapter 13 SRO Notices and Disciplinary Proceedings ..... 5343</b>	
13.1.1 MFDA Issues Notice of Settlement Hearing Regarding Alden M. Kaley..... 5343	
13.1.2 MFDA Issues Notice of Hearing Regarding Mark Kricievski ..... 5344	
13.1.3 Universal Market Integrity Rules (UMIR) 10.15 Relating to Provisions Respecting the Assignment of Identifiers and Symbols .... 5345	

**Table of Contents**

---

13.1.4 Proposed Amendments to Section 35  
(No actions against the Corporation) of  
MFDA By-Law No. 1 ..... 5351

**Chapter 25 Other Information ..... (nil)**

**Index ..... 5357**

## Chapter 1

# Notices / News Releases

### 1.1 Notices

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

**JUNE 26, 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  
 Suite 1700, Box 55  
 20 Queen Street West  
 Toronto, Ontario  
 M5H 3S8

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

#### CDS

#### TDX 76

Late Mail depository on the 19<sup>th</sup> Floor until 6:00 p.m.

-----

#### THE COMMISSIONERS

W. David Wilson, Chair	—	WDW
James E. A. Turner, Vice Chair	—	JEAT
Lawrence E. Ritchie, Vice Chair	—	LER
Mary G. Condon	—	MGC
Margot C. Howard	—	MCH
Kevin J. Kelly	—	KJK
Paulette L. Kennedy	—	PLK
David L. Knight, FCA	—	DLK
Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP

### SCHEDULED OSC HEARINGS

June 29, 2009	10:00 a.m.	<b>Goldbridge Financial Inc., Wesley Wayne Weber and Shawn C. Lesperance</b>
---------------	------------	--

s. 127

J. Feasby in attendance for Staff

Panel: JEAT

June 29, 2009	11:00 a.m.	<b>M P Global Financial Ltd., and Joe Feng Deng</b>
---------------	------------	---

s. 127(1)

M. Britton in attendance for Staff

Panel: JEAT

June 30, 2009	10:00 a.m.	<b>FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun</b>
---------------	------------	--

s. 127

A. Sonnen in attendance for Staff

Panel: LER

July 2, 2009	2:30 p.m.	<b>Paladin Capital Markets Inc., John David Culp and Claudio Fernando Maya</b>
--------------	-----------	--

s. 127

C. Price in attendance for Staff

Panel: LER

July 6, 2009	10:00 a.m.	<b>Lyndz Pharmaceuticals Inc., Lyndz Pharma Ltd., James Marketing Ltd., Michael Eatch and Rickey McKenzie</b>
--------------	------------	---

s.127(1) and (5)

J. Feasby in attendance for Staff

Panel: JEAT

July 9, 2009 10:00 a.m.	<b>Berkshire Capital Limited, GP Berkshire Capital Limited, Panama Opportunity Fund and Ernest Anderson</b>  s. 127  E. Cole in attendance for Staff  Panel: TBA	July 23, 2009 10:00 a.m.	<b>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., Network Financial Group Inc., Network 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</b>  s. 127  H. Daley in attendance for Staff  Panel: LER
July 10, 2009 9:30 a.m.	<b>Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton and Peter Y. Atkinson</b>  s. 127  J. Superina in attendance for Staff  Panel: TBA	July 23, 2009 2:00 p.m.	<b>Teodosio Vincent Pangia</b>  s. 127  J. Feasby in attendance for Staff  Panel: LER
July 10, 2009 10:00 a.m.	<b>Uranium308 Resources Inc., Uranium308 Resources PLC., Michael Friedman, George Schwartz, Peter Robinson, Alan Marsh Shuman and Innovative Gifting Inc.</b>  s. 127  M. Boswell in attendance for Staff  Panel: TBA	July 27-31; August 5-14, 2009 10:00 a.m.	<b>Shane Suman and Monie Rahman</b>  s. 127 and 127(1)  C. Price in attendance for Staff  Panel: TBA
July 20, 2009 10:00 a.m.	<b>Julius Caesar Phillip Vitug</b>  s. 21.7  J. Feasby in attendance for Staff  Panel: JEAT/MGC/PLK	August 10-17; 19-21, 2009 10:00 a.m.	<b>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</b>  s. 127  S. Kushneryk in attendance for Staff  Panel: TBA
July 21, 2009 2:30 p.m.	<b>Lehman Cohort Global Group Inc., Anton Schnedl, Richard Unzer, Alexander Grundmann and Henry Hehlsinger</b>  s. 127  H. Craig in attendance for Staff  Panel: DLK	July 22 2009 10:00 a.m.	<b>Andrew Keith Lech</b>  s. 127(10)  J. Feasby in attendance for Staff  Panel: TBA

August 31, 2009 10:00 a.m.	<b>Peter Sabourin, W. Jeffrey Haver, Greg Irwin, Patrick Keaveney, Shane Smith, Andrew Lloyd, Sandra Delahaye, Sabourin and Sun Inc., Sabourin and Sun (BVI) Inc., Sabourin and Sun Group of Companies Inc., Camdeton Trading Ltd. and Camdeton Trading S.A.</b>  s. 127 and 127.1  Y. Chisholm in attendance for Staff  Panel: JEAT/DLK/CSP	September 10, 2009 10:00 a.m.	<b>Shallow Oil &amp; Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman</b>  s. 127(7) and 127(8)  M. Boswell in attendance for Staff  Panel: DLK
September 3, 2009 10:00 a.m.	<b>Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York</b>  s. 127  S. Horgan in attendance for Staff  Panel: TBA	September 16, 2009 10:00 a.m.	<b>Sextant Capital Management Inc., Sextant Capital GP Inc., Sextant Strategic Opportunities Hedge Fund L.P., Otto Spork, Robert Levack and Natalie Spork</b>  s. 127  S. Kushneryk in attendance for Staff  Panel: JEAT
September 8-11, 2009 10:00 a.m.	<b>Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony</b>  s. 127 and 127.1  J. Feasby in attendance for Staff  Panel: MGC/MCH	September 21-25, 2009 10:00 a.m.	<b>Swift Trade Inc. and Peter Beck</b>  s. 127  S. Horgan in attendance for Staff  Panel: TBA
September 9, 2009 10:00 a.m.	<b>Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang</b>  s. 127 and 127.1  M. Britton in attendance for Staff  Panel: LER	September 21-28, September 30 – October 2, 2009 10:00 a.m.	<b>Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson</b>  s. 127(1) and 127(5)  M. Boswell in attendance for Staff  Panel: TBA
September 10, 2009 10:30 a.m.	<b>Abel Da Silva</b>  s. 127  M. Boswell in attendance for Staff  Panel: DLK	September 29, 2009 2:30 p.m.	<b>Adrian Samuel Leemhuis, Future Growth Group Inc., Future Growth Fund Limited, Future Growth Global Fund limited, Future Growth Market Neutral Fund Limited, Future Growth World Fund and ASL Direct Inc.</b>  s. 127(5)  K. Daniels/A. Sonnen in attendance for Staff  Panel: LER

September 30 – **Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited**

October 23, 2009

10:00a.m.

s. 127

M. Britton in attendance for Staff

Panel: TBA

October 6, 2009 **Nest Acquisitions and Mergers and Caroline Frayssignes**

2:30 p.m.

s. 127(1) and 127(8)

C. Price in attendance for Staff

Panel: TBA

October 8, 2009 **Global Energy Group, Ltd. and New Gold Limited Partnerships**

10:00 a.m.

s. 127

H. Craig in attendance for Staff

Panel: DLK

October 14, 2009 **Axcess Automation LLC, Axcess Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge**

10:00 a.m.

s. 127

M. Adams 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, 2009

10:00 a.m.

**Maple Leaf Investment Fund Corp. and Joe Henry Chau**

s. 127

A. Sonnen in attendance for Staff

Panel: TBA



November 16- December 11, 2009	<b>Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries</b>	TBA	<b>Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)</b>
10:00 a.m.	s. 127 and 127.1  M. Britton in attendance for Staff  Panel: TBA		s. 127 and 127.1  D. Ferris in attendance for Staff  Panel: TBA
January 11, 2010	<b>Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton</b>	TBA	<b>Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin</b>
10:00 a.m.	s. 127  H. Craig in attendance for Staff  Panel: TBA		s. 127  H. Craig in attendance for Staff  Panel: TBA
TBA	<b>Yama Abdullah Yaqeen</b>	TBA	<b>Gregory Galanis</b>
	s. 8(2)  J. Superina in attendance for Staff  Panel: TBA		s. 127  P. Foy in attendance for Staff  Panel: TBA
TBA	<b>Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell</b>	TBA	<b>Franklin Danny White, Naveed Ahmad Qureshi, WNBC The World Network Business Club Ltd., MMCL Mind Management Consulting, Capital Reserve Financial Group, and Capital Investments of America</b>
	s. 127  J. Waechter in attendance for Staff  Panel: TBA		s. 127  C. Price in attendance for Staff  Panel: TBA
TBA	<b>Frank Dunn, Douglas Beatty, Michael Gollogly</b>	TBA	<b>Gold-Quest International, Health and Harmony, Iain Buchanan and Lisa Buchanan</b>
	s. 127  K. Daniels in attendance for Staff  Panel: TBA		s. 127  H. Craig in attendance for Staff  Panel: TBA

TBA **Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmony, Harmony Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale**

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA **Paul Iannicca**

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA **IMG International Inc., Investors Marketing Group International Inc., and Michael Smith**

s. 127

C. Price in attendance for Staff

Panel: TBA

TBA **Biovail Corporation, Eugene N. Melnyk, Brian H. Crombie, John R. Miszuk and Kenneth G. Howling**

s. 127(1) and 127.1

J. Superina, A. Clark in attendance for Staff

Panel: TBA

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: TBA

TBA **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

**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**

**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**

## 1.1.2 CSA Staff Notice 21-310 – Information Processor for Corporate Debt Securities

### CANADIAN SECURITIES ADMINISTRATORS STAFF NOTICE 21-310 INFORMATION PROCESSOR FOR CORPORATE DEBT SECURITIES

The purpose of this notice is to inform the public that CanPX Inc. (CanPX) will act as an information processor for corporate debt securities under National Instrument 21-101 *Marketplace Operation* (NI 21-101) for a period of five years from July 1, 2009 to June 30, 2014.

#### 1. Regulatory Requirements

NI 21-101 provides for the operation and regulation of an information processor. An information processor is defined as a person or company that receives and provides information under NI 21-101 and has filed Form 21-101F5 *Initial Operation Report for Information Processor* (Form 21-101F5).

Part 8 of NI 21-101 requires that marketplaces that display orders of corporate debt securities provide information regarding orders for designated corporate debt securities to an information processor. Marketplaces, inter-dealer bond brokers (IDBs) and dealers are also required to provide trade information for corporate debt securities to an information processor, if one is in place, as required by the information processor.<sup>1</sup>

The obligations of an information processor are set out in Part 14 of NI 21-101. They include:

- a requirement to provide prompt and accurate order and trade information and not unreasonably restrict fair access to such information;
- a requirement that the information processor provides timely, accurate, reliable and fair collection, processing, distribution and publication of information for orders for, and trades in, securities;
- an obligation to maintain reasonable books and records; and
- certain system requirements, including an annual independent systems review.

In addition, an information processor is required to establish, in a timely manner, an electronic connection to a marketplace, IDB or dealer that is required to provide it with information. It is also required to enter into an agreement with each marketplace, IDB or dealer required to provide it with information. The agreement must set out that the entities will provide the information processor information in accordance with Part 8 of NI 21-101 and that they will comply with any other reasonable requirements set by the information processor.

#### 2. Status of the Information Processor for Corporate Debt Securities and Process to Date

CanPX has been an information processor for corporate debt securities since 2003. Its initial term expired on December 31, 2006. In July 2006, as we considered extending CanPX's term, we invited other entities interested in being an information processor for corporate debt securities to file Form 21-101F5, and published a separate notice for this purpose.<sup>2</sup> Bourse de Montréal Inc. (MX), CDS Inc., TSX Inc. in conjunction with Candeal.ca Inc. (CanDeal), and Gmarkets Inc. (Gmarkets) each filed a Form 21-101F5 to act as an information processor for corporate debt securities.<sup>3</sup> We published a summary of the filings received in April 2007.<sup>4</sup>

We have since extended CanPX's status as an information processor for corporate debt securities to give us time to review the filings and to work through the issues, and have informed the public of the extensions in a number of staff notices.<sup>5</sup> In CSA Staff Notice 21-308, we notified the public that CanPX informed us that it was discussing the possibility of a partnership with other participants in the fixed income market, and that such partnership could result in a revised application for an information

---

<sup>1</sup> For government debt securities, the requirements for marketplaces and IDBs to provide order and trade information have been postponed until January 1, 2012.

<sup>2</sup> CSA Notice 21-304 Request for Filing of Form 21-101F5 *Initial Operation Report for Information Processor by Interested Information Processors* (CSA Notice 21-304), published in Ontario on July 14, 2006 at (2006) 29 OSCB 5757.

<sup>3</sup> CanPX, MX, CDS and TSX Inc. (without CanDeal) also applied to be an information processor for exchange-traded securities.

<sup>4</sup> CSA Staff Notice 21-306 Notice of Filing of Forms 21-101F5 *Initial Operation Report for Information Processor* (CSA Staff Notice 21-306), published in Ontario on April 20, 2007 at (2007) 30 OSCB (Supp-3).

<sup>5</sup> CSA Staff Notice 21-305 *Extension of Approval of Information Processor for Corporate Fixed Income Securities*, published in Ontario at (2006) 29 OSCB 8364; CSA Staff Notice 21-307 *Extension of Approval of Information Processor for Corporate Fixed Income Securities* published in Ontario at (2007) 30 OSCB 9222; and CSA Staff Notice 21-308 *Update on Applications to Become an Information Processor* (CSA Staff Notice 21-308), published in Ontario at (2008) 31 OSCB 11533.

processor for corporate debt securities. We advised existing applicants for the corporate debt information processor that they may also revise and update their applications, and to submit any revised filings by January 31, 2009. A number of applicants, including CanPX, provided updates to their original filings.

### 3. Factors and Criteria Considered in the Review of Form 21-101F5

Section 16.2 of Companion Policy 21-101 to National Instrument 21-101 *Marketplace Operation* (21-101CP) states that the CSA will review Form 21-101F5 to determine whether it is contrary to the public interest for the filer to act as an information processor, and also describes the factors used when evaluating the filings received. These factors, which we also communicated in CSA Notice 21-304, include: the performance capabilities, standards and procedures for the collection, processing, distribution and publication of order and trade information; whether all marketplaces may obtain access to the information processor on fair and reasonable terms; whether the entity applying for the role of an information processor has sufficient financial resources for the role; the qualification of its personnel; the existence of another entity performing the role of an information processor; and the independent systems review prepared as required by subsection 14.5(b) of NI 21-101.

In CSA Staff Notice 21-306, we identified the criteria we would use to evaluate applications to be an information processor as follows: financial viability; governance requirements; the existence of processes to manage inherent conflicts of interest; system requirements; a commitment to receiving and disseminating data in order to meet the transparency requirements set out in NI 21-101; a competitive fee structure; and, where revenue is shared with contributors of data, a fair method of revenue allocation.

### 4. Review of CanPX Revised Form 21-101F5

As indicated above, since the filing of Form 21-101F5 by CanPX published in summary on April 2007, CanPX revised its proposal. The changes were in the following areas:

- CanPX will establish an Advisory Committee with representation from fixed income industry participants whose mandate will include providing CanPX with views and recommendations on issues of concern to data contributors and data purchasers; this Committee will also be included as part of the process for designating corporate debt securities<sup>6</sup>; and
- CanPX will replace its existing technical facilitator, Reuters Canada Limited with CanDeal.

A summary of the revised proposal, prepared based on information provided by CanPX, is included at Appendix A of this notice.

### 5. CSA Conclusion

#### a. *CanPX as an information processor for corporate debt securities*

We believe that CanPX's revised proposal meets our criteria for evaluation of a potential information processor. The implementation of an Advisory Committee, with representation from contributors and purchasers of data, would help ensure that all stakeholders have the opportunity to provide their views. In addition, it ensures that issues of concern will be raised through the Advisory Committee and properly considered by CanPX. As well, CanPX has a model for sharing revenue with its shareholders that are also contributors of data and has agreed in its undertakings to review this model to compensate all contributors of corporate bond data, regardless of whether they are shareholders.<sup>7</sup>

In addition, we are of the view that the participation of industry participants such as dealers and IDBs in the governance of CanPX helps promote industry input in decisions regarding transparency in the fixed income markets. We acknowledge, however, that there are inherent conflicts of interest associated with the industry participants' involvement in transparency decisions that may potentially impact their business. We believe that such conflicts, real or perceived, should be properly managed and note the undertakings that have been provided by CanPX to establish proper policies and procedures in this regard. In addition, we note that in the course of conducting our regulatory oversight of CanPX, the effectiveness of these policies and procedures will be examined.

Consequently, based on our review of the updated Form 21-101F5 filed by CanPX and the undertakings provided by CanPX (attached at Appendix B), we believe that it is not contrary to the public interest for CanPX to continue to be an information processor for corporate debt securities, for a period of five years beginning July 1, 2009 and ending June 30, 2014.

As an information processor, CanPX is designated as a market participant under the *Securities Act* (Ontario) and it was recognized as an information processor under the *Securities Act* (Québec).

---

<sup>6</sup> For a description of the current list of designated corporate bonds, the selection criteria and the process for their selection, see <http://www.canpx.ca/selectioncriteria.jsp>.

<sup>7</sup> Currently, no marketplaces meet the existing threshold to contribute data to CanPX.

*b. Obligations of the marketplaces, IDBs and dealers*

We remind the marketplaces, IDBs and dealers of the requirements in Part 8 of NI 21-101 to provide their data to CanPX, as an information processor, as required by CanPX and in accordance with the requirements set out in Part 10 of 21-101CP. In order to comply with this requirement, the marketplaces, IDBs and dealers required to report the corporate debt information must work with CanPX and CanDeal, as its technical facilitator, to establish the necessary connections in a timely manner.

**6. Questions**

Questions may be referred to:

Ruxandra Smith  
Ontario Securities Commission  
(416) 593-2317

Tracey Stern  
Ontario Securities Commission  
(416) 593-8167

Jonathan Sylvestre  
Ontario Securities Commission  
(416) 593-2378

Paul Redman  
Ontario Securities Commission  
(416) 593-2396

Lorenz Berner  
Alberta Securities Commission  
(403) 355-3889

Serge Boisvert  
Autorité des marchés financiers  
(514) 395-0337 ext. 4358

Elaine Lanouette  
Autorité des marchés financiers  
(514) 395-0337 ext. 4356

Anne Hamilton  
British Columbia Securities Commission  
(604) 899-6716

Doug Brown  
Manitoba Securities Commission  
(204) 945-0605

June 26, 2009

## APPENDIX A

### SUMMARY OF CANPX's PROPOSAL FOR AN INFORMATION PROCESSOR FOR CORPORATE DEBT SECURITIES

#### 1. Corporate Governance

Overall governance responsibilities for CanPX rest with the CanPX board of directors. Moreover, CanPX's technical facilitator, under the oversight of the CanPX board, is required to adopt policies and procedures to permit CanPX to comply with the requirements of NI 21-101. Additionally, CanPX maintains an Operating Committee comprised of a subset of CanPX board members to address the day-to-day operations of CanPX including contract negotiations with vendors, capital expenditures, financial statement preparations; etc. CanPX also currently utilizes a Corporate Bond Working Group and is in the early stages of developing an Advisory Committee as part of its governance structure. An overview of these two groups is provided below.

##### a. *Corporate Bond Working Group*

The mandate of the Corporate Bond Working Group is to regularly review, and on a quarterly basis recommend modifications to, CanPX's designated list of corporate bond securities to ensure that the list continually meets the established criteria as documented on the CanPX website: <http://www.canpx.ca/selectioncriteria.jsp>. In addition, at the direction of the CanPX board of directors, the working group has succeeded in expanding the level of market transparency by gradually increasing over time the number of designated corporate bond securities.

The working group is comprised of fixed-income professionals from IIROC member dealers who sit on the Investment Industry Association of Canada (IIAC) Debt Markets Committee.

##### b. *Advisory Committee*

CanPX has initialized the process of finding suitable representatives to sit on the planned Advisory Committee. The final composition of the Committee is expected to include a cross-section of fixed income industry professionals from the buy-side and sell-side (to represent the views of data purchasers and suppliers) as well as marketplaces, data vendors, and other possible stakeholder representatives. It is expected that, in general, the mandate of the Committee will be to bring to CanPX's attention issues of concern to Data Contributors as well as Data Purchasers/Vendors, and to recommend necessary corrective action. Though CanPX understands that it is acting as an information processor for corporate debt securities, and that the transparency requirements set out in Part 8 of NI 21-101 currently apply only to those debt securities, the Advisory Committee would be of greatest value to CanPX and overall market transparency if the Committee were to include in its scope a review of information related to government debt securities. It is anticipated that the Advisory Committee will be included as part of the existing process the designation of corporate bonds, as well as in developing the necessary criteria for entities required to provide data into CanPX. The Advisory Committee would report directly to the CanPX board of directors, and, as required, contact the Director of the Market Regulation Branch of the Ontario Securities Commission and the Directrice de la supervision des Organismes d'autoreglementation (OAR) at the AMF with any concerns that it may have regarding the governance or operations of the information processor.

#### 2. Systems and Operations

##### a. *Sources of data*

Two groups of participants currently supply securities information to CanPX for collection, processing, distribution or publication: 12 investment dealers, that provide CanPX with information related to corporate debt securities, in accordance with the requirements set out in Part 8 of NI 21-101 and Part 10 of the Companion Policy 21-101CP (the Consolidated Data); and 3 inter-dealer brokers (IDBs), which provide CanPX information for government fixed income securities (the Supplementary Data). All participants actively participate in domestic fixed income markets.

Investment dealer participants are all members in good standing with the Investment Industry Regulatory Organization of Canada (IIROC). IIROC membership ensures that a high standard has been met by these dealers in areas such as capital requirements, internal compliance and business continuity planning. Investment dealer participants are also active market-makers in short-term and long-term debt securities and are designated as either Primary Dealers of Government of Canada treasury bills or Primary Dealers of Canada bonds by the Bank of Canada. Investment dealer participants are also represented on the IIAC Debt Markets Committee.

Considerations will be made by the CanPX board on a case by case basis to ensure that all new sources of data meet certain minimum requirements in such areas as:

- Experience with data collection and management
- Ability and willingness to manage any potential conflicts with other CanPX participants
- Systems reliability/business continuity
- Physical and logical security

*b. Means of access to the system*

CanDeal has been selected as CanPX's new technical facilitator and marketing agent/ wholesale distributor. CanDeal will make the CanPX Consolidated and Supplementary Data available through a variety of distribution channels. Specifically, CanPX data will be available through: (a) a fully described, logical, record-based real-time broadcast feed; and in the future, (b) an internet protocol, FTP, near real-time mechanism to ensure broadest possible market reach.

CanDeal will wholesale data through its distributors that are connected with all Canadian telecommunications providers as well as extranet providers such as Radianz, TNS, SPTI, Savvis, Global Alliance and Xasax.

CanDeal is well positioned in the market data supply chain to ensure the broadest possible reach for the CanPX Consolidated and Supplementary Data.

Currently, CanPX provides free daily quotes for yields on Canadian benchmark bonds on its website. Other information such as list of current data contributors and list of designated corporate bonds is also publicly available on the CanPX website: [www.CanPX.ca](http://www.CanPX.ca). Additional content is expected to be made available on CanPX website after it transitions to its new technical facilitator.

It is expected that under the transition to CanPX's new technical facilitator, there will be little or no change in existing connectivity methods or costs for current contributors to the Consolidated Data. A secure private network to receive trade files from the dealer community is already in place at CanDeal and the existing CanPX trade file format will be duplicated to ensure a seamless transition to the new technical facilitator. CanPX and its technical facilitator will endeavor to work with new data contributors to establish a preferred connectivity method.

*c. Procedures governing entry and display of quotations and trades in the system including collection, processing, distributing, publishing, including data validation processes*

CanPX's technical facilitator is required to ensure that systems are in place to ensure the integrity of the data reported to and disseminated by CanPX. As part of their current data management business, CanDeal maintains procedures designed to ensure data integrity. Filters are utilized to reject bad data such as negative values, blank values, invalid CUSIP, missing values, etc. Once data passes through these filters, a proprietary algorithm consolidates price and yield sources into a Best Bid/Best Offer. Additional filters are then applied to ensure the final consolidated price/yield is an accurate indication of where the marketplace is for each security. CanDeal's customer service desk monitors composite data as well as individual dealer contributions to ensure timeliness and accuracy of the prices.

To ensure the timeliness and accuracy of the information received and disseminated by the system, CanPX requires that its technical facilitator provide a weekly report to the CanPX secretariat that lists all corporate trades contributed into the system that were delayed more than 1 hour. The report also includes details on amended trades. The report includes the necessary raw data from which the CanPX secretariat can perform the necessary analysis to detect reoccurring material failures on the part of data contributors. Any issues identified are brought to the attention of the CanPX Operating Committee. When necessary, contributors may be contacted for further details surrounding the delayed reporting. Additionally, CanPX maintains a log of services outages experienced at the technical facilitator and addresses issues or areas of concern with the facilitator. Similar procedures are expected to be followed in CanPX's transition to its new facilitator.

Additionally, IIROC staff also receives the weekly report of delayed trades identified above for use in conjunction with any business conduct compliance examination they may conduct at IIROC member firms who are also CanPX corporate bond data contributors.

*d. Data storage*

The CanPX technical facilitator is expected to maintain historical data records on all transactions for each of the IDB source feeds, investment dealer FTP feeds, and the CanPX Consolidated Data. Each item and their associated fields will be recorded on a tick by tick basis to the CanPX Storage.

e. *The hours of operation of the system*

CanDeal will make CanPX data available from **07:30 to 19:00** (Eastern Time) on regular close Canadian Bond trading days and from **07:30** to the relevant appropriate industry close time on early close Canadian Bond trading days.

f. *Description of the training provided to users of the system and any materials provided to the users*

Training and materials would include:

- Inbound feed specification documentation and examples;
- Outbound feed specification documentation and examples;
- Generic language written in plain English describing the content and context of the provided data from the information processor translated into appropriate global languages, including French;
- Support time as required to parties contributing information to the information processor;
- Support time as required to parties receiving information from the information processor;
- As appropriate, online documentation and training materials to help explain the content of the data;
- Educational materials for the investing public and subscriber base.

### **3. Fees and Revenue Sharing**

CanPX currently distributes the Consolidated Data (as well as the Supplementary Data) to subscribers through two vendors. The current subscription price for the Consolidated Data is \$25 per month. An additional charge is applied for subscribers also wishing to receive the Supplementary Data. In addition, vendors may charge subscribers with a connectivity fee. It is not expected that subscription costs for the Consolidated Data will vary to a great degree following CanPX's transition to its new technical facilitator.

CanPX has a revenue sharing model in place with its marketplace participant shareholders. These shareholders are also contributors of the CanPX data. Additionally, provisions in the CanPX formation documents permit new contributors, such as Alternative Trading Systems, to become shareholders as well. Revenue-sharing is as follows: CanPX would allocate "Net Corporation Sales Revenue", which is the excess of revenue over expenses, calculated as between its shareholders based on their relative trading shares in "Total Market Issues" (being "Designated Issues" plus "Corporate Bonds") through a two-step process. CanPX will determine the total trading volume in "Total Market Issues" and then identify the percentage of such volume attributable to each of three separate "markets", being the "IDB Market", the "Corporate Bond Market" and the "ATS Market".

No methodology currently exists to allocate the Consolidated Data revenues to the contributors to the Consolidated Data irrespective of the contributors' shareholder status. CanPX understands the need to have such a model in place and will look at developing an equitable framework for all contributors to the Consolidated Data regardless of their shareholder status. CanPX is of the view that an acceptable revenue model must also take into consideration the capital contributions already provided by existing shareholders.

### **4. Marketplaces, Dealers or Other Parties for which the Information Processor is Acting or for which It Proposes to Act as an Information Processor, and a Description of the Function(s) which the Information Processor Performs or Proposes to Perform**

Since May 2004, marketplaces and dealers that have achieved a market share of 0.5% of total corporate bond trading have been required to provide trade details on designated corporate bond debt instruments to CanPX within one hour of the trade, subject to volume caps of \$2 million for investment grade corporate debt securities and \$200,000 for non-investment grade corporate debt securities. CanPX has submitted Form 21-101F5 to the Canadian Securities Administrators for the opportunity to continue to act as the information processor for dealers or marketplaces that achieves the 0.5% threshold for corporate bond trading.

The following twelve investment dealers, who collectively represent the vast majority of bond trading in Canada, currently contribute corporate trade information into CanPX for the Consolidated Data:



1. BMO Nesbitt Burns Inc.
2. Casgrain & Company Limited
3. CIBC World Markets Inc.
4. Desjardins Securities Inc.
5. Laurentian Bank Securities
6. National Bank Financial
7. HSBC (Canada) Securities
8. Merrill Lynch Canada Inc.
9. Canaccord Capital Corporation
10. RBC Capital Markets Inc.
11. Scotia Capital Inc.
12. TD Securities Inc.

The following data is transmitted by contributors into CanPX:

- Issuer
- Security type
- Class
- Series
- Type of counterparty
- Coupon
- Maturity
- Price
- Time of the trade
- Volume

The CanPX system also consolidates real-time and traded prices for Canadian fixed income and money market products, utilizing electronic feeds from Canadian IDBs. Securities currently covered in the Supplementary Data include Government of Canada treasury bills and bonds and provincial bonds. CanPX formation documents also permit alternative trading systems (ATs) to contribute feeds into CanPX and become shareholders of CanPX.

The following three IDBs contribute to the Supplementary Data:

1. Freedom International Brokerage Company
2. Shorcan Brokers Limited
3. Tullet Prebon Canada Limited

Trade data from CanPX contributors (both the Consolidated and Supplementary Data) is aggregated by CanPX's technical facilitator and made available to market participants and investors through data vendors contracted by CanPX.

In 2008, the CanPX board of directors elected to pursue a new initiative to make CanPX part of a more robust transparency framework by having CanPX offered as part of a broader package of fixed-income market data.

CanPX has selected CanDeal as the optimal partner for this initiative. CanDeal will take on the role of CanPX's new technical facilitator and marketing agent/wholesale distributor as part of a signed agreement, and subject to CanPX continuing to act as an information processor. The CanPX board of directors will retain responsibility for the governance of CanPX.

**5. Selection of Securities Reported to the Information Processor and Services Provided by the Information Processor**

*a. Corporate Bonds (Consolidated Data – as required under NI 21-101)*

Currently, trade data for designated corporate bonds is transmitted by participating investment dealers (who comprise the vast majority of bond trading Canada) within one hour of the trade. Trade publication takes place at hourly intervals. The list of corporate bonds for which information is collected is updated on a quarterly basis following the selection process summarized below. CanPX has succeeded in gradually increasing the size of the corporate bond list over time – the current list is represented by approximately 100 corporate securities as compared to fewer than 25 when CanPX first began reporting corporate bond trade information. A recent list of corporate bonds for which trade information is collected and disseminated through CanPX is available at [www.CanPX.ca](http://www.CanPX.ca).

The current selection criteria with respect to corporate bond securities include: trading volumes, whether bonds are included in domestic Canadian corporate bond indices and issue size (with a minimum issue size of Cdn \$250 million). Other factors are considered to ensure that the list of corporate bonds includes bonds:

- issued by issuers among the major industrial groups of issuers;
- that are highly liquid (relative to comparables);
- that represent a majority of trade flow within the corporate bond markets;
- of short-term maturities, mid-term maturities and long-term bonds; and
- from each industry classification (with at least two from each classification).

The list of corporate bonds includes private sector issuers that are represented in a major corporate bond index and are relatively well-known credits to retail investors.

The following procedure is currently observed:

1. The list of corporate securities is reviewed quarterly by the CanPX Corporate Bond Working Group.
2. New issues are added to, and issues will be removed, from the list, according to the criteria above.
3. The list of corporate bonds should be increased over time, subject to the practical constraints of obtaining enough liquidity or updates to report.
4. The proposed revised list is circulated to the CanPX board for approval.
5. Upon CanPX board approval, the final list will then be sent to the technical facilitator for implementation.
6. The corporate bond list is made publicly available on the CanPX website.

*b. Government of Canada treasury bills and bonds (part of Supplementary Data)*

Bid/offer prices, yields and trades for government of Canada Treasury Bills and Bonds transacted through the IDB market are collected into CanPX and disseminated via CanPX vendors. Bids, offers and trade prices are published in real-time along with accompanying fields for Bid/Ask size, yield and trade volume.

*c. Provincial government bonds (part of Supplementary Data)*

Bid/offer prices, yields and trades for provincial bonds transacted through the IDB market are collected into CanPX and disseminated via CanPX vendors. Bids, offers and trade prices are published in real-time along with accompanying fields for Bid/Ask size, yield and trade volume.

## APPENDIX B

### UNDERTAKINGS PROVIDED BY CANPX

In connection with the updated Form 21-101F5 (F5) filed by CanPX Inc. (CanPX) on February 6, 2009 and revised on March 18, 2009 and its role as the information processor for corporate debt securities, CanPX undertakes the following:

#### **1. Changes to Form 21-101F5**

- a. As required by section 14.2 of National Instrument 21-101 *Marketplace Operation* (NI 21-101), CanPX will file with the CSA amendments to the information provided in Form 21-101F5. The significant changes referred to in section 14.2(1) of NI 21-101 will be reviewed and approved by CSA staff prior to their implementation. These significant changes include the following:
- changes to the governance of CanPX, including the structure of the Advisory Committee referred to in paragraph 2b below,
  - significant changes to the fees charged for corporate debt information distributed as the IP,
  - changes to the fee structure and fee / revenue sharing model related to the services provided as the IP,
  - changes to the data products offered as the IP,
  - changes to the threshold for reporting trades in corporate debt securities,
  - removal of marketplaces, dealers or inter-dealer bond brokers required to report trade data regarding corporate debt securities,
  - changes to the selection criteria for the corporate debt securities reported to CanPX,
  - any reduction in the number of corporate debt securities reported to CanPX,
  - significant changes to the systems, technology or technology provider used by CanPX, including those affecting capacity, or
  - changes affecting the independence of the IP from the contributors of corporate debt securities information (Data Contributors) or the business activities of its technology provider.

#### **2. Governance**

- a. CanPX's Board of Directors will meet at regular times, and no less than quarterly.
- b. CanPX will establish an Advisory Committee that will include representation from Data Contributors, and from subscribers and vendors (Data Purchasers) by October 31, 2009. The Advisory Committee's mandate will include that the committee will provide CanPX with views and recommendations on issues of concern to the committee members, including issues related to: the fee structure or fees charged by CanPX as the IP; the method of revenue allocation between the IP, the Data Contributors and the technology provider; the quality and timeliness of data provided by the information processor; new products or changes to existing products offered by the IP; and any conflict of interest matters. The IP will consider the views and recommendations of the Advisory Committee and, where it rejects such views, will inform the committee of the reasons and keep adequate record of all discussions and decisions.
- c. CanPX will notify CSA staff of the composition, and any changes to the composition, of the Advisory Committee.
- d. The mandate of the Advisory Committee will make reference to the ability of the committee to contact the Director of the Market Regulation Branch of the Ontario Securities Commission and the Director, SRO Oversight at the Autorité des marchés financiers with any concerns that it may have regarding the governance or operations of the IP.
- e. The Advisory Committee will maintain minutes of its meetings and these minutes will reflect the views and recommendations provided to CanPX's management; the minutes will be made available, upon request, to CSA staff.

**3. Conflicts of Interest**

- a. By July 31, 2009, CanPX will establish policies and procedures to address the conflicts of interest related to the business activities of its board members.
- b. By July 31, 2009, CanPX will establish policies and procedures to address the potential conflicts of interest that arise due to the fact that its technology provider is also a marketplace and a distributor of data.
- c. CanPX will provide the policies and procedures described in paragraphs 3a and 3b, and any subsequent changes to those policies and procedures, to CSA staff for review and approval.

**4. IP Products**

- a. CanPX will limit the products distributed as the IP to a consolidated feed (the Consolidated Data Product) that displays the information related to corporate debt securities provided to it in accordance with the requirements set out in Part 8 of NI 21-101 and Part 10 of the Companion Policy 21-101CP. CanPX will display this information no later than one hour from the time of the trade.
- b. CanPX will not distribute, as the IP, any additional products using the data provided to it under Part 8 of NI 21-101 unless it obtains prior approval from CSA staff.
- c. If CanPX intends to create and distribute, other than as the IP, any products using the data provided to it under Part 8 of NI 21-101:
  - i. the data required to be provided to the IP by Data Contributors will not be used for such other products without the permission of the Data Contributors; and
  - ii. the additional products will be made available for purchase separately from, and will not be bundled with, the Consolidated Data Product and any other products approved under paragraph 4b.

**5. Data reported to and disseminated by CanPX**

- a. By October 31, 2009, CanPX will establish and document:
  - i. policies and procedures to verify the timeliness and accuracy of information received and disseminated by the IP; and
  - ii. processes to resolve on a timely basis any data integrity issues identified.
- b. CanPX will provide the policies and procedures described in paragraph 5a, and any further changes to those policies and procedures, to CSA staff for review and approval.
- c. CanPX will monitor the timeliness and accuracy of information received by and disseminated by the IP on an ongoing basis and take adequate measures to resolve any data integrity issues on a timely basis. CanPX will report to its Board of Directors within 30 days of the end of each calendar quarter on the timeliness and accuracy of the information received by and disseminated by the IP, along with significant data integrity issues and the measures to address them. This report will be provided to CSA staff within 15 days of providing it to the Board.
- d. By October 31, 2009, CanPX will complete an assessment of the adequacy of the current process to randomize the corporate bond data displayed in accordance with the requirements of NI 21-101. Immediately upon completion, CanPX will report the results of the assessment, as well as its action plan to address any identified issues, to CSA staff.
- e. CanPX will assess, on an annual basis, the continuing adequacy of the existing threshold for reporting of corporate debt securities and of the parties that qualify as Data Contributors and will report the results of the assessment to CSA staff. This assessment will be included as part of the self-assessment described in paragraph 7a below.
- f. Within 90 days of the end of CanPX's fiscal year, CanPX will provide to CSA staff its plan to increase the number of corporate debt securities for which trade information will be reported to and disseminated by the IP on an annual basis.

**6. Resources**

- a. CanPX will maintain sufficient financial resources to ensure its financial viability.

- b. CanPX will provide to CSA staff its audited financial statements, along with the report signed by an independent auditor within 90 days of the end of each fiscal year.
- c. CanPX will ensure that it has an adequate number of staff dedicated to its systems and operations to ensure the proper performance of its functions, including staff directly responsible for monitoring of the corporate debt data reported to it in accordance with the requirements of NI 21-101.

**7. Self-assessment**

- a. In addition to arranging for an annual independent system review referred to in section 14.5 of NI 21-101, CanPX will conduct an annual self-assessment of its compliance with subsections 14.4(2), (4) and (5) of NI 21-101 and with its performance with respect to the undertakings provided to the CSA. A report on the self-assessment will be provided to CanPX's Advisory Committee promptly upon its completion. CanPX will ask the Advisory Committee to review the report and provide its views in writing. The report and the views of the Advisory Committee will be provided to CSA staff within 90 days of the end of CanPX's fiscal year.

**8. Agreements with Data Contributors**

- a. CanPX will ensure that all Data Contributors are given access to CanPX on fair and reasonable terms.
- b. New standard agreements or contracts to be entered into between CanPX and Data Contributors in connection with the IP services will be provided to CSA staff for review and approval prior to their execution. In addition, any proposed material changes to these standard agreements or contracts will be provided to CSA staff for review and approval.

**9. Fees / Fee structure / Revenue sharing**

- a. CanPX will make available, on its website, the fee schedule for the Consolidated Data Product, and any additional products subsequently approved by CSA staff to be distributed by CanPX as an information processor.
- b. CanPX will revise its revenue sharing model to allow for compensation to all the contributors of corporate debt data regardless of whether or not they are shareholders by December 31, 2009.

**10. Non-exclusivity**

- a. CanPX acknowledges that the selection as an IP does not grant that IP exclusive rights to consolidate and disseminate order and trade data. CanPX will not seek such exclusivity through the terms of any contract with a Data Contributor or Data Purchaser.

**11. Time to implementation and transition to new technical facilitator**

- a. CanPX will use best efforts to have the new CanDeal-based platform functional and ready for testing by October 31, 2009.
- b. CanPX will use best efforts to complete the transition from its existing technology provider to CanDeal by December 31, 2009.
- c. CanPX will provide the CSA with a detailed schedule setting out the timeline for transition from its existing to the new technology provider promptly after July 1, 2009. CanPX will provide a monthly update to CSA staff indicating its progress.
- d. CanPX will promptly report to the CSA any expected transition delays, along with its steps to address such delays.

**12. Term and notice**

- a. CanPX will continue to act as an information processor for corporate debt securities for a period of five years starting from July 1, 2009. CanPX will use its best efforts to provide CSA staff with at least one year notice should it determine that it does not wish to continue as an information processor upon the expiry of the 5-year term.

**1.1.3 Notice of Commission Approval – Proposed Amendments to Universal Market Integrity Rules (UMIR) 10.15  
Relating to Provisions Respecting the Assignment of Identifiers and Symbols**

**INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)**

**PROPOSED AMENDMENTS TO UMIR 10.15  
RELATING TO THE PROVISIONS RESPECTING  
THE ASSIGNMENT OF IDENTIFIERS AND SYMBOLS**

**NOTICE OF COMMISSION APPROVAL**

The Ontario Securities Commission approved amendments to UMIR 10.15 relating to provisions respecting the assignment of identifiers and symbols. In addition, the British Columbia Securities Commission did not object to, and the Alberta Securities Commission, the Autorité des marchés financiers, the New Brunswick Securities Commission, the Nova Scotia Securities Commission, and the Saskatchewan Financial Services Commission have approved the proposed amendments.

The proposed amendments will provide that the Market Regulator will assign a unique identifier to a marketplace for trading purposes upon being retained as the regulation services provider for the marketplace. In addition, the proposed amendments will provide that each marketplace will assign: a unique identifier for each Participant granted access to that marketplace; and a unique symbol to each security listed or quoted on the marketplace or, in the case of a foreign exchange-traded security, traded on a marketplace. A marketplace will not be able to assign an identifier or symbol that is: different from the identifier or symbol previously assigned to the marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that marketplace, Participant, or security; the same as an identifier or symbol assigned to another marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that other marketplace, Participant or security; not in compliance with the provisions of any agreement between regulation services providers and marketplaces made in accordance with section 7.5 of National Instrument 23-101 (Marketplace Operation); or in a form or of a form that is not generally supported by the systems of market participants.

A copy and description of the proposed amendments were originally published as Market Regulation Services Inc.'s amendments on March 14, 2008, at (2008) 31 OSCB 3277. Four public comments were received.

The IIROC rules notice may be found in Chapter 13 of this Bulletin.

**1.1.4 OSC Notice 11-753 (Revised) – Statement of Priorities for Financial Year to End March 31, 2010**

**OSC NOTICE 11-753 (REVISED)**

**NOTICE OF STATEMENT OF PRIORITIES  
FOR FINANCIAL YEAR TO END MARCH 31, 2010**

The *Securities Act* requires the Commission to deliver to the Minister by June 30 of each year a statement of the Commission setting out its priorities for its current financial year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities.

In the notice published by the Commission on May 1, 2009 (32 OSCB 3771), the Commission set out its draft Statement of Priorities and invited public input in advance of finalizing and publishing the 2009/2010 Statement of Priorities. Five responses were received. The responses were generally supportive of the direction and goals we have set. Comments were very broadly based and focused on a wide range of issues.

There was general support for the OSC's goal to further harmonize, streamline and modernize securities laws as a way to ease the regulatory burden on market participants. The need for continued efforts toward improving harmonization and cooperation both within the securities regulatory framework and with other related regulatory bodies also was noted by a number of respondents. The cost of compliance, especially for smaller market participants, and the importance of ensuring that we use a balanced approach to regulation and operate as efficiently as possible was identified.

There continues to be strong support for our focus on enforcement including efforts to pursue co-operation across jurisdictions. Support for our focus on retail investor issues such as scholarship plans and point-of-sale disclosure were noted again this year. There was strong support for the Investor Secretariat initiative as an effective step toward more open and inclusive consultation.

We have not made changes to our 2009/2010 Statement of Priorities. Many useful suggestions focused on specific action steps that could be taken while working toward our identified priorities, while not resulting in changes to the document, will be considered in undertaking the identified initiatives.

The Statement of Priorities will serve as the guide for the Commission's operations. Following delivery of the Statement of Priorities to the Minister, we will also publish on our website [www.osc.gov.on.ca](http://www.osc.gov.on.ca) a report on our progress against our 2008/2009 priorities.

For further information contact:

Robert Day  
Manager, Business Planning  
Ontario Securities Commission  
20 Queen St. West  
Suite 800, Box 55  
Toronto, Ontario  
M5H 3S8  
(416) 593-8179

June 26, 2009

**ONTARIO SECURITIES COMMISSION  
2009-2010  
STATEMENT OF PRIORITIES**

**JUNE 2009**

**Introduction**

The *Securities Act* requires the Ontario Securities Commission (OSC) to publish in its Bulletin and to deliver to the Minister by June 30 of each year a statement by the Chair setting out the proposed priorities for the Commission for the current financial year. The OSC remains committed to delivering its regulatory services in a businesslike manner and to working closely with its colleagues within the Canadian Securities Administrators (CSA) and with market participants to ensure that the regulatory system remains relevant to the changing marketplace.

**Our Vision**

To be an effective and responsive securities regulator – fostering a culture of integrity and compliance and instilling investor confidence in the capital markets.

**Our Mandate**

The OSC's mandate is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets. The mandate is set by statute.

**Our Goals**

The Statement of Priorities is an annual document required under the *Securities Act*. To meet its mandate, in 2007 the Commission identified four strategic goals over the five-year period ending in 2012. This year's Statement of Priorities sets out the Commission's strategic goals along with specific initiatives for the 2009-10 fiscal year in support of each of those goals:

1. Identify the important issues and deal with them in a timely way;
2. Deliver fair, vigorous and timely enforcement and compliance programs;
3. Champion investor protection, especially for retail investors; and
4. Support and promote a more flexible, efficient and accountable organization.

**Our Environment**

In furtherance of our mandate, we face the following key challenges:

- Pursuing specific initiatives that demonstrate our commitment both to protect investors from fraud and misleading sales practices and to incorporate their views in the development of regulatory changes;
- Integrating a macroprudential dimension into our regulatory framework while operating effectively in a rapidly evolving regulatory environment;
- Understanding the long-term impacts of market changes;
- Focusing on compliance as an integral part of ongoing regulatory enforcement; and
- Developing strategic performance benchmarks against which to assess progress in achieving our dual mandate and our strategic goals.

*Focus on Investors*

Investor protection is a critical element of our two-part mandate. We recognize that to serve the interests of all investors, especially retail investors, it is important to obtain their input on matters related to securities regulation. We also believe that informed investors are better equipped to protect themselves and to help regulators protect them. Therefore, we will continue to review our internal processes for adequately addressing investor concerns during the development of securities regulation.



### *Focus on the Macprudential Regulatory Framework*

Recent market events highlight the potential adverse outcomes that can result from regulatory coverage focused on specific industry segments or entities rather than financial markets as a whole. An assumption that “regulation” is sufficient when each regulatory agency applies its rules to its constituents, however, fails to recognize the interconnectedness of our financial markets. We need to examine opportunities to better align our disclosure regime and compliance and enforcement approaches internally, in concert with recognized self-regulatory organizations (SROs) and other entities, as well as more broadly to improve the ability of the regulatory system to recognize and address risks that emerge as a consequence of the convergence of financial markets and products.

### *Focus on Market Developments*

Capital markets are evolving at rates that often exceed the ability of both market participants and regulators to fully appreciate the consequences of these changes. Innovative financial instruments can be misunderstood by both institutional as well as retail investors and result in adverse impacts upon market efficiency and investor confidence.

The emergence of multiple marketplaces can bring benefits from increased competition but is also accompanied by increased costs associated with fragmentation. To address these risks we need to examine how we currently regulate different marketplaces and whether changes should be made to the regulatory framework for exchanges and alternative trading systems. We need to clearly understand the impacts of our regulation, especially any unintended consequences to market stability or efficiency, and how our actions support investor protection.

### *Focus on Compliance*

Financial markets in Canada and around the world are going through an unprecedented period of turmoil. Neither market participants nor regulators are insulated from the economic realities of the marketplace. During economic downturns, cost management programs in the securities industry tend to focus first on non-revenue generating activities; typically back office functions, including compliance and internal control systems. As a result, we need to apply our own resources in the interests of investor protection. Increased reliance on risk assessment tools for allocating our resources most effectively will be part of the solution. We will continue to focus on things that really matter. At the same time, we will continue to actively encourage market participants to be vigilant and proactive in preventing, detecting and correcting compliance issues as they have primary responsibility for compliance and control systems.

### *Strategic Performance Measurement*

The OSC's focus on accountability has included establishing, monitoring and reporting on effective use of our resources in managing various aspects of securities regulation. We recognize the importance of delivering our services as effectively and efficiently as possible. Consequently, we are in the process of upgrading our performance measurement programs beyond our traditional activity measures and service delivery parameters to include assessments of the outcomes against our strategic goals. We will work to identify and establish suitable measures for which reliable and appropriate data is available and develop performance benchmarks to enhance both our operational transparency and our accountability framework.

### **GOAL 1 – Identify the important issues and deal with them in a timely way.**

Our goal is to deal with today's concerns, while anticipating tomorrow's challenges. We want to be a strategic leader in fulfilling our mandate to Ontario investors and the Ontario marketplace. We will:

- Consult and collaborate with investors, issuers, intermediaries, other industry participants and professionals to identify important issues;
- Identify trends and emerging issues, and develop solutions to address them efficiently and effectively;
- Work with the Government of Ontario, other securities regulators and market participants to strengthen the Canadian securities regulatory system. We will support efforts to move towards a common securities regulator. We will also continue to further harmonize, streamline and modernize securities laws and ease the regulatory burden on market participants;
- Continue to examine alternative securities regulatory approaches that provide a balanced regulatory approach and adopt best regulatory practices from other Canadian and international jurisdictions to support Ontario markets and investors. We will work to enhance the global competitiveness of our capital markets as well as foster co-operative relationships with securities and other regulators;

- Use the full range of tools available to achieve our mandate and assign priorities to all our work based on our strategic goals; and
- Ensure our priorities are communicated in a timely and effective manner.

Specific initiatives for 2009-10 include:

- Contribute to strengthening the registration regime by finalizing our proposals designed to harmonize, streamline and modernize current registration requirements, including:
  - (i) drafting National Instrument 31-103 *Registration Requirements*, its Companion Policy and accompanying Notice and comment summary/response document and consequential amendments to national registration system rules, exemption rules and other regulations;
  - (ii) supporting the Ministry in finalizing legislative amendments that would, if approved, support the new registration regime; and
  - (iii) finalizing and implementing the new registration regime, subject to the Minister approving National Instrument 31-103 *Registration Requirements*.
- Continue to work with other Canadian and international regulatory authorities to develop a proposed framework to improve the ability of the regulatory system to recognize and address risks that may emerge as a consequence of the interconnectedness of global financial markets;
- Manage the transition to International Financial Reporting Standards (IFRS) including:
  - (i) amending our rules (most notably National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*), as well as our policies and notices, to eliminate references to the existing Canadian generally accepted accounting principles and include appropriate IFRS terms and references;
  - (ii) providing guidance for reporting issuers on disclosure expectations in the periods leading up to adoption of IFRS; and
  - (iii) providing training to OSC and Canadian Securities Administrators (CSA) staff to develop a high level of technical competency in IFRS.
- Continue to address issues related to asset backed commercial paper (ABCP) and develop proposals for a regulatory regime for credit rating agencies by:
  - (i) completing our review of comments on the ABCP consultation paper of the CSA;
  - (ii) proposing legislative rule-making amendments, drafting a proposed rule on credit agency regulation and, subject to receipt of rule-making authority, publishing the proposed rule for comment; and
  - (iii) amending National Instrument 45-106 *Prospectus and Registration Exemptions* to reflect the final recommendations of the CSA's working group and publish for comment.
- Support IOSCO Task Force initiatives relating to G20 Action Plan; and
- Complete consultations with the industry with respect to implementing a trade-through rule to improve market efficiency.

**GOAL 2 – Deliver fair, vigorous and timely enforcement and compliance programs.**

Timely and appropriate compliance and enforcement are integral to fostering confidence in capital markets and preventing harm to investors. We will:

- Continue our focus on compliance reviews of market participants to identify and prevent violations of Ontario securities law and ensure effective coordination among OSC branches in addressing improper market conduct;

- Identify gaps in the enforcement framework and co-operate with other regulators and agencies to find practical solutions;
- Improve the effectiveness of our enforcement work by completing investigations and bringing regulatory proceedings forward in a timely manner;
- Provide leadership and assistance to improve collaboration among Canadian and international regulatory agencies and criminal law enforcement agencies;
- Foster inter-jurisdictional co-operation to improve the coordination of investigative efforts, enforcement, and legal tools for enforcement; and
- Increase transparency through timely and effective communication of enforcement actions where warranted.

Specific initiatives for 2009-10 include:

- Refine our enforcement case selection and management processes to better identify activities seen as posing the greatest risks to investors and their confidence in the capital markets, and focus enforcement resources on those matters;
- Leverage our enforcement resources by promoting greater use of our existing systems and examining potential new tools, techniques and methodologies;
- Focus compliance efforts on new and high-risk market participants; and
- Execute focused on-site compliance reviews of a representative sample of hedge fund managers.

### **GOAL 3 – Champion investor protection, especially for retail investors.**

The interests and needs of investors, particularly retail investors, will continue to be strongly reflected in all of the OSC's operations. In addition to our enforcement activities, investor education and awareness and timely access to accurate information are important components of investor protection. We will:

- Continue to reflect investor interests in all that we do;
- Continue to support investor education initiatives;
- Continue to support plain-language investor communication initiatives;
- Work with the SROs to improve investor access to timely and affordable means of complaint handling and redress. This includes improving investor awareness of, and access to, existing mechanisms for resolution of complaints and restitution, such as those offered by the Ombudsman for Banking Services and Investments (OBSI);
- Work with the SROs and lead or support initiatives that recognize the importance of the adviser to the retail investor, and strengthen and improve the adviser/retail investor relationship;
- Communicate our understanding of and commitment to investor protection; and
- Increase the involvement of other industry groups, such as SROs, through collaboration and information exchange.

Specific initiatives for 2009-10 include:

- Expand internal capabilities and sensitivities to investor issues, particularly those of the retail investor, by:
  - (i) Establishing an Investor Secretariat to be a coordinating body within the OSC to better identify and address issues of interest and concern to investors, especially retail investors;
  - (ii) Continuing to work with the other members of the Joint Standing Committee on Retail Investor Issues to coordinate investor-related initiatives and to engage retail investors in the regulatory process;

- (iii) Exploring opportunities to gather feedback from investors on OSC regulatory initiatives;
  - (iv) Enhancing investor outreach and education programs by supporting the Investor Education Fund and other channels; and
  - (v) Collaborating with the CSA Investor Education Committee to distribute investor education materials in a consistent and timely manner;
- Develop proposals to modernize investment fund rules in order to achieve more consistent, fair and functional regulation of all investment funds and reduce the number of exemption applications;
  - Publish for comment proposals designed to modernize the rules governing scholarship plan operations and enhance the disclosure provided to scholarship plan holders;
  - Publishing for comment rules for point-of-sale disclosure for mutual funds and segregated funds that would require clear, concise and plain-language product and sales fee disclosure for investors; and
  - Continue to improve processes for investor complaint handling by the Investor Assistance section of the OSC Inquiries and Contact Centre so that issues are dealt with efficiently and effectively.

**GOAL 4 – Support and promote a more flexible, efficient and accountable organization.**

The OSC's strength is its people. We will make the best use of all our resources, including people, technology, research and financial, to achieve timely and effective execution of all that we do. We expect OSC Commissioners and employees to maintain the highest standards of conduct and personal integrity and to deal openly and fairly with all of our stakeholders. We will continue to constantly improve our business competence and effectiveness. We will:

- Continuously monitor and improve the efficiency and effectiveness of our operations;
- Be responsive and flexible as an organization and treat all stakeholders with respect and fairness;
- Identify skills requirements and ensure that we attract, retain and motivate staff who possess the required skills, and continue improving and enhancing our succession plans;
- Leverage information technology effectively to support our operations and optimize our electronic interface with our stakeholders;
- Secure the most appropriate resources and justify their acquisition through cost- benefit analyses and similar tools;
- Increase the knowledge management and risk analysis capabilities of the OSC; and
- Supplement OSC staff resources with external resources where appropriate.

Specific initiatives for 2009-10 include:

- Improve regulatory accountability by further refining our measurement and reporting culture (including identifying, designing and/or developing measures) to ensure that we continue to be aligned with the priorities of the Commission as well as those of market participants and investors;
- Accelerate the adoption of an internally consistent approach to risk based regulation;
- Develop an enterprise risk management framework; and
- Continue implementation of our IT Strategic Plan including:
  - (i) improving and integrating branch tools and systems;
  - (ii) completing the first implementation phase of our document management system; and
  - (iii) improving reporting tools for branch/information analysis for management.

## 2009-10 Financial Outlook

### *OSC Revenues and Surplus*

The economic environment continues to have a material impact on our revenues and expenses. Revenues are expected to decline by approximately \$6.7 million or about 10% in 2009-10. These declines are due to the impact of market conditions and will affect all revenue categories.

- Participation fees are projected to fall by approximately \$6.4 million or 12% due to the impact of market conditions.
- Activity fees are projected to rise by approximately \$900,000 or 10% as we are forecasting some increase in prospectus filings (both for reporting issuers and investment funds), private placement filings, and applications for relief due to continued market uncertainty.
- Late fees are projected to fall by approximately \$330,000 or 13% due to reduced rates.
- Investment income is projected to fall by approximately \$900,000 or 44% primarily due to lower cash balances.

On March 13, 2009, after consultation with the Ontario Government, we announced our decision to maintain participation fees and activity fees at current rates over the next 12 months, for the year ending March 31, 2010. As a result, fee rates are not at levels sufficient to recover our costs for 2009-10. We project a deficiency of revenues over expenses of about \$22 million over the next fiscal year. We will need to use a considerable portion of our surplus to offset this deficit.

Over the next year, we will further review our fee model. Our goal is to develop a more predictable fee structure that will allow us to fully recover our costs in ways that remain fair and transparent to market participants. Future increases to fee rates will need to be sufficient to fully recover our costs of operations, and market participants should anticipate increases.

### *OSC 2009-10 Budget Approach*

The current economic environment poses a range of risks to investors and our capital markets. Our budget priorities reflect our assessment of these risks and their potential impacts. These challenging economic conditions continue to generate significant pressures for those that we regulate as well as increased demands on our own operations. Immediate issues include:

- Volume and complexity of continuous disclosure work is increasing as issuers struggle with disclosure in the current economic environment. The importance of disclosures related to potential going concern issues, asset impairments, liquidity and capital resources and other disclosures are increasingly important to help investors understand the risks facing issuers;
- Potential strains arising due to recent adverse market conditions may distract market participants from focusing on compliance requirements;
- Pressures for regulation or changes to the regulation of certain products, including derivatives and commodities, and certain activities, such as rating agencies, commodities and short selling, as well as greater needs for co-ordinated on-site compliance reviews (e.g. money market fund and non-conventional fund sweeps); and
- Market participants, in attempting to deal with the fallout from the market turmoil, may test regulatory and policy boundaries by creating novel products and/or requesting novel exemptive relief.

Downturns have historically exposed questionable practices and often occur at times when investors can be most vulnerable. The potentially poor financial health of issuers and registrants poses major, if unquantifiable, compliance and enforcement risks. In developing our 2009-10 budget, we carefully balanced the need for cost restraint in these challenging times with our duty to take appropriate steps as necessary to pursue our mandate of providing protection to investors and fostering fair and efficient capital markets. Our budget (before recoveries) will increase by \$3.8 million or 4.7% over 2008-09 spending. The ability to limit the increase to this level was the result of an increased focus on internal efficiencies and controllable cost areas. In particular, we held average salary increases to 1.6%. Total staff will increase modestly from 468 to 470.

<i>(Thousands)</i>	2010 Budget	2009 Actual	Change	%
				Change
Revenues	\$ 61,900	\$ 68,562	\$ (6,662)	-9.7
Expenses	<u>84,900</u>	<u>81,053</u>	<u>3,847</u>	4.7
Deficiency of Revenue over Expenses (before recoveries)	(23,000)	(12,491)	(10,509)	
Recoveries of Enforcement Costs	<u>1,000</u>	<u>2,831</u>	<u>(1,831)</u>	-64.7
Deficiency of Revenue over Expenses	(22,000)	(9,660)	(12,340)	
Capital Expenditures	1,758	5,297	(3,539)	-66.8

Salaries and benefits, which comprise \$63.3 million or 74.6% of the budget, reflect an increase of \$2.2 million or 3.6%. Most of the increase in salaries and benefits cost reflects prior staffing decisions including the full-year costs for staff hired during 2008-09, and the planned hiring of previously approved positions. Higher pension contribution rates and increased health benefit costs are other factors. Increased staff costs are partially offset by an estimated \$947,000 or 19.2% reduction in professional services costs. Amortization costs for 2009-10 will be \$1.6 million higher. This non-cash cost accounts for more than 40% of our total budget increase.

Our deficiency of revenues over expenses in 2008-09 was reduced significantly due to recovery of \$2.8 million in costs through enforcement settlements. These amounts were about \$1.8 million higher than the average for the previous five years.

The projected decrease of \$3.5 million or 66.8% in capital expenditures is due to the completion of the expansion and renovation of our premises in 2008-09. The resulting increase in our capital base has generated the projected increase in amortization costs noted above.

**1.2 Notices of Hearing**

**1.2.1 IMG International Inc. et al. – ss. 127(7), 127(8)**

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

**AND**

**IN THE MATTER OF  
IMG INTERNATIONAL INC.,  
INVESTORS MARKETING GROUP  
INTERNATIONAL INC. AND MICHAEL SMITH**

**NOTICE OF HEARING  
Sections 127(7) and 127(8)**

**WHEREAS** on June 11, 2009, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), ordering: that all trading in securities by IMG International Inc./Investors Marketing Group International Inc. ("IMG") and Michael Smith ("Smith") shall cease (the "Temporary Order");

**TAKE NOTICE THAT** the Commission will hold a hearing pursuant to subsections 127(7) and (8) of the Act at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on June 24, 2009 at 10:00 a.m., or as soon thereafter as the hearing can be held:

**TO CONSIDER** whether it is in the public interest for the Commission:

- 1) to extend the Temporary Order pursuant to subsections 127(7) and (8) of the Act until the conclusion of the hearing, or until such further time as considered necessary by the Commission; and,
- 2) to make such further orders as the Commission considers appropriate;

**BY REASON OF** the allegations recited in the Temporary Order and by reason of such allegations and evidence as counsel may advise and the Commission may permit;

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

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

**DATED** at Toronto this 19th day of June, 2009.

"John Stevenson"

**1.3 News Releases**

**1.3.1 Canadian Securities Regulators Take Steps to Improve Mutual Fund Disclosure for Investors**

**FOR IMMEDIATE RELEASE  
June 19, 2009**

**CANADIAN SECURITIES REGULATORS  
TAKE STEPS TO IMPROVE  
MUTUAL FUND DISCLOSURE FOR INVESTORS**

**Toronto** – The Canadian Securities Administrators (CSA) today published for comment proposed amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, its Forms and Companion Policy, as well as related amendments, that are aimed at providing investors with improved disclosure about mutual funds.

This publication is the first step in implementing the point-of-sale disclosure framework published in October 2008 by the Joint Forum of Financial Market Regulators, which includes the CSA. Under the framework, investors would receive key information about a mutual fund at a time that is relevant to their investment decision. Investors currently receive a simplified prospectus up to two days after buying a mutual fund.

"Mutual funds are required to disclose a great deal of information, but we know that many investors do not use this information when making purchase decisions," said Jean St-Gelais, CSA Chair and President & Chief Executive Officer of the Autorité des marchés financiers. "The current market conditions highlight the need for investors to fully understand what they are buying. This significant investor protection initiative will provide investors with the opportunity to make more informed investment decisions."

Central to the proposal is a new two-page document called Fund Facts. The Fund Facts will be written in plain language and in a format that is easy to read and understand. It highlights important information for investors, including what the mutual fund invests in, the risks and the costs of buying and owning the mutual fund.

Under the proposal, investors would receive a Fund Facts when they buy a mutual fund they do not currently own. The simplified prospectus and other disclosure will also be available to investors upon request.

Copies of the proposed rule amendments and additional background information are available on the websites of CSA members. The CSA is seeking input from all stakeholders on the proposals. The comment period is open until October 17, 2009.

The CSA, the council of securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

**For more information:**

Carolyn Shaw-Rimington  
Ontario Securities Commission  
416-593-2361

Sylvain Th  berge  
Autorit   des march  s financiers  
514-940-2176

Mark Dickey  
Alberta Securities Commission  
403-297-4481

Ken Gracey  
British Columbia Securities Commission  
604-899-6577

Ainsley Cunningham  
Manitoba Securities Commission  
204-945-4733

Wendy Connors-Beckett  
New Brunswick Securities Commission  
506-643-7745

Natalie MacLellan  
Nova Scotia Securities Commission  
902-424-8586

Barbara Shourounis  
Saskatchewan Financial Services Commission  
306-787-5842

Janice Callbeck  
PEI Securities Office  
Office of the Attorney General  
902-368-6288

Doug Connolly  
Financial Services Regulation Div.  
Newfoundland and Labrador  
709-729-2594

Fred Pretorius  
Yukon Securities Registry  
867-667-5225

Louis Arki  
Nunavut Securities Office  
867-975-6587

Donn MacDougall  
Northwest Territories  
Securities Office  
867-920-8984

**1.4 Notices from the Office of the Secretary**

**1.4.1 Paladin Capital Markets Inc. et al.**

**FOR IMMEDIATE RELEASE  
June 17, 2009**

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

**AND**

**IN THE MATTER OF  
PALADIN CAPITAL MARKETS INC.,  
JOHN DAVID CULP AND  
CLAUDIO FERNANDO MAYA**

**TORONTO** – Following a hearing held on June 15, 2009, today the Commission issued the following Order (1) pursuant to sections 127(7) and 127(8), the Temporary Order be extended until September 30, 2009; (2) the hearing is adjourned to July 2, 2009 at 2:30 p.m. to permit Maya to contest the extension of the Temporary Order as against him; and (3) the hearing is otherwise adjourned to September 29, 2009 at 2:30 p.m.

A copy of the Order dated June 17, 2009 is available at [www.osc.gov.on.ca](http://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-Rimington  
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 LandBankers International MX, S.A. de C.V. et al.

FOR IMMEDIATE RELEASE  
June 18, 2009

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

AND

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

**TORONTO** – The Commission issued an Order in the above matter which provides that the hearing in this matter is adjourned sine die; the Temporary Order is extended until further order of the Commission; and any party may return this matter before the Commission on reasonable notice.

A copy of the Order dated June 17, 2009 is available at [www.osc.gov.on.ca](http://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)

1.4.3 IMG International Inc. et al.

FOR IMMEDIATE RELEASE  
June 19, 2009

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

AND

IN THE MATTER OF  
IMG INTERNATIONAL INC.,  
INVESTORS MARKETING GROUP  
INTERNATIONAL INC. AND MICHAEL SMITH

**TORONTO** – The Office of the Secretary issued a Notice of Hearing today setting the matter down to be heard on June 24, 2009 at 10:00 a.m. to consider whether it is in the public interest for the Commission:

- (1) to extend the Temporary Order pursuant to subsections 127(7) and (8) of the Act until the conclusion of the hearing, or until such further time as considered necessary by the Commission; and
- (2) to make such further orders as the Commission considers appropriate.

A copy of the Notice of Hearing dated June 19, 2009 and Temporary Order dated June 11, 2009 are available at [www.osc.gov.on.ca](http://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)

**1.4.4 Julius Caesar Phillip Vitug**

**FOR IMMEDIATE RELEASE  
June 24, 2009**

**IN THE MATTER OF  
AN APPLICATION FOR A HEARING AND REVIEW  
OF A DECISION OF THE ONTARIO DISTRICT  
COUNCIL OF THE INVESTMENT INDUSTRY  
REGULATORY ORGANIZATION OF CANADA  
PURSUANT TO SECTION 21.7 OF THE  
SECURITIES ACT, R.S.O. 1990, c. S.5, AS AMENDED**

**AND**

**IN THE MATTER OF  
DISCIPLINE PROCEEDINGS PURSUANT TO  
DEALER MEMBER RULE 20 OF THE  
INVESTMENT INDUSTRY REGULATORY  
ORGANIZATION OF CANADA**

**BETWEEN**

**STAFF OF THE INVESTMENT INDUSTRY  
REGULATORY ORGANIZATION OF CANADA**

**AND**

**JULIUS CAESAR PHILLIP VITUG**

**TORONTO** – The Ontario Securities Commission will hold a hearing on July 20, 2009 at 10:00 a.m. to consider the Application made by Julius Caesar Phillip Vitug for a review of a decision of the Ontario District Council of IROC dated March 31, 2009. The hearing will be held in the Large Hearing Room, 17th Floor at 20 Queen Street West.

A copy of the Notice of Request for a Hearing and Review dated May 1, 2009 is available at [www.osc.gov.on.ca](http://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-Rimington  
Assistant Manager,  
Public Affairs  
416-593-2361

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

**1.4.5 IMG International Inc.**

**FOR IMMEDIATE RELEASE  
June 24, 2009**

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

**AND**

**IN THE MATTER OF  
IMG INTERNATIONAL INC.,  
INVESTORS MARKETING GROUP  
INTERNATIONAL INC. AND MICHAEL SMITH**

**TORONTO** – Following a hearing held today, the Commission issued an Order which provides that (1) pursuant to section 127(8) that the Temporary Order is extended until October 7, 2009; and (2) the hearing is adjourned to October 6, 2009 at 2:30 p.m., or such other time as the Secretary's Office may advise.

A copy of the Order dated June 24, 2009 are available at [www.osc.gov.on.ca](http://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-Rimington  
Assistant Manager,  
Public Affairs  
416-593-2361

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

## Chapter 2

# Decisions, Orders and Rulings

### 2.1 Decisions

#### 2.1.1 Mackenzie Financial Corporation 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 – certain 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 funds in connection with the mergers provided the information circular sent for unitholder meeting clearly discloses the various ways unitholders can access the financial statements – tailored prospectus of continuing funds sent to unitholders of terminating funds instead of a simplified prospectus.

##### Applicable Legislative Provisions

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

June 4, 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  
MACKENZIE FINANCIAL CORPORATION  
(THE FILER)

AND

IN THE MATTER OF  
KEYSTONE BISSETT CANADIAN EQUITY FUND,  
KEYSTONE SAXON SMALLER COMPANIES FUND,  
KEYSTONE SCEPTRE CANADIAN LARGE CAP  
FUND, KEYSTONE SCEPTRE CANADIAN SMALL  
CAP FUND, MACKENZIE PUTNAM GLOBAL  
EQUITY FUND, MACKENZIE UNIVERSAL  
CANADIAN VALUE FUND AND MACKENZIE  
UNIVERSAL GLOBAL PROPERTY INCOME FUND  
(each a TERMINATING FUND and collectively,  
the TERMINATING FUNDS)

DECISION

### Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Terminating Funds for a decision under the securities legislation of the Jurisdiction (the **Legislation**):

- (a) approving the proposed mergers of the Terminating Funds into the corresponding Continuing Funds (as defined below) pursuant to subsection 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**); and
- (b) exempting the Filer from the SP and FS Delivery Requirements (as defined below).

(collectively, the **Exemption Sought**)

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

- (a) the Ontario Securities Commission is the principal regulator for this application (**Principal Regulator**); and
- (b) The Filer has provided notice that section 4.7(1)(c) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Northwest Territories, Nunavut and Yukon.

### Interpretation

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

**Capitalcorp** means Mackenzie Financial Capital Corporation.

**Capitalcorp Funds** means Mackenzie Ivy Foreign Equity Class (unhedged class), Mackenzie Universal Canadian Value Class and Mackenzie Universal World Real Estate Class, each a class of Capitalcorp.

**Continuing Fund** or **Continuing Funds** means, individually or collectively, Mackenzie Ivy Enterprise Fund, Mackenzie Maxxum Canadian Equity Growth Fund, Saxon Small Cap, Saxon Stock Fund and the Capitalcorp Funds.

**Effective Date** means on or about June 5, 2009, the anticipated date of the Proposed Mergers.

**Fund** or **Funds** means, individually or collectively, the Continuing Funds and the Terminating Funds.

**Proposed Merger** or **Proposed Mergers** means, individually or collectively, the Proposed Trust Mergers and Proposed Trust-Corp Mergers.

**Proposed Trust Merger** or **Proposed Trust Mergers** means, individually or collectively, the following proposed mergers:

Terminating Fund	Continuing Fund
Keystone Bissett Canadian Equity Fund	Saxon Stock Fund
Keystone Saxon Smaller Companies Fund	Saxon Small Cap
Keystone Sceptre Canadian Large Cap Fund	Mackenzie Maxxum Canadian Equity Growth Fund
Keystone Sceptre Canadian Small Cap Fund	Mackenzie Ivy Enterprise Fund

Proposed Trust-Corp Merger or Proposed Trust-Corp Mergers means, individually or collectively, the following proposed mergers:

Terminating Fund	Continuing Fund
Mackenzie Putnam Global Equity Fund	Mackenzie Ivy Foreign Equity Class (unhedged class)
Mackenzie Universal Canadian Value Fund	Mackenzie Universal Canadian Value Class
Mackenzie Universal Global Property Income Fund	Mackenzie Universal World Real Estate Class

**SP and FS Delivery Requirements** means the requirement to deliver the simplified prospectus and the most recent annual and interim financial statements of a corresponding Continuing Fund to investors of a Terminating Fund in connection with a Proposed Merger if such documents have not previously been sent to investors of the Terminating Fund pursuant to subsection 5.6(1)(f)(ii) of NI 81-102.

**Tailored Prospectus** means the current Part A and the Part B of the simplified prospectus of the Continuing Fund.

## Representations

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

- The Filer is a corporation governed by the laws of Ontario and is registered as an advisor in the categories of Investment Counsel and Portfolio Manager (or its equivalent) in Ontario, Manitoba and Alberta. The Filer is also registered in Ontario as a dealer in the category of Limited Market Dealer and is registered under the *Commodity Futures Act* (Ontario) in the category of Commodity Trading Manager.
- The Filer is the manager and trustee of the Funds, excluding the Capitalcorp Funds, each of which is an open-ended mutual fund trust governed under the laws of Ontario (**Trust Funds**).
- The Filer is the manager of the Capitalcorp Funds.
- Series A, D, F, G, I, O, R, T6 and T8 securities (as applicable) of the Terminating Funds are issued and outstanding. Certain series of the Terminating Funds are offered for sale in all provinces and territories of Canada under simplified prospectuses and annual information forms dated April 8, 2008, as amended (in the case of Mackenzie Keystone Canadian Large Cap and Mackenzie Keystone Canadian Small Cap Fund), May 30, 2008, as amended (in the case of Keystone Bissett Canadian Equity Fund and Keystone Saxon Smaller Companies Fund), January 26, 2009, as amended, (in the case of Saxon Stock Fund and Saxon Small Cap) and November 19, 2008, as amended, in the case of all other Funds.
- The Funds are reporting issuers under the applicable securities legislation of each province and territory of Canada and are not in default of securities legislation in any province or territory of Canada.
- Each of the Funds follows the standard investment restrictions and practices in NI 81-102, except pursuant to the terms of any exemption that has been previously obtained in respect of that Fund.
- The net asset value for each series of securities of the Funds is calculated on a daily basis on each day the Toronto Stock Exchange is open for trading.
- Approval of the Proposed Mergers is required because the Proposed Mergers do not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102 in the following ways:

- (a) contrary to subsection 5.6(1)(a)(ii) of NI 81-102, a reasonable person may not consider the fundamental investment objectives of the Terminating Funds and their corresponding Continuing Funds to be substantially similar for all of the Proposed Mergers except for the mergers of Keystone Saxon Smaller Companies Fund into Saxon Small Cap, and Keystone Bissett Canadian Equity Fund into Saxon Stock Fund;
- (b) contrary to subsection 5.6(1)(b) of NI 81-102, the Proposed Trust Mergers will not be implemented on a tax deferred basis. The management information circular of the Trust Funds discloses the tax implications of the Proposed Trust Mergers; and
- (c) contrary to subsection 5.6(1)(f)(ii) of NI 81-102, the Filer proposes sending to investors of a Terminating Fund a Tailored SP and a management information circular that describes how investors may access or obtain the most recent interim and annual financial statements of the corresponding Continuing Fund.
9. Except as noted above, the Proposed Mergers will otherwise comply with all other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.
10. The Filer proposes implementing the Proposed Trust Mergers on a taxable basis as it will not result in the expiry of the Continuing Funds' capital loss carryforwards and accrued capital losses. It will also result in the realization of capital losses by a significant number of investors of the Terminating Funds.
11. As required by National Instrument 81-107 *Independent Review Committee for Investment Funds, an Independent Review Committee* (the **IRC**) has been appointed for the Funds. The Filer presented the terms of the Proposed Mergers to the IRC for a recommendation. The IRC reviewed the Proposed Mergers and recommended that it be put to investors of the Terminating Funds and Mackenzie Universal Canadian Value Class for their consideration on the basis that the Proposed Mergers would achieve a fair and reasonable result for the Terminating Funds and Mackenzie Universal Canadian Value Class.
12. Investors of the Terminating Funds and Mackenzie Universal Canadian Value Class will be asked to approve the Proposed Mergers at special meetings of investors scheduled to be held on or about June 1, 2009. Investors of Mackenzie Universal Canadian Value Class are being asked to approve the merger with Mackenzie Universal Canadian Value Fund as the merger will constitute a material change to that Continuing Fund. All other Proposed Mergers do not require investor approval of the Continuing Funds as the Filer has determined that the Proposed Mergers do not constitute a material change to the other Continuing Funds.
13. Investors of Mackenzie Universal Canadian Value Class are also being asked to approve a change of investment objectives.
14. Implicit in the approval of investors of the Proposed Mergers is the adoption by the Terminating Funds of the investment objectives and strategies of the Continuing Funds. The Filer will pay the costs of holding the special meetings and solicitation of proxies in connection with the Proposed Mergers.
15. If the approval of investors of a Terminating Fund or Mackenzie Universal Canadian Value Class is not received in its special meeting, then that Proposed Merger will not proceed.
16. Terminating Fund investors will continue to have the right to redeem their securities or exchange their securities for securities of any other Mackenzie-sponsored mutual fund at any time up to the close of business on the business day immediately preceding the Effective Date. Terminating Fund investors that switch their securities for securities of other Mackenzie-sponsored mutual funds will not incur any charges. Investors who redeem securities may be subject to redemption charges.
17. A Tailored Prospectus and management information circulars describing the Proposed Mergers and how a Terminating Fund investor can access or obtain the most recent interim and annual financial statements of a corresponding Continuing Fund will be filed on SEDAR and will be mailed to investors of record of the Terminating Funds and Mackenzie Universal Canadian Value Class, as at April 30, 2009, on or before May 11, 2009.
18. Relief from the SP and FS Delivery Requirements was granted to the Filer for all future pre-approved mergers of mutual funds managed by the Filer in a decision dated June 17, 2003. However, such relief cannot be relied upon for the Proposed Mergers as they are not pre-approved mergers pursuant to section 5.6 of NI 81-102, a condition of that relief.
19. If the Proposed Mergers are approved, the mergers will be implemented after close of business on the Effective Date and the costs of the mergers will be borne by the Filer.

20. Following the mergers, the Continuing Funds will continue as publicly offered open-ended mutual funds.
21. Following the mergers, material change reports and amendments to the simplified prospectuses and annual information forms of the Funds in respect of the mergers will be filed.
22. The Filer submits that the Proposed Mergers will result in the following benefits:
- (a) **Larger net assets – All Terminating Funds other than Mackenzie Universal Canadian Value Fund:** The Continuing Funds have significantly larger net assets than the Terminating Funds. Following the merger, investors of the Terminating Funds may enjoy enhanced liquidity of the portfolio and may also benefit from the Continuing Funds' larger profiles in the marketplace. Certain of the Terminating Funds may also enjoy enhanced diversification as a result of the mergers.
  - (b) **Superior performance of the Continuing Funds – All Terminating Funds other than Mackenzie Universal Canadian Value Fund and Mackenzie Universal Global Property Income Fund:** The Continuing Funds have demonstrated similar or better historical performance over most time periods (as of April 13, 2009).
  - (c) **Similar or lower management expense ratios (MERs) - All Terminating Funds other than Mackenzie Universal Canadian Value Fund and Mackenzie Universal Global Property Income Fund:** In all cases, the MERs of the Continuing Funds by series are expected to be similar to or less than the MERs of the Terminating Funds for the corresponding series.
  - (d) **Tax deferred switching – Terminating Funds merging into Capitalcorp Funds:** Each Capitalcorp Fund is a class of shares of a mutual fund corporation, Capitalcorp. Generally each class of shares of Capitalcorp is a separate mutual fund. Investors may exchange their shares of a class for another class within Capitalcorp on a tax deferred basis.
  - (e) **Tax efficient dividends – Terminating Funds merging into Capitalcorp Funds:** For tax purposes, Capitalcorp and its classes are treated as a single

taxable entity. Certain classes of Capitalcorp and certain series of classes of Capitalcorp have targeted dividend payments. The payment of capital gains dividends to these classes and series to satisfy the targeted dividend payments, reduces Capitalcorp's need to pay capital gains dividends to other classes. Investors in these classes benefit as they receive fewer taxable capital gains dividends than they would receive if the fund was not part of Capitalcorp.

#### 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) in satisfaction of the SP and FS Delivery Requirements, the Filer sends to investors of a Terminating Fund a Tailored Prospectus;
- (b) the management information circular sent to investors in connection with a Proposed Merger:
  - i) prominently discloses that investors can obtain the most recent interim and annual financial statements of the applicable Continuing Fund by contacting their dealer or by telephone toll free at 1-888-421-5111 or via internet at [www.mackenziefinancial.com](http://www.mackenziefinancial.com) or by accessing the SEDAR website at [www.sedar.com](http://www.sedar.com); and
  - ii) provides sufficient information about the Proposed Merger to permit investors to make an informed decision about the Proposed Merger; and
- (c) upon a request by an investor of a Terminating Fund for financial statements of a corresponding Continuing Fund, the Filer will make best efforts to provide the investor with the applicable financial statements in a timely manner so that the investor can make an informed decision regarding the Proposed Merger.

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

2.1.2 Sentry Select Capital Inc. et al.

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to existing and future mutual funds to engage in short-selling of securities up to 20% of net assets, subject to certain conditions and requirements – Relief is necessary to implement the mutual funds’ investment objectives and strategies – Conditions imposed on amount and nature of short-selling to be conducted – National Instrument 81-102 Mutual Funds

**Applicable Legislative Provisions**

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

June 4, 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  
SENTRY SELECT CAPITAL INC.  
(the Manager)**

**AND**

**IN THE MATTER OF  
SENTRY SELECT CHINA FUND,  
SENTRY SELECT ENERGY INCOME FUND AND  
SENTRY SELECT LAZARD GLOBAL LISTED  
INFRASTRUCTURE FUND  
(the New Funds)**

**AND**

**IN THE MATTER OF  
THE MUTUAL FUNDS LISTED IN  
APPENDIX “A” HERETO  
(the Existing Funds)**

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from the Manager on behalf of each of the New Funds, the Existing Funds and any other mutual fund managed by the Manager or any affiliate of the Manager (**Future Funds**) (collectively, the New Funds, the Existing Funds and the Future Funds, the **Funds**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Funds from the following requirements of the Legislation:

- (a) the requirement contained in subsection 2.6(a) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) prohibiting a mutual fund from providing a security interest over a mutual fund’s assets;
- (b) the requirement contained in subsection 2.6(c) of NI 81-102 prohibiting a mutual fund from selling securities short; and

## Decisions, Orders and Rulings

---

- (c) the requirement contained in subsection 6.1(1) of NI 81-102 prohibiting a mutual fund from depositing any part of a mutual fund's assets with an entity other than that mutual fund's custodian.

(paragraphs (a), (b) and (c) together shall be referred to as the **Exemption Sought**).

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 Manager 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, Northwest Territories, Yukon Territories and Nunavut.

### Interpretation

Defined terms contained 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 Manager:

1. The Manager is a corporation incorporated under the laws of the Province of Ontario. The head office of the Manager is located in Toronto, Ontario.
2. Each Fund is, or will be, an open-end mutual fund trust or a class of shares of a mutual fund corporation, established under the laws of the Province of Ontario, of which the Manager, or an affiliate of the Manager, is or will be the manager.
3. Each Fund is, or will be, a reporting issuer in all of the provinces and territories of Canada and distributes or will distribute securities under a simplified prospectus and annual information form and be otherwise subject to NI 81-102.
4. Sentry Select Energy Income Fund, Sentry Select Lazard Global Listed Infrastructure Fund and Sentry Select China Fund converted from closed-end investment trusts to open-end mutual fund trusts on February 24, 2009, April 1, 2009 and May 1, 2009, respectively.
5. The Existing Funds were granted similar exemptive relief to sell securities short, provide a security interest over the Existing Fund's assets in connection with the short sales and deposit Existing Fund assets with dealers as security in connection with such transactions, subject to certain conditions, granted by the Canadian Securities Administrators to the Existing Funds on March 24, 2006 (the **Previous Decision**) by an application made by the then manager of the Existing Funds, Sentry Select Capital Corp. (the **Predecessor Manager**).
6. As of the date of the Previous Decision, the Predecessor Manager was the manager of the Existing Funds. As of January 1, 2009, the Manager was appointed the successor manager of the Existing Funds, Sentry Select Lazard Global Listed Infrastructure Fund and Sentry Select China Fund and the Manager was appointed as manager of Sentry Select Energy Income Fund effective February 24, 2009. Accordingly, this exemptive relief is being requested due to the change of manager of the Existing Funds and the New Funds from the Predecessor Manager to the Manager and therefore the Previous Decision cannot be relied upon by the Manager.
7. Following the conversion of certain of the New Funds to open-end mutual funds, it became apparent that the Exemption Sought would be required if the New Funds wished to engage in short selling. Accordingly, the Exemption Sought was filed shortly before the filing of the preliminary and pro forma simplified prospectus of the Existing Funds and the New Funds on May 5, 2009. The Previous Decision will not be relied upon by the Predecessor Manager, the Manager or the Funds once the Exemption Sought is granted.
8. The terms and conditions of this exemptive relief are the same as those of the Previous Decision except certain new terms and conditions have been included in this exemptive relief to conform with the terms and conditions of more recent similar decisions that have been granted relating to short selling.
9. Each of the Funds is not in default of securities legislation in Ontario or any of the other provinces and territories of Canada.



10. The investment practices of each Fund will comply in all respects with the requirements of Part 2 of NI 81-102, except, to the extent that the Fund has received permission from the applicable securities regulatory authorities or regulators to deviate therefrom.
11. The Manager proposes that each Fund be authorized to engage in a limited, prudent and disciplined amount of short selling. The Manager is of the view that the Funds could benefit from the implementation and execution of a controlled and limited short selling strategy. This strategy would complement the Funds' primary discipline of buying securities with the expectation that they will appreciate in market value.
12. Short sales will be made consistent with each Fund's investment objectives and investment strategies.
13. In order to effect a short sale, a Fund will borrow securities from either its custodian or a dealer (in either case, the **Borrowing Agent**), which Borrowing Agent may be acting either as principal for its own account or as agent for other lenders of securities.
14. The simplified prospectus and annual information form of a Fund that proposes to use short selling will disclose the proposed use of short selling by a Fund, the specific risks related to short selling and details of this exemptive relief prior to implementing the short selling strategy.
15. Each Fund will implement the following requirements and controls when conducting a short sale:
  - (a) securities will be sold short for cash, with the Fund assuming the obligation to return to the Borrowing Agent the securities borrowed to effect the short sale;
  - (b) the short sale will be effected through market facilities through which the securities sold short are normally bought and sold;
  - (c) the Fund will receive cash for the securities sold short within normal trading settlement periods for the market in which the short sale is effected;
  - (d) the securities sold short will be liquid securities, and "liquid securities" are securities that satisfy either (i) or (ii) below:
    - (i) the securities are listed and posted for trading on a stock exchange; and
      - (A) the issuer of the security has a market capitalization of not less than CDN \$300 million, or the equivalent thereof, at the time the short sale is effected; or
      - (B) the Fund's portfolio advisor has pre-arranged to borrow the securities for the purpose of such sale; or
    - (ii) the securities are bonds, debentures or other evidences of indebtedness of, or guaranteed by, the Government of Canada or any province or territory of Canada or the Government of the United States of America;
  - (e) at the time securities of a particular issuer are sold short:
    - (i) the aggregate market value of all securities of that issuer sold short by the Fund will not exceed 5% of the total net assets of the Fund; and
    - (ii) the Fund will place a "stop-loss" order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 120% (or such lesser percentage as the Manager may determine) of the price at which the securities were sold short;
  - (f) the Fund will deposit Fund assets with the Borrowing Agent as security in connection with the short sale transaction;
  - (g) the Fund will maintain appropriate internal controls regarding short sales prior to conducting any short sales, including written policies and procedures and risk management controls; and
  - (h) the Fund will keep proper books and records of all short sales and Fund assets deposited with Borrowing Agents as security.

**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 in respect of each Fund:

1. the aggregate market value of all securities sold short by the Fund will not exceed 20% of the net assets of the Fund on a daily marked-to-market basis;
2. any short sales made by the Fund will be subject to compliance with the investment objectives of the Fund;
3. the Exemption Sought does not apply to a Fund that is classified as a money market fund or a short-term income fund;
4. the Fund maintains appropriate internal controls regarding its short sales including written policies and procedures, risk management controls and proper books and records;
5. the Fund holds "cash cover" (as defined in NI 81-102) in an amount, including the Fund assets deposited with Borrowing Agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis;
6. no proceeds from short sales by the Fund will be used by the Fund to purchase long positions in securities other than cash cover;
7. for short sale transactions in Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund shall be a registered dealer in Canada and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund;
8. for short sale transactions outside of Canada, every dealer that holds Fund assets as security in connection with short sale transactions by the Fund:
  - (i) is a member of a stock exchange and, as a result, be subject to a regulatory audit; and
  - (ii) has a net worth in excess of the equivalent of CDN \$50 million determined from its most recent audited financial statements that have been made public;
9. except where the Borrowing Agent is the Fund's custodian, when the Fund deposits Fund assets with a Borrowing Agent as security in connection with a short sale transaction, the amount of Fund assets deposited with the Borrowing Agent does not, when aggregated with the amount of Fund assets already held by the Borrowing Agent as security for outstanding short sale transactions of the Fund, exceed 10% of the total assets of the Fund, taken at market value as at the time of the deposit;
10. the security interest provided by the Fund over any of its assets that is required to enable the Fund to effect short sale transactions is made in accordance with industry practice for that type of transaction and relates only to obligations arising under such short sale transactions;
11. prior to conducting any short sales, the Fund discloses in its simplified prospectus a description of: (i) short selling, (ii) how the Fund intends to engage in short selling, (iii) the risks associated with short selling, and (iv) in the Investment Strategy section of the simplified prospectus, the Fund's strategy and this exemptive relief;
12. prior to conducting any short sales, the Fund discloses in its annual information form the following information:
  - (i) that there are written policies and procedures in place that set out the objectives and goals for short selling and the risk management procedures applicable to short selling;
  - (ii) who is responsible for setting and reviewing the policies and procedures referred to in the preceding paragraph, how often the policies and procedures are reviewed, and the extent and nature of the involvement of the board of directors of the Manager in the risk management process;
  - (iii) the trading limits or other controls on short selling in place and who is responsible for authorizing the trading and placing limits or other controls on the trading;

## Decisions, Orders and Rulings

---

- (iv) whether there are individuals or groups that monitor the risks independent of those who trade; and
  - (v) whether risk measurement procedures or simulations are used to test the portfolio under stress conditions; and
13. prior to conducting any short sales, the Fund has provided to its securityholders not less than 60 days' written notice that discloses the Fund's intent to begin short selling transactions and the disclosure required in the Fund's simplified prospectus and annual information form as outlined in paragraphs 11 and 12 above, or the Fund's initial simplified prospectus and annual information form and each renewal thereof has included such disclosure.

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

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

**Appendix "A" – Existing Funds**

Sentry Select Balanced Class\*  
Sentry Select Balanced Fund  
Sentry Select Canadian Energy Growth Class\*  
Sentry Select Canadian Energy Growth Fund  
Sentry Select Canadian Income Class\*  
Sentry Select Canadian Income Fund  
Sentry Select Canadian Resource Class\*  
Sentry Select Diversified Total Return Fund  
Sentry Select Dividend Fund  
Sentry Select Growth & Income Fund  
Sentry Select Mining Opportunities Class\*  
Sentry Select Precious Metals Growth Class\*  
Sentry Select Precious Metals Growth Fund  
Sentry Select REIT Fund  
Sentry Select Small Cap Income Fund

\* a class of shares of Sentry Select Corporate Class Ltd.

### 2.1.3 I.G. Investment Management, Ltd. and Investors Real Property Fund

#### Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application requesting new relief under the Passport System which replaces and varies an MRRS Decision made before March 17, 2008 that carries forward the NI 81-102 exemptions contained in the MRRS Decision and permits a real estate mutual fund to utilize the NI 81-101 simplified prospectus and AIF disclosure regime supplemented by additional disclosure requirements contained in the MRRS Decision that are carried forward into the Passport Decision – Given that the MRRS Decision required the utilization of a “long form” prospectus, from a technical perspective, the Fund would be required to adhere to NI 41-101 – The Passport Decision technically grants an exemption from NI 41-101.

#### Applicable Legislative Provisions

National Instrument 41-101 General Prospectus Requirements.

National Instrument 81-102 Mutual Funds, ss. 2.2(1), 2.3(a), 2.3(b), 2.3(i), 2.4, 2.6(a), 2.6(f), 2.6(g), 4.1(2), Part 6, 10.4(1), 10.6.

May 26, 2009

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
MANITOBA AND ONTARIO  
(the “Jurisdictions”)**

**AND**

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

**AND**

**IN THE MATTER OF  
I.G. INVESTMENT MANAGEMENT, LTD. (“IGIM”) AND  
INVESTORS REAL PROPERTY FUND (the “Fund”)  
(collectively, the “Filers”)**

**DECISION**

#### **MRRS Decision Background**

In April 2007, the local securities regulatory authority or regulator in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut (the “MRRS Jurisdictions”) received an application from IGIM and Investors Group Trust Co. Ltd. (“IGTC”) (the trustee of the Fund at the time) on behalf of the Fund for which IGIM acts as manager and IGTC acted as the trustee for:

- a decision under the securities legislation of the MRRS Jurisdictions to revoke and replace the Decision Document dated June 13, 1997 in respect of the Fund (the “1997 Order”), which decided that paragraph 2.04(1)(c) of former National Policy No. 39 – Mutual Funds (“NP 39”) did not apply to the Fund, provided the Fund complied with all of the provisions of OSC Policy Statement 11.5 – *Real Estate Mutual Funds – General Prospectus Guidelines* (“OSC 11.5”) unless deviation therefrom was approved by the securities regulatory authorities; and
- an exemption from the following provisions of National Instrument 81-102 – *Mutual Funds* (“NI 81-102”) to the extent necessary to permit the Fund’s investment objective, structure and operation as set out in the MRRS Decision (as hereinafter defined):
  - (i) subsection 2.2(1) which prohibits a mutual fund from holding securities which represent more than 10% of the voting or equity securities of an issuer and from purchasing securities for the purpose of control or management;
  - (ii) paragraph 2.3(a) which prohibits a mutual fund from purchasing real property;

- (iii) paragraph 2.3(b) which prohibits a mutual fund from purchasing a mortgage other than a guaranteed mortgage;
- (iv) paragraph 2.3(i) which prohibits a mutual fund from purchasing an interest in a loan participation if the mutual fund assumes responsibilities in administering the loan;
- (v) section 2.4 which prohibits a mutual fund from making certain illiquid investments;
- (vi) paragraph 2.6(a) which prohibits a mutual fund from borrowing or providing a security interest over its assets unless the requirements of the paragraph are complied with;
- (vii) paragraph 2.6(f) which prohibits a mutual fund from lending cash or other assets;
- (viii) paragraph 2.6(g) which prohibits a mutual fund from guaranteeing securities or obligations;
- (ix) subsection 4.1(2) which prohibits a mutual fund from investing in certain related entities in order that the Fund can invest in joint venture corporations and wholly-owned corporations;
- (x) Part 6 which requires that portfolio assets of a mutual fund be held in accordance with that Part in order that the real property and mortgage assets of the Fund can be held in accordance with the conditions set out in paragraphs B.5 and B.13, respectively, below;
- (xi) subsection 10.4(1) which requires that the redemption price for securities redeemed be paid by a mutual fund in accordance with that subsection within three business days; and
- (xii) section 10.6 which governs the circumstances in which a mutual fund may suspend redemptions.

(the "MRRS Relief").

The MRRS Jurisdictions granted the MRRS Relief in the Mutual Reliance Review System Decision Document dated April 18, 2007 (the "MRRS Decision").

**Application Background**

The securities regulatory authority or regulator in each of the Jurisdictions (the "Decision Maker") has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the "Legislation") to vary section L. of the MRRS Decision by replacing paragraph L.4., which specifies that the Fund shall file its prospectus in long form (which is currently prescribed in National Instrument 41-101 – *General Prospectus Requirements* and Form 41-101F2 – *Information Required in an Investment Fund Prospectus* (collectively as "NI 41-101")), with the following two paragraphs:

"4. The Fund shall file a prospectus in accordance with NI 81-101 and containing any additional disclosures described herein or any alternate disclosure to that described herein as may be requested or accepted by The Manitoba Securities Commission as principal regulator of the Fund. Notwithstanding the foregoing, the Fund's prospectus shall not be consolidated with the prospectus of any other mutual fund to form a multiple prospectus without the approval of The Manitoba Securities Commission; and

5. The Fund shall not use any form of point of sale document that may, in the future, meet the prospectus delivery requirements for funds qualified under NI 81-101. The Fund shall continue to use a form of NI 81-101 simplified prospectus acceptable to The Manitoba Securities Commission to meet its delivery requirements under securities legislation."

and to carry forward the MRRS Relief and the conditions of the MRRS Decision into a new passport decision under NI 81-102 (the "Current Relief Sought").

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

- (a) The Manitoba Securities Commission is the principal regulator ("Principal Regulator") for this application;
- (b) The Filers have provided notice that section 4.7(1) of Multi-Lateral Instrument 11-102 - Passport System ("MI 11-102") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the North West Territories; and

- (c) The decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

### **Interpretation**

Defined terms contained in National Instrument 14-101 – *Definitions* (“NI 14-101”), National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* (“NI 81-101”), NI 81-102, National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* (“NP 11-203”) and Multilateral Instrument 11-102 – *Passport System* (“MI 11-102”), have the same meaning in this decision unless they are otherwise defined in this decision.

### **Representations**

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

1. The Fund is an open end real estate mutual fund organized by a Trust Agreement dated November 2, 1983, as amended from time to time. The Fund is currently governed by an Amended and Restated Trust Agreement dated as of December 6, 2004
2. Units of the Fund are currently being offered to the public under a prospectus dated July 16, 2008.
3. As for all Investors Group mutual funds, units of the Fund are distributed by Investors Group Financial Services Inc. and Investors Group Securities Inc. through Investors Group consultants or an Investors Group Securities Inc. Trade Centre. Units of the Fund are available to any suitable client of Investors Group.
4. The Fund is the only open end real estate mutual fund, owning real property, offered in Canada.
5. The Fund's principal investment objective is stated in its prospectus to be:

*“...long term capital growth combined with a continued income stream through investments in real property located in Canada. To achieve this objective the Fund has assembled and intends to continue to assemble a diversified portfolio of income producing real properties with a better than average growth potential.”*

6. As of December 31, 2008, the Fund held a diversified real estate portfolio of 164 real properties located across Canada. Its real estate portfolio includes a variety of types of property including shopping centres and other retail facilities, commercial office buildings, mixed use commercial properties, single and multi-tenant industrial buildings, multi-tenant residential buildings, professional buildings and other types of properties. The net assets of the fund as of December 31, 2008 (including real estate assets and liquid assets) were approximately \$4,112,074,000.00.
7. The Fund operated in accordance with an investment objective, investment restrictions and operating guidelines that were set out in the prospectus of the Fund and accepted by the Decision Makers at that time, as evidenced by the issue of a receipt for the prospectus, until the introduction of OSC 11.5 –in January 1987 (and other similar policies), at which time the Fund became subject to the terms of those policies.
8. OSC 11.5 (and other similar policies) was introduced, to the knowledge of IGTC, to formalize the basis on which the decision makers at the time would permit mutual funds to invest in real property. OSC 11.5 (and other similar policies) provided an exemption from conflicting provisions of other policies and, accordingly, the Fund did not require any relief from section 2.04(1)(c) of NP 39 when NP 39 came into force in 1988.
9. OSC 11.5 (and other similar policies with the exception of Quebec Regulation Q-25 (“Policy Q-25”)) was rescinded in 1997.
10. Subsection 2.04(1)(c) of NP 39 stated:

*“Investment Restrictions*

1. *A mutual fund shall not without the prior approval of the securities authorities:*
  - (c) *purchase real estate.”*

11. Paragraph 2.3(a) of NI 81-102 currently states:

*“2.3 Restrictions Concerning Types of Investments – A mutual fund shall not  
(a) purchase real property.”*
12. As a result of its investment objective, with the rescission of OSC 11.5 (and other similar policies) the Fund required relief from paragraph 2.04(1)(c) of NP 39, which prohibited a mutual fund from purchasing real estate without the consent of the securities authorities.
13. On June 13, 1997, the Deputy Director, Corporate Finance of the MSC issued the 1997 Order relieving the Fund from paragraph 2.04(1)(c) of NP 39 on the condition that the Fund comply:

*“...with all of the provisions of the former local OSC Statement 11.5 – Real Estate Mutual Funds – General Prospectus Guidelines of the Ontario Securities Commission. Proposed deviations from the said conditions will require the approval of the securities regulatory authorities.”*
14. Following the replacement of NP 39 with NI 81-102, the Fund continued to be subject to the 1997 Order.
15. In January 2000, the Fund received relief from the appraisal disclosure requirements in sections Q.1(c)(viii) and Q.1(d) of OSC 11.5 (and equivalent provisions of Q-25) provided that:
  - (a) the Fund file, on a confidential basis, a schedule setting forth the appraised value of each individual property held by it as part of the annual renewal of its prospectus with the decision maker in each of the MRRS Jurisdictions and other jurisdictions (such schedule not to form part of the public record of the Fund); and
  - (b) the Fund discloses in its prospectus and in its annual and interim financial statements the aggregate values of all the real properties held by it by region of location.
16. In January 2003, the Fund received relief from the single class of unit requirement in section C.1 to permit the Fund to issue additional classes of units.
17. In April 2007, the Fund received relief to revoke and replace the 1997 Order and carry forward the relevant provisions of OSC 11.5 and from certain provisions of NI 81-102. The Fund also received an exemption from the application of Q-25, on the condition it comply with the MRRS Decision.
18. The Fund is now subject to NI 81-102, except to the extent it has obtained relief from its provisions, and the MRRS Decision.
19. Historically, under OSC 11.5 and Q-25, real estate mutual funds were required to file a prospectus in accordance with the long form rules for prospectus disclosure (the “Long Form Requirement”). The Long Form Requirement continued to apply to the Fund after the repeal of OSC 11.5, as a condition of the 1997 Order that permitted the Fund to continue to invest in real estate. The Long Form Requirement was carried forward into section L.4. of the MRRS Decision, along with some additional disclosure requirements. Section L.4. of the MRRS Decision provides the MSC with the authority and discretion to accept alternative disclosure as may be requested or accepted by the MSC.
20. Initially the Fund’s prospectus adhered more closely to Long Form Requirement and the conditions in OSC 11.5 and Policy Q-25. However in 2001, the Fund’s prospectus underwent a substantial re-write with the consent of the securities regulators to bring the Fund’s prospectus more in line with the form of disclosure required under the recently adopted NI 81-101 and Forms 81-101F1 and 81-101F2. As a result, a prospectus for the Fund has been filed in substantially its current form since 2001.
21. To the knowledge of IGIM, the Fund is not in default under securities legislation in any jurisdiction.

**Decision**

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

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



**A. Borrowings – Limit on Leverage**

1. The Fund shall not assume or incur any indebtedness under a mortgage on the security of real property unless, at the date of the proposed assumption or incurring of indebtedness:
  - (a) the aggregate of (i) the amount of all indebtedness secured on such real property and (ii) the amount of additional indebtedness proposed to be assumed or incurred does not exceed 75 percent of the market value of such real property; and
  - (b) the aggregate of (i) of the total indebtedness of the Fund under mortgages on the security of real property and (ii) the amount of additional indebtedness proposed to be assumed does not exceed 50 percent of the total asset value of the Fund;
2. Borrowing other than by way of mortgages on the security of real property is prohibited except for temporary borrowings, up to a maximum of 10 percent of net asset value of the Fund, to meet redemptions; and
3. The Fund shall not directly or indirectly guarantee any indebtedness or liabilities of any kind except indebtedness assumed or incurred under a mortgage on the security of real property by a corporation wholly-owned by the Fund and operated solely for the purpose of holding a particular real property or properties where which mortgage, if granted by the Fund directly, would not cause the Fund to contravene paragraph 1 of this section A.

**B. Investments**

1. Subject to paragraphs 3 and 13 of this section B, the Fund shall invest only in equity interests in income-producing real property (including fee ownership and leasehold interests) in Canada;
2. For the purposes of this decision, a “joint venture arrangement” is an arrangement pursuant to which the Fund holds an interest in real property jointly or in common with others (“joint venturers”) either directly or through the ownership of securities of a corporation (“joint venture corporation”) formed and operated solely for the purpose of holding a particular real property or properties, and references in this section B to an investment in real property shall be deemed to include an investment in a joint venture arrangement;
3. The Fund shall not invest in any real property if the investment would have the effect of reducing the Fund’s liquid assets to an amount less than the amount required by the following table:

<b>Net Asset Value of the Fund</b>	<b>Minimum Amount to be Maintained in Liquid Assets</b>
\$10,000,000 to \$20,000,000	10% of net asset value of the Fund
\$20,000,000 to \$30,000,000	\$2,000,000 plus 9% of net asset value of the Fund over \$20,000,000
\$30,000,000 to \$40,000,000	\$2,900,000 plus 8% of net asset value of the Fund over \$30,000,000
\$40,000,000 to \$50,000,000	\$3,700,000 plus 7% of net asset value of the Fund over \$40,000,000
\$50,000,000 or more	\$4,400,000 plus 6% of net asset value of the Fund over \$50,000,000

“Liquid assets” means cash or deposits with a Canadian chartered bank or a trust company registered under the laws of Canada or of a province of Canada which are cashable or saleable prior to maturity, or securities issued or guaranteed by the Government of Canada or of a province or territory of Canada or money market instruments maturing prior to one year from the date of issue. No more than 20 per cent of the minimum amount required to be maintained by the Fund in liquid assets may be invested in the securities of any one issuer except for securities issued or guaranteed by the Government of Canada or of a province or territory of Canada, or short term paper and certificates of deposit issued or guaranteed by a Canadian chartered bank;

4. The Fund shall not acquire any single investment in real property if the cost to the Fund of such acquisition (net of the amount of encumbrances assumed) will exceed the greater of:
  - (i) \$5,000,000
  - (ii) 20 percent of the net asset value of the Fund;

5. Title to each real property owned by the Fund before April 18, 2007, and registered in the name of IGTC or a nominee corporation wholly owned by IGTC, on behalf of the Fund may remain registered in the name of IGTC or the nominee corporation, on behalf of the Fund and title to each real property acquired by the Fund after April 18, 2007 shall be held by, and registered in, the name of the Fund or IGIM as trustee of the Fund or a corporation wholly owned by the Fund (either alone or jointly with joint venturers), or in the name of a joint venture corporation;
6. The Fund may invest in a joint venture arrangement only if:
  - (a) the Fund's interest in the joint venture arrangement is not subject to any restrictions on transfer other than a right of first refusal, if any, in favour of the joint ventures;
  - (b) the Fund has a right of first refusal to buy the interests of joint venturers; and
  - (c) the joint venture arrangement provides an appropriate buy-sell mechanism to enable the Fund to cause the joint venturers to purchase the Fund's interest or to sell their interests to the Fund;
7. The Fund may not enter a joint venture arrangement with (i) the manager of any affiliate or associate of the manager, (ii) a trustee or any affiliate or associate of a trustee, (iii) a promoter or any affiliate or associate of a promoter; (iv) a substantial security holder of the Fund, manager or promoter or any affiliate or associate of such substantial security holder, or (v) an officer, director or employee of the Fund, or the manager or of the promoter or of any affiliate of the Fund, manager, or promoter unless the agreement is approved by the Fund's Independent Review Committee ("IRC") pursuant to National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("NI 81-107") and is not otherwise prohibited by the Legislation;
8. Subject to paragraph 3 of this section B, the Fund may not hold securities of a corporation other than a joint venture corporation or a corporation wholly owned by the Fund formed and operated solely for the purpose of holding a particular real property or properties;
9. Any written instrument creating an obligation which is or includes the granting by the Fund of a lease, sublease or mortgage or which is, in the judgment of the manager, a material obligation shall contain a provision to the effect that the obligation being created is not personally binding upon, and that resort shall not be had to, nor shall recourse or satisfaction be sought from, the private property of any of the security holders, but the property of the Fund or a specific portion thereof only shall be bound. The Fund is not required to comply with this requirement in respect of obligations assumed by the Fund upon the acquisition of real property;
10. The Fund shall not lease or sublease to any person a real property, premises or space where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing real property, premises or space having a fair market value net of encumbrances in excess of 20 percent of the net asset value of the Fund;
11. The Fund shall not enter into any transaction involving the purchase of lands or land improvements thereon and the leasing thereof back to the vendor where the fair market value net of encumbrances of the property being leased to the vendor together with all other property being leased by the Fund to the vendor and its affiliates is in excess of 20 percent of the net asset value of the Fund;
12. The limitation contained in paragraph 10 of this section B shall not apply to the renewal of a lease or sublease and the limitations contained in paragraphs 10 and 11 of this section B shall not apply where the person to whom the lease or sublease is made is, or where the lease or sublease is guaranteed by:
  - (a) the Government of Canada, any Province of Canada, any municipality of Canada or any agency thereof; or
  - (b) any corporation, the preferred shares or common shares of which are, at the time of lease or sublease, authorized as an investment for insurance companies pursuant to the Insurance Companies Act (Canada); or
  - (c) any corporation, the bonds, debentures or other evidences of indebtedness of which are authorized as an investment for insurance companies pursuant to the Insurance Companies Act (Canada);
13. The Fund may invest in a mortgage only where:
  - (a) the mortgage is taken back by the Fund as part consideration for the disposition of the property by the Fund;
  - (b) the mortgage is a first charge on the property;

- (c) the amount of the mortgage loan is not in excess of 75 percent of the fair market value of the property securing the mortgage, as determined by an appraisal of the real property at the time of the disposition;
  - (d) the term of the mortgage is five years or less and the amortization period is 30 years or less;
  - (e) the mortgage is registered on title to the real property which is security therefore; and
  - (f) the aggregate value of the investments of the Fund in mortgages after giving effect to the proposed investment will not exceed 10 percent of the net asset value of the Fund;
14. The Fund shall not engage in construction or development of real property except to the extent necessary to maintain its real properties in good repair or to enhance the income-producing ability of properties owned by the Fund;
15. For the purposes of compliance with the requirements of this section B, the assets, liabilities and transactions of a corporation wholly owned by the Fund shall be deemed to be those of the Fund; and
16. The Fund may invest or expend an amount (which, in the case of an invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred by the Fund and secured by a mortgage on such property), up to 15 percent of the net asset value of the Fund in investments or transactions which do not comply with paragraphs 1, 8, 10, 11, 13 and 14 of this section B.

**C. Investment Policies**

1. The Fund's prospectus shall contain a statement in reasonable detail of the investment policies and objectives of the Fund; and
2. The Board of Directors of the manager, on behalf of the manager, shall review the investment policies at least annually to determine that the policies being followed by the Fund at any time are in the best interests of its security holders. Each such determination and the basis therefore shall be recorded in the minutes of the meetings of the Board of Directors of the manager.

**D. Prudent Investment Standards**

1. The manager shall adhere to prudent investment standards in making investment recommendations and decisions and in managing the investments of the Fund and shall establish procedures to ensure that prudent investment standards are applied in making investment recommendations and decisions and in managing the investments of the fund. Prudent investment standards are those which a reasonably prudent person of like experience would apply to investments made on behalf of another person with whom there exists a fiduciary relationship to make such investments, without undue risk of loss or impairment and with a reasonable expectation of fair return or appreciation;
2. The manager shall develop the procedures referred to in paragraph 1 of this section D and shall refer them to its Board of Directors for approval. At least once each year, the manager shall review the procedures and refer them to its Board of Directors with its recommendations, if any, with respect to the procedures; and
3. The Board of Directors of the manager shall ensure that the procedures are developed and referred to them by the manager at least once each year for approval. They shall review such procedures and the recommendations of the manager and make such changes as they consider necessary.

**E. Prohibition Against Self-Dealing**

1. Except as permitted under paragraph 7 of section B, the Fund shall not make or dispose of any investment in real property where (i) the manager or any affiliate or associate of the manager, (ii) a trustee or any affiliate or associate of a trustee, (iii) a promoter or any affiliate or associate of a promoter, (iv) a substantial security holder of the Fund, manager or promoter or any affiliate or associate of such substantial security holder, or (v) an officer, director or employee of the Fund, of the manager or of the promoter or of any affiliate of the Fund, manager or promoter:
- (a) has or expects to obtain directly or indirectly an interest in the transaction (other than usual brokerage fees or commissions, property management fees, or management fees paid to the Fund manager pursuant to the management agreement);
  - (b) has at any time in the period of 24 months preceding the date of the transaction had a direct or indirect material financial interest in the real property being acquired or disposed of; or

- (c) has an interest in a mortgage on the real property being acquired (other than an interest as lender if the lending of money on the security of mortgages is part of the ordinary business of the lender and the mortgage was made in the course of the lender's business).

unless each such transaction has been approved by the Fund's IRC pursuant to NI 81-107 and is not otherwise prohibited by the Legislation.

For the purposes of this section E a "substantial security holder" means any person, company or combination of persons or companies that beneficially owns directly or indirectly more than 10 per cent of the voting rights attached to all outstanding equity securities.

**F. Appraisers**

1. The Fund shall appoint one or more independent professional appraisers to appraise the interest of the Fund in real property investments in its portfolio;
2. An appraiser must be a member of the Appraisal Institute of Canada and a recipient of the AACI (Accredited Appraiser Canadian Institute) designation and shall have had at least five years experience in appraising the type of property being appraised in the province where the property being appraised is located;
3. In general, an appraiser should not be considered to be independent if:
  - (a) the appraiser receives a fee from the Fund or the manager or their associates or affiliates for acting in any capacity other than as an independent professional or appraiser; or
  - (b) the appraiser receives a substantial portion of its annual gross income from the Fund, the manager and their associates and affiliates;
4. The Fund shall not engage as an appraiser a person or company who:
  - (a) is a salaried employee, director, officer or trustee of the Fund, the manager or their associates or affiliates; or
  - (b) has a direct or indirect material financial interest in the Fund or the manager or the real property being appraised;
5. A person or company shall not act as an appraiser of a property to be purchased or sold by the Fund or any reappraisal of a property held by the Fund where that person or company was or will be the vendor or purchaser, or the agent of the vendor or purchaser, of the property;
6. Neither the engagement of the appraiser nor the payment of the appraiser's fee shall be contingent upon the appraiser reporting a predetermined value or reaching a predetermined opinion or conclusion, nor shall the appraiser's fee be based upon its valuation conclusions; and
7. Each appraiser who has prepared an appraisal shall be named in the prospectus and the written consent of the appraiser to being so named and to the use of the appraisal shall be delivered at the time of the filing of a prospectus or pro forma renewal prospectus.

**G. Appraisals**

1. The Fund shall obtain from an independent professional appraiser an appraisal of the Fund's interest in each real property annually (an "annual reappraisal") effective as at each anniversary date of its acquisition or of the last annual appraisal and more frequently (an "interim reappraisal") if, in the opinion of the Board of Directors of the manager, there has been some factor or change which has materially affected the value of the property as expressed in the most recent appraisal of the property. Except as provided in paragraph 2 of section I, no adjustments shall be made to the appraisal or to the value shown for a real property unless the property has been reappraised, or costs have been incurred subsequent to the appraisal and capitalized in accordance with generally accepted accounting principles;
2. Subject to the requirement that each property be reappraised annually and that such annual reappraisal be performed on a date no later than the anniversary date of the acquisition of the property, the Fund shall not perform annual reappraisals of properties representing more than 50 per cent of the market value of the Fund's real estate portfolio in the same calendar quarter. The purpose of this prohibition is to spread the timing of reappraisals over a year in order to avoid undue fluctuations in net asset value;

3. The report to security holders which accompanies the interim financial statements of the Fund shall contain a statement, in respect of each property for which no interim reappraisal has been performed, to the effect that the Board of Directors of the manager are not aware of any factor or change which has materially affected the most recent appraisal of the property;
4. The Board of Directors of the manager and any property manager appointed to manage any of the Fund's real properties shall have a duty to inform the appraiser prior to the completion of an appraisal of any factors or changes which may affect any of the real property which is the subject of the appraisal; and
5. Appraisal reports shall be maintained with the Fund's records for a minimum of five years.

**H. Appraisal and Reporting Standards**

1. An appraisal report shall state the market value of the Fund's interest in the real property. For the purposes of this decision, "market value" means the most probable price in money that would be realized in an arm's length sale in an open and competitive market under conditions requisite to a fair and typical sale by a willing seller to a willing buyer, each acting prudently and knowledgeably and assuming the price is not affected by undue stimulus;
2. An appraiser shall use relevant and accepted appraisal methods and techniques necessary to arrive at a reasoned and factually supported estimate of market value and, where the income capitalization approach is used, the appraiser shall justify in the appraisal report its selection of the capitalization rate by reference to the market at the time;
3. An appraiser's opinion of market value shall not be based upon anticipated income to be received from the property unless it can be demonstrated that it is highly probable that the anticipated income will be received;
4. In determining market value, the appraiser shall take into consideration all existing and proposed land-use regulations and other restrictions relating to the use of the real property which reasonably should be known to the appraiser and shall consider the effect which a probable change in existing land-use regulations or other restrictions may have on the value of the real property being appraised;
5. An appraiser's opinion of market value shall not be based upon the anticipated completion of a public or private improvement or undertaking, either on or off the property being appraised, unless the effect of the anticipated completion of the public or private improvement or undertaking is reflected in the market, or unless it is highly probable that such improvement or undertaking will be completed and the time of completion is taken into account;
6. In determining market value, an appraiser shall give due consideration to the effect of existing leases, mortgages, charges, and hypothecs on the value of the real property. If the appraiser has been instructed to omit consideration of such matters, the appraiser shall make specific references to that instruction in the appraisal report and shall state that the opinion of market value presumes the absence of such encumbrances;
7. In determining the market value of a leasehold interest in real property, an appraiser shall take into account all the terms and conditions of the lease and the effect of such terms and conditions on the market value of the real property;
8. An appraiser's opinion of market value shall not be based on market conditions which are highly subjective, conjectural, speculative or hypothetical in character or on the use of appraisal methodology which cannot reasonably be supported by market evidence as to the acceptance, use and applicability of such methodology by persons experienced in dealing with properties similar to that being appraised;
9. An appraiser's opinion of market value shall not be based on conditions or circumstances so limited or so special that the resulting analysis, opinions or conclusions would tend to mislead or deceive users of the appraisal report or persons relying on the opinion of market value;
10. An appraiser's opinion of market value shall not be based solely on the summation of the individual values of the various estates or fractional interests in the property and shall taken into account the effect, if any, upon such market value of the merging or combining of the various estates or fractional interests;
11. An appraisal report relating to the market value of an interest in real property that is less than the entire fee simple estate shall state that the value reported relates only to a fractional interest in the real property and that the value of such fractional interest plus the value of all other fractional interests will not necessarily be the same as the value of the entire fee simple estate considered as a whole;
12. An appraisal report shall clearly and accurately set forth all relevant information necessary to ensure that the report is properly understood and not misleading to users of the report; and

13. An appraisal report shall contain, at a minimum, the following:
- (a) a statement of the specific instructions or terms of reference upon which the appraisal was performed;
  - (b) a statement of the purpose and function of the appraisal and the definition of market value;
  - (c) a description of the real property;
  - (d) a summary of the data upon which the appraisal is based;
  - (e) a statement of the estimated highest and best use of the real property;
  - (f) a summary of the reasons of the appraiser supporting the appraiser's opinion;
  - (g) a description of the appraisal methods and techniques used;
  - (h) the assumptions and limiting conditions upon which the appraisal is based;
  - (i) a description of all relevant documents used or referred to in the appraisal process (for example, major leases, cross-operating agreements, special management contracts, mortgages, etc.); and
  - (j) the appraiser's certification and signature.

**I. Valuation of the Issuer and Units**

1. The prospectus shall disclose the methods used to compute the net asset value of the Fund and the net asset value per unit. Such methods must be acceptable to the securities regulatory authorities; and
2. In determining net asset value, the value of each real property may be determined by either of the following methods (or by any other method acceptable to the securities regulatory authorities):
- (A) The value of a real property on any valuation date, if prior to the first appraisal, shall be the purchase price and thereafter the market value stated in the most recent appraisal report, or
  - (B) The value of a real property upon any valuation date, if prior to the first appraisal, shall be the purchase price and thereafter the market value stated in the most recent appraisal report and, monthly thereafter until annual or interim reappraisal is obtained, shall be the amount determined by computing the present value of the stabilized net operating income stream at a capitalization rate acceptable in the market place at the time of valuation. Stabilized net operating income for each property shall be determined by adjusting the actual annualized net operating income to take into account abnormal current income and expense valuations and expected future changes in income and expense.

Values stated in the annual reappraisal or in any interim reappraisal shall be reflected in the net asset value commencing with the first valuation date following the anniversary date of the acquisition of a property in the case of annual reappraisals and with the first valuation date following the receipt by the fund of the interim appraisal.

**J. Redemption of Units**

1. Redemption shall be made no less frequently than once per calendar quarter or, if the valuation procedure described in subparagraph (B) of paragraph 2 of section I is used, no less frequently than once per month;
2. The Fund may require a request for redemption to be delivered up to one month prior to the date of the computation of net asset value upon which that redemption is based;
3. The Fund shall pay the proceeds of redemption to the security holder within 15 days of the date of the computation of net asset value upon which that redemption is based;
4. If on a redemption date the Fund is unable to redeem all units in respect of which redemption has been requested, redemptions shall be made pro rata;
5. The Fund may not suspend or delay payment for redeemed units except:

- (a) if Canadian chartered banks are closed (other than weekend and holiday closings in the ordinary course of business), in which case the suspension or delay shall only be for that period of time during which such banks are closed; or
- (b) with the consent of the securities regulatory authorities. No such suspension or delay in payment shall continue for more than six months from the date on which payment would otherwise have been made unless, prior to the expiry of the six-month period, the continuation of such suspension or delay has been approved by the securities regulatory authorities and by two-thirds of the votes cast at a meeting of the security holders called for that purpose. No such suspension or delay in payment shall continue for more than 12 months from the date on which payment would otherwise have been made unless, prior to the expiry of the 12-month period, the continuation of such suspension or delay has been approved by the securities regulatory authorities and by 80 per cent of the votes cast at a meeting of the security holders called for that purpose; and

6. In the event that the redemption of units is suspended or the payment for redeemed units is delayed:

- (a) a security holder shall retain all rights with respect to its units, including the right to vote and to receive distributions, notwithstanding the delivery by such security holder of a request for redemption; and
- (b) the redemption price payable to a security holder who has requested redemption prior to or during the period of suspension or delay shall be based upon the computation of net asset value immediately prior to the termination of such suspension or delay.

**K. Fees, Commissions and Expenses**

- 1. The payment to the manager of incentive fees based on the performance of the Fund is prohibited except that the manager may be paid a fee of not more than 25 percent of the amount by which the gain realized on a disposition of a real property exceeds 8 per cent per year (not compounded) of the total acquisition cost of the property, calculated from the time such property was acquired until the time of disposition of such property, provided that the manager's entitlement to receive its participation in the gain realized at any time shall be postponed so long as and to the extent that the aggregate acquisition cost of all of the real properties then held by the Fund exceeds the aggregate proceeds that would have been realized had all of the Fund's real properties been sold at such time at their current values;
- 2. No arrangement, understanding or agreement between the Fund and the manager shall provide for the payment, directly or indirectly, of any fee or penalty by the Fund or the security holders upon the termination or non-renewal of the management agreement;
- 3. The Board of Directors of the manager shall determine, from time to time but at least annually, that the total fees and expenses of the Fund, including the fees paid to the manager, are reasonable in light of the investment experience of the Fund, its net assets, its net income and the fees and expenses of other comparable funds and managers; and
- 4. The amount of all expenses, fees and commissions paid or payable, directly or indirectly, by the Fund to any person or company associated or affiliated with the Fund, the manager and the trustee, including, without limitation, property management fees, advisory fees, acquisition fees, real estate brokerage commissions, finder's fees and financing fees, and the identity of the person or company to whom such expenses, fees or commissions are paid or payable shall be disclosed in the annual financial statements;

**L. Disclosure and Reporting**

- 1. The Fund's prospectus shall:
  - (a) emphasize the long-term nature of an investment in units of a real estate mutual fund;
  - (b) state that units can be redeemed only on specified dates and only on a specified number of days prior notice and accordingly are not a suitable investment for investors who require ready convertibility of their investment into cash;
  - (c) state that the redemption of units may be suspended or delayed for up to six months with the consent of the securities regulatory authorities and for longer periods with the approval of security holders and the consent of the securities regulatory authorities;
  - (d) state and explain that the net asset value at which units are issued and redeemed is based upon appraisals of the real property; that for any given real property there is a range of market values; that an appraisal is an

opinion only and that no assurance can be given that the appraised value will be equal to the price for which the property is ultimately sold;

- (e) state and explain that the net asset value per unit for the purchase or redemption of units may differ from the amounts that would be paid to security holders on dissolution of the Fund;
  - (f) contain a statement explaining in which respects the operation of the Fund is distinguishable from the operation of mutual funds organized for the purpose of investment in equity or debt securities, including differences relating to the frequency of calculation of net asset value, the timing of payment for redeemed units and the possibility of delay or suspension of payment for redeemed units;
  - (g) disclose the nature and extent of the potential personal liability of each security holder;
  - (h) disclose the investment policies of the Fund;
  - (i) disclose the policies of the Fund with respect to geographic diversification of its real property investments and, if such investments are or are proposed to be concentrated in a single geographic market, the risks associated with such concentration;
  - (j) disclose the conflicts of interest or potential conflicts of interest of the manager and the Fund and the steps taken to avoid or minimize these conflicts;
  - (k) disclose the suitability standards for investors to be applied in marketing the units; and
  - (l) disclose for each real property of the Fund: the address, a description of the type of property, the date and cost of acquisition, the area in square feet, the percentage of leasable area actually leased, the amount of any mortgage granted or assumed and the amount of pre-tax net income generated during the previous period;
2. The Fund shall file, on a confidential basis, a schedule setting forth the appraised value of each individual property held by it as part of the annual renewal of its prospectus with the Jurisdictions (such schedule not to form part of the public record of the Fund);
3. The Fund shall disclose in its prospectus and in its annual and interim financial statements the aggregate value of all of the real properties held by it by region of location;
4. The Fund shall file a prospectus in accordance with NI 81-101 and containing any additional disclosures described herein or any alternate disclosure to that described herein as may be requested or accepted by The Manitoba Securities Commission as principal regulator of the Fund. Notwithstanding the foregoing, the Fund's prospectus shall not be consolidated with the prospectus of any other mutual fund to form a multiple prospectus without the approval of The Manitoba Securities Commission; and
5. The Fund shall not use any form of point of sale document that may, in the future, meet the prospectus delivery requirements for funds qualified under NI 81-101. The Fund shall continue to use a form of NI 81-101 simplified prospectus acceptable to The Manitoba Securities Commission to meet its delivery requirements under securities legislation.

**M. Investment Committee**

1. The Fund will maintain an investment committee (the "Investment Committee") in accordance with the following:
- (a) IGIM will continue the Investment Committee as follows:
    - (i) it will be composed of at least three members;
    - (ii) all of the members will either have at least five years substantial experience in commercial real estate or be registered as an advising officer or an advising representative of IGIM;
    - (iii) at least two of the three members will have five years substantial experience in commercial real estate;
    - (iv) at least one of the three members will be a senior advising officer or senior advising representative of IGIM; and



- (v) all of the members will be either employees or officers of IGIM.
- (b) a member of the Investment Committee who has experience in commercial real estate but is not qualified to be registered as an advising officer or advising representative will be registered as a non-advising officer of IGIM. Other members of the Investment Committee will be registered as advising officers or advising representatives of IGIM; and
- (c) the Investment Committee will approve purchases, sales and new or assumed mortgages in connection with real property of the Fund; provided that the IRC for the Fund will, in accordance with NI 81-107, make recommendations in respect of conflict of interest matters and will approve arrangements, in accordance with NI 81-107, described in paragraph 7 of section B above.

**N. Sunset Provision**

1. The Requested Relief will terminate one year after the coming into force, subsequent to the date of this Decision Document, of a rule or other regulation under the Legislation that relates, in whole or in part, to a mutual fund investing in real property.

“R.B. Bouchard”  
Director – Corporate Finance  
The Manitoba Securities Commission

**2.1.4 United Financial Corporation – 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.

June 16, 2009

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

**AND**

**IN THE MATTER OF  
UNITED FINANCIAL CORPORATION**

**DECISION**

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

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

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

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

1. The Applicant is registered as an investment counsel and portfolio manager and limited market dealer pursuant to subsection 26(1) of the Act. The Applicant's head office is located in Toronto, Ontario with other office locations in Calgary, Alberta, Abbotsford and Vancouver, British Columbia, Winnipeg, Manitoba, Halifax, Nova Scotia and St. Laurent, Québec.

2. Mr. Sean Harry Whitfield May is seeking registration as an associate advising representative with the Applicant. Mr. May will work from an office location of the Applicant in Kingston, Ontario.
3. Staff of the Commission have confirmed that Mr. May meets the proficiency requirements for registration as an associate advising officer or has been granted an exemption therefrom.
4. The Applicant does not currently have any registered advising officers, partners or representatives located in Kingston and therefore proposes that Mr. May be supervised by Gary Gallant, the Applicant's Vice President, Private Client Management, registered as an advising officer, who works from the Applicant's Toronto head office location.
5. 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**).
6. The Applicant has provided a detailed description of the supervisory mechanisms combined with the use of modern technology it will undertake to adequately facilitate the supervision of Mr. May by Mr. Gallant despite the physical distance between the primary working locations of Mr. May and Mr. Gallant.

**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 subsections 3.3(4) and 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 categories of investment counsel and portfolio manager and limited market dealer in the province of Ontario; and
- B. Mr. May continues to be employed by the Applicant.

"Donna Leitch"  
Assistant Manager, Registration Regulation  
Ontario Securities Commission

**2.1.5 MediSolution Ltd. – s. 1(10)**

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

**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.

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant's status as a reporting issuer is revoked.

**Applicable Legislative Provisions**

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

“Alexandra Lee”  
Manager, Continuous Disclosure  
Autorité des marchés financiers

*Translation*

June 12, 2009

**Torys LLP**

Suite 3000  
79 Wellington Street West  
Toronto (Ontario)  
M5K 1N2

Attention to : Raegan Kennedy

Dear Sirs/Mesdames:

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

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

As the Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;
- (b) no securities of the Applicant are traded on a marketplace as defined in *Regulation 21-101 respecting 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

## 2.1.6 GMP Capital Inc.

### Headnote

NP 11-203 – section 2.8 of NI 44-101 – notice of intention to be qualified to file a short form prospectus – issuer will be a successor issuer under NI 44-101 through conversion from an income fund to a share corporation – relief granted as disclosure regarding the predecessor issuer will effectively be the disclosure of the successor issuer – predecessor issuer is qualified to file a short form prospectus.

### Applicable Legislative Provisions

National Instrument 44-101 Short Form Prospectus Distributions, ss. 2.8(1), 8.1.

May 13, 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  
GMP CAPITAL INC.  
(the “Filer”)**

**DECISION**

### Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision:

- (a) under the securities legislation of the Jurisdiction of the principal regulator (the “**Legislation**”) for relief pursuant to section 8.1 of National Instrument 44-101 *Short Form Prospectus Distributions* (“**NI 44-101**”) from the requirement to file a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the filing of its first preliminary short form prospectus after the notice (the “**Exemption Sought**”); and
- (b) under the Legislation that the application and this decision (the “**Confidential Material**”) be kept confidential and not be made public until the earliest of: (i) the date that the Filer files a Preliminary Prospectus (as defined below); (ii) the date the Filer advises the principal regulator that there is no need for the Confidential Material to remain confidential; (iii) the date that is 10

business days following the filing of the Notice of Intention (as defined below); and (iv) the date that is 30 days after the date of this decision.

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 M-Utilateral Instrument 11-102 – *Passport System* (“**MI 11-102**”) is intended to be relied upon in all provinces and territories of Canada (the “**Passport Jurisdictions**”).

### Interpretation

Terms defined in National Instrument 44-101 *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 was incorporated under the laws of Ontario on March 16, 2009 for the purpose of becoming the successor issuer to GMP Capital Trust (the “**Fund**”) upon its conversion to a corporate structure, as described in more detail below.
2. The principal office of the Filer is located at 145 King Street West, Suite 300, Toronto, Ontario.
3. The authorized share capital of the Filer consists of an unlimited number of common shares (the “**Common Shares**”) and an unlimited number of preferred shares issuable in series. As of May 8, 2009, the Filer had 1 Common Share outstanding which is owned by the Fund.
4. The Fund is an unincorporated, open-ended trust governed by the laws of the Province of Ontario. The Fund was established pursuant to a declaration of trust dated September 20, 2005, as amended and restated on November 30, 2005 in connection with the conversion of the former GMP Capital Corp. to an income trust structure under a plan of arrangement effective December 1, 2005 (the “**2005 Arrangement**”).
5. Griffiths McBurney L.P. (“**GMP Holding Partnership**”) is a limited partnership formed under the laws of Manitoba. The general partner of GMP Holding Partnership is an Ontario corporation called GMP Corp., which is wholly owned by the Fund. The operating subsidiaries of the GMP group are owned by GMP Holding Partnership, other than GMP Private Client, L.P. (“**Private Client**”), which is partially owned by

employees of Private Client, GMP Securities Europe LLP ("**GMP Europe**"), which is partially owned by partners of GMP Europe and GMP Investment Management L.P. ("**GMP Investment**"), which is partially owned by employees of GMP Investment (through ownership interests in Proprietary Partner L.P.).

6. The Fund is a reporting issuer under applicable securities laws in each of the provinces of Canada.
7. The Fund is qualified to file a prospectus in the form of a short form prospectus pursuant to section 2.2 of NI 44-101 and filed a notice of intention to be qualified to file a short form prospectus with the Ontario Securities Commission dated June 7, 2006.
8. The Fund and GMP Holding Partnership are proposing to undertake a conversion (the "**Conversion**") of the Fund into a corporate structure by way of a statutory plan of arrangement. Under the Conversion, the holders of units of the Fund ("**Fund Unitholders**") and holders of Class B limited partner units of GMP Holding Partnership ("**Exchangeable LP Unitholders**") will exchange their respective units for Common Shares of the Filer.
9. The Conversion from a unit trust structure to a share corporation received Fund Unitholder and Exchangeable LP Unitholder approval at the Fund's annual and special meeting held on May 8, 2009. It is expected that the Conversion will become effective on or about May 15, 2009.
10. Upon completion of the Conversion, the Filer will become (or, where necessary, seek to become) the successor reporting issuer in each of the provinces in Canada. The Toronto Stock Exchange has conditionally approved the substitutional listing of the Filer's Common Shares, subject to the Filer fulfilling the requirements of the Toronto Stock Exchange.
11. The Filer anticipates that it may wish to file a preliminary prospectus either in the form of a short form prospectus or a short form base shelf prospectus (each, a "**Preliminary Prospectus**") shortly after May 15, 2009, relating to the offering or potential offering of securities (including Common Shares, debt securities or subscription receipts) of the Filer.
12. Following the receipt of regulatory approvals in respect of such a filing, the Filer seeks to have the option to file a final prospectus (in the form of a short form prospectus or a short form base shelf prospectus, as applicable).
13. In anticipation of a potential filing of a Preliminary Prospectus, and assuming the Conversion has

been completed, the Filer intends to file its notice of intention to be qualified to file a short form prospectus (the "**Notice of Intention**") on or about May 19, 2009. In the absence of the Exemption Sought, the Filer will not be qualified to file a Preliminary Prospectus until 10 business days from the date upon which the Notice of Intention is filed.

14. Pursuant to the qualification criteria set forth in section 2.2 of NI 44-101, following the Conversion, the Filer will be qualified to file a short form prospectus on the basis that it will satisfy the requirements of section 2.2 of NI 44-101 and, as successor issuer, can make use of the exemption provided under section 2.7(2) of NI 44-101 to qualify to file a prospectus in the form of a short form prospectus. As such, the Filer would also be eligible to file a short form prospectus in the form of a base shelf prospectus under section 2.2 of National Instrument 44-102 *Shelf Distributions*.
15. Notwithstanding section 2.2 of NI 44-101, section 2.8(1) of NI 44-101 provides that an issuer is not qualified to file a short form prospectus unless it has filed a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the issuer filing its first preliminary short form prospectus.
16. The Filer will not satisfy the requirement in section 2.8(1) of NI 44-101 until 10 business days after it files a Notice of Intention in mid-May 2009, and will not be qualified to file a Preliminary Prospectus during that time, unless the Exemption Sought is granted.
17. The Preliminary Prospectus will incorporate by reference the documents that would be required to be incorporated by reference under item 11 of Form 44-101F1 in a Preliminary Prospectus.

#### Decision

The Decision Maker 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 Maker pursuant to the Legislation is that:

- (a) the Exemption Sought is granted, provided that, at the time the Filer files its Notice of Intention, the Filer meets the requirements of (i) section 2.2(a), (b), (c) and (e) of NI 44-101, and (ii) the exemption for successor issuers set forth in section 2.7(2) of NI 44-101; and
- (b) the Confidential Material will be kept confidential and not be made public until the earliest of: (i) the date that the Filer files a Preliminary Prospectus; (ii) the

date the Filer advises the principal regulator that there is no need for the Confidential Material to remain confidential; (iii) the date that is 10 business days following the filing of the Notice of Intention; and (iv) the date that is 30 days after the date of this decision.

DATED this 13th day of May, 2009.

“Jo-Anne Matear”  
Assistant Manager  
Corporate Finance Branch

## 2.1.7 Cadiscor Resources 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).

June 10, 2009

Mr. Benoît Gascon  
**Miller Thomson Pouliot**  
CIBC Tower, 31st Floor  
1155 René-Lévesque Blvd. West  
Montréal, Québec H3B 3S6

Dear Sir,

**Re: Cadiscor Resources Inc. (the “Applicant”) – Application for a decision under the securities legislation of Québec, 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 Makers”) in each of the Jurisdictions for a decision under the securities legislation (the “Legislation”) of the Jurisdictions that the Applicant is not a reporting issuer.

As the Applicant has represented to the Decision Makers that:

- a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;
- b) no securities of the Applicant are traded on a marketplace as defined in *Regulation 21-101 respecting 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's status as a reporting issuer is revoked.

"Alexandra Lee"  
Manager, Continuous Disclosure  
Investment Funds and Continuous Disclosure  
Autorité des marchés financiers

## 2.1.8 Advantage Energy Income Fund

### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from the requirement to include financial statements in an information circular for an entity participating in an arrangement with a trust – the information circular will be sent to the trust's unitholders in connection with a proposed internal reorganization pursuant to which its business operations will be conducted through a corporate entity – the arrangement does not contemplate the acquisition of any additional interest in any operating assets or the disposition of any of the trust's existing interests in operating assets.

### Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 9.1, 13.1.  
Form 51-102F5 Information Circular, section 14.2.

**Citation:** Advantage Energy Income Fund, Re, 2009 ABASC 284

June 16, 2009

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

**AND**

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

**AND**

**IN THE MATTER OF  
ADVANTAGE ENERGY INCOME FUND  
(Advantage 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**) exempting the Filer from the requirement under Section 14.2 of Form 51-102F5 *Information Circular* (the **Circular Form**) of the Legislation to provide: (i) the financial statements of Advantage Oil & Gas Ltd. (**AOG**) for the financial years ended December 31, 2008, December 31, 2007 and December 31, 2006; and (ii) comparative financial statements for the financial period ended March 31, 2009 (collectively, the **Financial Statements**) in the management information circular (the **Circular**) to be prepared by the Filer and delivered to the holders

(**Advantage Unitholders**) of trust units (**Advantage Units**) in connection with a special meeting (**Advantage Meeting**) of Advantage Unitholders expected to be held in early July 2009 for the purposes of considering a plan of arrangement under the *Business Corporations Act* (Alberta) (the **Arrangement**) resulting in the internal reorganization of Advantage's trust structure into a corporate structure (collectively, the **Exemption Sought**).

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

- (a) the Alberta Securities Commission is the principal regulator for this Application,
- (b) the Filer has provided notice that Subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System (MI 11-102)* is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

#### **Interpretation**

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

#### **Representations**

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

#### **Advantage and AOG**

##### *Advantage*

1. Advantage is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta pursuant to an amended and restated Trust Indenture dated December 31, 2007. The principal office of Advantage is located in Calgary, Alberta.
2. Advantage is a reporting issuer or the equivalent under the securities legislation of each of the provinces of Canada. To its knowledge, Advantage is not in default of securities legislation in any jurisdiction of Canada.
3. The authorized capital of Advantage includes an unlimited number of Advantage Units and special voting units. As at June 5, 2009, there were 145,198,130 Advantage Units and no special voting units outstanding.
4. The Advantage Units are listed on the Toronto Stock Exchange (**TSX**) under the symbol

"**AVN.UN**" and on the New York Stock Exchange (**NYSE**) under the symbol "**AAV**".

5. As at June 5, 2009, Advantage had (i) \$29,839,000 principal amount of 8.75% convertible unsecured subordinated debentures outstanding, (ii) \$15,528,000 principal amount of 8.00% convertible unsecured subordinated debentures outstanding, (iii) \$46,766,000 principal amount of 7.75% convertible unsecured subordinated debentures outstanding, (iv) \$52,268,000 principal amount of 7.50% convertible unsecured subordinated debentures outstanding and (v) \$69,927,000 principal amount of 6.50% convertible unsecured subordinated debentures outstanding (collectively, the **Debentures**). The Debentures are currently listed and posted for trading on the TSX.
6. Advantage has filed an "AIF" and has "current annual financial statements" (as such terms are defined in National Instrument 44-101 *Short Form Prospectus Distributions (NI 44-101)*) for the financial year ended December 31, 2008.

##### AOG

7. AOG is a corporation amalgamated under the laws of the Province of Alberta. The principal office of AOG is located in Calgary, Alberta.
8. AOG is wholly-owned by Advantage.
9. AOG is not a reporting issuer in any jurisdiction and to its knowledge, is not in default of applicable securities legislation in any jurisdiction of Canada.
10. The authorized capital of AOG includes an unlimited number of AOG Shares (as defined below), non-voting shares, preferred shares and exchangeable shares. As at June 5, 2009, there were 12,445,034 AOG Shares outstanding and no non-voting shares, preferred shares or exchangeable shares outstanding.
11. The AOG Shares (as defined below) are not listed or posted for trading on any exchange or quotation and trade reporting system.

#### **Arrangement**

12. As part of the Arrangement, (i) Advantage will be dissolved; (ii) the Advantage Units will be cancelled; (iii) common shares (**AOG Shares**) of AOG, Advantage's administrator and wholly-owned subsidiary, will be distributed to Advantage Unitholders on a one-for-one basis; and (iv) AOG will own, directly or indirectly, all of the existing assets and assume all of the existing liabilities of Advantage (including Advantage's outstanding convertible debentures), effectively resulting in the internal reorganization of Advantage's trust structure into a corporate structure.



13. Following the completion of the Arrangement: (i) the sole business of AOG will be the current business of Advantage; (ii) AOG would be a reporting issuer or the equivalent under the securities legislation in all of the provinces of Canada; and (iii) the AOG Shares would, subject to approval by the TSX and the NYSE, be listed on the TSX and NYSE.
14. Pursuant to Advantage's constating documents and applicable securities laws, the Advantage Unitholders will be required to approve the Arrangement at the Advantage Meeting. The Arrangement must be approved by not less than two-thirds of the votes cast by Advantage Unitholders at the Advantage Meeting. The Advantage Meeting is anticipated to take place in early July 2009 and the Circular is expected to be mailed in early June 2009.
15. The Arrangement will be a "restructuring transaction" under National Instrument 51-102 *Continuous Disclosure Obligations (NI 51-102)* in respect of Advantage and therefore would require compliance with Section 14.2 of the Circular Form. The Filer is applying for an exemption pursuant to Section 13.1 of NI 51-102 from the requirement of Section 14.2 of the Circular Form (which requires compliance with National Instrument 41-101 *General Prospectus Requirements (NI 41-101)* and therefore with Form 41-101F1 *Information Required in a Prospectus (Prospectus Form)*) that pursuant to Subsection 32.2(1) of the Prospectus Form, the financial statements of AOG for the financial years ended December 31, 2008, December 31, 2007 and December 31, 2006 which include an income statement, statement of retained earnings, and a cash flow statement for each of these years as described in Section 32.2(1) of the Prospectus Form and pursuant to Subsection 32.3(1) of the Prospectus Form, comparative interim financial statements for the financial period ended March 31, 2009 which includes a comparative balance sheet, comparative income statement, comparative statement of retained earnings and a comparative cash flow statement as described in Section 32.2(2) of the Prospectus Form (collectively, the **Financial Statements**) be included in the Circular that would be mailed to the Advantage Unitholders in connection with the Arrangement.
16. The Arrangement is being undertaken to reorganize Advantage following the enactment by the federal government of rules in respect of the tax treatment of specified investment flow-through trusts. Pursuant to the Arrangement, Advantage will be reorganized into a public growth oriented oil and gas production, exploration and development corporation that will retain the name "Advantage Oil & Gas Ltd." and will own, directly or indirectly, all of the existing assets and assume all of the existing liabilities of Advantage.
17. The rights of Advantage Unitholders and holders of Debentures in respect of AOG following the Arrangement will be substantially equivalent to the rights the Advantage Unitholders and holders of Debentures currently have in respect of Advantage and AOG, as applicable, and their relative interest in and to the business carried on by AOG will not be affected by the Arrangement.
18. The only securities that will be distributed to Advantage Unitholders pursuant to the Arrangement will be AOG Shares.
19. While changes to the consolidated financial statements of AOG will be required to reflect the organization structure of AOG following the Arrangement, the financial position of AOG will be substantially the same as reflected in Advantage's audited annual consolidated financial statements most recently filed or required to have been filed under Part 4 of NI 51-102 prior to the date of the Circular and the unaudited interim consolidated financial statements of Advantage most recently filed or required have been filed under Part 4 of NI 51-102 prior to the date of the Circular. In particular, the entity that exists both before and subsequent to the Arrangement would be substantially the same given the fact that the assets and liabilities of the enterprise, from both an accounting perspective and economic perspective, are not changing based on the Arrangement. However, as the tax structure will be changing from that of an income trust to a corporation, the tax advantages of the income trust structure would be lost. As a result, the only reconciling items would be with respect to both the current and future income tax due to the elimination of the deduction for the interest on certain promissory notes between the Trust and subsidiaries of the Trust. This would therefore require these entities to use tax pools to shield their taxability therefore creating a future income tax liability and to the extent that the income could not be shielded by tax pools, it would trigger cash taxes.

#### Financial Statement Disclosure in the Circular

20. Section 14.2 of the Circular Form requires, among other items, that the Circular contain the disclosure (including financial statements) prescribed under securities legislation and described in the form of prospectus that AOG would be eligible to use immediately prior to the sending and filing of the Circular for a distribution of its securities. Therefore, the Circular must contain the disclosure in respect of AOG prescribed by the Prospectus Form.
21. Subsection 32.2(1) of the Prospectus Form requires Advantage to include certain annual financial statements of AOG in the Circular, including: (i) an income statement, a statement of

retained earnings, and a cash flow statement of AOG for each of the financial years ended December 31, 2008, December 31, 2007 and December 31, 2006; and (ii) a balance sheet of AOG as at the end of December 31, 2008 and December 31, 2007 and Subsection 32.3(1) of the Prospectus Form requires Advantage to include certain comparative interim financial statements of AOG in the circular, including (i) a comparative income statement, a statement of retained earnings, and cash flow statement of AOG for the interim period ended March 31, 2009 and (ii) a balance sheet of AOG as at the end of March 31, 2009.

22. Subsection 4.2(1) of NI 41-101 requires that the financial statements (other than interim financial statements) required to be included in the Circular must be audited in accordance with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency (NI 52-107)*.
23. The Arrangement will not result in a change in beneficial ownership of the assets and liabilities of Advantage, from both an accounting perspective and an economic perspective. Accordingly, no acquisition will occur as a result of the Arrangement and therefore the significant acquisition financial statement disclosure requirements contained in the Prospectus Form are inapplicable.
24. The Arrangement will be an internal reorganization undertaken without dilution to the Advantage Unitholders or additional debt or interest expense.

**Exemption Sought**

25. The granting of the Exemption Sought would not be prejudicial to the public interest, nor would disclosure of the Financial Statements be necessary to allow Advantage Unitholders to form a reasoned judgement concerning the nature and effect of the Arrangement for the following reasons:

(a) the financial statements of Advantage are reported on a consolidated basis, which includes the financial results for AOG. AOG does not report its financial results independently from the consolidated financial statements of Advantage. The Financial Statements, if prepared, would not include the accounts of Advantage. Management, after consulting with Advantage's auditors, believes this would be misleading, since there are transactions between AOG and Advantage that eliminate when consolidation is performed at the trust level. To present the Financial Statements, which would

exclude accounts of Advantage, would present the effects of only one side of the financing activities between AOG and Advantage. This would result in significant intra-group liabilities and large amounts of intra-group interest expense being reflected on the Financial Statements. Additionally, an agreement exists between Advantage and AOG whereby AOG pays a regular royalty to Advantage related to net resource cash flows. To present the Financial Statements excluding the accounts of Advantage, would present the one side of the intra-group royalty expense. As a result, the presentation of these intra-group transactions, that will be eliminated upon completion of the Arrangement, would present a confusing (and potentially misleading) picture of financial performance;

(b) the Financial Statements, if prepared, would not include the accounts of Advantage. Management, after consulting with Advantage's auditors, believes this would be misleading, since there are liabilities and transactions within Advantage that would be excluded. Advantage currently has outstanding convertible debentures and pays semi-annual interest on the outstanding debentures. To present AOG excluding the convertible debentures would be potentially misleading as the debentures will be assumed by AOG under the Arrangement;

(c) the Financial Statements are not relevant to the Advantage Unitholders for the purposes of considering the Arrangement as the financial statements of AOG following the completion of the Arrangement would be substantially and materially the same as the consolidated financial statements of Advantage filed in accordance with Part 4 of NI 51-102 prior to the completion of the Arrangement because the financial position of the entity that exists both before and after the Arrangement is substantially the same; and

(d) the Circular will contain prospectus level disclosure in accordance with the Prospectus Form (other than the Financial Statements) and will contain sufficient information to enable a reasonable securityholder to form a reasoned judgement concerning the nature and effect of the Arrangement including information explaining how the tax position of AOG after the completion

of the Arrangement will differ from the existing tax position of Advantage and how the retained cash flows of AOG following the completion of the Arrangement will differ from the existing cash flows of Advantage.

**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.

“Agnes Lau, CA”  
Associate Director, Corporate Finance

**2.1.9 John Deere Credit Inc. and John Deere Limited**

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – issuer granted exemptions from the prospectus, registration and underwriter registration requirements in connection with trades of commercial paper/short term debt- sufficient to obtain one credit rating at or above a revised category from an approved credit rating agency, subject to conditions.

**Applicable Legislative Provisions**

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

National Instrument 45-106 Prospectus and Registration Exemptions.

**April 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  
JOHN DEERE CREDIT INC. (JDCI) AND  
JOHN DEERE LIMITED  
(JDL, and together with JDCI, the Filers)**

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) that trades of negotiable promissory notes or commercial paper, maturing not more than one year from the date of issue, of the Filers (Commercial Paper) be exempt from the dealer registration requirement, the underwriter registration requirement and the prospectus requirement of the Legislation (respectively, the Dealer Registration Exemption Sought, the Underwriter Registration Exemption Sought, the Prospectus Exemption Sought and, together, the Exemptions Sought).

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

“financial intermediary” has the meaning ascribed to that term in Ontario Securities Commission Rule 14-501 *Definitions*;

“financial intermediary short-term debt registration exemption” means the exemption from the registration requirement, for a trade by a financial intermediary or a Schedule III bank, set out in clause 4.1(1)(a) of OSC Rule 45-501, or in a successor provision of OSC Rule 45-501, insofar as that clause or provision provides an exemption from the dealer registration requirement and the underwriter registration requirement for a trade of a type described in the short-term debt dealer registration requirement exemption;

“market intermediary” has the meaning ascribed to that term in Ontario Securities Commission Rule 14-501 *Definitions*;

“NI 45-106” means National Instrument 45-106 *Prospectus and Registration Exemptions*;

“OSC Rule 45-501” means Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions*;

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

“short-term debt dealer registration exemption” means the exemption from the dealer registration requirement set out in subsection 2.35(1) of NI 45-106, or in a successor provision of NI 45-106; and

“short-term debt underwriter registration exemption” means the deemed exemption from the underwriter registration requirement exemption contained in subsection 1.4(2) of NI 45-106, or in a successor provision in NI 45-106, insofar as the deemed exemption relates to the short-term dealer registration exemption.

### Representations

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

1. The Filers are both corporations existing under the *Canada Business Corporations Act*.
2. The head office and principal business office of JDCI is located in Burlington, Ontario and the head office and principal business office of JDL is located in Grimsby, Ontario. JDCI is a reporting issuer in the Jurisdiction and the Non-Principal Jurisdictions and is not in default of the Legislation or the securities legislation of any Non-Principal Jurisdiction. JDL is not a reporting issuer, or the equivalent, in any jurisdiction of Canada and is not in default of the Legislation or the securities legislation of any jurisdiction of Canada.
3. Subsection 1.4(2) and clause 2.35(1)(b) of NI 45-106 provide that exemptions from the dealer registration, underwriter registration and prospectus requirements of the Legislation for short-term debt (the Commercial Paper Exemption) are available only where such short-term debt “has an approved credit rating from an approved credit rating organization.” NI 45-106 incorporates by reference the definitions for “approved credit rating” and “approved credit rating organization” that are used in National Instrument 81-102 *Mutual Funds* (NI 81-102).
4. The definition of “approved credit rating” in NI 81-102 requires, among other things, that (a) the rating assigned to such debt must be “at or above” certain prescribed short-term ratings, and (b) such debt must not have been assigned a rating by any “approved credit rating organization” that is not an “approved credit rating.”
5. Each of the Filers’ Commercial Paper has a short-term rating of “A-1 (mid)” rating from Standard & Poor’s a division of The McGraw-Hill Companies, Inc. (S&P), a short-term rating of “P-1” rating from Moody’s Investor Service, Inc. (Moody’s) and a short term rating of “R-1 (low)” from DBRS Limited (DBRS), all of which meet the prescribed threshold for an “approved credit rating” under NI 81-102. Each of DBRS, S&P and Moody’s is an “approved credit rating organization” under NI 81-102.
6. However, in the past, the Commercial Paper of each of the Filers has not met the “approved credit rating” definition in NI 81-102 because each Filer had received a “P-2” rating from Moody’s, which is a lower rating than required by the Commercial Paper Exemption and, as a result, the Commercial Paper of the Filers did not meet the criteria for the Commercial Paper Exemption.
7. The Dealer Registration Exemption Sought and the Prospectus Exemption Sought were granted under a prior decision dated April 11, 2006 (the Prior Decision). By its terms, the Prior Decision will terminate on the earlier of:

- a. 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the securities legislation of the jurisdictions of Canada that amends section 2.35 of NI 45-106 or provides an alternate exemption; and
- b. three years from the date of the Prior Decision.

the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption; and

- ii. the trade is made on behalf of the dealer by an individual who is registered under the Legislation to trade on behalf of the dealer and, under that registration, would be authorized to make the trade if the trade were a trade in negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption.

**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 Exemptions Sought are granted provided that:

- 1. the Commercial Paper:
  - a. matures no more than one year from the date of issue;
  - b. is not convertible or exchangeable into or accompanied by a right to purchase another security other than Commercial Paper; and
  - c. has a rating issued by one of the following rating organizations, or any of their successors, at or above one of the following rating categories or a rating category that replaces a category listed below:

<b>Rating Organization</b>	<b>Rating</b>
DBRS Limited	R-1 (low)
Fitch Ratings Ltd.	F2
Moody's Investors Service, Inc.	P-2
Standard & Poor's	A-2

- 2. In Ontario, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought are not available in respect of a trade in Commercial Paper by a market intermediary (except for a trade in Commercial Paper with a registered dealer that is an affiliate of the market intermediary or a trade in Commercial Paper by a lawyer or accountant if the trade is incidental to the principal business of that lawyer or accountant) unless the market intermediary is:
  - a. a financial intermediary or Schedule III bank; or
  - b. a dealer registered under the Legislation, as a "limited market dealer", provided that:
    - i. under its registration, the dealer would be authorized to make

- 3. In Newfoundland and Labrador, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought are not available in respect of a trade in Commercial Paper by a market intermediary (except for a trade in Commercial Paper with a registered dealer that is an affiliate of the market intermediary or a trade in Commercial Paper by a lawyer or accountant if the trade is incidental to the principal business of that lawyer or accountant) unless the market intermediary is a dealer registered under the securities legislation of Newfoundland and Labrador as a "limited market dealer", provided that:

- a. under its registration, the dealer would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption; and
- b. the trade is made on behalf of the dealer by an individual who is registered under the securities legislation of Newfoundland and Labrador to trade on behalf of the dealer and, under that registration, would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption.

- 4. For each jurisdiction of Canada, the Prospectus Exemption Sought will terminate on the earlier of:

- a. 90 days after coming into force of any rule, other regulation or blanket order or ruling under the securities legislation of that jurisdiction of Canada that amends the conditions of the prospectus exemption contained in section 2.35 of NI 45-16 or provides an alternate exemption; and

- b. June 30, 2012.
5. Except as provided in paragraph 6 below, for each jurisdiction of Canada, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought will terminate on the earlier of:
- a. in the case of the Dealer Registration Exemption Sought, the date when the short-term debt dealer registration exemption does not apply in that jurisdiction of Canada
  - b. in the case of the Underwriter Registration Exemption Sought, the date when the short-term debt underwriter registration exemption does not apply in that jurisdiction of Canada; and
  - c. June 30, 2012.
6. In Ontario, for a financial intermediary or Schedule III bank, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought will terminate on the earlier of:
- a. the date when the financial intermediary short-term debt registration exemption does not apply in Ontario; and
  - b. June 30, 2012.

“Wendell S. Wigle”  
Commissioner  
Ontario Securities Commission

“Margot C. Howard”  
Commissioner  
Ontario Securities Commission

## 2.1.10 Growthworks Canadian Fund Ltd.

### Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 81-106, s. 17.1 – Continuous Disclosure Requirements for Investment Funds.

AIF requirement – A fund wants relief from the requirement that the fund must file an annual information form if the fund has not obtained a receipt for its prospectus during the last 12 months preceding its financial year end – The fund is a labour-sponsored or venture capital fund with multiple classes or series of shares; the information that NI 81-106 would require the fund to include in an AIF for a class or series that is no longer in distribution is included in the current prospectus for the classes or series that the fund is still distributing; the fund will post a notice on SEDAR about the exemption and will provide a copy of the current prospectus to any holder of the discontinued class or series who requests a copy.

### Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 9.2, 9.3, 17.1.

June 3, 2009

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA AND ONTARIO  
(the Jurisdictions)**

**AND**

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

**AND**

**IN THE MATTER OF  
GROWTHWORKS CANADIAN FUND LTD.  
(the Filer)**

**DECISION**

### Background

- 1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for:
- (a) an exemption from the requirements in sections 9.2 and 9.3 of NI 81-106 *Investment Funds Continuous Disclosure* (NI 81-106) to prepare and file an AIF for the GWCF Historical Shares, the Merger

Shares, the Future Merger Shares, and any other series of Class A Shares (all shares defined below) that the Filer has ceased offering or distributing, or may cease offering or distributing in the future, in one or more of the Reporting Jurisdictions provided the Filer has obtained a receipt for a prospectus in at least one of the Reporting Jurisdictions during the last 12 months preceding its financial year end; and

- (b) a revocation of the Filer's MRRS decision (2006 BCSECCOM 3) dated December 29, 2005 (the GWCF Historical Shares Relief), and the Filer's MRRS decision (2006 BCSECCOM 682) dated November 23, 2006 (the Merger Shares Relief);

(the Exemption Sought).

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

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-201) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Yukon Territory, Northwest Territories and Nunavut; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

### Interpretation

- 2 Defined terms contained in National Instrument 14-101 *Definitions* and MI 11-102 have the same meanings in this decision, unless they are otherwise defined;
  - 1. AIF means the annual information form required by in NI 81-106;
  - 2. AIF Level Disclosure means the disclosure required for an AIF under NI 81-106;
  - 3. LSVCC Legislation means the ITA, *The Labour-Sponsored Venture Capital Corporations Act* (Manitoba), the *Community Small Business Investment*

*Funds Act* (Ontario) and the *Labour-sponsored Venture Capital Corporations Act* (Saskatchewan);

- 4. Reporting Jurisdictions means all of the provinces and territories of Canada;

### Representations

- 3 This decision is based on the following facts represented by the Filer:
  - 5. the Filer is a corporation incorporated under the *Canada Business Corporations Act*;
  - 6. as a registered or approved fund or labour-sponsored investment fund under the LSVCC Legislation, the Filer's investing activities are governed by the LSVCC Legislation;
  - 7. the Filer was previously a labour-sponsored venture capital corporation registered under the *Equity Tax Credit Act* (Nova Scotia) and a prescribed registered labour-sponsored investment fund corporation registered under the *Income Tax Act* (New Brunswick);
  - 8. the Filer primarily invests in small and medium sized businesses with the objective of obtaining long term capital appreciation and must make "eligible investments" in "eligible businesses" as prescribed under the LSVCC Legislation;
  - 9. the authorized capital of the Filer is as follows:
    - (a) an unlimited number of Class A shares issuable in series (the Class A Shares), which are widely held, of which there are currently 20 series created and 10 series offered under the Filer's current prospectus;
    - (b) 1,000 Class B shares which are held by the labour sponsor of the Filer; and
    - (c) an unlimited number of Class C shares issuable in series, of which there is one issued series designated as "IPA shares" and 100 IPA shares are held by the manager of the Filer to provide for a participating or carried interest in the venture investments of the Filer; participating or carried interests are compensation arrangements

- commonly provided to venture capital fund managers;
10. the Filer is an investment fund in each of the Reporting Jurisdictions;
  11. the Filer's shares are not listed on an exchange;
  12. between November 2003 and September 2008, the Filer offered, by prospectus in the Reporting Jurisdictions, the following 14 series of Class A Shares: Venture/Balanced Commission I and II, Venture/Growth Commission I and II, Venture/Resource Commission I and II, Venture/Diversified Commission I and II, Venture/Income Commission I and II, Venture/Financial Services Commission I and II and Venture/GIC Commission I and II;
  13. shareholders of the Filer and regulatory authorities approved the conversion of certain previously offered series of Class A Shares into currently offered series of Class A Shares; these conversions were effected on February 20, 2009 as follows:

<b>Series to be Converted:</b>	<b>Converted into:</b>
Venture/Balanced Shares Commission I	Venture/Diversified Shares Commission I
Venture/Balanced Shares Commission II	Venture/Diversified Shares Commission II
Venture/Resource Shares Commission I	Venture/Growth Shares Commission I
Venture/Resource Shares Commission II	Venture/Growth Shares Commission II

14. the Filer now offers the following 10 series of Class A Shares: Venture/Growth Commission I and II, Venture/Diversified Commission I and II, Venture/Income Commission I and II, Venture/Financial Services Commission I and II and Venture/GIC Commission I and II; these series are offered under a prospectus dated November 3, 2008, as amended (the 2008 Prospectus); the 2008 Prospectus is qualified only in Alberta, Saskatchewan, Manitoba, Ontario, Yukon, Northwest Territories and Nunavut;

15. the Filer intends to file annually a renewal prospectus in one or more of the Reporting Jurisdictions to permit the Filer to continue to offer one or more series of Class A Shares;
16. the Filer previously offered, by prospectus, the WV Canadian – Commission I Class A Shares (the GWCF Historical Shares) which have a common venture portfolio as the Filer's currently offered series of Class A Shares; they only differ in how they invest their non-venture portfolio;
17. to the extent that the series of Class A Shares invest their non-venture portfolios differently, they are considered to be separate investment funds for the purposes of NI 81-106; section 9.2 of NI 81-106 requires an investment fund that does not have a current prospectus as at its financial year end to file an AIF;
18. on December 29, 2005, the Filer received the GWCF Historical Shares Relief exempting the Filer from the requirements in section 9.2 of NI 81-106 to prepare and file an AIF for the GWCF Historical Shares; the British Columbia Securities Commission was the principal regulator for the GWCF Historical Shares Relief;
19. at the time when the GWCF Historical Shares Relief was obtained, the Filer was a reporting issuer in each of the Reporting Jurisdictions, but the then current prospectus (the 2005 Prospectus) had only been filed, and the Filer was only offering its series of Class A Shares, in Alberta, Saskatchewan, Manitoba, Ontario, Yukon, the Northwest Territories, Nunavut and Quebec;
20. in accordance with the terms of the GWCF Historical Shares Relief, the Filer's 2005 Prospectus and all renewal prospectuses have contained AIF Level Disclosure concerning the GWCF Historical Shares; in addition, the Filer has filed notices containing information as mandated by the GWCF Historical Shares Relief;
21. effective November 29, 2005, the Filer completed a merger involving the acquisition of assets of Capital Alliance Ventures Inc., Canadian Science and Technology Growth Fund Inc. and GrowthWorks Opportunity Fund Ltd.; effective July 14, 2006, the Filer completed a merger involving the



- acquisition of assets of First Ontario Labour Sponsored Investment Fund Ltd.; in connection with those mergers, the Filer created and distributed a total of four new series of Class A Shares to reflect an allocation of risks and certain fees and charges associated with each of the mergers; none of the share issued in connection with the mergers were issued under a prospectus; shareholders of the merging funds received prospectus-level disclosure about the Filer and the shares in connection with the merger approval process; the series of shares issued in connection with the mergers have rights and restrictions, which are substantially similar to the other currently offered series of Class A Shares, except that they do not currently have any other designated shares in the Filer's capital that they may switch into; all mergers were approved by applicable securities regulators pursuant to clause 5.5(1)(b)A of National Instrument 81-102 *Mutual Funds*;
22. on November 23, 2006, the Filer received the Merger Shares Relief exempting the Filer from the requirements in sections 9.2 and 9.3 of NI 81-106 to prepare and file an AIF for the shares issued in connection with the 2005 and 2006 mergers referred to in paragraph 18 and any future merger shares (together, the Merger Shares); British Columbia was the principal regulator for the Merger Shares Relief; in accordance with the terms of the Merger Shares Relief, the Filer's 2005 Prospectus and all renewal prospectuses have contained AIF Level Disclosure concerning the Merger Shares; in addition, the Filer has filed notices containing information as mandated by the Merger Shares Relief; the Filer has delivered financial statements, management reports of fund performance and notices as required under securities legislation and NI 81-106;
23. at the time when the Filer obtained the Merger Shares Relief, the Filer was a reporting issuer in each of the Reporting Jurisdictions; however, the Filer's then current prospectus, the 2005 Prospectus, had only been filed, and the Filer was only offering its series of Class A Shares, in Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Yukon, the Northwest Territories and Nunavut;
24. in December 2006, the Filer ceased offering its series of Class A Shares in Quebec; the Filer continued to file its prospectus for its series of Class A Shares in each of Alberta, Saskatchewan, Manitoba, Ontario, Yukon, Northwest Territories and Nunavut; the renewal prospectuses filed in December 2006 and thereafter contained AIF Level Disclosure on the GWCF Historical Shares and Merger Shares and prospectus-level disclosure on the currently offered series of Class A Shares; the 2008 Prospectus contains AIF Level Disclosure on the GWCF Historical Shares and Merger Shares and prospectus-level disclosure on the currently offered series of Class A Shares;
25. on October 24, 2008, the Filer completed a merger with ENSIS Growth Fund Inc.; in connection with the merger, the Filer created a new series of Class A Shares in its capital which it distributed to former shareholders of ENSIS Growth Fund; these shares are Merger Shares, but are considered "future merger shares" under the provisions of the Merger Shares Relief; as a result, the Filer's 2008 Prospectus contains substantially the same disclosure as required by an AIF;
26. effective May 22, 2009, the Filer completed a merger with Canadian Medical Discoveries Fund Inc.; in connection with the merger, the Filer created a new series of Class A Shares in its capital which it distributed to former shareholders of Canadian Medical Discoveries Fund Inc.; these shares are Merger Shares, but are considered "future merger shares" under the provisions of the Merger Shares Relief; as a result, the Filer's 2008 Prospectus, as amended, contains substantially the same disclosure as required by an AIF;
27. the Merger Shares and any Future Merger Shares, described in paragraphs 24, 25 and 26, share in the same venture portfolio as the GWCF Historical Shares and the currently offered series of Class A Shares and invest in the same non-venture investment portfolio as the GWCF Historical Shares;
28. the Filer continues to examine the portfolios of other venture capital funds to identify possible merger candidates, which may result in future mergers with other venture capital funds, subject to obtaining any necessary regulatory and shareholder approvals; as part of the merger transactions, the Filer may issue

	<p>a new series of Class A Shares (Future Merger Shares) to shareholders of such other venture capital funds to reflect the allocation of risks and certain fees and charges associated with any such merger transaction;</p>	<p><b>Decision</b></p> <p>4 Each of the Decision Makers is satisfied that the decision meets the test contained in the Legislation for the Decision Maker to make the decision.</p>
29.	<p>due to changing market conditions and sales performance, the Filer has in the past ceased offering its Menu Shares in Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland; given the universal accessibility to the Filer's prospectus on SEDAR, the Filer believed that no AIF was required to be filed in those jurisdictions provided the series was qualified under a current prospectus that was filed in one or more of the Reporting Jurisdictions and available to the public on SEDAR;</p>	<p>The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that:</p> <p>(a) the Filer has a current prospectus which has been filed and receipted by at least one securities regulatory authority or regulator in Canada during the last 12 months preceding its financial year end;</p> <p>(b) the Filer's prospectus contain, and any renewal prospectuses of the Filer contain:</p>
30.	<p>given the current economic climate, and the changing venture capital conditions in Canada, the Filer may, in the future commence or cease offering by prospectus some series of Class A Shares in some of the Reporting Jurisdictions;</p>	<p>(i) AIF Level Disclosure for the GWCF Historical Shares, the Merger Shares, any Future Merger Shares, and any other series of Class A Shares that the Filer has ceased offering or distributing; and</p>
31.	<p>the Filer was informed by certain Reporting Jurisdictions that reference to "prospectus" in section 9.2 of NI 81-106 is interpreted to mean "prospectus filed in each jurisdiction in which the investment fund is reporting"; accordingly, despite the GWCF Historical Shares Relief and the Merger Shares Relief, in jurisdictions where the Filer does not file a prospectus, the Filer is required to file an AIF in respect of any shares for which a prospectus has not been receipted in the jurisdiction within the prior 12 months; and the GWCF Historical Shares Relief and the Merger Shares Relief may not be valid in those Reporting Jurisdictions where the Filer has not filed a prospectus for those shares within the prior 12 months;</p>	<p>(ii) prospectus-level disclosure for all series of Class A Shares offered in at least one of the Reporting Jurisdictions but has ceased offering or distributing in one or more of the Reporting Jurisdictions;</p> <p>(c) no later than November 29, 2009, and on annual basis thereafter, the Filer files on SEDAR a notice that includes the following information:</p> <p>(i) the Filer received an exemption from the requirement to file an AIF for the GWCF Historical Shares, the Merger Shares, any Future Merger Shares, and any other series of Class A Shares that the Filer has ceased offering or distributing, or may cease offering or distributing in the future, in one or more of the Reporting Jurisdictions; and</p>
32.	<p>the Filer was advised by certain Reporting Jurisdictions that it was considered to be in default in certain provinces and therefore, the Filer filed its prospectus for 2006, 2007 and 2008 in those jurisdictions in which it was noted in default;</p>	<p>(ii) a notice to holders of such shares that they should refer to the then current prospectus of the Filer for information concerning the GWCF Historical Shares, the Merger Shares, any Future Merger Shares, and any other series of Class A Shares that the Filer has ceased</p>
33.	<p>the financial year end of the Filer is August 31; therefore, without the requested relief, the Filer would have to file an AIF for certain of the Class A Shares, by November 29, 2009.</p>	

offering or distributing, or may cease offering or distributing in the future, in one or more of the Reporting Jurisdictions; and

- (d) if a holder of the GWCF Historical Shares, the Merger Shares, any Future Merger Shares, or any other series of Class A Shares that are no longer offered at all or that are not offered or distributed in a particular Reporting Jurisdiction, requests a copy of the AIF, the Filer will send, without charge, within 10 calendar days after the request, a copy of the most recent prospectus of the Filer, together with clear and concise statements indicating that the prospectus contains information about the GWCF Historical Shares, the Merger Shares, any Future Merger Shares, or any other series of Class A Shares that are no longer offered or distributed at all or that are not offered or distributed in a particular Reporting Jurisdiction, that would otherwise be disclosed in an AIF.

“Martin Eady, CA”  
Director, Corporate Finance  
British Columbia Securities Commission

## 2.1.11 Skybridge Development Corp. – 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).

June 22, 2009

Skybridge Development Corp.  
**c/o Carrel + Partners LLP**  
1136 Alloy Drive  
Thunder Bay, ON P7B 6M9

Attention: Cynthia A. Cline

Dear Ms. Cline;

**Re: Skybridge Development Corp. (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta and Saskatchewan (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

**2.1.12 Resolve Business Outsourcing Income Fund and 2206997 Ontario Inc.**

**Headnote**

NP 11-203 – MI 61-101 – take-over bid and subsequent business combination – MI 61-101 requires sending of information circular and holding of meeting in connection with second step business combination – target's declaration of trust provides that a resolution in writing executed by unitholders holding more than 66 2/3% of the outstanding units valid as if such voting rights had been exercised at a meeting of unitholders – relief granted from requirement that information circular be sent and meeting be held – minority approval to be obtained albeit in writing rather than at a meeting of unitholders.

**Applicable Legislative Provisions**

Multilateral Instrument 11-102 Passport System.  
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdiction.  
Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

June 16, 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  
THE TAKE-OVER BID FOR  
RESOLVE BUSINESS OUTSOURCING INCOME FUND  
BY 2206997 ONTARIO INC.  
(the Filer)**

**DECISION**

**Background**

The principal regulator (the **Principal Regulator**) in the Jurisdiction has received an application from the Filer, in connection with a take-over bid (the **Offer**) for all of the outstanding units (the **Units**) of Resolve Business Outsourcing Income Fund (**Resolve**), for a decision pursuant to the securities legislation of the Jurisdiction (the **Legislation**) that the following requirements of section 4.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**MI 61-101**) be waived (the **Exemption Sought**):

1. a Compulsory Acquisition or Subsequent Acquisition Transaction (each as defined below),

as applicable, be approved at a meeting of the holders of Units (the **Unitholders**) and special voting units of Resolve (the **Special Voting Units**); and

2. an information circular be sent to the Unitholders in connection with either a Compulsory Acquisition or Subsequent Acquisition Transaction, as applicable.

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 subsection 4.7(1) of Multilateral Instrument 11-102 Passport System ("**MI 11-102**") is intended to be relied upon in Québec.

**Interpretation**

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

**Representations**

This decision is based on the following representations by the Filer:

1. Pursuant to the requirements of National Policy 11-203 and MI 11-102, the Ontario Securities Commission is the principal regulator to review and grant the Exemption Sought as the head office of Resolve is located in Ontario.
2. Davis + Henderson Income Fund (D+H) is a trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated November 6, 2001, as amended and restated on July 23, 2004. D+H's head office is located at 939 Eglinton Avenue East, Suite 201, Toronto, Ontario, M4G 4H7. D+H is a reporting issuer in all of the provinces and territories of Canada and files its continuous disclosure documents with the Canadian securities regulatory authorities.
3. D+H is authorized to issue an unlimited number of trust units (the **D+H Units**), which are listed on the Toronto Stock Exchange (the **TSX**) under the trading symbol "DHF.UN" and held by CDS Clearing and Depository Services Inc. (**CDS**) in non-certificated inventory.
4. An application has been made to the TSX by D+H to list the D+H Units that are to be issued to unitholders of Resolve (collectively, the **Unitholders**) after take-up of and payment for Units deposited under the Offer. The D+H Units issued in connection with the Offer will be issued as fully paid D+H Units.

5. The Filer is an indirect wholly owned subsidiary of D+H and was incorporated under the laws of the Province of Ontario on May 22, 2009 for the purposes of the Offer and has not carried on any business prior to the date hereof other than in respect of matters directly relating to the making of the Offer. The registered office of the Filer is 939 Eglinton Avenue East, Suite 201, Toronto, Ontario, M4G 4H7. The Filer is not a reporting issuer in any of the provinces or territories of Canada.
6. Resolve is an unincorporated open-ended limited purpose trust formed under the laws of the Province of Ontario pursuant to a declaration of trust (the **Declaration of Trust**) dated March 9, 2006. Resolve's head office is located at 85 The East Mall, Toronto Ontario, M8Z 5W4. Resolve is a reporting issuer in all of the provinces and territories of Canada and files its continuous disclosure documents with the Canadian securities regulatory authorities.
7. Resolve is authorized to issue: (a) an unlimited number of Units, which are listed on the TSX under the trading symbol "RBO.UN" and held by CDS in non-certificated inventory; and (b) an unlimited number of Special Voting Units. Special Voting Units may only be issued to holders of Class B LP Units (defined below) for the purpose of providing voting rights with respect to Resolve to the holders of such securities. Special Voting Units are attached to the Class B LP Units to which they relate and are not transferable separately from such Class B LP Units.
8. Resolve Business Outsourcing Limited Partnership, a subsidiary of Resolve, is authorized to issue an unlimited number of class B limited partnership units (the **Class B LP Units**). The Class B LP Units are indirectly exchangeable into Units on a one-to-one basis and are non-transferable, other than in accordance with the terms of the applicable exchange agreement or the applicable partnership agreement.
9. Assuming all issued and outstanding Class B LP Units are exchanged pursuant to the terms of the applicable exchange agreement, 32,584,500 Units will be issued and outstanding. As owners of more than 66-2/3% of the outstanding Class B LP Units have agreed to tender to the Offer, it is currently anticipated that, pursuant to the terms of the Lock-up Agreement and of the Support Agreement, the limited partnership agreement of Resolve Business Outsourcing Limited Partnership will be amended prior to the Offer expiry time such that if, among other conditions, within the time provided in the Offer for its acceptance or within 45 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Unitholders representing at least 66-2/3% of the outstanding Units, the holders of Class B LP Units shall be deemed to have caused all of the Class B LP Units held by them to be exchanged for Units pursuant to the provisions of the exchange agreement. At the time of the exchange, the Special Voting Units will automatically be cancelled by Resolve in proportion to the Class B LP Units being exchanged for no consideration and without any action required on the part of Resolve, all in accordance with the provisions of the exchange agreement.
10. On June 2, 2009, the Filer, D+H and Resolve entered into a support agreement (the **Support Agreement**) pursuant to which the Filer agreed to make the Offer and Resolve agreed to recommend that Unitholders accept the Offer.
11. On June 2, 2009, Mr. Robert L. Conconi, a member of the board of trustees of Resolve and, indirectly through various holdings, Resolve's largest unitholder, entered into a lock-up agreement with D+H and the Filer (the **Lock-up Agreement**). Under the Lock-up Agreement, all of the Units (including those issuable upon exercise or exchange of Class B LP Units) beneficially owned or controlled by Mr. Conconi or his affiliates, will be tendered to the Offer, unless the Support Agreement is terminated in accordance with its terms.
12. As provided in the Support Agreement, the Filer will make the Offer and, in connection with the Offer, will prepare and mail a take-over bid circular (the **Circular**), French and English copies of which, as well as Resolve's trustees' circular, will be sent to all Unitholders.
13. The Circular will provide that:
  - (a) The Offer is for all of the outstanding Units on the basis of 0.285 of a unit of D+H for each Unit of Resolve (the **Exchange Ratio**), subject to adjustment as set out below;
  - (b) It is expected that the transaction will be completed on or before July 31, 2009. If the transaction is not completed by July 31, 2009, the Exchange Ratio shall be 0.288 of a unit of D+H for each Unit, unless any delay in the completion of the transaction results from (i) the receipt by Resolve of an Acquisition Proposal, if such Acquisition Proposal is, or would reasonably be expected to be, if consummated in accordance with its terms (but not assuming away any risk of non-completion), a Superior Acquisition Proposal, (ii) the Sale Transaction not having been completed by the earlier of (A) the Expiry Time and (B) July 29, 2009, (iii) the Competition Act Approval not having been obtained by the earlier

of (A) the Expiry Time and (B) July 29, 2009 or (iv) a material or intentional breach by Resolve of any of its covenants, representations or warranties contained in the Support Agreement in which cases, the Exchange Ratio will continue to be 0.285 of a unit of D+H for each Unit, even if the transaction is completed after July 31, 2009. Capitalized terms used in this paragraph, that are not defined in this paragraph, have the meaning ascribed thereto in the Support Agreement;

- (c) One of the conditions of the Offer is that the number of Units which represent at least 66 2/3% of the outstanding Units on a fully-diluted basis shall have been validly deposited under the Offer and not withdrawn at the expiry of the Offer;
- (d) If the conditions to the Offer are satisfied (or waived by the Filer) and the Filer takes up and pays for the Units deposited pursuant to the Offer, the Filer may proceed with a compulsory acquisition of the Units not deposited to the Offer as permitted by the Declaration of Trust dated March 9, 2006 for the same consideration per Unit as was paid under the Offer, if within 120 days after the date of the Offer, the Offer is accepted by Unitholders holding not less than 90% of the outstanding Units (a **Compulsory Acquisition**);
- (e) In connection with either a Compulsory Acquisition, if available and if the Filer elects to proceed thereunder, or a Subsequent Acquisition Transaction (as defined below), the Filer currently intends to amend the Declaration of Trust by the Written Resolution (as defined below) to provide that Unitholders who do not deposit their Units under the Offer (the **Dissenting Offerees**) will be deemed to have elected to transfer and to have transferred their Units to the Filer immediately on the giving of the Filer's notice prescribed by the Declaration of Trust notifying Dissenting Offerees that, among other things, the Filer is entitled to acquire their Units by way of Compulsory Acquisition or Subsequent Acquisition Transaction, as applicable (as opposed to 21 days after sending of an Filer's notice, as currently provided) (the **Notice Amendment**);
- (f) If a Compulsory Acquisition as permitted under the Declaration of Trust is not available to the Filer or the Filer elects not to proceed under those provisions,

the Filer currently intends to acquire the Units not acquired under the Offer (a **Subsequent Acquisition Transaction**) by, among other means:

- (i) amending Section 13.13 of the Declaration of Trust to provide that (A) if the conditions to the Offer are satisfied (or waived by the Filer) and the Filer takes up and pays for the Units deposited pursuant to the Offer, the Filer may proceed with the acquisition of the Units not deposited to the Offer as permitted by the Declaration of Trust for the same consideration per Unit as was paid under the Offer, if within 120 days after the date of the Offer, the Offer is accepted by Unitholders holding not less than 66 2/3% of the outstanding Units on a fully diluted basis, and (B) in the event the Filer elects to effect a Compulsory Acquisition or the acquisition of Units pursuant to (A) above, Units held by non-tendering Unitholders will be deemed to have been transferred to the Filer as provided by the Notice Amendment and that the Dissenting Offerees will cease to have any rights as Unitholders from and after that time, other than the right to be paid the consideration that the Filer would have paid to the Dissenting Offerees had they accepted the Offer (the **Threshold Amendment**); and
- (ii) approving any other Subsequent Acquisition Transaction that may be undertaken by the Filer in accordance with the Declaration of Trust, as amended in accordance with the foregoing (the **Subsequent Acquisition Amendment**);
- (g) In order to effect either a Compulsory Acquisition, if available and if the Filer elects to proceed thereunder, or a Subsequent Acquisition Transaction in accordance with the foregoing, rather than seeking the Unitholders' approval at a special meeting of the Unitholders to be called for such purpose, the Filer intends to rely on Section 12.11 of the Declaration of Trust, which specifies that a resolution in writing circulated to all Unitholders and executed by Unitholders

- holding more than 66 2/3% of the outstanding Units on a fully-diluted basis entitled to be voted on such resolution, if such resolution is a special resolution, is as valid and binding as if such resolution had been passed at a meeting of Unitholders duly called for the purpose, which written resolution (the **Written Resolution**) will approve, among other things, the Notice Amendment, the Threshold Amendment and the Subsequent Acquisition Amendment or Subsequent Acquisition Transaction undertaken in accordance therewith, as applicable;
- (h) The letter of transmittal for use in connection with the Offer will stipulate that the execution thereof irrevocably approves, and irrevocably constitutes, appoints and authorizes the Filer, each director and officer of the Filer and any other person designated by the Filer in writing, as the true and lawful agent, attorney, attorney-in-fact and proxy of the holder of the deposited Units with respect to the deposited Units with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable), in the name of and on behalf of such Unitholder to vote, execute and deliver any and all instruments of proxy, authorizations, requisitions, resolutions (in writing or otherwise), consents and directions, in form and on terms satisfactory to the Filer, approving the Written Resolution. The Written Resolution would be effective immediately prior to the time at which the Filer takes up and accepts for payment the Units deposited under the Offer. Alternatively, the Filer may execute the Written Resolution shortly following the take-up of Units under the Offer; and
- (i) If the Filer is unable to effect either the Compulsory Acquisition or the Subsequent Acquisition Transaction in the manner described above, the Filer reserves the right, to the extent permitted by applicable law and subject to the terms and conditions of the Support Agreement to (i) purchase additional Units in the open market or in privately negotiated transactions, in another take-over bid or exchange offer or otherwise or from Resolve, or (ii) take no further action to acquire additional Units. Alternatively, the Filer may sell or otherwise dispose of any or all Units acquired pursuant to the Offer or otherwise.

14. Notwithstanding the fact that Section 12.11 of the Declaration of Trust permits certain actions of Resolve to be authorized by Written Resolution, Section 4.2 of 61-101 may require, in certain circumstances, that the Compulsory Acquisition or Subsequent Acquisition Transaction be approved at a meeting of Unitholders called for that purpose.
15. It will be a condition of the Offer that minority approval (as contemplated in Part 8 of MI 61-101) shall have been obtained. Minority approval (as contemplated in Part 8 of MI 61-101) will be obtained by the Written Resolution rather than at a meeting of the holders of Units and Special Voting Units.
16. The Circular to be provided to Unitholders in connection with the Offer contains all disclosure required by applicable securities laws, including without limitation, the disclosure required under the take-over bid provisions and form requirements of applicable securities legislation and the provisions of MI 61-101 relating to the disclosure required to be included in information circulars distributed in respect of business combinations.

#### 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) Minority approval (as contemplated in Part 8 of MI 61-101) shall have been obtained by the Written Resolution; and
- (b) The Circular contains the disclosure set out in each paragraph of representation 13, above.

“Michael Brown”  
Assistant Manager  
Ontario Securities Commission

### 2.1.13 Bell Canada

#### Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Filer granted exemptions from the prospectus requirement, dealer registration requirements and underwriter registration requirement in connection with trades of commercial paper/short term debt instruments of the Filer that may not meet the “approved credit rating” requirement contained in the short-term debt exemption in section 2.35 of National Instrument 45-106 Prospectus and Registration Exemptions – Sufficient for commercial paper/short-term debt instruments to obtain one credit rating at or above a prescribed standard from an approved credit rating agency – Relief granted subject to conditions.

#### Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1).  
National Instrument 45-106 Prospectus and Registration Exemptions.

June 16, 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  
BELL CANADA  
(the Filer)**

**DECISION**

#### Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that trades of negotiable promissory notes or commercial paper, maturing not more than one year from the date of issue, of the Filer (**Commercial Paper**) be exempt from the dealer registration requirement, the underwriter registration requirement and the prospectus requirement of the Legislation (respectively, the **Dealer Registration Exemption Sought**, the **Underwriter Registration Exemption Sought**, the **Prospectus Exemption Sought** and, together, the **Exemptions Sought**).

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

- (a) the Autorité des marchés financiers is the principal regulator for this application,
- (b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System (Regulation 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 and Nunavut, and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

#### Interpretation

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



In this decision:

“Commercial Paper Exemption” means the exemption from the dealer registration, underwriter registration and prospectus requirements of the Legislation for short-term debt set out in subsection 1.4(2) and section 2.35 of Regulation 45-106;

“financial intermediary” has the meaning ascribed to that term in Ontario Securities Commission Rule 14-501 *Definitions*;

“financial intermediary short-term debt registration exemption” means the exemption from the registration requirement, for a trade by a financial intermediary or a Schedule III bank set out in clause 4.1(1)(a) of OSC Rule 45-501, or in a successor provision of OSC Rule 45-501, insofar as that clause or provision provides an exemption from the dealer registration requirement and the underwriter registration requirement for a trade of a type described in the short-term debt dealer registration exemption;

“market intermediary” has the meaning ascribed to that term in Ontario Securities Commission Rule 14-501 *Definitions*;

“OSC Rule 45-501” means Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions*;

“Regulation 45-106” means *Regulation 45-106 respecting Prospectus and Registration Exemptions*;

“Regulation 81-102” means *Regulation 81-102 respecting Mutual Funds*;

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

“short-term debt dealer registration exemption” means the exemption from the dealer registration requirement set out in subsection 2.35(1) of Regulation 45-106, or in a successor provision in Regulation 45-106; and

“short-term debt underwriter registration exemption” means the deemed exemption from the underwriter registration requirement set out in subsection 1.4(2) of Regulation 45-106, or in a successor provision in Regulation 45-106, insofar as the deemed exemption relates to the short-term debt dealer registration exemption.

## **Representations**

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

1. The Filer is a corporation governed by the *Canada Business Corporations Act* with its head office and principal business office located in Verdun, Québec. The Filer is a reporting issuer in all of the provinces of Canada and is not in default of the securities legislation of any jurisdiction of Canada.
2. Subsection 1.4(2) and section 2.35 of Regulation 45-106 provide that the Commercial Paper Exemption is available only where the short-term debt “has an approved credit rating from an approved credit rating organization”. Regulation 45-106 incorporates by reference the definitions of “approved credit rating” and “approved credit rating organization” that are used in Regulation 81-102.
3. The definition of an “approved credit rating” in Regulation 81-102 requires, among other things, that (a) the rating assigned to such debt must be “at or above” certain prescribed short-term ratings, and (b) such debt must not have been assigned a rating by any “approved credit rating organization” that is not an “approved credit rating”.
4. The Commercial Paper of the Filer has an “R-1 (low)” rating from DBRS Limited which meets the prescribed threshold in Regulation 81-102.
5. The Commercial Paper of the Filer does not meet the “approved credit rating” definition in Regulation 81-102 because it has an “A-2” rating from Standard & Poor’s and a “P-2” rating from Moody’s Investor Service, which are lower ratings than those required by the Commercial Paper Exemption.

## **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 Exemptions Sought are granted provided that:

1. the Filer's Commercial Paper:
  - (a) matures not more than one year from the date of issue;
  - (b) is not convertible or exchangeable into or accompanied by a right to purchase another security other than Commercial Paper; and
  - (c) has a rating issued by one of the following rating organizations, or any of their successors, at or above one of the following rating categories or a rating that replaces a category listed below:

<b>Rating Organization</b>	<b>Rating</b>
DBRS Limited	R-1 (low)
Fitch Ratings Ltd.	F2
Moody's Investors Service	P-2
Standard & Poor's	A-2

2. In Ontario, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought are not available in respect of a trade in Commercial Paper by a market intermediary (except for a trade in Commercial Paper with a registered dealer that is an affiliate of the market intermediary or a trade in Commercial Paper by a lawyer or accountant if the trade is incidental to the principal business of that lawyer or accountant) unless the market intermediary is:
  - (a) a financial intermediary or Schedule III bank; or
  - (b) a dealer registered under the securities legislation of Ontario, as a "limited market dealer", provided that:
    - i) under its registration, the dealer would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption; and
    - ii) the trade is made on behalf of the dealer by an individual who is registered under the securities legislation of Ontario to trade on behalf of the dealer and, under that registration, would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption.
3. In Newfoundland and Labrador, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought are not available in respect of a trade in Commercial Paper by a market intermediary (except for a trade in Commercial Paper with a registered dealer that is an affiliate of the market intermediary or a trade in Commercial Paper by a lawyer or accountant if the trade is incidental to the principal business of that lawyer or accountant) unless the market intermediary is a dealer registered under the securities legislation of Newfoundland and Labrador as a "limited market dealer", provided that:
  - a. under its registration, the dealer would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption; and
  - b. the trade is made on behalf of the dealer by an individual who is registered under the securities legislation of Newfoundland and Labrador to trade on behalf of the dealer and, under that registration, would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption.
4. For each jurisdiction of Canada, the Prospectus Exemption Sought will terminate on the earlier of:
  - (a) 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the securities legislation of that jurisdiction of Canada that amends the conditions of the prospectus exemption contained in section 2.35 of Regulation 45-106 or provides an alternate exemption; and

- (b) June 30, 2012.
5. Except as provided in paragraph 6 below, for each jurisdiction of Canada, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought will terminate on the earlier of:
- (a) in the case of the Dealer Registration Exemption Sought, the date when the short-term debt dealer registration exemption does not apply in that jurisdiction of Canada;
  - (b) in the case of the Underwriter Registration Exemption Sought, the date when the short-term debt underwriter registration exemption does not apply in that jurisdiction of Canada; and
  - (c) June 30, 2012.
6. In Ontario, for a financial intermediary or Schedule III bank, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought will terminate on the earlier of:
- (a) the date when the financial intermediary short-term debt registration exemption does not apply in Ontario; and
  - (b) June 30, 2012.

“Jean Daigle”  
Director, Corporate Finance  
Autorité des marchés financiers

**2.1.14 Lockerbie & Hole 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).

**Citation:** Lockerbie & Hole Inc., Re, 2009 ABASC 206

May 15, 2009

**Bennett Jones LLP**

4500 Bankers Hall East  
855 - 2 Street SW  
Calgary, AB T2P 4K7

Attention: Joel S. Gaucher

Dear Sir:

**Re: Lockerbie & Hole Inc. (the Applicant) - Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer**

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

As the Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by 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 deemed to have ceased to be a reporting issuer and that the Applicant's status as a reporting issuer is revoked.

"Blaine Young"  
Associate Director, Corporate Finance

**2.2 Orders**

**2.2.1 Paladin Capital Markets Inc. et al. – ss. 127(1), 127(7), 127(8)**

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

**AND**

**IN THE MATTER OF  
PALADIN CAPITAL MARKETS INC. ,  
JOHN DAVID CULP AND  
CLAUDIO FERNANDO MAYA**

**ORDER  
Sections 127(1), 127(7) and 127(8)**

**WHEREAS** on June 2, 2009, the Ontario Securities Commission (the "Commission") issued a temporary order (the "Temporary Order") pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering that:

1. Under s. 127(1)1 of the Act, the registration of Paladin and Culp be suspended;
2. Under s. 127(1)2 of the Act, all trading in any securities by the Respondents cease;
3. Under s. 127(1)2 of the Act, all trading in securities of Paladin cease; and
4. Under s. 127(1)3 of the Act, all exemptions contained in Ontario securities law do not apply to the Respondents.

**AND WHEREAS** on June 2, 2009, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

**AND WHEREAS** on June 4, 2009 the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on June 15, 2009 at 10:00 a.m.;

**AND WHEREAS** the Commission held a hearing on June 15, 2009 to consider whether to extend the Temporary Order;

**AND WHEREAS** counsel for Staff, Maya and Culp, on his on behalf and for Paladin, appeared at the hearing held on June 15, 2009;

**AND WHEREAS** Culp, on his on behalf and for Paladin, consented to the extension of the Temporary Order to September 30, 2009 and the adjournment of the hearing to September 29, 2009 at 2:30 p.m.;

**AND WHEREAS** Maya consented to the extension of the Temporary Order to September 30, 2009, subject to his right to contest the Temporary Order by hearing on July 2, 2009 at 2:30 p.m.;

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

**AND WHEREAS** by Commission order made April 1, 2008, pursuant to section 3.5(3) of the Act, any one of David Wilson, James E.A. Turner, Lawrence E. Ritchie, Paul K. Bates, and 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 127 of the Act;

**IT IS ORDERED** that

1. pursuant to sections 127(7) and 127(8), the Temporary Order be extended until September 30, 2009; and
2. the hearing is adjourned to July 2, 2009 at 2:30 p.m. to permit Maya to contest the extension of the Temporary Order as against him; and
3. the hearing is otherwise adjourned to September 29, 2009 at 2:30 p.m..

Dated at Toronto this 17th day of June 2009

"Lawrence E. Ritchie"  
Vice-Chair

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

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

**AND**

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

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

**WHEREAS** on March 27, 2008, the Commission issued an order pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5 (the “Temporary Order”), which ordered that the Temporary Order shall expire on the 15th day after its making unless extended by an order of the Commission;

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

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

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

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

**AND WHEREAS** on May 8, 2008, the Commission ordered that the Temporary Order be further extended to November 11, 2008 at 2:30 p.m. and the hearing in this matter was adjourned to September 2, 2008 at 2:30 p.m. for Staff to provide an update respecting the proceedings in the other provinces and in Ontario;

**AND WHEREAS** on September 2, 2008, the hearing of this matter was adjourned to November 11, 2008.

**AND WHEREAS** on November 11, 2008, the Commission ordered that the Temporary Order be extended to May 13, 2009 and the hearing of this matter was adjourned to May 12, 2009;

**AND WHEREAS** on May 12, 2009, a hearing was held before the Commission;

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

**AND UPON** reading the consent of counsel for LandBankers, Sierra Madre, L&B LandBanking Trust and Brian J. Wolf Zacarias;

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

**IT IS ORDERED THAT:**

1. the hearing in this matter is adjourned sine die;
2. the Temporary Order is extended until further order of the Commission; and
3. any party may return this matter before the Commission on reasonable notice.

**DATED** at Toronto this 17th day of June, 2009.

“James E.A. Turner”

“Suresh Thakrar”

**2.2.3 IMG International Inc. et al. – ss. 127(1), 127(5)**

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

**AND**

**IN THE MATTER OF  
IMG INTERNATIONAL INC.,  
INVESTORS MARKETING GROUP  
INTERNATIONAL INC. AND MICHAEL SMITH**

**TEMPORARY ORDER  
Section 127(1) & 127(5)**

**WHEREAS** it appears to the Ontario Securities Commission (the “Commission”) that:

1. IMG International Inc./Investors Marketing Group International Inc. (“IMG”) appears to be a company operating out of Ontario;
2. IMG and Michael Smith (“Smith”) appear to be involved in the trading of securities in Ontario;
3. IMG and Smith are not registered with the Commission in any capacity;
4. IMG has a bank account at the Parama Lithuanian Credit Union Limited (“IMG Parama Account”). Smith set up the IMG Parama Account and has signing authority on the account;
5. IMG Parama Account has on deposit funds obtained from soliciting sales of securities.

**AND WHEREAS** the Commission is of the opinion that the length of time required to conclude a hearing could be prejudicial to the public interest as set out in s. 127(5) of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the “Act”);

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

**AND WHEREAS** by Commission order made April 1, 2008, pursuant to section 3.5(3) of the Act, any one of W. David Wilson, James E.A. Turner, Lawrence E. Ritchie, Paul K. Bates, and 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 127 of the Act;

**IT IS ORDERED** pursuant to clause 2 of subsection 127(1) of the Act that all trading in securities by IMG and Smith shall cease; and,

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

Dated at Toronto this 11th day of June, 2009

“David L. Knight”

**2.2.4 Frank Russell Company et al. – ss. 78(1), 80 of the CFA**

**Headnote**

Subsection 78(1) of the Commodity Futures Act (Ontario) – Revocation of the previous order granting relief from the adviser registration requirements of subsection 22(1)(b) of the CFA to sub-adviser not ordinarily resident in Ontario in respect of advice regarding trades in commodity futures contracts and commodity futures options.

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, 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., ss. 22(1)(b), 78, 80.  
Securities Act, R.S.O. 1990, c. S.5, as am., s. 25.

**OSC Rules Cited**

Rule 35-502 Non Resident Advisers, s. 7.3.

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

**AND**

**IN THE MATTER OF  
FRANK RUSSELL COMPANY,  
RUSSELL IMPLEMENTATION SERVICES INC.  
AND  
RUSSELL INVESTMENT MANAGEMENT COMPANY**

**ORDER  
(Section 80 and Subsection 78(1) of the CFA)**

**UPON** the application (the **Application**) of Frank Russell Company (**FRC**), Russell Implementation Services Inc. (**RIS**) and Russell Investment Management Company (**RIMC** and, together with FRC and RIS, the **Sub-Advisers**) to the Ontario Securities Commission (the **Commission**) for an order:

- (a) pursuant to subsection 78(1) of the CFA, revoking the exemption order granted by the Commission to FRC and RIS (then called Frank Russell Securities, Inc.), on June 21, 2006; and
- (b) pursuant to section 80 of the CFA, that the Sub-Advisers (including their

respective directors, officers, representatives and employees acting as advisers on their behalf) be exempt, for a period of five years, from the adviser registration requirement in paragraph 22(1)(b) of the CFA in respect of acting as an adviser for Russell Investments Canada Limited (the **Principal Adviser**) for the benefit of Investment Accounts (as defined below) regarding commodity futures contracts and commodity futures options (collectively, **Contracts**) traded on commodity futures exchanges and cleared through clearing corporations;

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

**AND UPON** the Sub-Advisers having represented to the Commission that:

- 1. The Principal Adviser is a corporation incorporated under the laws of Canada and its principal business office is located in Toronto, Ontario.
- 2. The Principal Adviser is currently registered as:
  - (a) a dealer in the categories of mutual fund dealer and limited market dealer and an adviser in the categories of investment counsel and portfolio manager under the *Securities Act* (Ontario) (the **OSA**), as well as an adviser in the category of portfolio manager (securities) in Manitoba; and
  - (b) an adviser in the category of commodity trading manager under the CFA, as well as an adviser in the category of commodity trading manager in Manitoba.
- 3. FRC is a corporation organized under the laws of the State of Washington, United States of America (**U.S.**), with its principal place of business located in Tacoma, Washington, U.S. FRC is not a resident of any province or territory of Canada.
- 4. FRC is not currently registered in any capacity under the securities legislation of any jurisdiction in Canada. FRC is currently registered with the U.S. Securities and Exchange Commission (the **SEC**) 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. Commodity Futures Trading Commission (the **CFTC**).
- 5. FRC is the direct parent corporation of:
  - (a) the Principal Adviser (formerly called Frank Russell Canada Limited);



- (b) RIS (formerly called Frank Russell Securities, Inc.); and
- (c) RIMC.
6. RIS is a corporation organized under the laws of the State of Washington, with its principal place of business located in Tacoma, Washington, U.S. RIS is not a resident of any province or territory of Canada.
7. RIS is currently registered as a dealer in the category of international dealer under the OSA and is not registered in any capacity under the securities legislation of any other jurisdiction in Canada. RIS is registered with the SEC as an investment adviser and a broker-dealer and is exempted from registration as a commodity trading adviser or commodity pool operator with the CFTC.
8. RIMC is a corporation organized under the laws of the State of Washington, with its principal place of business located in Tacoma, Washington, U.S. RIMC is not a resident of any province or territory of Canada.
9. RIMC is not currently registered in any capacity under the securities legislation of any jurisdiction in Canada. RIMC is registered with the SEC as an investment adviser and is exempted from registration as a commodity trading adviser or commodity pool operator with the CFTC.
10. The Sub-Advisers have entered into arrangements with the Principal Adviser to provide sub-advisory services (the **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 with respect to securities, Contracts and other derivative instruments traded over-the-counter.
11. The Ontario clients referred to in the preceding paragraph are “accredited investors,” as defined in National Instrument 45-106 *Prospectus and Registration Exemptions*.
12. The Sub-Advisers and the Principal Adviser have entered into written agreements (the **Sub-Advisory Agreements**) with respect to the Investment Accounts, pursuant to which the Principal Adviser has retained the Sub-Advisers to provide Sub-Advisory Services to the Principal Adviser in respect of Investment Accounts. The Principal Adviser is responsible for providing all client reports and statements required under the CFA. All direct contact with clients will be by the Principal Adviser and its directors, officers or employees, although representatives of a Sub-Adviser may participate in such communications from time to time.
13. The Sub-Advisory Services to be provided by the Sub-Adviser may be in respect of both securities and Contracts. The Sub-Adviser will provide the 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)*.
14. 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 as engaging in the business of advising others as to trading in “contracts”, and “contracts” means commodity futures contracts and commodity futures options.
15. By providing the Sub-Advisory Services in relation to Contracts, the Sub-Advisers are acting as advisers with respect to Contracts and, in the absence of being granted the requested relief, would be required to register as advisers under the CFA when the Previous Order (as defined below) expires.
16. 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 Contracts 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.
17. As would be required under section 7.3 of Rule 35-502:
- (a) the duties and obligations of each of the Sub-Advisers in connection with the Sub-Advisory Services are set out in written agreements with the Principal Adviser;
- (b) the Principal Adviser contractually agrees with the Investment Account to be responsible for any loss that arises out of the failure of any of the Sub-Advisers:
- (i) to exercise the powers and discharge the duties of its office honestly, 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-Advisers to meet the Assumed Obligations.
18. The Sub-Advisers are not residents of any province or territory of Canada.
19. The Sub-Advisers are, or will be, appropriately registered or appropriately exempt from registration to provide advice to the Principal Adviser and Investment Account pursuant to the applicable legislation of its principal jurisdiction.
20. On June 21, 2006, the Commission granted FRC and RIS (then called Frank Russell Securities, Inc.) an exemption from the requirements of paragraph 22(1)(b) of the CFA in respect of the Sub-Advisory Services (the **Previous Order**). The Previous Order is scheduled to expire on June 21, 2009.
- (c) the duties and obligations of each 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 any failure of a Sub-Adviser to meet the Assumed Obligations; and
  - (e) the Principal Adviser cannot be relieved by the Investment Account from its responsibility for any loss that arises out of the failure of a Sub-Adviser to meet the Assumed Obligations.

June 19, 2009

"Margot C. Howard"  
Commissioner  
Ontario Securities Commission

"Paulette L. Kennedy"  
Commissioner  
Ontario Securities Commission

**AND UPON** the Commission 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 subsection 78(1) of the CFA, that the Previous Order is revoked; and

**IT IS FURTHER ORDERED**, pursuant to section 80 of the CFA, that the Sub-Advisers (including their respective directors, officers, representatives and employees acting as advisers on their behalf) are exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA, in respect of the Sub-Advisory Services provided to the Principal Adviser, 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) each Sub-Adviser is appropriately registered or licensed, or is entitled to rely on appropriate exemptions from such registrations or licences, to provide advice to the Principal Adviser and Investment Account pursuant to the applicable legislation of its principal jurisdiction;

**2.2.5 Frank Russell Company et al. – ss. 3.1(1), 78(1), 80 of the CFA**

**Headnote**

Subsection 78(1) of the Commodity Futures Act (Ontario) – Revocation of the previous order granting relief from the adviser registration requirements of subsection 22(1)(b) of the CFA to non-resident adviser not ordinarily resident in Ontario acting as adviser to mutual funds or non-redeemable investment funds in respect of trading in certain commodity futures contracts and commodity futures options.

Section 80 of the Commodity Futures Act (Ontario) – Non-resident advisers exempted from adviser registration requirement in subsection 22(1)(b) of the Commodity Futures Act (CFA) where the non-resident acts as an adviser to mutual funds or non-redeemable investment funds in respect of trading in certain commodity futures contracts and commodity futures options – Contracts and options are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada – Funds are established outside of Canada, but may distribute their securities to certain Ontario residents.

Exemption subject to conditions corresponding to the requirements for the exemption from the adviser registration requirement in the Securities Act contained in section 7.10 of OSC Rule 35-502 Non-Resident Advisers – Exemption also subject to requirements relating to the registration or licensing status of the non-resident adviser in its principal jurisdiction and disclosure to Ontario resident securityholders of the corresponding fund – Exemption order has a five-year “sunset date”.

Assignment by Commission to the Director of the powers and duties vested in the Commission under subsection 78(1) of the CFA to vary the exemption order by specifically naming affiliates of the initial applicants as named applicants for the purposes of the exemption, following an affiliate notice and Director consent procedure specified in the decision.

**Statutes Cited**

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 1(1), 3.1(1), 22, 22(1)(b), 78(1), 80.  
Securities Act (Ontario), R.S.O. 1990, c. S.5, as am., s. 25.

**National Instruments Cited**

National Instrument 45-106 Prospectus and Registration Exemptions.

**OSC Rules Cited**

OSC Rule 35-502 Non Resident Advisers, s. 7.10.

**OSC Notices Cited**

Notice of Proposed Rule 35-502 International Advisers, (1998) 21 OSCB 2583.

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

**AND**

**IN THE MATTER OF  
FRANK RUSSELL COMPANY,  
RUSSELL IMPLEMENTATION SERVICES INC.  
AND  
RUSSELL INVESTMENT MANAGEMENT COMPANY**

**AND**

**IN THE MATTER OF THE ASSIGNMENT OF  
CERTAIN POWERS AND DUTIES OF THE  
ONTARIO SECURITIES COMMISSION**

**ORDER AND ASSIGNMENT  
(Section 80 and Subsections 3.1(1) and 78(1) of the CFA)**

**UPON** the application (the **Application**) to the Ontario Securities Commission (the **Commission**) by Frank Russell Company, Russell Implementation Services Inc. and Russell Investment Management Company (collectively, the **Russell Applicants**), on their own behalf, and on behalf of the Russell Affiliates (as defined below) that file an Identifying Notice (as defined below) to become a Named Applicant (as defined below), for:

- (a) an order of the Commission, pursuant to subsection 78(1) of the CFA, revoking the exemption order granted by the Commission to Frank Russell Company and Frank Russell Securities, Inc., on June 21, 2006;
- (b) an order of the Commission, pursuant to section 80 of the CFA (the **Order**), that each of the Russell Applicants, and each of the Russell Affiliates that file an Identifying Notice to become a Named Applicant for the purposes of this Order (including their respective directors, partners, officers, employees or other individual representatives, acting on their behalf), is exempt, for a period of five years, from the adviser registration requirement in the CFA (as defined below) in connection with the Named Applicant acting as an adviser to one or more Funds (as defined below), in respect of Foreign Contracts (as defined below); and
- (c) an assignment by the Commission, pursuant to subsection 3.1(1) of the CFA (the **Assignment**), to each Director (acting individually) of the powers and duties vested in the Commission under subsection 78(1) of the CFA, to vary the above Order, from time to time, by specifically naming one or more of the Russell Affiliates, that file an Identifying Notice, as a Named Applicant for the purposes of this Order;

**AND WHEREAS** for the purposes of this Order and Assignment (collectively, this Decision);

- (i) the following terms shall have the following meanings:

**“adviser registration requirement in the CFA”** means the provisions of section 22 of the CFA that prohibit a person or company from acting as an adviser unless the person or company satisfies the applicable provisions of section 22 of the CFA;

**“adviser registration requirement in the OSA”** means the provisions of section 25 of the OSA that prohibit a person or company from acting as an adviser, as defined in the OSA, unless the person or company satisfies the applicable provisions of section 25 of the OSA;

**“Director’s Consent”** means, for a Russell Affiliate, the Director’s Consent referred to in paragraph 3, below;

**“Foreign Contract”** means a commodity futures contract or a commodity futures option that is, in each case, primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

**“Fund”** means an investment fund;

**“Identifying Notice”** means, for a Russell Affiliate, the Identifying Notice referred to in paragraph 2, below;

**“Named Applicant”** means:

- (a) the Russell Applicants; and
- (b) a Russell Affiliate that has filed an Identifying Notice to become a Named Applicant for the purposes of this Order, and for which the Director has issued a Director’s Consent;

**“Objection Notice”** means, for a Russell Affiliate, an objection notice, as described in paragraph 4, below, that is issued by the Director, following the filing by the Russell Affiliate of an Identifying Notice, as described in paragraph 2, below;

**“OSA”** means the *Securities Act* (Ontario);

**“OSC Rule 35-502”** means Ontario Securities Commission Rule 35-502 *Non Resident Advisers*, made under the OSA;

**“prospectus requirement in the OSA”** means the requirement in the OSA that prohibits a person or company from distributing a security unless a preliminary prospectus and prospectus for the security have been filed and receipts obtained for them; and

“**Russell Affiliate**” means an entity, other than the Russell Applicants, that is an affiliate of one of the Russell Applicants;

- (ii) terms used in this Decision that are defined in the OSA, and not otherwise defined in the Decision or in the CFA, shall have the same meaning as in the OSA, unless the context otherwise requires;

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

**AND UPON** the Russell Applicants having represented to the Commission that:

1. Each Russell Applicant is, and any Russell Affiliate that files an Identifying Notice for the purpose of becoming a Named Applicant in accordance with this Decision will, at the relevant time, be an entity organized under the laws of a jurisdiction outside of Canada. In particular:
  - (a) Frank Russell Company is a corporation organized under the laws of the State of Washington;
  - (b) Russell Implementation Services Inc. is a corporation organized under the laws of the State of Washington; and
  - (c) Russell Investment Management Company is a corporation organized under the laws of the State of Washington.
2. A Russell Affiliate, that is not a Named Applicant, that proposes to rely on the exemption from the adviser registration requirement in the CFA provided in this Order will complete and file with the Commission (Attention: Manager, Registrant Regulation) two copies of a notice (the **Identifying Notice**, in the form of Part A of the attached Schedule A), applying to the Director, acting on behalf of the Commission under the below Assignment, to vary this Order to specifically name the Russell Affiliate as a Named Applicant for the purposes of this Order. The Identifying Notice will be filed not less than ten (10) days before the date the Russell Affiliate proposes to rely on the exemption set out in the Order.
3. If, in the Director’s opinion, it would not be prejudicial to the public interest to specifically name a Russell Affiliate as a Named Applicant for the purposes of this Order, the Director will, within ten (10) days after receiving an Identifying Notice from the Russell Affiliate, issue to the Russell Affiliate a written consent (the **Director’s Consent**, in the form of Part B of the attached Schedule A). However, a Russell Affiliate will not be a Named Applicant for the purposes of this Order unless and until the corresponding Director’s Consent is issued by the Director.
4. If, after reviewing an Identifying Notice for a Russell Affiliate, the Director is *not* of the opinion that it would not be prejudicial to the public interest to specifically name such Russell Affiliate as a Named Applicant for the purposes of this Order, the Director will issue to the Russell Affiliate a written notice of objection (the **Objection Notice**), in which case the Russell Affiliate will not be permitted to rely on the exemption from the adviser registration requirement in the CFA provided to Named Applicants in this Order, but may, by notice in writing sent by registered mail to the Secretary of the Commission within 30 days after receiving the Objection Notice, request and be entitled to a hearing and review by the Commission of the Director’s objection.
5. Subsection 78(1) of the CFA provides that the Commission may, on the application of a person or company affected by the decision, make an order revoking or varying a decision of the Commission if, in the Commission’s opinion, the order would not be prejudicial to the public interest. Further, subsection 3.1(1) of the CFA provides that a quorum of the Commission may assign any of its powers and duties under the CFA (except powers and duties under section 4 and Part IV) to the Director.
6. Any Funds in respect of which a Named Applicant may act as adviser (under the CFA) pursuant to this Order will be established outside of Canada. Securities of the Funds are and will be primarily offered outside of Canada to institutional investors and high net worth individuals. To the extent the securities of the Funds will be offered to Ontario residents, such investors will qualify as “accredited investors” for the purposes of National Instrument 45-106 *Prospectus and Registration Exemptions*.
7. None of the Funds in respect of which a Named Applicant may act as an adviser (under the CFA) pursuant to this Order has any intention of becoming a reporting issuer under the OSA or under the securities legislation of any other jurisdiction in Canada.
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 representative or as a partner or an officer of a registered adviser and is acting on behalf of such registered adviser, and otherwise satisfies the applicable

requirements specified in section 22 of the CFA. Under the CFA, “adviser” means a person or company engaging in or holding himself, herself or itself out as engaging in the business of advising others as to trading in “contracts”, and “contracts” is defined in subsection 1(1) of the CFA to mean “commodity futures contracts” and “commodity futures options” (with these latter terms also defined in subsection 1(1) of the CFA).

9. Where securities of a Fund are offered by the Fund to an Ontario resident, a Named Applicant that engages in the business of advising the Fund as to the investing in or the buying or selling of securities may, by so acting, be interpreted as acting as an adviser, as defined in the OSA, to the Ontario residents who acquire the securities offered by the Fund, as suggested in the Notice of the Commission dated October 2, 1998, requesting comments on the then-proposed OSA Rule 35-502. Similarly, where securities of a Fund are offered to Ontario residents, a Named Applicant that engages in the business of advising the Fund as to trading in commodity futures contracts or commodity futures options may, by so acting, also be interpreted as acting as an adviser (as defined in the CFA) to the Ontario residents who acquire the securities offered by the Fund.
10. None of the Russell Applicants is registered in any capacity under the CFA, and none of the Named Applicants will be registered under the CFA so long as the particular Named Applicant remains a Named Applicant for the purposes of this Order. If a Named Applicant advises any Fund (that has distributed its securities to any Ontario residents) as to investing in or the buying or selling of securities, it will comply with the adviser registration requirement in the OSA, and may, for this purpose, rely, to the extent available in the circumstances, on the exemption from the adviser registration requirement in the OSA contained in section 7.10 of OSC Rule 35-502, insofar as it acts as an adviser (as defined in the OSA) to Ontario residents who hold securities of the Fund.
11. There is currently no rule or other regulation under the CFA that provides an exemption from the adviser registration requirement in the CFA for a person or company acting as an adviser, in respect of commodity futures options or commodity futures contracts, that corresponds to the exemption from the adviser registration requirement in the OSA for acting as an adviser, as defined in the OSA, in respect of securities, that is contained in section 7.10 of OSC Rule 35-502.
12. Section 7.10 of OSC Rule 35-502 provides that the adviser registration requirement in the OSA does not apply to a person or company acting as a portfolio adviser (as defined in the Rule) to a Fund (as defined in the Rule), if the securities of the Fund are:
  - (a) primarily offered outside of Canada;
  - (b) only distributed in Ontario through one or more registrants under the OSA; and
  - (c) distributed in Ontario in reliance upon an exemption from the prospectus requirement in the OSA.
13. Each of the Named Applicants is or will be appropriately registered or licensed or is, or will be, entitled to rely on appropriate exemptions from such registration or licensing requirements to provide advice to the Funds pursuant to the applicable legislation of its principal jurisdiction. In particular:
  - (a) Frank Russell Company is registered with the U.S. Securities and Exchange Commission (the **SEC**) as an investment adviser under the U.S. *Investment Advisers Act of 1940*, as amended, and is exempted pursuant to the provisions of the *Commodity Exchange Act* (United States) (the **CEA**) from registering as a commodity trading advisor with the U.S. Commodity Futures Trading Commission (the **CFTC**);
  - (b) Russell Implementation Services Inc. is registered with the SEC as an investment adviser and a broker-dealer, and is exempted pursuant to the provisions of the CEA from registering as a commodity trading advisor with the CFTC; and
  - (c) Russell Investment Management Company is registered with the SEC as an investment adviser and is exempted pursuant to the provisions of the CEA from registering as a commodity trading advisor with the CFTC.
14. On June 21, 2006, the Commission granted Frank Russell Company and Frank Russell Securities, Inc. an exemption from the adviser registration requirement of the CFA in connection with advice provided to Funds in respect of Foreign Contracts (the **Previous Order**). The Previous Order is scheduled to expire on June 21, 2009.

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

**IT IS ORDERED**, pursuant to subsection 78(1) of the CFA, that the Previous Order is revoked; and

**IT IS FURTHER ORDERED**, pursuant to section 80 of the CFA, that each of the Named Applicants (including the respective directors, partners, officers, employees or other individual representatives of each of the Named Applicants, acting on behalf of the Named Applicant) is exempted from the adviser registration requirement in the CFA in connection with the Named Applicant acting as an adviser to one or more Funds, in respect of Foreign Contracts, provided that:

1. at the time the Named Applicant so acts as an adviser to any such Fund,
  - A. the Named Applicant is not ordinarily resident in Ontario;
  - B. the Named Applicant is appropriately registered or licensed, or entitled to rely upon appropriate exemptions from registration or licensing requirements, in order to provide to the Fund advice as to trading in the corresponding Foreign Contracts, pursuant to the applicable legislation of the Named Applicant's principal jurisdiction;
  - C. securities of the Fund are:
    - (i) primarily offered outside of Canada,
    - (ii) only distributed in Ontario through one or more registrants under the OSA; and
    - (iii) distributed in Ontario, in reliance on an exemption from the prospectus requirements of the OSA;
  - D. prior to purchasing any securities of the Fund, all investors in the Fund who are resident in Ontario shall have received disclosure that includes:
    - (i) a statement to the effect that there may be difficulty in enforcing any legal rights against the Fund or the Named Applicant (including the individual representatives of the Named Applicant acting on behalf of the Named Applicant), because the Named Applicant is a resident outside of Canada and, to the extent applicable, all or substantially all of its assets are situated outside of Canada; and
    - (ii) a statement to the effect that the Named Applicant is not registered with or licensed by any securities regulatory authority in Canada, and, as a result, investor protections that might otherwise be available to clients of a registered adviser will not be available to purchasers of securities of the Fund; and
2. this Decision shall expire five years after the date hereof;

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

**PURSUANT** to subsection 3.1(1) of the CFA, the Commission hereby assigns to each Director, acting individually, the powers and duties vested in the Commission under subsection 78(1) of the CFA to:

- (i) vary the above Order, from time to time, by specifically naming any one or more Russell Affiliates that has filed an Identifying Notice, as described in paragraph 2, above, as a Named Applicant for the purposes of the Order, by issuing a Director's Consent, as described in paragraph 3, to the Russell Affiliate; and
- (ii) object, from time to time, to varying the above Order to specifically name any one or more Russell Affiliates that has filed an Identifying Notice, as described in paragraph 2, above, as a Named Applicant, by issuing to the Russell Affiliate an Objection Notice, as described in paragraph 4, above, provided, however, that, in the event of any such objection, the corresponding Russell Affiliate may, by notice in writing sent by registered mail to the Secretary of the Commission, within 30 days after receiving the Objection Notice, request and be entitled to a hearing and review of the objection by the Commission.

June 19, 2009

"Margot C. Howard"  
Commissioner  
Ontario Securities Commission

"Paulette L. Kennedy"  
Commissioner  
Ontario Securities Commission

SCHEDULE A

**FORM OF IDENTIFYING NOTICE AND DIRECTOR'S CONSENT**

**Part A: Identifying Notice to the Commission**

---

To: Ontario Securities Commission (the **Commission**)  
Attention: Manager, Registrant Regulation

From: [Insert name and address] (the **Russell Affiliate**)

Re: ***In the Matter of Frank Russell Company, Russell Implementation Services Inc. and Russell Investment Management Company***  
**OSC File No.: 2009/0327**

The undersigned, being an authorized representative of the above Russell Affiliate, hereby represents to the Commission that:

1. On June 19, 2009, the Commission issued an order (the **Order**), pursuant to section 80 of the *Commodity Futures Act* (Ontario) (the **CFA**), that each of the Named Applicants (as defined in the **Decision** containing the Order) is exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA in respect of the Named Applicant acting as an adviser to one or more of the Funds (as defined in the Decision), in respect of Foreign Contracts (as defined in the Decision), subject to certain terms and conditions specified in the Order.
2. The Russell Affiliate has attached a copy of the Decision to this Identifying Notice.
3. The Russell Affiliate is an affiliate of Frank Russell Company, Russell Implementation Services Inc. or Russell Investment Management Company.
4. The Russell Affiliate (whose name does not specifically appear in the Order) hereby applies to the Director, acting on behalf of the Commission under the Assignment in the Decision, to vary the Order to specifically name the Russell Affiliate as a Named Applicant for the purposes of the Order, pursuant to section 78 of the CFA.
5. The Russell Affiliate confirms the truth and accuracy of all the information set out in the Decision.
6. This Identifying Notice has been filed with the Commission not less than ten (10) days prior to the date on which the Russell Affiliate proposes to rely on the exemption from the adviser registration requirement in the CFA provided to Named Applicants in the Order, subject to the terms and conditions specified in the Order.
7. The Russell Affiliate has not, and will not, rely on such exemption unless and until it has received from the Director, a written Director's Consent, as provided in the form of Part B of Schedule A attached to the Decision.

Dated at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:



**Part B: Director's Consent**

---

To: \_\_\_\_\_ (the **RussellAffiliate**)

From: Director  
Ontario Securities Commission

Re: ***In the Matter of Frank Russell Company, Russell Implementation Services Inc. and Russell Investment Management Company***  
**OSC File No.: 2009/0327**

I acknowledge receipt from the Russell Affiliate of its Identifying Notice, dated \_\_\_\_\_, 20\_\_\_\_, by which the Russell Affiliate has applied to the Director, acting on behalf of the Commission under the Assignment in the Decision attached to Identifying Notice, to specifically name the Russell Affiliate as a Named Applicant for the purposes of the Order contained in the Decision.

Based on the representations contained in the Decision and in the Identifying Notice, and my being of the opinion that to do so would not be prejudicial to the public interest, on behalf of the Commission, as a Director for the purposes of the *Commodity Futures Act* (Ontario), I hereby vary the Order to specifically name the Russell Affiliate as a Named Applicant for the purposes of the Order.

Dated at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

**ONTARIO SECURITIES COMMISSION**

By:

\_\_\_\_\_  
Name of Signatory:

\_\_\_\_\_  
Position of Signatory:

2.2.6 Goldnev Resources Inc. – s. 144

Headnote

Application by an issuer for an order revoking a cease trade order made by the Commission - cease trade order issued as a result of the issuer's failure to file certain continuous disclosure documents required by Ontario securities law - defaults subsequently remedied by bringing continuous disclosure filings up-to-date - cease trade order revoked.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127, 144.

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

AND

IN THE MATTER OF  
GOLDNEV RESOURCES INC.

ORDER  
(Section 144)

WHEREAS a Director of the Ontario Securities Commission (the "**Commission**") issued a temporary cease trade order dated October 2, 2008 under section 127 of the Act, as extended by an order dated October 14, 2008 (together, the "**Current Cease Trade Order**") directing that all trading in the securities of Goldnev Resources Inc. (the "**Applicant**") cease until further order by the Director;

AND WHEREAS the Applicant has applied to the Commission for an order pursuant to section 144 of the Act revoking the Current Cease Trade Order;

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated under the *Business Corporations Act* (British Columbia) on August 18, 1987.
2. The Applicant's head office is located at Suite 485, 708 - 11th Ave SW, Calgary, Alberta.
3. The Applicant is a junior oil and gas exploration company whose strategy is to explore and develop oil and gas assets.
4. The Applicant is a reporting issuer in Alberta, British Columbia and Ontario. The Applicant is not a reporting issuer in any other jurisdiction in Canada.
5. Alberta is the principal regulator of the Applicant.

6. As at the date hereof, the authorized capital of the Applicant consists of an unlimited number of common shares and an unlimited number of preferred shares, of which 101,761,109 common shares and no preferred shares are issued and outstanding.
7. The common shares of the Applicant are listed on the TSX Venture Exchange, but were suspended from trading on September 30, 2008 following the issuance of the Alberta CTO (as defined in paragraph 13 below). There are no securities of the Applicant currently listed or posted for trading or quoted on any other exchange or market in Canada.
8. The Applicant has been subject to a prior temporary cease trade order issued by the Commission on August 8, 2006 (the "**Prior Cease Trade Order**") directing that all trading in the securities of the Applicant cease until further order by the Director.
9. The Prior Cease Trade Order was issued as a result of the Applicant's failure to file certain continuous disclosure materials in the form and with the content required by Ontario securities law.
10. On August 16, 2006, the Applicant filed or re-filed with the Commission the foregoing continuous disclosure materials in the form and with the content required by Ontario securities law.
11. On August 18, 2006, the Commission issued a full revocation of the Prior Cease Trade Order.
12. The Current Cease Trade Order was issued due to the Applicant's failure to file, in accordance with the requirements of Ontario securities law, its annual audited financial statements, related management's discussion and analysis and certificates of annual filings for the year ended March 31, 2008 and its unaudited financial statements, related interim management's discussion and analysis and certificates of interim filings for the interim period ended June 30, 2008 (collectively, the "**Continuous Disclosure Documents**"), within the prescribed time.
13. The Applicant was also subject to a cease trade order ("**Alberta CTO**") issued by the Alberta Securities Commission ("**ASC**") dated September 30, 2008 and a cease trade order ("**BC CTO**") issued by the British Columbia Securities Commission ("**BCSC**") dated October 2, 2008.
14. The Applicant has applied to the ASC and the BCSC to have the Alberta CTO and the BC CTO concurrently revoked with the Current Cease Trade Order.
15. The Applicant's inability to file its Continuous Disclosure Documents in a timely manner was

caused primarily by a decision to change the auditors of the Applicant and the delays encountered in consolidating all of its financial information in time to complete its annual financial statements and related management's discussion and analysis prior to the prescribed deadline.

16. The Applicant filed the Continuous Disclosure Documents and related officers' certificates on SEDAR on January 27, 2009 and February 20, 2009.
17. The Applicant will hold an annual meeting of its shareholders within 75 days of this order. The Applicant intends to deliver its annual audited financial statements and related management's discussion and analysis for the year ended March 31, 2008 to shareholders together with the materials in respect of such meeting.
18. Other than the Current Cease Trade Order, the Applicant is not in default of its continuous disclosure obligations under Ontario securities law and has paid all outstanding fees to the Commission, including all applicable activity and participation fees and late filing fees.
19. There have been no changes of directors, officers, insiders or controlling shareholders of the Applicant since the date of the Current Cease Trade Order.
20. There have been no material changes to the Applicant's business or operations since the date of the Current Cease Trade Order, and there are currently no such material changes planned.
21. The Applicant's issuer profiles on SEDAR and SEDI are up-to-date.
22. Upon the issuance of this revocation order, the Applicant will issue a news release and file a material change report on SEDAR.

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

**AND UPON** the Commission being satisfied that it would not be prejudicial to the public interest to revoke the Current Cease Trade Order;

**IT IS ORDERED**, pursuant to section 144 of the Act, that the Current Cease Trade Order is revoked.

**DATED** at Toronto this 19th day of June, 2009.

"Jo-Anne Matear"  
Assistant Manager  
Corporate Finance Branch

## 2.2.7 Comgest Asset Management International Limited – s. 218 of the Regulation

### Headnote

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

### Regulation Cited

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

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

**AND**

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

**AND**

**IN THE MATTER OF  
COMGEST ASSET MANAGEMENT  
INTERNATIONAL LIMITED**

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

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

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

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

1. The Applicant is a company limited by shares formed under the Companies Acts, 1963 to 2003 (Ireland) on December 14, 2004. The head office of the Applicant is located in Dublin, Ireland.
2. The Applicant is registered as a portfolio management company with the Irish Financial Services Regulatory Authority of Ireland,

providing investment advice through managed accounts and investment funds. Under Irish securities legislation, such registration enables the Applicant, among other things, to sell units of investment funds that are managed by the Applicant.

3. The Applicant carries on business as an adviser in Ireland, providing investment advice through managed accounts and investment funds.
4. In Ontario, the Applicant intends to, among other things, distribute units of investment funds managed by the Applicant, primarily to accredited investors in Ontario, pursuant to prospectus exemptions contained in National Instrument 45-106 Prospectus and Registration Exemptions.
5. The Applicant has been registered under the Act since March 27, 2009 as a dealer in the category of "limited market dealer" (non-resident) and as an adviser in the category of "international adviser".
6. At the time of the Applicant's registration under the Act, specific terms and conditions (the **Existing Terms and Conditions**) were imposed on the Applicant's registration in connection with the Applicant's registration as an international adviser as well as the Applicant's dual registration as both a dealer and an adviser.
7. Through inadvertence, the Applicant's registration as a limited market dealer was granted without the Applicant having first obtained an order, pursuant to section 218 of the Regulation, exempting the Applicant from the requirement in section 213 of the Regulation that the Applicant, as a company, be incorporated under the laws of Canada or a province or territory of Canada to be a registered dealer under the Act.
8. Section 213 of the Regulation provides that a registered dealer that is not an individual must be a company incorporated, or a person formed or created, under the laws of Canada or a province or territory of Canada.
9. The Applicant is not resident in Canada and will not maintain an office in Canada. The Applicant does not propose to incorporate a separate Canadian company in order to carry out its proposed limited market dealer activities in Ontario, as it is more efficient and cost-effective to carry out those activities through the Applicant.
10. The Applicant will not carry out in Ontario any activity that it does not already carry out in Ireland, and for which it is duly registered under applicable Irish securities legislation.
11. The Applicant has agreed to the imposition of terms and conditions (the **New Terms and Conditions**), set out in the attached Schedule A,

as a condition of its registration under the Act as a limited market dealer and as an international adviser, in replacement of the Existing Terms and Conditions.

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

**IT IS ORDERED**, pursuant to section 218 of the Regulation, and in connection with the registration of the Applicant as a dealer under the Act in the category of limited market dealer, section 213 of the Regulation shall not apply to the Applicant, provided that the Applicant complies with the New Terms and Conditions.

June 23, 2009.

"Carol S. Perry"  
Commissioner  
Ontario Securities Commission

"Paulette L. Kennedy"  
Commissioner  
Ontario Securities Commission

**Schedule A**

**Terms and Conditions on Registration of  
Comgest Asset Management International  
Limited as Dealer and as Adviser**

1. The Applicant appoints an agent for service of process in Ontario.
2. The Applicant shall provide to each client resident in Ontario a statement in writing disclosing the non-resident status of the Applicant, the Applicant's jurisdiction of residence, the name and address of the agent for service of process of the Applicant in Ontario, and the nature of risks to clients that legal rights may not be enforceable.
3. The Applicant will not change its agent for service of process in Ontario without giving the Commission thirty (30) days' prior notice of such change by filing a new Submission to Jurisdiction and Appointment of Agent for Service of Process.
4. The Applicant and each of its registered directors or officers irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial, and administrative tribunals of Ontario and any administrative proceedings in Ontario, in any proceedings arising out of or related to or concerning its registration under the Act or its activities in Ontario as a registrant.
5. The Applicant will not have custody of, or maintain customer accounts in relation to securities, funds, and other assets of clients resident in Ontario.
6. The Applicant will inform the Director immediately upon the Applicant becoming aware:
  - (a) that it has ceased to be registered with the Irish Financial Services Regulatory Authority of Ireland;
  - (b) of its registration in any other jurisdiction not being renewed or being suspended or revoked;
  - (c) that it is the subject of a regulatory proceeding, investigation or disciplinary action by any financial services or securities regulatory authority or self-regulatory authority;
  - (d) that the registration of its salespersons, officers or directors who are registered in Ontario have not been renewed or have been suspended or revoked in any Canadian or foreign jurisdiction; or
  - (e) that any of its salespersons, officers or directors who are registered in Ontario are the subject of a regulatory proceeding, investigation or disciplinary

action by any financial services or securities regulatory authority or self-regulatory authority in any Canadian or foreign jurisdiction.

7. The Applicant will pay the increased compliance and case assessment costs of the Commission due to the Applicant's location outside Ontario, including the cost of hiring a third party to perform a compliance review on behalf of the Commission.
8. The Applicant will make its books and records outside Ontario, including electronic records, readily accessible in Ontario, and will produce physical records for the Commission within a reasonable time if requested.
9. If the laws of the jurisdiction in which the Applicant's books and records are located prohibit production of the books and records in Ontario without the consent of the relevant client, the Applicant shall, upon a request by the Commission:
  - (a) so advise the Commission; and
  - (b) use its best efforts to obtain the client's consent to the production of books and records.
10. The Applicant will, upon the Commission's request, provide a representative to assist the Commission in compliance and enforcement matters.
11. The Applicant and each of its registered directors, officers or partners will comply, at the Applicant's expense, with requests under the Commission's investigation powers and orders under the Act in relation to the Applicant's dealings with Ontario clients, including producing documents and witnesses in Ontario, submitting to audit or search and seizure process or consenting to an asset freeze, to the extent such powers would be enforceable against the Applicant if the Applicant were resident in Ontario.
12. If the laws of the Applicant's jurisdiction of residence that are otherwise applicable to the giving of evidence or production of documents prohibit the Applicant or the witnesses from giving the evidence without the consent or leave of the relevant client or any third party, including a court of competent jurisdiction, the Applicant shall:
  - (a) so advise the Commission; and
  - (b) use its best efforts to obtain the client's consent to the giving of the evidence.
13. The Applicant will maintain appropriate registration and regulatory organization membership, in

the jurisdiction of its principal operations and if required, in its jurisdiction of residence.

14. The Applicant shall adopt and maintain reasonable policies and procedures to minimize the potential for conflict of interest resulting from its activities as both a dealer and adviser.
15. Prior to commencing any trading or advising with its clients, the Applicant shall disclose that it provides services as both a dealer and adviser, and provide a statement of the policies and procedures adopted in paragraph 14, above.

**2.2.8 IMG International Inc. et al. – ss. 127(1), 127(8)**

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

**AND**

**IN THE MATTER OF  
IMG INTERNATIONAL INC.,  
INVESTORS MARKETING GROUP  
INTERNATIONAL INC. AND MICHAEL SMITH**

**ORDER  
(Sections 127(1) & 127(8) of the Securities Act)**

**WHEREAS** on June 11, 2009, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order (the "Temporary Order") pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering that all trading in securities by IMG International Inc./Investors Marketing Group International Inc. ("IMG") and Michael Smith ("Smith") shall cease;

**AND WHEREAS** on June 11, 2009, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

**AND WHEREAS** on June 19, 2009, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on June 24, 2009 at 10:00 a.m.;

**AND WHEREAS** Staff advised that it could not personally serve IMG and Smith with the Notice of Hearing because the identity and address information known to Staff is either incorrect, fake, or cannot be used to leave a message;

**AND WHEREAS** Staff advised that it received a voice message from an unidentified person on behalf of Smith but leaving no contact information;

**AND WHEREAS** Staff advised that it has not heard further from Smith or IMG or anyone on their behalf;

**AND WHEREAS** the Commission is satisfied that IMG and Smith have taken steps to prevent Staff from serving them but are aware of Staff's investigation;

**AND WHEREAS** the Commission is satisfied that Staff has taken reasonable steps to give notice of the hearing to the respondents;

**AND WHEREAS** the Commission held a Hearing on June 24, 2009, where counsel for Staff attended but no one attended for IMG or Smith before the Commission;

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

**AND WHEREAS** upon considering the affidavit of Albert Ciorma, sworn June 22, 2009, and pursuant to section 127(8) satisfactory information has not been provided to the Commission by any of the respondents;

**IT IS HEREBY ORDERED** pursuant to section 127(8) that the Temporary Order is extended until October 7, 2009.

**IT IS FURTHER ORDERED** that the hearing is adjourned to October 6, 2009 at 2:30 p.m., or such other time as the Secretary's Office may advise.

**DATED** at Toronto this 24th day of June 2009.

"Lawrence E. Ritchie"  
Vice Chair

This page intentionally left blank



## 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
Medical Intelligence Technologies Inc.	12 June 09	24 June 09	24 June 09	
IRI Separation Technologies Inc.	12 June 09	24 June 09	24 June 09	
Pyramid Petroleum Inc.	24 June 09	06 July 09		
Goldnev Resources Inc.	02 Oct 08	14 Oct 08	14 Oct 08	19 June 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

THERE IS NOTHING TO REPORT THIS WEEK.

### 4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Coalcorp Mining Inc.	18 Feb 09	03 Mar 09	03 Mar 09		
Synergex Corporation	02 Apr 09	14 Apr 09	14 Apr 09		
Goldstake Explorations Inc.	08 Apr 09	20 Apr 09	20 Apr 09		
Wedge Energy International Inc.	04 May 09	15 May 09	15 May 09		
Airesurf Networks Holdings Inc.	07 May 09	19 May 09	19 May 09		
Newlook Industries Corp.	07 May 09	19 May 09	19 May 09		
First Metals Inc.	13 May 09	25 May 09	25 May 09		
Spylogics International Corp.	02 June 09	15 June 09	15 June 09		

This page intentionally left blank

## Chapter 7

# Insider Reporting

---

---

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

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

To obtain Insider Reporting information, please visit the SEDI website ([www.sedi.ca](http://www.sedi.ca)).

## Chapter 8

# Notice of Exempt Financings

---



---

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

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
05/26/2009	6	Advantel Minerals (Canada) Ltd. - Units	30,000.00	N/A
06/10/2009	3	AMADOR GOLD CORP. - Units	145,000.00	2,977,778.00
06/05/2009	5	American Express Company - Common Shares	7,627,500.00	270,000.00
06/01/2009	19	Apella Resources Inc. - Common Shares	229,800.00	2,155,000.00
06/11/2009	15	Bannerman Resources Limited - Common Shares	8,755,000.00	10,000,000.00
05/26/2009	4	Beckman Coulter, Inc. - Common Shares	16,678,670.70	281,000.00
05/28/2009	79	Brownstone Ventures Inc. - Units	6,615,000.00	13,230,000.00
06/04/2009	29	Canadian Horizons First Mortgage Investment Corporation - Preferred Shares	896,803.00	896,803.00
06/11/2009	3	Capital Direct I Income Trust - Trust Units	74,900.00	7,490.00
06/04/2009	4	CareVest Capital First Mortgage Investment Corp. - Preferred Shares	200,000.00	200,000.00
06/04/2009 to 06/05/2009	21	CareVest First Mortgage Investment Corporation - Preferred Shares	847,637.00	847,637.00
06/04/2009	4	CareVest Second Mortgage Investment Corporation - Preferred Shares	263,707.00	263,707.00
05/27/2009	3	Chimera Investment Corporation - Common Shares	4,296,000.00	1,200,000.00
04/30/2009	1	Claymore MAC Global Solar Energy Index E - Common Shares	57,709.56	5,900.00
04/17/2009 to 04/23/2009	1	Claymore/BNY BRIC ET - Common Shares	350,811.19	11,000.00
05/06/2009	5	Clifton Star Resources Inc. - Flow-Through Shares	1,500,000.00	N/A
12/11/2008	2	Consumer Discretionaryself - Common Shares	1,057,561.02	40,000.00
04/17/2009 to 04/20/2009	2	Consumer Discretionaryself - Common Shares	3,693,543.04	140,000.00
06/05/2009	7	Cricket Communications, Inc. - Notes	4,059,115.10	1.00
06/04/2009	31	DeeThree Exploration Ltd. - Receipts	335,400.00	167,700.00
04/29/2009 to 04/30/2009	1	Direxon EGY Bull - Common Shares	110,481.44	3,400.00
04/22/2009 to 04/29/2009	1	DIREXON FIN BULL 3X Shares - Common Shares	277,840.36	28,400.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b># of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Pur. Price (\$)</b>	<b># of Securities Distributed</b>
04/22/2009	1	Direxon Small CAP Bull 3X - Common Shares	55,537.55	1,900.00
06/04/2009 to 06/09/2009	1	Ditem Explorations Inc. - Flow-Through Shares	500,000.00	4,166,666.00
06/12/2009	1	Energent Incorporated - Common Shares	250,001.10	185,186.00
04/03/2009	1	Energy Select Sector SPDR - Common Shares	878,932.95	16,200.00
04/03/2009 to 04/29/2009	4	Financial Select Sector SPDR - Common Shares	5,096,092.79	416,450.00
12/03/2008 to 12/17/2008	4	Financial Select Sectorspdr - Common Shares	15,630,008.18	1,052,700.00
05/18/2009	4	Ford Motor Company - Common Shares	6,271,195.18	1,132,000.00
05/26/2009	2	Fuel Transfer Technologies Inc. - Preferred Shares	40,300.00	12,400.00
06/03/2009 to 06/05/2009	5	Galveston LNG Inc. - Common Shares	1,050,000.00	262,500.00
06/03/2009	26	Gold Hawk Resources Inc. - Investment Trust Interests	1,252,500.00	25,050,000.00
05/25/2009 to 05/28/2009	54	Groundstar Resources Limited - Common Shares	2,025,000.00	13,500,000.00
05/29/2009	17	Hana Mining Ltd. - Units	352,500.00	1,410,000.00
04/03/2009 to 04/08/2009	1	Health Care Select Sector - Common Shares	25,725.52	900.00
06/01/2009	1	Highwoods Properties Inc. - Common Shares	2,337,000.00	100,000.00
04/22/2009 to 04/29/2009	1	Horizons Betapro S&P Bull Plus Unit - Common Shares	287,126.82	37,800.00
04/24/2009	1	Horizons Betapro S&P TSX Bull Plus - Common Shares	67,806.65	4,500.00
12/16/2008	1	I-Shares 20+ year Tresindex FD - Common Shares	1,174,071.24	8,400.00
05/28/2009 to 05/31/2009	125	IGW Real Estate Investment Trust - Trust Units	5,528,620.52	5,515,002.58
06/11/2009	2	Imperial Capital Equity Partners Ltd. - Capital Commitment	2,500,000.00	2.00
12/01/2008 to 12/11/2008	1	IShares 100% Hedged To CAD I - Common Shares	309,719.85	16,910.00
12/11/2008 to 12/12/2008	2	IShares CDN S&P 500 - Common Shares	370,836.81	28,720.00
12/01/2008 to 12/11/2008	2	IShares CDN S&P/RSX 60 Index Fund - Common Shares	2,275,448.19	141,395.00
04/20/2009 to 04/24/2009	1	IShares CDN S&P/TSX 60 Index Fund - Common Shares	129,975.86	7,500.00
12/19/2008	1	IShares CDN S&P/TSX CAP Energy - Common Shares	39,842.23	2,500.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b># of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Pur. Price (\$)</b>	<b># of Securities Distributed</b>
04/20/2009	1	IShares DJ Oil & Gas EXPL - Common Shares	252,605.99	5,700.00
12/11/2008 to 12/18/2008	1	IShares DJ Select Dividend - Common Shares	9,295,138.21	188,860.00
04/02/2009	1	IShares DJ US Transport INDX - Common Shares	702,382.94	11,000.00
04/23/2009 to 04/27/2009	2	IShares FTSE/XINHUA China 25 - Common Shares	438,874.00	11,600.00
04/06/2009	1	IShares IBOXX HY Bond - Common Shares	7,227,494.87	86,100.00
12/18/2008 to 12/19/2008	1	IShares IBOXX INV GR Corp BD - Common Shares	16,588,096.83	136,500.00
12/23/2008	1	IShares INC CDAIndex Fund - Common Shares	59,720.62	3,000.00
12/11/2008	2	IShares Inc MSCI Australia Index - Common Shares	2,184,132.98	134,200.00
04/23/2009	1	IShares Inc MSCI Japan Index - Common Shares	1,068,956.07	105,000.00
12/02/2008 to 12/09/2008	2	IShares INC MSCI Japanindex - Common Shares	315,972.25	30,180.00
04/06/2009 to 04/28/2009	2	IShares Inc MSCI United Kingdom Index - Common Shares	298,019.04	21,900.00
12/22/2008 to 12/23/2008	2	IShares Inc MSCI United Kingdom - Common Shares	854,661.46	60,000.00
04/01/2009 to 04/23/2009	1	IShares INC Pacific EXJapan - Common Shares	296,540.84	9,500.00
04/02/2009 to 04/30/2009	7	IShares MSCI Emerging Mkts Index - Common Shares	3,610,410.75	109,720.00
12/02/2008 to 12/03/2008	2	IShares MSCI EmergingMkts Index - Common Shares	393,993.39	14,800.00
12/23/2008	1	IShares MSCI Germany Index Fund - Common Shares	59,720.62	10,900.00
04/28/2009	1	IShares Russell 1000 Growth - Common Shares	158,684.01	3,500.00
12/19/2008	1	IShares Russell 1000 Index - Common Shares	1,906,413.08	32,155.00
12/19/2008	1	IShares Russell 1000 Value - Common Shares	97,516.24	1,630.00
12/02/2008 to 12/23/2008	5	IShares Russell 2000 - Common Shares	100,843,764.91	1,784,715.00
04/06/2009 to 04/23/2009	3	IShares Russell 2000 - Common Shares	6,924,794.46	122,200.00
12/15/2008 to 12/16/2008	1	IShares Russell 2000 Growth - Common Shares	813,108.32	13,500.00
04/28/2009 to 04/29/2009	1	IShares Russell 2000 Growth - Common Shares	263,358.73	4,284.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b># of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Pur. Price (\$)</b>	<b># of Securities Distributed</b>
04/17/2009	1	IShares Russell 2000 Value Index Fund - Common Shares	106,545.13	2,000.00
04/06/2009 to 04/28/2009	2	IShares Silver Trust - Common Shares	96,548.18	6,700.00
04/27/2009	1	IShares S&P 500 Growth Index - Common Shares	143,745.80	2,700.00
02/08/2009 to 02/19/2009	3	IShares S&P 500 Indexfund - Common Shares	3,889,256.14	35,330.00
12/19/2008	1	IShares S&P Global 100 Index Fund - Common Shares	443,611.56	7,320.00
04/28/2009	1	IShares S&P Smallcap 600 Growth - Common Shares	77,182.51	1,500.00
12/04/2008 to 12/23/2008	5	IShares TR MSCI EAFE IDX - Common Shares	3,592,641.23	71,211.00
04/23/2009	1	IShares TR MSCI EAFE IDX - Common Shares	439,456.94	9,100.00
02/19/2009 to 02/22/2009	2	IShares TR S&P Euro Plus - Common Shares	929,823.73	25,100.00
04/06/2009 to 04/24/2009	1	IShares TR S&P Euro Plus - Common Shares	218,203.18	6,500.00
05/22/2009	1	Jig-A-Loo World Inc. - Common Shares	10,250,000.00	6,833,333.00
06/02/2009	5	JPMorgan Chase & Co. - Common Shares	173,651,546.25	142,000,000.00
06/11/2009	2	Kensington Global Private Equity Fund - Units	124,278.04	6,653.00
06/03/2009	1	Kilroy Realty Corporation - Common Shares	1,646,250.00	75,000.00
04/23/2009	28	Leisure Canada Inc. - Units	1,000,000.00	10,000,000.00
06/12/2009	1	Lounor Exploration Inc. - Common Shares	35,000.00	250,000.00
06/03/2009	3	Manitou Gold Inc. - Common Shares	42,000.00	700,000.00
12/01/2008 to 12/17/2008	1	Market Vectors Gold Miners - Common Shares	441,157.43	13,500.00
12/10/2008 to 12/11/2008	2	Materials Select Sectorspdr - Common Shares	2,844,878.43	97,000.00
06/05/2009	13	Messina Minerals Inc. - Units	250,000.00	2,500,000.00
04/28/2009	1	MIDCAP SPDR Trust Series 1 - Common Shares	490,711.28	4,200.00
05/25/2009 to 06/02/2009	30	Nelson Financial Group Ltd. - Notes	997,295.89	30.00
06/16/2009	23	Nelson Financial Group Ltd. - Notes	850,000.00	N/A
05/15/2009 to 05/21/2009	30	Newport Fixed Income Fund - Units	2,365,800.06	22,953.37
05/15/2009 to 05/20/2009	13	Newport Canadian Equity Fund - Units	440,468.50	4,057.88

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b># of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Pur. Price (\$)</b>	<b># of Securities Distributed</b>
05/19/2009	1	Newport Global Equity Fund - Units	50,000.00	888.23
05/15/2009 to 05/21/2009	23	Newport Yield Fund - Units	1,245,864.09	12,455.53
06/09/2009	3	Northern Platinum Ltd. - Units	500,000.00	2,500,000.00
04/01/2009 to 04/23/2009	2	Powershare QQQ Nasdaq 100 - Common Shares	562,413.71	14,300.00
12/01/2008 to 12/19/2008	1	Powershares DB CMDTYIDSTRACK Unit - Common Shares	230,015.65	9,000.00
12/04/2008 to 12/30/2008	4	Powershares QQQ Nasdaq100 - Common Shares	28,410,155.92	790,825.00
05/29/2009	45	Premium Exploration Inc. - Units	673,900.00	6,739,000.00
05/31/2009	2	Prestigious Investment & Management (PRISM) A - Limited Partnership - Limited Partnership Units	183,750.00	2,139.00
04/29/2009	1	PRS ULT LEH20+Yr - Common Shares	4,787,487.91	81,700.00
06/08/2009	3	Prudential Financial, Inc. - Common Shares	22,884,750.00	525,000.00
06/12/2009	1	Quincy Oil & Gas Corporation - Common Shares	56,000.00	200,000.00
06/10/2009	1	Red Rock Energy Inc. - Common Shares	900,000.00	5,000,000.00
06/09/2009	1	Sabina Silver Corporation - Common Shares	0.00	17,000,000.00
06/10/2009	1	SGA Societe General Acceptance N.V. - Certificate	2,900,000.00	2,900.00
12/01/2008 to 12/31/2008	3	SPDR Gold Trust - Common Shares	12,118,717.37	130,075.00
12/04/2008	1	SPDR KBW Bank - Common Shares	6,292,390.96	227,600.00
04/09/2009	1	SPDR S&P Dividend ETF - Common Shares	881,929.89	20,000.00
12/02/2008 to 12/03/2008	2	SPDR S&P HomebuildersETF - Common Shares	5,683,777.96	410,600.00
04/15/2009	1	SPDR S&P HomebuildersETF - Common Shares	718,973.39	50,000.00
12/08/2008 to 12/11/2008	3	SPDR S&P Retail ETF - Common Shares	4,629,000.15	191,900.00
04/21/2009 to 04/22/2009	1	SPDR S&P Retail ETF - Common Shares	657,910.45	21,100.00
06/15/2009	1	Sturgeon 2 Limited Partnership - Units	25,000.00	1.00
04/01/2009 to 04/21/2009	6	S&P Depository Receipts TR Units - Common Shares	69,372,446.32	699,510.00
12/03/2008 to 12/29/2008	9	S&P Depository Receipts TR Unit - Common Shares	73,650,610.90	680,690.00
05/28/2009	6	Tangco Gold Inc - Flow-Through Shares	56,250.00	250,000.00



**Notice of Exempt Financings**

<b>Transaction Date</b>	<b># of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Pur. Price (\$)</b>	<b># of Securities Distributed</b>
06/03/2009	3	The Goldman Sachs Group Inc. - Notes	23,894,570.61	1.00
06/12/2009	18	The Mark Limited Partnership - Limited Partnership Units	2,249,000.00	2,249.00
06/02/2009	4	Trillium North Minerals Ltd. - Common Shares	5,000.00	100,000.00
12/10/2008	1	ULTRA Financials Proshares - Common Shares	765,593.49	99,700.00
04/20/2009	1	Ultra Financials Proshares - Common Shares	540,361.05	150,000.00
04/09/2009	1	Ultrashort Financials Proshares - Common Shares	495,719.29	6,100.00
04/06/2009 to 04/17/2009	1	United States Oil Fund LP - Common Shares	68,952.26	1,900.00
12/17/2008	7	Utilities Select Sectorspdr - Common Shares	211,025.80	5,995.00
05/21/2009	11	Valgold Resources Ltd. - Common Shares	994,985.00	19,899,700.00
12/15/2008 to 12/16/2008	2	Vanguard DIV Appreciation ETF - Common Shares	1,392,871.91	29,390.00
12/03/2008 to 12/30/2008	1	Vanguard Emergngmarketvipers - Common Shares	3,337,137.94	113,480.00
05/29/2009	12	Viva Source Corp. - Warrants	216,000.00	360,000.00
05/26/2009	14	Walton AZ Silver Reef Investment Corporation - Common Shares	269,800.00	26,980.00
05/26/2009	20	Walton GA Arcade Meadows 2 Investment Corporation - Common Shares	850,600.00	85,060.00
05/26/2009	5	Walton GA Arcade Meadows Limited Partnership 2 - Limited Partnership Units	974,019.42	86,811.00
05/26/2009	23	Walton TX Amble Way Investment Corporation - Common Shares	263,220.00	26,322.00
05/26/2009	6	Yankee Hat Minerals Ltd. - Common Shares	481,823.90	9,636,298.00

## Chapter 11

# IPOs, New Issues and Secondary Financings

---

---

**Issuer Name:**

Advantage Energy Income Fund  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated June 19, 2009  
NP 11-202 Receipt dated June 19, 2009

**Offering Price and Description:**

\$102,000,000.00 - 17,000,000 Trust Units Price: \$6.00  
per Trust Unit

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

RBC Dominion Securities Inc.  
Scotia Capital Inc.  
BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
National Bank Financial Inc.  
FirstEnergy Capital Corp.  
Tristone Capital Inc.  
Thomas Weisel Partners Canada Inc.

**Promoter(s):**

-

**Project #1438747**

---

**Issuer Name:**

Alexis Minerals Corporation  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Preliminary Short Form Prospectus  
dated June 19, 2009  
NP 11-202 Receipt dated June 19, 2009

**Offering Price and Description:**

\$10,000,000.00 - 11,656,000 Units and 7,450,000 Flow-  
Through Shares Price: \$0.50 per Unit and \$0.56 per Flow-  
Through Share

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

Cormark Securities Inc.  
CIBC World Markets Inc.

**Promoter(s):**

-

**Project #1437441**

---

**Issuer Name:**

Australian Solomons Gold Limited  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 17, 2009  
NP 11-202 Receipt dated June 17, 2009

**Offering Price and Description:**

\$ \* - \* Ordinary shares Price: \$ \* per Share

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

Paradigm Capital Inc.  
Haywood Securities Inc.  
Fraser Mackenzie Limited

**Promoter(s):**

-

**Project #1437823**

---

**Issuer Name:**

Cominar Real Estate Investment Trust  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated June 22, 2009  
NP 11-202 Receipt dated June 22, 2009

**Offering Price and Description:**

\$50,008,000.00 - 3,290,000 Units Price: \$15.20 per Unit

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

National Bank Financial Inc.  
BMO Nesbitt Burns Inc.  
RBC Dominion Securities Inc.  
Desjardins Securities Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.  
Canaccord Capital Corporation  
Blackmont Capital Inc.  
Genuity Capital Markets G.P.

**Promoter(s):**

-

**Project #1439158**

---

**Issuer Name:**

Detour Gold Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 22, 2009  
NP 11-202 Receipt dated June 22, 2009

**Offering Price and Description:**

\$48,400,000.00 - 4,000,000 Common Shares Price: \$12.10  
per Common Share

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

Raymond James Ltd.  
BMO Nesbitt Burns Inc.  
TD Securities Inc.  
Wellington West Capital Markets Inc.  
Haywood Securities Inc.  
Macquarie Capital Markets Canada Ltd.

**Promoter(s):**

-

**Project #1439119**

---

**Issuer Name:**

Fortis Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 23, 2009  
NP 11-202 Receipt dated June 23, 2009

**Offering Price and Description:**

\$ \* - \* % SENIOR UNSECURED DEBENTURES DUE \*  
Price: \$1,000.00 per Debenture to yield \* % per annum

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

BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.

**Promoter(s):**

-

**Project #1439465**

---

**Issuer Name:**

Gazit America Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Long Form Prospectus dated June 22, 2009  
NP 11-202 Receipt dated June 23, 2009

**Offering Price and Description:**

Dividend-in-Kind - \* Common Shares

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

-

**Promoter(s):**

First Capital Realty Inc.

**Project #1439276**

---

**Issuer Name:**

HSBC Bank Canada  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Base Shelf Prospectus dated June 22, 2009  
NP 11-202 Receipt dated June 22, 2009

**Offering Price and Description:**

\$1,500,000,000.00 - Debt Securities (subordinated  
indebtedness) Class 1 Preferred Shares

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

-

**Promoter(s):**

-

**Project #1439314**

---

**Issuer Name:**

Jaguar Mining Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated June 17,  
2009  
NP 11-202 Receipt dated June 17, 2009

**Offering Price and Description:**

US\$300,000,000.00:  
Debt Securities,  
Common Shares,  
Warrants,  
Subscription Receipts

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

-

**Promoter(s):**

-

**Project #1437890**

---

**Issuer Name:**

NUVISTA ENERGY LTD.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated June 19, 2009  
NP 11-202 Receipt dated June 19, 2009

**Offering Price and Description:**

\$82,500,000.00 - 7,500,000 Subscription Receipts, each representing the right to receive one Common Share Price \$11.00 per Subscription Receipt

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

Peters & Co. Limited  
CIBC World Markets Inc.  
FirstEnergy Capital Corp.  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
Cormark Securities Inc.  
Macquarie Capital Markets Canada Ltd.  
Genuity Capital Markets  
GMP Securities L.P.  
National Bank Financial Inc.

**Promoter(s):**

-

**Project #1438810**

---

**Issuer Name:**

OPTI Canada Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated June 23, 2009  
NP 11-202 Receipt dated June 23, 2009

**Offering Price and Description:**

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

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

TD Securities Inc.  
Credit Suisse Securities (Canada) Inc.  
RBC Dominion Securities Inc.

**Promoter(s):**

-

**Project #1439535**

---

**Issuer Name:**

ProSep Inc. (formerly TORR Canada Inc.)  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated June 17, 2009  
NP 11-202 Receipt dated June 18, 2009

**Offering Price and Description:**

10,000,000 - Rights to Subscribe for up to 76,923,077 Common Shares at a price of \$0.13 per Common Share

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

-

**Promoter(s):**

-

**Project #1437991**

---

**Issuer Name:**

Rodocanachi Capital Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary CPC Prospectus dated June 16, 2009  
NP 11-202 Receipt dated June 17, 2009

**Offering Price and Description:**

\$300,000.00 to \$500,000.00 - 3,000,000 to 5,000,000 Common Shares Price: \$0.10 per Common Share

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

Jones, Gable Company Limited

**Promoter(s):**

Richard Besner

**Project #1424837**

---

**Issuer Name:**

SNC-Lavalin Group Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated June 18, 2009  
NP 11-202 Receipt dated June 18, 2009

**Offering Price and Description:**

\$ \* - \* % Debentures Due \* Price: \$1,000 per principal amount

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

RBC Dominion Securities Inc.  
Scotia Capital Inc.  
BMO Nesbitt Burns Inc.  
BNP Paribas (Canada) Securities Inc.  
National Bank Financial Inc.  
Casgrain & Company Limited

**Promoter(s):**

-

**Project #1438349**

---

**Issuer Name:**

TD Capital Trust IV  
The Toronto-Dominion Bank  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Base Shelf Prospectus dated June 19, 2009  
NP 11-202 Receipt dated June 19, 2009

**Offering Price and Description:**

-

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

-

**Promoter(s):**

-

**Project #1438648/1438649**

---

**Issuer Name:**

U.S. Silver Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 23, 2009  
NP 11-202 Receipt dated June 23, 2009

**Offering Price and Description:**

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

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

Cormark Securities Inc.  
Research Capital Corporation  
MGI Securities Inc.

**Promoter(s):**

-

**Project #1439548**

---

**Issuer Name:**

Xtreme Coil Drilling Corp.  
Principal Regulator – Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated June 16, 2009  
NP 11-202 Receipt dated

**Offering Price and Description:**

\$40,170,000.00 - 10,300,000 Common Shares Price: \$3.90  
per Common Share

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

Peters & Co. Limited  
National Bank Financial Inc.

**Promoter(s):**

-

**Project #1437521**

---

**Issuer Name:**

Acuity Income Trust Fund  
Acuity Growth & Income Fund  
(Class A and Class F Units)  
Principal Regulator - Ontario

**Type and Date:**

Amendment No. 2 dated June 15, 2009 to the Simplified  
Prospectuses and Annual Information Forms dated August  
22, 2008

NP 11-202 Receipt dated June 19, 2009

**Offering Price and Description:**

-

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

-

**Promoter(s):**

Acuity Funds Ltd.  
**Project #1308139**

---

**Issuer Name:**

Birchcliff Energy Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated June 22, 2009  
NP 11-202 Receipt dated June 22, 2009

**Offering Price and Description:**

\$49,600,000.00 - 8,000,000 Common Shares Price: \$6.20  
per Offered Share

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

GMP Securities L.P.  
Scotia Capital Inc.  
Cormark Securities Inc.  
HSBC Securities (Canada) Inc.  
RBC Dominion Securities Inc.  
Thomas Weisel Partners Canada Inc.  
Canaccord Capital Corporation

**Promoter(s):**

-

**Project #1437014**

---

**Issuer Name:**

Cott Corporation  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Base Shelf Prospectus dated June 17,  
2009

NP 11-202 Receipt dated June 18, 2009

**Offering Price and Description:**

U.S. \$300,000,000.00

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

-

**Promoter(s):**

-

**Project #1431232**

---

**Issuer Name:**

Front Street Resource Fund  
Front Street Canadian Equity Fund  
Front Street Diversified Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated May 28, 2009 to the Simplified  
Prospectuses and Annual Information Forms dated  
December 3, 2008

NP 11-202 Receipt dated June 17, 2009

**Offering Price and Description:**

-

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

-

**Promoter(s):**

Front Street Mutual Funds Limited  
**Project #1337859**

---

**Issuer Name:**

GLV Inc.  
Principal Regulator - Quebec

**Type and Date:**

Final Short Form Prospectus dated June 22, 2009  
NP 11-202 Receipt dated June 22, 2009

**Offering Price and Description:**

\$33,350,000.00 - 4,600,000 Class A Subordinate Voting  
Shares Price: \$7.25 per Subordinate Voting Share

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

RBC Dominion Securities Inc.  
National Bank Financial Inc.  
BMO Nesbitt Burns Inc.  
Macquarie Capital Markets Canada Ltd.  
Raymond James Ltd.

**Promoter(s):**

-

**Project #1437519**

---

**Issuer Name:**

Horizons BetaPro S&P/TSX Capped Financials Bull Plus  
ETF

Horizons BetaPro S&P/TSX Capped Financials Bear Plus  
ETF

Horizons BetaPro S&P/TSX Capped Energy Bull Plus ETF

Horizons BetaPro S&P/TSX Capped Energy Bear Plus ETF

Horizons BetaPro S&P/TSX Global Gold Bull Plus ETF

Horizons BetaPro S&P/TSX Global Gold Bear Plus ETF

Horizons BetaPro S&P 500® Bull Plus ETF

Horizons BetaPro S&P 500® Bear Plus ETF

Horizons BetaPro NASDAQ-100® Bull Plus ETF

Horizons BetaPro NASDAQ-100® Bear Plus ETF

Horizons BetaPro MSCI Emerging Markets Bull Plus ETF

Horizons BetaPro MSCI Emerging Markets Bear Plus ETF

Horizons BetaPro US Dollar Bull Plus ETF

Horizons BetaPro US Dollar Bear Plus ETF

Horizons BetaPro US 30-year Bond Bull Plus ETF

Horizons BetaPro US 30-year Bond Bear Plus ETF

Horizons BetaPro COMEX® Silver Bull Plus ETF

Horizons BetaPro COMEX® Silver Bear Plus ETF

Horizons BetaPro COMEX® Gold ETF

Horizons BetaPro COMEX® Silver ETF

Horizons BetaPro Winter-Term NYMEX® Crude Oil ETF  
(formerly Horizons BetaPro NYMEX Crude Oil ETF)

Horizons BetaPro Winter-Term NYMEX® Natural Gas ETF  
(formerly Horizons BetaPro NYMEX Natural Gas ETF)

Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated June 17, 2009  
NP 11-202 Receipt dated June 23, 2009

**Offering Price and Description:**

Mutual fund securities at net asset value

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

-

**Promoter(s):**

BetaPro Management Inc.

**Project #1420948**

---

**Issuer Name:**

Inmet Mining Corporation  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated June 17, 2009  
NP 11-202 Receipt dated June 18, 2009

**Offering Price and Description:**

\$348,212,500.00 - 7,825,000 Common Shares Price:  
\$44.50 per Common Share

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

Credit Suisse Securities (Canada), Inc.  
CIBC World Markets Inc.

BMO Nesbitt Burns Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

Canaccord Capital Corporation

GMP Securities L.P.

TD Securities Inc.

UBS Securities Canada Inc.

Macquarie Capital Markets Canada Ltd.

National Bank Financial Inc.

Raymond James Ltd.

**Promoter(s):**

-

**Project #1435877**

---

**Issuer Name:**

Killam Properties Inc.

Principal Regulator - Nova Scotia

**Type and Date:**

Final Short Form Prospectus dated June 23, 2009  
NP 11-202 Receipt dated June 23, 2009

**Offering Price and Description:**

\$21,460,000.00 - 3,700,000 Common Shares Price: \$5.80  
per Common Share

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

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

TD Securities Inc.

Scotia Capital Inc.

Canaccord Capital Corporation

National Bank Financial Inc.

Beacon Securities Limited

Dundee Securities Corporation

Genuity Capital Markets

Macquarie Capital Markets Canada Ltd.

Raymond James Ltd.

**Promoter(s):**

-

**Project #1437389**

---

**Issuer Name:**

MagIndustries Corp.  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Short Form Prospectus dated June 15, 2009 amending and restating the Short Form Prospectus dated June 11, 2009  
NP 11-202 Receipt dated June 17, 2009

**Offering Price and Description:**

\$26,103,000.00 - 62,150,000 Common Shares Price: \$0.42 per Share

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

Cormark Securities Inc.  
BMO Capital Markets Corp.  
Paradigm Capital Inc.  
Canaccord Capital Corporation  
Jennings Capital Inc.

**Promoter(s):**

-

**Project #1431477**

---

**Issuer Name:**

NewGrowth Corp.  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated June 16, 2009  
NP 11-202 Receipt dated June 17, 2009

**Offering Price and Description:**

Class B Preferred Shares, Series 2 Price: \$13.70 per Share

Maximum Offering: \$30,667,587

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

Scotia Capital Inc.

**Promoter(s):**

Scotia Managed Companies Administration Inc.

**Project #1425465**

---

**Issuer Name:**

Orleans Energy Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated June 23, 2009  
NP 11-202 Receipt dated June 23, 2009

**Offering Price and Description:**

\$20,000,200.00 - 9,091,000 Common Shares Price: \$2.20 per Common Share

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

GMP Securities L.P.  
Peters & Co. Limited  
National Bank Financial Inc.  
Dundee Securities Corporation  
Thomas Weisel Partners Canada Inc.  
BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
RBC Dominion Securities Inc.

**Promoter(s):**

-

**Project #1436953**

---

**Issuer Name:**

Painted Pony Petroleum Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated June 17, 2009  
NP 11-202 Receipt dated June 17, 2009

**Offering Price and Description:**

\$19,950,000.00 - 7,000,000 Class A Shares \$2.85 per Class A Share

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

FirstEnergy Capital Corp.  
RBC Dominion Securities Inc.  
Cormark Securities Inc.  
CIBC World Markets Inc.

**Promoter(s):**

-

**Project #1435278**

---

**Issuer Name:**

PEYTO Energy Trust  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated June 18, 2009  
NP 11-202 Receipt dated June 18, 2009

**Offering Price and Description:**

\$85,050,000.00 - 8,100,000 Trust Units Price: \$10.50 per Trust Unit

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

BMO Nesbitt Burns Inc.  
RBC Dominion Securities Inc.  
FirstEnergy Capital Corp.  
CIBC World Markets Inc.  
HSBC Securities (Canada) Inc.  
Peters & Co. Limited  
Haywood Securities Inc.  
Canaccord Capital Corporation

**Promoter(s):**

-

**Project #1436116**

---

**Issuer Name:**

Sherritt International Corporation  
Principal Regulator - Ontario

**Type and Date:**

Final Base Shelf Prospectus dated June 16, 2009  
NP 11-202 Receipt dated June 18, 2009

**Offering Price and Description:**

\$500,000,000.00:  
Debt Securities  
Common Shares  
Subscription Receipts  
Warrants

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

-

**Promoter(s):**

-

**Project #1430089**

---

**Issuer Name:**

SilverCrest Mines Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus dated June 18, 2009  
NP 11-202 Receipt dated June 18, 2009

**Offering Price and Description:**

\$5,500,000.00 - 11,000,000 Units Price: \$0.50 per Unit

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

Jennings Capital Inc.  
Paradigm Capital Inc.

**Promoter(s):**

-

**Project #1417777**

---

**Issuer Name:**

Trinidad Drilling Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated June 18, 2009  
NP 11-202 Receipt dated June 18, 2009

**Offering Price and Description:**

\$140,000,175.00 - 27,184,500 Common Shares Price:  
\$5.15 Per Common Share

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

Raymond James Ltd.  
TD Securities Inc.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
CIBC World Markets Inc.  
Haywood Securities Inc.  
Canaccord Capital Corporation  
FirstEnergy Capital Corp.  
Wellington West Capital Markets Inc.

**Promoter(s):**

-

**Project #1435655**

---

**Issuer Name:**

Xtreme Coil Drilling Corp.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated June 23, 2009  
NP 11-202 Receipt dated June 23, 2009

**Offering Price and Description:**

\$40,170,000.00 - 10,300,000 Common Shares Price: \$3.90  
per Common Share

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

Peters & Co. Limited  
National Bank Financial Inc.

**Promoter(s):**

-

**Project #1437521**

---

**Issuer Name:**

Blue Steel Chemicals Inc.  
Principal Jurisdiction - Alberta

**Type and Date:**

Preliminary Long Form Prospectus dated December 23,  
2008

Amended and Restated Preliminary Long Form Prospectus  
dated April 14, 2009

Withdrawn on June 19, 2009

**Offering Price and Description:**

Minimum Offering \$1,000,000.00 (1,000,000 Common  
Shares); Maximum Offering \$5,000,000.00 (5,000,000  
Common Shares) Price: \$1.00 per Common Share

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

Research Capital Corporation

**Promoter(s):**

Sean Thomas  
Paul (Warde) A. Thomas  
Nick Blackerman  
William M. Blackerman  
Dave Cutler  
Paul Svoboda  
Keith Talbot

**Project #1361522**

---

**Issuer Name:**

Norsemont Mining Inc.

**Type and Date:**

Rights Offering Circular dated May 25, 2009  
Accepted on May 25, 2009

**Offering Price and Description:**

Offering of Rights to Subscribe for Units at a Purchase  
Price of \$1.60 per Unit

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

-

**Promoter(s):**

-

**Project #1416885**

---



This page intentionally left blank

## Chapter 12

# Registrations

### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: ODL Securities (Canada) Ltd.  To: ODL Markets (Canada) Ltd.	Limited Market Dealer	June 11, 2009
Voluntary Surrender of Registration	Target Investment Planners Inc.	Mutual Fund Dealer	June 17, 2009
New Registration	Adilas Capital Limited	Limited Market Dealer	June 18, 2009
New Registration	Wright, Nicholas dePencier	Limited Market Dealer	June 18, 2009
Consent to Suspension (Rule 33-501 Surrender of Registration)	Wilshire Associates Incorporated	International Adviser (Investment Counsel and Portfolio Manager)	June 18, 2009
New Registration	Sherpa Asset Management Inc.	Investment Counsel and Portfolio Manager	June 19, 2009
New Registration	Auspice Capital Advisors Ltd.	Limited Market Dealer & Commodity Trading Manager	June 22, 2009
New Registration	MacGregor Global Investments LLC	Limited Market Dealer	June 23, 2009

This page intentionally left blank

## Chapter 13

# SRO Notices and Disciplinary Proceedings

---

---

### 13.1.1 MFDA Issues Notice of Settlement Hearing Regarding Alden M. Kaley

**NEWS RELEASE**  
For immediate release

#### **MFDA ISSUES NOTICE OF SETTLEMENT HEARING REGARDING ALDEN M. KALEY**

**June 17, 2009** (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada (“MFDA”) today announced that it has issued a Notice of Settlement Hearing regarding the presentation, review and consideration of a proposed settlement agreement by a Hearing Panel of the MFDA’s Atlantic Regional Council.

The settlement agreement will be between staff of the MFDA and Alden M. Kaley (the “Respondent”) and involves matters for which the Respondent may be disciplined by a Hearing Panel pursuant to MFDA By-laws.

The subject matter of the proposed settlement agreement concerns allegations that the Respondent:

- (a) engaged in securities related business that was not carried on for the account of and through the facilities of the Member, contrary to MFDA Rule 1.1.1(a); and
- (b) had and continued in another gainful occupation that was not properly disclosed to and approved by the Member, contrary to MFDA Rule 1.2.1(d).

The settlement hearing is scheduled to commence at 10:00 a.m. (Atlantic), or as soon thereafter as the hearing can be held, on August 21, 2009 at a venue to be announced in Fredericton, New Brunswick. 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 Settlement Hearing is available on the MFDA website at [www.mfda.ca](http://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 147 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

*For further information, please contact:*

Shaun Devlin  
Vice-President, Enforcement  
416-943-4672 or [sdevlin@mfda.ca](mailto:sdevlin@mfda.ca)

13.1.2 MFDA Issues Notice of Hearing Regarding Mark Kricievski

**NEWS RELEASE**  
For immediate release

**MFDA ISSUES NOTICE OF HEARING  
REGARDING MARK KRICIEVSKI**

**June 22, 2009** (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada (“MFDA”) today announced that it has commenced disciplinary proceedings against Mark Kricievski (the “Respondent”).

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

**Allegation #1:** Between June 3, 2004 and January 2005, the Respondent contravened the Member’s written direction, dated June 3, 2004, and subsequent oral direction that he refrain from selling, referring or facilitating the sale of investment products offered by Portus Alternative Asset Management Inc. (“Portus”) to clients, contrary to MFDA Rules 1.1.2 and 2.5.1, and MFDA Rule 2.1.1.

**Allegation #2:** Between April 2004 and January 2005, the Respondent engaged in securities related business that was not carried on for the account of the Member and through the facilities of the Member by selling, referring or facilitating the sale of approximately \$1.8 million of Portus investment products to 44 clients, contrary to MFDA Rules 1.1.1(a) and 2.1.1.

**Allegation #3:** Between October 2004 and January 2005, the Respondent sent communications to clients which:

- (a) contained untrue and misleading statements about the Portus investment products, contrary to MFDA Rules 2.7.2(a) and 2.8.2(a);
- (b) included unjustified promises of specific results and made unwarranted claims in relation to the Portus investment products, contrary to MFDA Rules 2.7.2(b) and 2.8.2(b);
- (c) contained an opinion or forecast of the future performance of the stock market which was not clearly labeled as such, contrary to MFDA Rule 2.7.2(d);
- (d) failed to fairly present the potential risks to clients of investing in Portus investment products, contrary to MFDA Rules 2.7.2(e) and 2.8.2(b);
- (e) were detrimental to the interests of clients because they recommended the purchase of an investment, being the Portus investment products, that had not been approved for sale by the Member, contrary to MFDA Rules 2.7.2(f) and 2.8.2(c); and
- (f) had not been approved by an individual designated by the Member as being responsible for sales communications prior to the Respondent sending the communications to the clients, contrary to MFDA Rule 2.7.3.

The first appearance in this matter will take place by teleconference before a Hearing Panel of the MFDA’s Central Regional Council in the Hearing Room located at the offices of the MFDA, 121 King Street West, Suite 1000, Toronto, Ontario on July 27, 2009 at 10:00 a.m. (Eastern) or as soon thereafter as the appearance can be held.

The purpose of the first appearance is to schedule the date for the commencement of the hearing on its merits and to address any other procedural matters. The first appearance is open to the public, except as may be required for the protection of confidential matters. Members of the public attending the first appearance will be able to listen to the proceeding by teleconference.

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

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 147 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

*For further information, please contact:*  
Shaun Devlin  
Vice-President, Enforcement  
416-943-4672 or [sdevlin@mfda.ca](mailto:sdevlin@mfda.ca)

### 13.1.3 Universal Market Integrity Rules (UMIR) 10.15 Relating to Provisions Respecting the Assignment of Identifiers and Symbols

#### PROVISIONS RESPECTING THE ASSIGNMENT OF IDENTIFIERS AND SYMBOLS

##### Summary

This IROC Rules Notice provides notice of the approval, effective June 26, 2009, by the applicable securities regulatory authorities (the "Recognizing Regulators") of amendments to the Universal Market Integrity Rules ("UMIR") respecting the assignment of identifiers and symbols ("Amendments"). In particular, the Amendments provide that each marketplace may assign:

- a unique identifier for each Participant granted access to that marketplace; and
- a unique symbol to each security listed or quoted on the marketplace or, in the case of a foreign exchange-traded security, traded on a marketplace.

A marketplace is not able to assign an identifier or symbol that is:

- different from the identifier or symbol previously assigned to the marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that marketplace, Participant or security;
- the same as an identifier or symbol assigned to another marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that other marketplace, Participant or security;
- not in compliance with the provisions of any agreement between regulation services providers and marketplaces made in accordance with section 7.5 of National Instrument 23-101 ("Trading Rules"); or
- in a form or of a type that is not generally supported by the systems of market participants.

##### Background to the Amendments

Section 11.11 of the Trading Rules requires each dealer upon the receipt or origination of an order to record specific information regarding the order including the symbol of the security involved. The Trading Rules require the recording of the identifier of the marketplace on which the order was entered or the identifier of any dealer to which the order was transmitted. Similarly, upon execution of the order, the Trading Rules require the recording of the identifier of the marketplace on which the order was executed or the identifier of the dealer that executed the order. Rule 6.2 of UMIR requires each order entered on a marketplace to contain the identifier of:

- the Participant or Access Person entering the order;
- the marketplace on which the order is entered; and
- the Participant on whose behalf the order is entered, if the order is a jitney order.

Rule 10.11 of UMIR requires that information regarding each order and trade (including information required to be recorded pursuant to Section 11.11 of the Trading Rules) shall be transmitted by a Participant to regulation services provider at such time and in such form as may be requested by the applicable regulation services provider. To be effective, the audit trail requirements under both the Trading Rules and UMIR contemplated that there would be unique identifiers and symbols.

In accordance with Rule 10.15 of UMIR prior to the Amendments, each Participant and marketplace was assigned a unique identifier, and each security was assigned a unique symbol for trading purposes. Unless otherwise provided pursuant to an agreement made in accordance with section 7.5 of the Trading Rules between each marketplace and/or its regulation services provider, the Toronto Stock Exchange ("TSX") assigned each identifier of a Participant or marketplace and each symbol for a security trading on a marketplace after consultation with each Exchange and a recognized quotation and trade reporting system ("QTRS"). The previous UMIR provision regarding the assignment of identifiers and symbols treated such assignment as an administrative function. However, the provision did provide a power to one marketplace (the TSX) which was not otherwise available to other marketplaces. In this situation, it was possible that a marketplace would not be able to "differentiate" its stock list by adopting its own system of symbols even when the stock list may only trade on that one marketplace.

Securities which were listed on the TSX Venture Exchange (“TSXV”) that increased in market capitalization and trading activity were historically expected to “graduate” to the TSX and not to become inter-listed between the two exchanges. CNSX (previously “CNQ”) was formed with the intention of trading “junior” securities which were not otherwise listed on other exchanges. In order to differentiate its securities, CNSX adopted a four-character trading symbol for each of its securities, though it has subsequently moved to a three-character trading symbol in October of 2008. Since 2005, there has generally been an average of two to three securities at any point in time that were inter-listed between the Exchanges and until CNSX changed its trading symbols, the securities were traded on each marketplace under different symbols. As of the date of the approval of the Amendments, there is no security which trades on marketplaces using different symbols.

Between June of 2005 and the launch of continuous auction trading on the Pure Trading facility of CNSX in October of 2007, the majority of trade-throughs involved securities which traded on marketplaces under different symbols. The use of different symbols for the trading of the same security imposes on service providers, Participants, Access Persons and/or marketplaces the administrative burden of maintaining a “concordance” to properly identify trading information on a particular security from the various marketplaces. The maintenance of a concordance introduces an opportunity for error that would not otherwise exist if a particular security traded using the same unique symbol. Similarly, the need for a concordance introduces a further step in the processing of an order by an order router or service provider (thereby resulting in a minute, but otherwise unnecessary, delay in order handling).

Under the Marketplace Operation Instrument, an ATS may, if it so chooses, trade “foreign exchange-traded securities”, that is securities listed on an exchange outside of Canada but not otherwise listed or quoted in Canada on an Exchange or QTRS. It was possible prior to the Amendments that, if an ATS commenced trading of a foreign exchange-traded security, the symbol used in the foreign market and on the ATS could conflict with the symbol used for a listed security or quoted security already traded on a marketplace.

### **Summary of the Amendments**

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

#### ***Assignment of Marketplace Identifiers***

Under the Amendments, IROC would assign a unique identifier to a marketplace for trading purposes upon being retained as the regulation services provider for the marketplace. The assigned identifier would be the one which each Participant would be expected to record as part of the audit trail requirements for each order in accordance with the requirements of Rule 10.14.

#### ***Assignment of Participant and Access Person Identifiers***

Under the Amendments, a marketplace, upon granting access to the trading system of the marketplace to a Participant, would assign a unique identifier to the Participant for trading purposes.

#### ***Assignment of Symbols to Securities***

Under the Amendments, a unique symbol for trading purposes would be assigned to each security by:

- an Exchange upon listing of a security;
- a QTRS upon quoting of a security; and
- a marketplace upon commencement of trading of a foreign exchange-traded security.

#### ***Limitations on Assignment of Identifiers and Symbols***

Under the Amendments, neither the Market Regulator in assigning an identifier to a marketplace nor a marketplace in assigning an identifier or symbol for a Participant or security would be able to assign an identifier or symbol that is:

- different from the identifier or symbol previously assigned to the marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that marketplace, Participant or security;
- the same as an identifier or symbol previously assigned to another marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that other marketplace, Participant or security;

- not in compliance with the provisions of any agreement made in accordance with section 7.5 of the Trading Rules for the co-ordination and monitoring and enforcement between regulation services providers, Exchanges and QTRSs; or
- in a form or of a type that is not generally supported by the systems of market participants.

Currently, as IIROC is the regulation services provider for each Exchange and ATS trading equity securities, there is no agreement as contemplated by section 7.5 of the Trading Rules between regulation services providers and marketplaces.

The term “market participant” is defined by applicable securities legislation to include, among others, each marketplace, Participant and other registrant, clearing agency, self-regulatory organization and transfer agent. In this way, any form or type of identifier which a specific marketplace proposes to adopt must be consistent with or supported by the systems of the various entities involved in the trading, clearing and settlement of securities transactions.

### **Summary of the Impact of the Amendments**

The most significant impacts of the adoption of the Amendments are:

- to provide each marketplace with the ability to assign identifiers and symbols; and
- to ensure that each identifier and symbol assigned is:
  - used consistently across all marketplaces,
  - not duplicative of any identifier or symbol already in use.

As a result of the approval of the Amendments, each marketplace that wants to commence the trading of a security that is already traded on another marketplace will have to be able to trade the security using the symbol for the security employed on the other marketplace.

### **Appendices**

- Appendix “A” sets out the text of the Amendments to the Rules and Policies respecting the assignment of identifiers and symbols; and
- Appendix “B” sets out a summary of the comment letters received in response to the Request for Comments on the proposed amendments as set out in Market Integrity Notice 2008-004 - *Request for Comments – Provisions Respecting the Assignment of Identifiers and Symbols* (March 14, 2008). Appendix “B” also sets out the response of IIROC to the comments received and provides additional commentary on the Amendments. The Amendments as approved by the Recognizing Regulators did not make any revisions to the text published in the Request for Comments. Appendix “B” also contains the text of the relevant provisions of the Rules and Policies as they read following the adoption of the Amendments.



**Appendix "A"**

**Provisions Respecting the Assignment of Identifiers and Symbols**

The Universal Market Integrity Rules are hereby amended as follows:

1. Rule 10.15 is deleted and the following substituted:

**10.15 Assignment of Identifiers and Symbols**

- (1) The Market Regulator, upon being retained as the regulation services provider for a marketplace, shall assign a unique identifier to the marketplace for trading purposes.
- (2) A marketplace, upon granting access to the trading system of the marketplace to a Participant, shall assign a unique identifier to the Participant for trading purposes.
- (3) An Exchange upon listing of a security, a QTRS upon quoting of a security and a marketplace upon commencement of trading of a foreign exchange-traded security shall assign a unique symbol for trading purposes.
- (4) The Market Regulator in assigning an identifier pursuant to subsection (1) or an Exchange, QTRS or marketplace in assigning an identifier or symbol pursuant to subsection (2) or (3) shall not assign an identifier or symbol that is:
  - (a) different from the identifier or symbol previously assigned to the marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that marketplace, Participant or security;
  - (b) the same as an identifier or symbol assigned to another marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that other marketplace, Participant or security;
  - (c) not in compliance with the provisions of any agreement made in accordance with section 7.5 of the Trading Rules for the co-ordination and monitoring and enforcement between each regulation services provider, Exchange and QTRS; or
  - (d) in a form or of a type that is not generally supported by the systems of market participants as defined for the purposes of applicable securities legislation.

## Appendix "B"

**Comments Received in Response to  
Market Integrity Notice 2008-004 – Request for Comments -  
Provisions Respecting the Assignment of Identifiers and Symbols**

On March 14, 2008, Market Regulation Services Inc. ("RS") issued Market Integrity Notice 2008-004 requesting comments on proposed amendments to UMIR respecting the assignment of identifiers and symbols ("Symbol Proposal"). Effective June 1, 2008, RS merged with the Investment Dealers Association of Canada to form the Investment Industry Regulatory Organization of Canada ("IIROC"). References to "IIROC" include RS prior to June 1, 2008. IIROC received comments on the Symbol Proposal from:

Alpha Trading Systems ("Alpha")  
BMO Financial Group ("BMO")  
Canadian Security Traders Association, Inc. ("CSTA")  
Canadian Trading and Quotation System Inc. ("CNQ")

A copy of each comment letter submitted in response to the Symbol Proposal is publicly available on the website of IIROC ([www.iiroc.ca](http://www.iiroc.ca) under the heading "Policy" and sub-heading "Market Proposals/Comments").

The following table presents a summary of the comments received on the Symbol Proposal together with the response of IIROC to those comments. As a result of the comments, no revisions were made to the text of the Symbol Proposal upon the approval of the Amendments.

Text of Provisions of Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p><b>10.15 Assignment of Identifiers and Symbols</b></p> <p>(1) The Market Regulator, upon being retained as the regulation services provider for a marketplace, shall assign a unique identifier to the marketplace for trading purposes.</p> <p>(2) A marketplace, upon granting access to the trading system of the marketplace to a Participant, shall assign a unique identifier to the Participant for trading purposes.</p> <p>(3) An Exchange upon listing of a security, a QTRS upon quoting of a security and a marketplace upon commencement of trading of a foreign exchange-traded security shall assign a unique symbol for trading purposes.</p> <p>(4) The Market Regulator in assigning an identifier pursuant to subsection (1) or an Exchange, QTRS or marketplace in assigning an identifier or symbol pursuant to subsection (2) or (3) shall not assign an identifier or symbol that is:</p> <p>(a) different from the identifier or symbol previously assigned to the marketplace, Participant or</p>	<p><b>Alpha</b> – Uncoordinated use of symbols and identifiers will impose an administrative burden on market participants but also increase the likelihood of errors and compliance risks. Suggests that the assignment of symbols be done by an independent third party (IIROC or its successor) and that a unique trading identifier be assigned to Access Persons. The registry of symbols and identifiers would be publicly available without restriction.</p> <p><b>BMO</b> – Generally supports the proposal. Concerns expressed about an ATS choosing to trade a foreign exchange-traded security that has been assigned a symbol in the foreign jurisdiction which is the same as a Canadian issuer. Suggests an independent third party be charged with the responsibility of assigning symbols (preferably the CSA with the requirements being included in the Marketplace Operation Instrument).</p>	<p>As discussed in the Market Integrity Notice, the approval of IIROC (or other regulatory body) would result in the administrative burden being borne by IIROC. Coordinated action by the marketplaces that can assign symbols and identifiers represented, in the opinion of IIROC, the most cost efficient alternative. IIROC had concluded that unique identifiers for Access Persons were not required at this point as IIROC is able to monitor the trading activity.</p> <p>Securities inter-listed between an Exchange in Canada and a foreign exchange presently may trade under different symbols in each jurisdiction. Investors and dealers are aware of this fact. However, historically, the various exchanges in Canada coordinated the use of symbols. The Amendments formalize the effect of such arrangements by ensuring that each marketplace (and not just exchanges) employed the same symbol for the same security.</p> <p>IIROC acknowledges that, if the Marketplace Operation Instrument provided a mechanism to regulate the use of symbols, the current and proposed provisions in UMIR on the assignment of identifiers and symbols would not be necessary.</p>

Text of Provisions of Following Adoption of Amendments	Commentator and Summary of Comment	IIROC Response to Comment and Additional IIROC Commentary
<p>security if such previously assigned identifier or symbol will continue to be used in respect of that marketplace, Participant or security;</p> <p>(b) the same as an identifier or symbol assigned to another marketplace, Participant or security if such previously assigned identifier or symbol will continue to be used in respect of that other marketplace, Participant or security;</p> <p>(c) not in compliance with the provisions of any agreement made in accordance with section 7.5 of the Trading Rules for the co-ordination and monitoring and enforcement between each regulation services provider, Exchange and QTRS; or</p> <p>(d) in a form or of a type that is not generally supported by the systems of market participants as defined for the purposes of applicable securities legislation.</p>	<p><b>CNQ</b> – Recommends a national symbol database to be maintained by IIROC with an agreed protocol for the reservation and assignment of symbols. The costs of such a system should be recovered on a “listing-proportional basis” from the marketplaces performing a listing function.</p> <p><b>CSTA</b> – Supports the assignment by IIROC of identifiers for each marketplace. Believes IIROC should also assign identifiers for Participants and symbols. Would support a one-year trial period.</p>	<p>IIROC believes that those marketplaces which have the capacity or need to assign symbols should coordinate this function among themselves. Such agreements and coordination are contemplated by the Marketplace Operation Instrument. The Amendments provide a framework that ensures “unique” symbols and identifiers even in the event that marketplaces can not agree on a co-ordination mechanism.</p> <p>See response to CNQ comments above.</p>
<p><b>Specific Matters on Which Comment is Requested</b></p> <p><b>Requirements for Securities Trading under Different Symbols at the Time of Approval of the Amendments</b></p> <p>1. <i>Should the symbol which marketplaces are required to use be the symbol that had been assigned by:</i></p> <p>(a) <i>the first marketplace to list, quote or trade the security and which continues to list, quote or trade that security;</i></p> <p>(b) <i>the marketplace that is the “principal market” for that security at the time of the approval of the Amendments; or</i></p> <p>(c) <i>some other procedure (please describe the suggested procedure)?</i></p>	<p><b>CNQ</b> – Suggests that, in the event of any inter-listing by TSXV of a CNQ-listed security, the TSXV use 3 of the 4 consecutive letters included in the CNQ symbol. The assumption by IIROC of responsibility for processing symbol reservations would facilitate the adoption by CNQ of a 3-character system for its listings.</p>	<p>IIROC believes that the primary responsibility for co-ordination should rest with the “listing” marketplaces. Unless the marketplaces have resolved the matter before the amendments come into effect IIROC would propose that marketplaces be required to use the symbol that had been assigned by the first marketplace to list, quote or trade the security and which continues to list, quote or trade that security. As at the date of the approval of the Amendments, no security is being traded on any Canadian marketplace under different symbols.</p>

**13.1.4 Proposed Amendments to Section 35 (No actions against the Corporation) of MFDA By-Law No. 1**

**MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**PROPOSED AMENDMENTS TO SECTION 35  
(NO ACTIONS AGAINST THE CORPORATION)  
OF MFDA BY-LAW NO. 1**

**I. OVERVIEW**

**A. Current By-Law**

The current By-laws of the MFDA do not provide specifically for the relationship of the MFDA or its Members with MFDA Investor Protection Corporation ("MFDA IPC"). This circumstance is relevant in two important respects. First, section 35 of MFDA By-law No. 1 provides protection to the MFDA and certain specified persons and bodies, such as its Board of Directors, committee members, officers and staff from legal action and proceedings by Members, Approved Persons and others under the jurisdiction of the MFDA but that protection does not extend to MFDA IPC or its corresponding persons and bodies. Second, the MFDA IPC does not have direct jurisdiction over MFDA Members and relies on the MFDA and, to a certain degree, provincial securities legislation to ensure compliance by MFDA Members with the MFDA IPC requirements.

**B. The Issues**

The MFDA and MFDA IPC are of the view that the protections of section 35 of MFDA By-law No. 1 should extend to the MFDA IPC and also certain persons and bodies of the MFDA IPC such as its Board of Directors, committee members, officers, employees and agents, so that the work of the MFDA IPC is not constrained by threat of legal action. In addition, it is proposed that certain key requirements that MFDA Members and their personnel must comply with in respect of the MFDA IPC should be specifically provided for in the MFDA By-laws on the basis that MFDA has jurisdiction over and would act to ensure that its Members and their Approved Persons comply with the MFDA IPC requirements.

**C. Objectives**

The objectives of the proposed amendments are: (i) to ensure that the MFDA IPC and its directors, officers and personnel are adequately protected in the discharge of their investor protection mandate from legal actions by MFDA Members, Approved Persons or other persons under the jurisdiction of the MFDA; and (ii) to provide for, within the MFDA By-laws, the terms of the relationship between the MFDA and MFDA IPC and existing MFDA and Member obligations to the MFDA IPC.

**D. Effect of Proposed Amendments**

The proposed amendments will provide protection to the MFDA IPC, its directors, officers and personnel in a manner similar to that already available to the MFDA and the specified persons and bodies under section 35 of By-law No. 1. The proposed amendments will also provide that Member obligations to the MFDA IPC are clear and can be enforced through the MFDA. The effect of the amendments will assist both the MFDA and MFDA IPC in their mandates of protecting customers of MFDA Members in the public interest. The ability of the MFDA IPC to ensure that its risk management and customer protection objectives can be met is consistent with MFDA's regulatory objectives.

**II. DETAILED ANALYSIS**

**A. Relevant History**

The MFDA IPC commenced coverage on July 1, 2005 having been previously established under the sponsorship of MFDA. The recognition orders of the relevant members of the Canadian Securities Administrators ("CSA") in respect of MFDA require that MFDA co-operate with the MFDA IPC as a compensation fund that has been approved by such CSA members ("Recognizing Regulators"). In particular, the MFDA Rules must provide for the authority of MFDA to assess its Members and require payment of such assessments in respect of the MFDA IPC as a compensation fund. The MFDA By-laws at that time provided for such assessment authority but did not otherwise provide for the relationship of the MFDA IPC with MFDA or MFDA with its own Members in respect of their obligations to the MFDA IPC.

The MFDA IPC was approved by order of certain of the Recognizing Regulators and such orders provided, among other things, for the MFDA IPC to engage in mutual fund dealer industry risk management assessment and ensure that it is able to fulfill its mandate including, among other things, identifying and dealing with MFDA Members that may be in financial difficulty. Such orders also contemplated the MFDA IPC and MFDA entering into agreements that would, among other things, provide for appropriate sharing of information such that the MFDA IPC could fulfill its mandate and manage risk to the public. MFDA and

MFDA IPC entered into an agreement dated as of July 1, 2005 (the "Administration Agreement") that provided for the basis on which MFDA would regulate its Members in a manner that was consistent with the risk management objectives of the MFDA IPC and prudential regulation. However, the Administration Agreement and the MFDA By-laws and Rules recognize the fact that MFDA IPC has no direct jurisdiction by way of corporate law, contract or otherwise over Members of the MFDA.

Since the establishment of MFDA IPC in July 2005, MFDA and MFDA IPC have been able to examine and assess their respective mandates and to consider improvements that would be consistent with their common objective of customer protection. This process has been assisted by the experience of both organizations over the past few years. In addition, the relationship between the Investment Industry Regulatory Organization of Canada ("IIROC", formerly the Investment Dealers Association of Canada – "IDA") and Canadian Investor Protection Fund ("CIPF"), organizations corresponding to MFDA and MFDA IPC, respectively, for securities dealers, was being examined and realigned by those organizations. In particular, the role of CIPF was being changed from a prudential standard setting organization with some regulatory oversight of IIROC to a passive fund similar in most respects to the MFDA IPC. As part of such change, it was recognized that it was important from the point of view of CIPF's risk management obligations, and IIROC's customer protection mandate, that the relationship of both IIROC and IIROC members to CIPF be better defined and formalized. Accordingly, amendments similar to those proposed by MFDA in this Notice were made by IIROC in respect of the role and relationship of CIPF with IIROC and its members. The corresponding amendments to section 35 of MFDA By-law No. 1 were enacted in IIROC (then IDA) By-law 21 relating to No Actions Against the Association and Others; and the provisions corresponding to new section 35A of MFDA By-law No. 1 were in IIROC Rule No. 41, as noted in the Ontario Securities Commission Bulletin at (2006) 29 OSCB 8181.

## **B. Proposed Amendments**

### Proposed Amendments to Existing Section 35

The proposed amendments to section 35 of MFDA By-law No. 1 will extend the protection from legal actions and proceedings by MFDA Members, Approved Persons and others to the MFDA IPC and specified persons and bodies by amending the text of the section to:

- include references to no actions being brought against the MFDA IPC, its Board of Directors, any of its committees or its officers, employees and agents; and
- provide that such actions, which are prohibited "in respect of any penalty imposed or any act or omission done under the provisions of and in compliance with or intended compliance with the provisions of any By-law, Rule or Policy", be extended by adding the wording: "and, in addition, in the case of the MFDA IPC, its letters patent, by-laws and policies and all regulatory directives or agreements thereunder".

### Proposed New Sections 35A.1 and 35A.2

The intent of these new sections is to provide for MFDA and MFDA Member obligations to the MFDA IPC.

Proposed new section 35A.1 to By-law No. 1 will provide that:

- the MFDA is authorized to enter into and perform its obligations under such agreements or other arrangements with the MFDA IPC as may be consistent with the objects of the MFDA (which would include the Administration Agreement); and
- the President, his or her staff or any other person designated by the Board of Directors shall be authorized to execute and deliver any such agreements, or make any such arrangements, and to do all acts and things as may be necessary to permit the MFDA to exercise its rights or perform its obligations thereunder.

New section 35A.2 would provide that, in respect of the Administration Agreement or other agreements and arrangements entered into by the MFDA in accordance with section 35A.1 from time to time, each Member:

- shall promptly pay to the MFDA all regular and special assessments levied or prescribed by the MFDA IPC in respect of any Member or groups of Members;
- shall provide to the MFDA IPC such information as is contemplated to be provided by Members in connection with the assessment of the financial condition of Members or risk of loss to the MFDA IPC;
- acknowledges and consents to the exchange of information between the MFDA and MFDA IPC relating to Members, their partners, directors, officers, shareholders, employees and agents, customers or any other persons permitted by law in accordance with any information sharing agreements or arrangements made by them;

- shall permit the MFDA IPC to conduct reviews of such Member or designated groups of Members as contemplated by the Administration Agreement or other arrangements and to fully cooperate with the MFDA IPC, and their respective staff and advisers, in connection with such reviews including, without limitation, the exercise by the MFDA IPC of such powers as are available to the MFDA and its officers, staff or other designates pursuant to sections 21 and 22 of MFDA By-law No. 1; and
- shall comply with such actions as the MFDA IPC may direct the MFDA to take with respect to a Member, or with such actions as the MFDA IPC may take on behalf of the MFDA as authorized.

**C. Issues and Alternatives Considered**

The MFDA and MFDA IPC considered whether other legal relationships between MFDA Members and MFDA IPC could be established in order for MFDA IPC to be able to fulfill its customer protection and risk management mandates. One model that was considered was creating a member relationship between MFDA Members and MFDA IPC, i.e. MFDA Members would become members of MFDA IPC for corporate law purposes. This model would substantially change the governance structure of MFDA IPC and, as a matter of regulatory policy, it was not considered appropriate that the entities whose customers were being protected by the MFDA IPC as a customer compensation body would have a governance role as members in MFDA IPC itself. Another model that was considered was a direct contractual relationship between MFDA Members and MFDA IPC such that MFDA IPC could directly exercise jurisdiction with respect to MFDA Members and require payment of assessments and the performance of other obligations necessary for the Fund's operation. Although this model has some theoretical attraction, the effect of the contractual relationship could be created by simpler means through the proposed amendments to the MFDA By-laws. Creating an administrative link between MFDA IPC and all MFDA Members, including the execution of a separate agreement, would add unnecessary complexity and cost to the MFDA Member structure. As indicated above, the model reflected in the proposed amendments to the MFDA By-laws reflects the structure adopted by IIROC and CIPF and is generally consistent with the way in which the activities of both MFDA IPC and CIPF have been conducted to date.

**D. Comparison with Similar Provisions**

As noted, amendments to IIROC (then IDA) By-law 21 (No Action Against the Association and Others) and new IIROC (IDA) Rule No. 41 (Canadian Investor Protection Fund) were made to extend the existing no action protection in the By-law so as to include CIPF and specified persons and bodies and to provide for IIROC and individual member firm obligations to CIPF. These amendments were approved/not objected to by the relevant CSA members in August, 2008.

The objectives of the proposed new sections 35A.1 and 35A.2 of MFDA By-law No. 1 are similar in all material respects to the above-noted amendments of IIROC.

The principle that a customer protection fund such as MFDA IPC would have the benefit of immunity from legal actions and proceedings as proposed in section 35 of MFDA By-law No. 1 is reflected in other funds that MFDA IPC has identified. For instance, the former provincial contingency plans established in the Provinces of British Columbia, Ontario, Quebec and Nova Scotia, as well as the current Fonds d'indemnisation des services financiers (Quebec), all have or had immunity provisions. The same principle of immunity is reflected in the legislation establishing the Securities Investor Protection Corporation in the United States (the insolvent securities dealer customer protection fund). The Canadian Deposit Insurance Corporation ("CDIC") also enjoys statutory immunity under its enabling legislation.

**E. Systems Impact of Amendments**

It is not anticipated that there will be a significant systems impact on Members as a result of the proposed amendments.

**F. Best Interests of the Capital Markets**

The Board has determined that the proposed amendments are consistent with the best interests of the capital markets.

**G. Public Interest Objective**

The proposed amendments are in the public interest and will provide for the relationship between MFDA IPC and the MFDA within MFDA By-laws, while also providing within the MFDA By-laws for MFDA Member obligations to the MFDA IPC.

The proposed amendments will also extend existing legal action or proceeding protection to the MFDA IPC and specified persons and bodies and, thereby, provide them with an appropriate degree of protection in the discharge of their investor protection mandate.

**III. COMMENTARY**

**A. Filing in Other Jurisdictions**

The proposed amendments will be filed for approval with the Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Ontario Securities Commissions and the Saskatchewan Financial Services Commission.

**B. Effectiveness**

The proposed amendments are simple and effective.

**C. Process**

The proposed amendments have been prepared in consultation with relevant departments within the MFDA. The MFDA Board of Directors approved the proposed amendments on March 5, 2009.

**D. Effective Date**

The proposed amendments will be effective on a date to be subsequently determined by the MFDA.

**IV. SOURCES**

MFDA By-law No. 1  
Proposed amendments to IIROC (then IDA) By-law 21  
Proposed IIROC (then IDA) Rule No. 41

**V. REQUIREMENT TO PUBLISH FOR COMMENT**

The MFDA is required to publish for comment the proposed amendments so that the issues referred to above may be considered by the Recognizing Regulators.

**The MFDA has determined that the entry into force of the proposed amendments would be in the public interest and is not detrimental to the capital markets. Comments are sought on the proposed amendments.** Comments should be made in writing. One copy of each comment letter should be delivered by September 24, 2009 (within 90 days of the publication of this notice), addressed to the attention of the Corporate Secretary, Mutual Fund Dealers Association of Canada, 121 King St. West, Suite 1000, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of Sarah Corrigan-Brown, Senior Legal Counsel, British Columbia Securities Commission, 701 West Georgia Street, P.O. Box 10142, Pacific Centre, Vancouver, British Columbia, V7Y 1L2.

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the MFDA website at [www.mfda.ca](http://www.mfda.ca).

Questions may be referred to:

Jason Bennett  
Corporate Secretary & Director, Regional Councils  
Mutual Fund Dealers Association of Canada  
(416) 943-7431

**SCHEDULE A**

**MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

**NO ACTIONS AGAINST THE CORPORATION  
(SECTION 35 OF MFDA BY-LAW NO. 1)**

On March 5, 2009, the Board of Directors of the Mutual Fund Dealers Association of Canada made the following amendments to section 35 of MFDA By-law No. 1 (No Actions Against the Corporation):

**35. NO ACTIONS AGAINST THE CORPORATION**

No Member (including in all cases a Member whose rights and privileges have been suspended or terminated and a Member who has been expelled from the Corporation or whose Membership has been forfeited), and Approved Person or any other person who is subject to the jurisdiction of the Corporation, shall be entitled, subject to the provisions of Section 26, to commence or carry on any action or other proceedings against the Corporation or against the Board of Directors, the Executive Committee, any Regional Council, any Committee thereof, or against any officer, employee or agent of the Corporation or member or officer of any such Board of Directors, Committee or Council or against any Member's auditor, or against MFDA Investor Protection Corporation, its Board of Directors, any of its committees or its officers, employees and agents, in respect of any penalty imposed or any act or omission done or omitted under the provisions of and in compliance with or intended compliance with the provisions of any By-law, Rule or Policy and, in addition, in the case of MFDA Investor Protection Corporation, its letters patent, by-laws and policies and all regulatory directives or agreements thereunder.

**35.A MFDA INVESTOR PROTECTION FUND**

35A.1. The Corporation is authorized to enter into and perform its obligations under such agreements or other arrangements with MFDA Investor Protection Fund ("IPC") as may be, in the discretion of the Board of Directors, consistent with the objects of the Corporation including, without limitation, the Administration Agreement dated as of July 1, 2005, made between the Corporation and IPC, as the same may be amended from time to time (the "Administration Agreement"). The President, his or her staff or any other person designated by the Board of Directors shall be authorized to execute and deliver any such agreements, or make any such arrangements, and to do all acts and things as may be necessary to permit the Corporation to exercise its rights or perform its obligations thereunder.

35A.2. In respect of the Administration Agreement or other agreements and arrangements entered into by the Corporation in accordance with Section 35A.1 from time to time, each Member:

- (a) shall promptly pay to the Corporation all regular and special assessments levied or prescribed by IPC in respect of any Member or Members;
- (b) shall provide to IPC such information as is contemplated to be provided by Members in connection with the assessment of the financial condition of Members or risk of loss to IPC;
- (c) acknowledges and consents to the exchange between the Corporation and IPC of information relating to Members, their partners, directors, officers, shareholders, employees and agents, customers or any other persons permitted by law in accordance with any information sharing agreements or arrangements made by them;
- (d) shall permit IPC to conduct reviews of such Member or designated groups of Members as contemplated by the Administration Agreement or other arrangements and to fully cooperate with IPC, and their respective staff and advisers, in connection with such reviews including, without limitation, the exercise by IPC of such powers as are available to the Corporation and its officers, staff or other designates pursuant to Sections 21 and 22;
- (e) shall comply with such actions as IPC may direct the Corporation to take with respect to a Member, or with such actions as IPC may take on behalf of the Corporation as authorized.



This page intentionally left blank

# Index

<b>2206997 Ontario Inc.</b>		<b>Frank Russell Company</b>	
Decision .....	5224	Order – ss. 78(1), 80 of the CFA .....	5236
<b>Adilas Capital Limited</b>		Order and Assignment – ss. 3.1(1), 8(1), 80 of the CFA .....	5239
New Registration .....	5341	<b>Friesen, Kelly</b>	
<b>Advantage Energy Income Fund</b>		Notice from the Office of the Secretary .....	5181
Decision .....	5211	Order – ss. 127(1), 127 (7) .....	5234
<b>Airesurf Networks Holdings Inc.</b>		<b>GMP Capital Inc.</b>	
Cease Trading Order .....	5253	Decision .....	5208
<b>Auspice Capital Advisors Ltd.</b>		<b>Goldnev Resources Inc.</b>	
New Registration .....	5341	Order – s. 144 .....	5246
<b>Bell Canada</b>		Cease Trading Order .....	5253
Decision .....	5228	<b>Goldstake Explorations Inc.</b>	
<b>Cadiscor Resources Inc.</b>		Cease Trading Order .....	5253
Decision – s. 1(10) .....	5210	<b>Growthworks Canadian Fund Ltd.</b>	
<b>Coalcorp Mining Inc.</b>		Decision .....	5218
Cease Trading Order .....	5253	<b>Hemingway, Alan</b>	
<b>Comgest Asset Management International Limited</b>		Notice from the Office of the Secretary .....	5181
Order – s. 218 of the Regulation .....	5247	Order – ss. 127(1), 127 (7) .....	5234
<b>Companion Policy 81-101CP Mutual Fund Prospectus Disclosure</b>		<b>I.G. Investment Management, Ltd.</b>	
News Release .....	5179	Decision .....	5193
<b>Companion Policy 81-102CP Mutual Funds</b>		<b>IMG International Inc.</b>	
News Release .....	5179	Notice of Hearing – ss. 127(7), 127(8) .....	5179
<b>CSA Staff Notice 21-310 – Information Processor for Corporate Debt Securities</b>		Notice from the Office of the Secretary .....	5181
Notice .....	5159	Notice from the Office of the Secretary .....	5182
<b>Culp, John David</b>		Temporary Order – ss. 127(1), 127(5) .....	5235
Notice from the Office of the Secretary .....	5180	Order – ss. 127(1), 127(8) .....	5250
Order – ss. 127(1), 127(7), 127(8) .....	5233	<b>Investors Marketing Group International Inc.</b>	
<b>First Metals Inc.</b>		Notice of Hearing – ss. 127(7), 127(8) .....	5179
Cease Trading Order .....	5253	Notice from the Office of the Secretary .....	5181
<b>Form 81-101F1 Contents of Simplified Prospectus</b>		Notice from the Office of the Secretary .....	5182
News Release .....	5179	Temporary Order – ss. 127(1), 127(5) .....	5235
<b>Form 81-101F2 Contents of Annual Information Form</b>		Order – ss. 127(1), 127(8) .....	5250
News Release .....	5179	<b>Investors Real Property Fund</b>	
<b>Form 81-101F3 Contents of Fund Facts Document</b>		Decision .....	5193
News Release .....	5179	<b>IRI Separation Technologies Inc.</b>	
		Cease Trading Order .....	5253
		<b>John Deere Credit Inc.</b>	
		Decision .....	5215
		<b>John Deere Limited</b>	
		Decision .....	5215

<b>Kaley, Alden M.</b>		<b>MFDA By-Law No. 1, s. 35 (No actions against the Corporation)</b>	
SRO Notices and Disciplinary Proceedings .....	5343	SRO Notices and Disciplinary Proceedings.....	5351
<b>Keystone Bissett Canadian Equity Fund</b>		<b>Moore, Ed</b>	
Decision .....	5183	Notice from the Office of the Secretary .....	5181
<b>Keystone Saxon Smaller Companies Fund</b>		Order – ss. 127(1), 127 (7) .....	5234
Decision .....	5183	<b>Moore, Kim</b>	
<b>Keystone Sceptre Canadian Large Cap Fund</b>		Notice from the Office of the Secretary .....	5181
Decision .....	5183	Order – ss. 127(1), 127 (7) .....	5234
<b>Keystone Sceptre Canadian Small Cap Fund</b>		<b>Newlook Industries Corp.</b>	
Decision .....	5183	Cease Trading Order.....	5253
<b>Kricievski, Mark</b>		<b>NI 13-101 System for Electronic Document Analysis and Retrieval (SEDAR)</b>	
SRO Notices and Disciplinary Proceedings .....	5344	News Release .....	5179
<b>L&amp;B LandBanking Trust S.A. de C.V.</b>		<b>NI 81-101 Mutual Fund Prospectus Disclosure</b>	
Notice from the Office of the Secretary .....	5181	News Release .....	5179
Order – ss. 127(1), 127 (7).....	5234	<b>NI 81-102 Mutual Funds</b>	
<b>LandBankers International MX, S.A. de C.V.</b>		News Release .....	5179
Notice from the Office of the Secretary .....	5181	<b>NI 81-106 Investment Fund Continuous Disclosure</b>	
Order – ss. 127(1), 127 (7).....	5234	News Release .....	5179
<b>Lockerbie &amp; Hole Inc.</b>		<b>ODL Markets (Canada) Ltd.</b>	
Decision – s. 1(10).....	5232	Name Change .....	5341
<b>Loyo, Roger Fernando Ayuso</b>		<b>ODL Securities (Canada) Ltd.</b>	
Notice from the Office of the Secretary .....	5181	Name Change .....	5341
Order – ss. 127(1), 127 (7).....	5234	<b>OSC Notice 11-753 (Revised) – Statement of Priorities for Financial Year to End March 31, 2010</b>	
<b>MacGregor Global Investments LLC</b>		Notice.....	5171
New Registration.....	5341	<b>Paladin Capital Markets Inc.</b>	
<b>Mackenzie Financial Corporation</b>		Notice from the Office of the Secretary .....	5180
Decision .....	5183	Order – ss. 127(1), 127(7), 127(8).....	5233
<b>Mackenzie Putnam Global Equity Fund</b>		<b>Pyramid Petroleum Inc.</b>	
Decision .....	5183	Cease Trading Order.....	5253
<b>Mackenzie Universal Canadian Value Fund</b>		<b>Resolve Business Outsourcing Income Fund</b>	
Decision .....	5183	Decision.....	5224
<b>Mackenzie Universal Global Property Income Fund</b>		<b>Rogers, Jason</b>	
Decision .....	5183	Notice from the Office of the Secretary .....	5181
<b>Maya, Claudio Fernando</b>		Order – ss. 127(1), 127 (7) .....	5234
Notice from the Office of the Secretary .....	5180	<b>Russell Implementation Services Inc.</b>	
Order – ss. 127(1), 127(7), 127(8) .....	5233	Order – ss. 78(1), 80 of the CFA .....	5236
<b>McAdam, Sonja A.</b>		Order and Assignment – ss. 3.1(1), 78(1), 80 of the CFA.....	5239
Notice from the Office of the Secretary .....	5181	<b>Russell Investment Management Company</b>	
Order – ss. 127(1), 127 (7).....	5234	Order – ss. 78(1), 80 of the CFA .....	5236
<b>Medical Intelligence Technologies Inc.</b>		Order and Assignment – ss. 3.1(1), 78(1), 80 of the CFA.....	5239
Cease Trading Order .....	5253		
<b>MediSolution Ltd.</b>			
Decision – s. 1(10).....	5207		

<b>Sentry Select Balanced Class</b>		<b>Skybridge Development Corp.</b>	
Decision .....	5187	Decision – s. 1(10) .....	5223
<b>Sentry Select Balanced Fund</b>		<b>Smith, Michael</b>	
Decision .....	5187	Notice of Hearing – ss. 127(7), 127(8) .....	5179
<b>Sentry Select Canadian Energy Growth Class</b>		Notice from the Office of the Secretary .....	5181
Decision .....	5187	Notice from the Office of the Secretary .....	5182
<b>Sentry Select Canadian Energy Growth Fund</b>		Temporary Order – ss. 127(1), 127(5).....	5235
Decision .....	5187	Order – ss. 127(1), 127(8).....	5250
<b>Sentry Select Canadian Income Class</b>		<b>Spylogics International Corp.</b>	
Decision .....	5187	Cease Trading Order.....	5253
<b>Sentry Select Canadian Income Fund</b>		<b>Synergex Corporation</b>	
Decision .....	5187	Cease Trading Order.....	5253
<b>Sentry Select Canadian Resource Class</b>		<b>Target Investment Planners Inc.</b>	
Decision .....	5187	Voluntary Surrender of Registration .....	5341
<b>Sentry Select Capital Inc.</b>		<b>United Financial Corporation</b>	
Decision .....	5187	Decision – s. 3.3(4) of OSC Rule 31-502	
<b>Sentry Select China Fund</b>		Proficiency Requirements for Registrants .....	5206
Decision .....	5187	<b>Universal Market Integrity Rules (UMIR) 10.15 Relating to Provisions Respecting the Assignment of Identifiers and Symbols</b>	
<b>Sentry Select Diversified Total Return Fund</b>		Notice .....	5170
Decision .....	5187	SRO Notices and Disciplinary Proceedings.....	5345
<b>Sentry Select Dividend Fund</b>		<b>Urrutia, Dave</b>	
Decision .....	5187	Notice from the Office of the Secretary .....	5181
<b>Sentry Select Energy Income Fund</b>		Order – ss. 127(1), 127 (7) .....	5234
Decision .....	5187	<b>Vitug, Julius Caesar Phillip</b>	
<b>Sentry Select Growth &amp; Income Fund</b>		Notice from the Office of the Secretary .....	5182
Decision .....	5187	<b>Wedge Energy International Inc.</b>	
<b>Sentry Select Lazard Global Listed Infrastructure Fund</b>		Cease Trading Order.....	5253
Decision .....	5187	<b>Wilshire Associates Incorporated</b>	
<b>Sentry Select Mining Opportunities Class</b>		Consent to Suspension (Rule 33-501 Surrender of Registration).....	5341
Decision .....	5187	<b>Wright, Nicholas dePencier</b>	
<b>Sentry Select Precious Metals Growth Class</b>		New Registration .....	5341
Decision .....	5187	<b>Zacarias, Brian J. Wolf</b>	
<b>Sentry Select Precious Metals Growth Fund</b>		Notice from the Office of the Secretary .....	5181
Decision .....	5187	Order – ss. 127(1), 127 (7) .....	5234
<b>Sentry Select REIT Fund</b>			
Decision .....	5187		
<b>Sentry Select Small Cap Income Fund</b>			
Decision .....	5187		
<b>Sherpa Asset Management Inc.</b>			
New Registration.....	5341		
<b>Sierra Madre Holdings MX, S.A. de C.V.</b>			
Notice from the Office of the Secretary .....	5181		
Order – ss. 127(1), 127 (7).....	5234		

This page intentionally left blank