The Ontario Securities Commission

OSC Bulletin

September 25, 2009

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Commodity Futures Act of Ontario (R.S.O. 1990, c. C.20)

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1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

SEPTEMBER 25, 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
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Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

September 28, September 30-October 1, 2009 10:00 a.m.	**Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson** s. 127(1) and 127(5) M. Boswell in attendance for Staff Panel: MGC/DLK
September 29, 2009 2:30 p.m.	**Adrian Samuel Leemhuis, Future Growth Group Inc., Future Growth Fund Limited, Future Growth Global Fund limited, Future Growth Market Neutral Fund Limited, Future Growth World Fund and ASL Direct Inc.** s. 127(5) K. Daniels in attendance for Staff Panel: JDC
September 29, 2009 2:30 p.m.	**Paladin Capital Markets Inc., John David Culp and Claudio Fernando Maya** s. 127 C. Price in attendance for Staff Panel: JDC
September 30-October 23, 2009 10:00a.m.	**Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited** s. 127 M. Britton in attendance for Staff Panel: JDC/KJK

October 2, 2009 10:00 a.m.	**Berkshire Capital Limited, GP Berkshire Capital Limited, Panama Opportunity Fund and Ernest Anderson** s. 127 E. Cole in attendance for Staff Panel: PJL
October 6, 2009 2:30 p.m.	**Nest Acquisitions and Mergers and Caroline Frayssignes** s. 127(1) and 127(8) C. Price in attendance for Staff Panel: TBA
October 6, 2009 2:30 p.m.	**IMG International Inc., Investors Marketing Group International Inc., and Michael Smith** s. 127 C. Price in attendance for Staff Panel: TBA
October 7, 2009 10:00 a.m.	**Paul Iannicca** s. 127 H. Craig in attendance for Staff Panel: TBA
October 7, 2009 10:00 a.m.	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 & 127(1) D. Ferris in attendance for Staff Panel: PJL/CSP
October 8, 2009 9:30 a.m.	**Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson** s. 127 J. Superina in attendance for Staff Panel: TBA
October 8, 2009 10:00 a.m.	**Global Energy Group, Ltd. And New Gold Limited Partnerships** s. 127 H. Craig in attendance for Staff Panel: DLK
October 9, 2009 10:00 a.m.	**Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan** s. 127 H. Craig in attendance for Staff Panel: CSP
October 9, 2009 10:00 a.m.	**Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale** s. 127 H. Craig in attendance for Staff Panel: CSP
October 14, 2009 10:00 a.m.	**Axcess Automation LLC, Axcess Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge** s. 127 M. Adams in attendance for Staff Panel: TBA

October 19-November 10; November 12-16, 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 & 127.1 H. Craig in attendance for Staff Panel: MGC/CSP
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 11, 2009 12:00 p.m.	**Imagin Diagnostic Centres Inc., Patrick J. Rooney, Cynthia Jordan, Allan McCaffrey, Michael Shumacher, Christopher Smith, Melvyn Harris and Michael Zelyony** s. 127 and 127.1 J. Feasby in attendance for Staff Panel: MGC/MCH
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 10:00 a.m.	**Sulja Bros. Building Supplies, Ltd. (Nevada), Sulja Bros. Building Supplies Ltd., Kore International Management Inc., Petar Vucicevich and Andrew DeVries** s. 127 & 127.1 M. Britton in attendance for Staff Panel: TBA
November 24, 2009 2:30 p.m.	**W.J.N. Holdings Inc., MSI Canada Inc., 360 Degree Financial Services Inc., Dominion Investments Club Inc., Leveragepro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex ltd., Prosporex Inc., Networth Financial Group Inc., Networth Marketing Solutions, Dominion Royal Credit Union, Dominion Royal Financial Inc., Wilton John Neale, Ezra Douse, Albert James, Elnonieth "Noni" James, David Whitely, Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Trudy Huynh, Dorlan Francis, Vincent Arthur, Christian Yeboah, Azucena Garcia and Angela Curry** s. 127 H. Daley in attendance for Staff Panel: TBA
November 24, 2009 2:30 p.m.	**Prosporex Investments Inc., Prosporex Forex SPV Trust, Anthony Diamond, Diamond+Diamond, and Diamond+Diamond Merchant Banking Bank** s. 127 H. Daley in attendance for Staff Panel: TBA

November 30, 2009 2:00 p.m.	**Uranium308 Resources Inc., Uranium308 Resources PLC., Michael Friedman, George Schwartz, Peter Robinson, Alan Marsh Shuman and Innovative Gifting Inc.** s. 127 M. Boswell in attendance for Staff Panel: TBA
December 11, 2009 9:00 a.m.	**Tulsiani Investments Inc. and Sunil Tulsiani** s. 127 A. Sonnen in attendance for Staff Panel: TBA
January 11, 2010 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: TBA
January 12, 2010 10:00 a.m.	**Shallow Oil & Gas Inc., Eric O'Brien, Abel Da Silva, Gurdip Singh Gahunia aka Michael Gahunia and Abraham Herbert Grossman aka Allen Grossman** s. 127(7) and 127(8) M. Boswell in attendance for Staff Panel: TBA
January 12, 2010 10:30 a.m.	**Abel Da Silva** s. 127 M. Boswell in attendance for Staff Panel: TBA
January 18, 2010 10:00 a.m. January 19, 2010 2:30 p.m. January 20-29, 2010 10:00 a.m.	**New Life Capital Corp., New Life Capital Investments Inc., New Life Capital Advantage Inc., New Life Capital Strategies Inc., 1660690 Ontario Ltd., L. Jeffrey Pogachar, Paola Lombardi and Alan S. Price** s. 127 S. Kushneryk in attendance for Staff Panel: TBA
January 25-26, 2010 10:00 a.m.	**Lehman Cohort Global Group Inc., Anton Schnedl, Richard Unzer, Alexander Grundmann and Henry Hehlsinger** s. 127 H. Craig in attendance for Staff Panel: TBA
February 5, 2010 10:00 a.m.	**Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, Steven John Hill, John C. McArthur, Daryl Renneberg and Danny De Melo** s. 127 A. Clark in attendance for Staff Panel: TBA
February 8-12, 2010 10:00 a.m.	**Goldbridge Financial Inc., Wesley Wayne Weber and Shawn C. Lesperance** s. 127 J. Feasby in attendance for Staff Panel: TBA
February 17–March 1, 2010 10:00 .m.	**M P Global Financial Ltd., and Joe Feng Deng** s. 127 (1) M. Britton in attendance for Staff Panel: TBA

March 1-8, 2010 10:00 a.m.	**Teodosio Vincent Pangia** s. 127 J. Feasby in attendance for Staff Panel: TBA
March 3, 2010 10:00 a.m.	**Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York** s. 127 S. Horgan in attendance for Staff Panel: TBA
May 3-28, 2010 10:00 a.m.	**Sextant Capital Management Inc., Sextant Capital GP Inc., Sextant Strategic Opportunities Hedge Fund L.P., Otto Spork, Robert Levack and Natalie Spork** s. 127 S. Kushneryk in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s. 127 K. Daniels in attendance for Staff Panel: TBA
TBA	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: TBA
TBA	**Merax Resource Management Ltd. carrying on business as Crown Capital Partners, Richard Mellon and Alex Elin** s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	**Gregory Galanis** s. 127 P. Foy in attendance for Staff Panel: TBA
TBA	**Franklin Danny White, Naveed Ahmad Qureshi, WNBC The World Network Business Club Ltd., MMCL Mind Management Consulting, Capital Reserve Financial Group, and Capital Investments of America** s. 127 C. Price in attendance for Staff Panel: 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	**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
TBA	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 A. Sonnen in attendance for Staff Panel: TBA
TBA	**Shane Suman and Monie Rahman** s. 127 & 127(1) C. Price in attendance for Staff Panel: TBA
TBA	**Lyndz Pharmaceuticals Inc., Lyndz Pharma Ltd., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s.127(1) & (5) J. Feasby in attendance for Staff Panel: TBA
TBA	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 M. Britton in attendance for Staff Panel: 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 Notice of Proclamation in Force of Provisions of the Budget Measures Act, 2009 and Amendments to Regulation 1015 under the Securities Act

NOTICE OF

PROCLAMATION IN FORCE OF PROVISIONS OF THE BUDGET MEASURES ACT, 2009

AND

AMENDMENTS TO REGULATION 1015 UNDER THE SECURITIES ACT

On August 28, 2009, the Minister of Finance approved National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) and amended and restated National Instrument 45-106 *Prospectus and Registration Exemptions*, as well as related rule amendments. These materials had earlier been approved by the Ontario Securities Commission and published in final form in the July 17, 2009 bulletin. Further details relating to the Minister of Finance's approval are provided in Chapter 1 of the September 18, 2009 bulletin.

The coming-into-force of these materials in Ontario on September 28, 2009 required proclamation in force by the Lieutenant Governor of requisite provisions of the *Budget Measures Act*, *2009* (formerly Bill 168). The required proclamation was given on September 17, 2009 and named September 28, 2009 as the day on which the requisite provisions come into force. The provisions of the *Budget Measures Act, 2009* proclaimed in force on September 28, 2009 are the provisions identified in the table in Chapter 9 of the July 3, 2009 bulletin as expected to be proclaimed on the first proclamation date associated with the *Budget Measures Act, 2009*.

The Minister of Finance has also approved amendments to Regulation 1015 under the *Securities Act* in connection with NI 31-103, which amendments were filed as O. Reg. 358/09 on September 22, 2009. Further amendments to Regulation 1015 under the *Securities Act* were approved on September 17, 2009 by the Ontario Cabinet, filed as O. Reg. 357/09 on September 22, 2009. These amendments come into force on September 28, 2009. It is noted that the recommendations of Ontario Securities Commission staff described in Appendix H of the July 17 bulletin (Supp-2) are largely reflected in the content of these amendments. The full text of these amendments is contained in Chapter 9.

September 25, 2009

1.1.3 Revised OSC Staff Notice 11-737 Securities Advisory Committee – Vacancies

REVISED OSC STAFF NOTICE 11-737
SECURITIES ADVISORY COMMITTEE – VACANCIES

The Commission formally established the Securities Advisory Committee to the Commission ("SAC") many years ago. SAC meets on a regular basis, generally monthly, and provides advice to the Commission and staff on a variety of matters including policy initiatives and capital markets trends. SAC also provides advice and comments on legal, regulatory and market implications of any aspect of Commission rules, policies, operations, and administration. In addition, SAC is expected to provide general advisory services to the Commission and staff on an informal basis relating to emerging trends in the marketplace. The Commission is now looking for five prospective candidates to serve on SAC for a two-year term beginning in February 2010.

Those who make a commitment to serve on SAC must be in a position to devote the time necessary to attend meetings, be an active participant, and undertake the work involved, which sometimes must be dealt with on an urgent basis. SAC members must have an excellent knowledge of the legislation and policies for which the Commission is responsible, and have significant practice experience in the securities area. Expertise in an area of special interest to the Commission at the time an appointment is made will also be a factor in selection. SAC members are expected to have excellent technical abilities and a strong interest in the development of securities regulatory policy. The prospective candidates are encouraged to review OSC Policy 11-601 for further information about SAC.

Individual practitioners, with the support of their firms/employers, are invited to apply in writing for membership on SAC to the Office of the General Counsel of the Commission, indicating areas of practice and relevant experience.

SAC's membership currently consists of eleven Ontario solicitors practising in the area of securities law plus one U.S. securities lawyer. SAC members whose terms continue through October 2010 are:

- John Ciardullo — Stikeman Elliot LLP
- Pamela Hughes — Blake, Cassels & Graydon LLP
- Charlie MacCready — Heenan Blaikie
- Vincent Mercier — Davies Ward Phillips & Vineberg LLP
- Thomas Smee — Royal Bank of Canada
- Jenny Chu Steinberg — Fraser Milner Casgrain
- Jennifer Wainwright — Aird & Berlis LLP

The Commission wishes to thank the following members whose terms will expire at the end of January 2010:

- Andrew Kingsmill — Bennett Jones Toronto
- John Macfarlane — Osler, Hoskin & Harcourt LLP
- Mark Mandel — White & Case LLP
- Alfred Page — Borden Ladner Gervais LLP
- Andrew Parker — McCarthy Tetrault LLP

The Commission is very grateful to outgoing members for their able assistance and valuable input.

Applications for SAC membership will be considered if received on or before October 28, 2009. Applications should be submitted in writing to:

Monica Kowal
General Counsel
Ontario Securities Commission
20 Queen Street West
19th Floor, Box 55
Toronto, Ontario
M5H 3S8
Tel: (416) 593-3653
Fax: (416) 593-3681
mkowal@osc.gov.on.ca

September 25, 2009

1.1.4 Notice of Commission Approval – Amendments to the Rules of the Toronto Stock Exchange to Introduce Undisclosed and Discretionary Orders

TSX INC. (TSX)

AMENDMENTS TO THE RULES OF THE TORONTO STOCK EXCHANGE TO INTRODUCE UNDISCLOSED AND DISCRETIONARY ORDERS

NOTICE OF COMMISSION APPROVAL

On September 17, 2009, the Ontario Securities Commission approved amendments to Rule 1-101(2) of the Rules of the Toronto Stock Exchange to introduce undisclosed and discretionary orders. The amendments will allow for the introduction of three undisclosed order types; a Mid-point peg, an Inside Spread Order, and an undisclosed limit order. The amendments will also allow for the introduction of discretionary orders that have both a disclosed and undisclosed portion. In addition, amendments have been made to the allocation procedures in rule 4-801, and ancillary amendments have been made to confirm that market maker responsibilities and the MGF facility's operations only apply to displayed orders. The amendments will not be implemented immediately by TSX. TSX will provide notice to participating organizations before the amendments are implemented.

The amendments may be found in Chapter 13 of this Bulletin.

The Commission also granted an order, pursuant to section 147 of the Securities Act (OSA), exempting TSX from the requirement to publish the amendment for a 30 day comment period. The exemption order may be found in Chapter 2 of this Bulletin.

1.1.5 OSC Staff Notice 33-732 – 2009 Compliance Team Annual Report

OSC Staff Notice 33-732 – *Compliance Team Annual Report* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Report.

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ONTARIO SECURITIES COMMISSION

OSC Staff Notice 33-732

2009

Compliance Team Annual Report

Contents

Introduction

OSC ONTARIO SECURITIES COMMISSION

Introduction

This report is a summary of the Compliance team's activities for the 2009 fiscal year (April 1, 2008 to March 31, 2009). During this period, the capital markets in Ontario experienced an unprecedented period of financial and market turmoil. No doubt this was a challenging year for securities regulators, as well as market participants, around the world.

The Compliance team, as part of the Compliance and Registrant Regulation Branch at the Ontario Securities Commission (OSC), played an important role in responding to the current market turmoil by conducting a series of proactive reviews of Ontario-based investment fund managers (IFMs) covering major segments of the investment funds industry.

In this report, we discuss how the Compliance team responded to the market turmoil, our key areas of focus, and the outcome of these reviews. As in our previous reports, we also discuss the three most commonly occurring significant deficiencies from reviews of portfolio managers (PMs) and limited market dealers (LMDs).

We encourage market participants[1] to use this report as a self-assessment tool to strengthen their compliance with Ontario securities law and to improve their systems of internal controls and supervision.

[1] Market participants include investment fund managers, LMDs, portfolio managers and scholarship plan dealers.

This report is divided into seven sections:

1. **Our role.** This section describes our role and how we continue to work to strengthen the compliance-enforcement continuum.

2. **Response to recent market turmoil.** This section summarizes the work the Compliance team conducted in response to the market turmoil.

3. **General compliance initiatives.** This section describes the 2009 new registrant sweeps, the desk review of mutual fund dealers, and the development of the LMD risk assessment questionnaire. It also discusses the initiatives we have planned for the 2010 fiscal year.

4. **Significant deficiencies among market participants.** This section summarizes the three most commonly occurring significant deficiencies found in our 2009 reviews of PMs and LMDs. We also include suggested best practices to help market participants improve existing procedures and establish policies in areas where they are lacking, and to give general guidance on improving overall compliance.

5. **Outcomes of our reviews.** This section describes the various outcomes of our reviews.

6. **National Instrument 31-103 – *Registration Requirements and Exemptions (NI 31-103)*.** This section provides an update on the registration reform project.

7. **International Financial Reporting Standards (IFRS).** This section provides an update to market participants on IFRS and how the move to IFRS may affect them in preparing financial statements for delivery to the OSC.

1. Our role

OSC ONTARIO SECURITIES COMMISSION

1. Our role

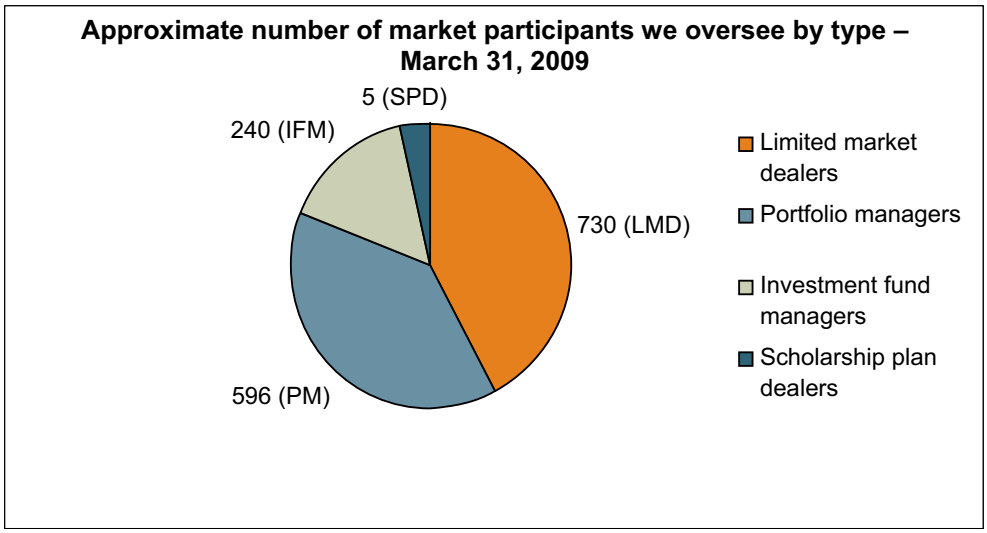
1.1 Compliance team

The Compliance team is part of the OSC's Compliance and Registrant Regulation Branch. Our team has 32 staff including 28 chartered accountants and lawyers. Our role is to enhance investor protection and enhance confidence in the capital markets by:

- overseeing market participants that are not members of a recognized self-regulatory organization (SRO) including PMs, IFMs, LMDs and scholarship plan dealers (SPDs)
- promoting compliance by market participants with Ontario securities law by conducting compliance oversight reviews
- recommending and taking remedial action against market participants that do not comply with Ontario securities law. This may include the issuance of a deficiency report, imposing terms and conditions, or referral to the Enforcement branch
- determining whether additional standards or rules are needed for market participants
- participating in the development of these standards or rules
- creating awareness of new or proposed rules
- fostering a culture of compliance
- coordinating with other branches of the OSC to promote effective oversight of market participants and strengthen the compliance-enforcement continuum, and
- providing guidance and information to the industry on significant issues identified during our reviews. For example, we publish staff notices, and participate in seminars and conferences.

1.2 Who we oversee

At March 31, 2009, we had oversight responsibility over approximately 1,600 market participants[2]. The following chart shows the number of market participants by type.



1.3 Compliance review process

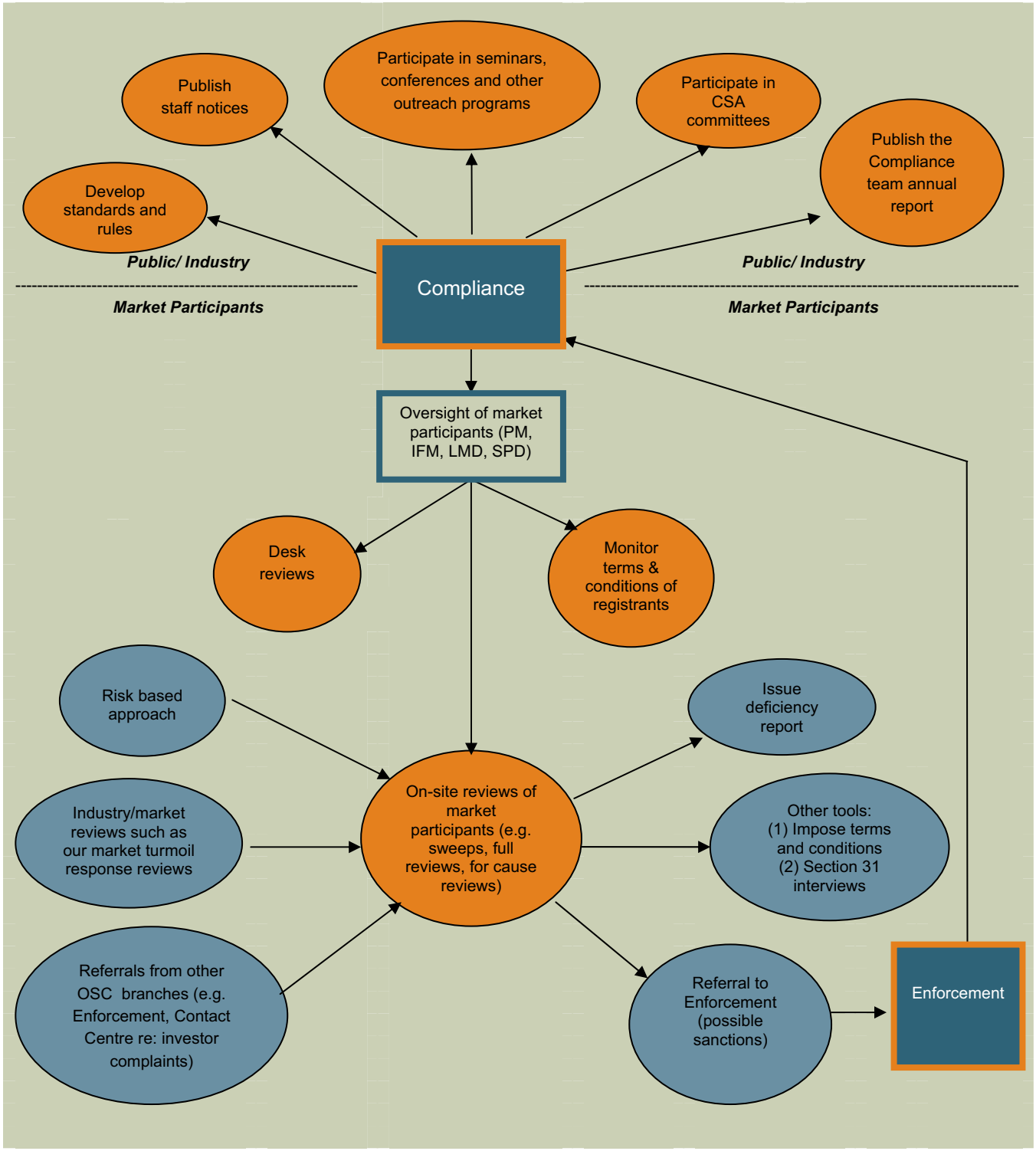
As set out in our previous annual reports, we have developed risk-assessment models to select market participants for compliance oversight reviews. The risk assessment models enable us to allocate resources more effectively and efficiently by targeting those market participants with higher risk profiles.

1.4 Compliance-Enforcement continuum

The Compliance team coordinates and works actively with other branches at the OSC, in particular, the Enforcement Branch. When we identify any serious violation of securities law, we discuss the findings with the Enforcement Branch and together staff determines an appropriate course of action. As well, Enforcement staff may have concerns about compliance issues at a market participant and Compliance staff will provide expert advice as required. There is ongoing information sharing between the two branches of the OSC, with Compliance (whose main focus is on prevention and remediation) on one end of the spectrum, and Enforcement (whose main focus is on protection and deterrence) on the other end.

[2] If a market participant is operating in more than one capacity, for example, as a portfolio manager and as an investment fund manager, it is considered to be two market participants for oversight purposes.

The flowchart illustrates our role and how we interact with our market participants, industry and other branches at the OSC.



2. Response to recent market turmoil

2.1 Phased approach – Reviews of investment funds

2.2 Focused meetings with IFMs who had suspended redemptions of their investment funds

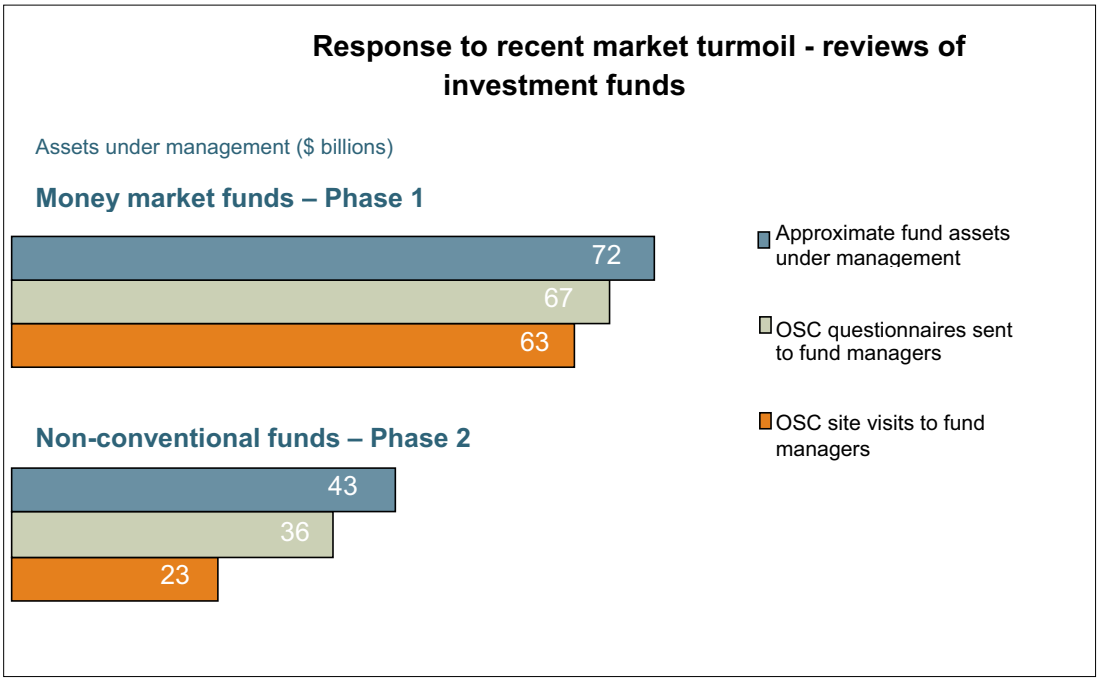
2.3 Letter to Chief Compliance Officers

2. Response to recent market turmoil

The global financial services industry has experienced an unprecedented period of turmoil. In response to the concerns emerging about the current market conditions, Compliance staff (along with staff from the Investment Funds Branch on some reviews) initiated a series of on-site reviews to identify any issues at market participants that the OSC oversees that posed an increased risk to investors.

These on-site reviews were executed in phases and included IFMs and PMs that manage various major segments of our investment fund industry including money market funds, non-conventional funds and hedge funds.

The chart below shows the approximate total assets under management, the share of the respective marketplace that was targeted in our reviews, and the share that was covered by our on-site visits of IFMs.



Sources – Money market fund assets under management as at January 2009: Investment Funds Institute of Canada. Non-conventional fund assets under management as at March 2008: TMX Group.

In addition to the on-site reviews of investment funds, we also performed focused reviews of a sample of PMs who had suspended redemptions of their investment funds due to significant declines in the net asset value (NAV). Further, we also sent a letter to the Chief Compliance Officers of OSC non-SRO registered firms reminding them of the critical role played by their firm's compliance programs in meeting their obligations under Ontario securities law.

2.1 Phased approach – Reviews of investment funds

Staff from the Compliance team along with staff from the Investment Funds Branch implemented a phased approach for assessing the operations of IFMs who manage or administer major segments of the Canadian investment fund industry. We conducted meetings with senior management to obtain information about their portfolio holdings, valuation methodologies, exposure, if any, to illiquid assets, and counterparty risks. In addition, we discussed whether the IFMs had problems with meeting clients' redemptions and what procedures and controls were in place to monitor their investment portfolios given the current market conditions.

(i) Phase 1 − Reviews of money market funds

In September 2008, a major money market fund in the United States known as the Reserve Primary Fund "broke the buck" due to its exposure to Lehman Brothers, a major financial institution who filed for bankruptcy protection. Money market funds are generally considered by investors to be extremely liquid and safe. Therefore, it was important for us to assess and determine whether our Ontario-based money market funds faced similar issues as those in the United States relating to exposure to financial institutions, illiquid securities and redemption levels.

Review process

In September 2008, we initiated a fact finding review of Ontario-based money market funds by sending a questionnaire to 50 Ontario money market fund managers.

The questionnaire focused on a number of key areas covering:

- portfolio holdings
- valuation of portfolio securities (with a focus on illiquid securities), and
- sales and redemptions levels.

We reviewed and risk-ranked the fund manager responses. We then selected a representative sample of IFMs for on-site reviews.

This sample included money market assets under management of approximately $63 billion, representing 90% of the money market fund assets of the 50 IFMs (see our response to the market turmoil chart above).

Focus on key risk areas

The on-site reviews focused on various key risk areas relating to:

- financial sector exposure
- concentration levels
- counterparty exposure
- levels of redemptions, and
- valuation of securities in these investment funds.

We met with senior management and performed substantive testing of the funds' portfolios to assess whether IFMs were using appropriate valuation methodologies, monitoring counterparty exposure, managing concentration risks, and levels of redemptions.

Outcomes of our reviews

Based on our on-site reviews: we found that:

- the portfolios were generally invested in a manner consistent with a conservative investment strategy (i.e. in a combination of t-bills, bankers acceptances, deposit notes etc.)
- IFMs were generally able to meet redemptions
- valuation methodologies were generally appropriate
- we did not identify any IFMs with any material exposure to the U.S. companies experiencing financial difficulties, and
- IFMs were generally maintaining a more liquid portfolio than previously, with shorter terms to maturity.

In general, we found that the IFMs that we reviewed had adequate procedures in place to ensure compliance with their regulatory requirements. Some IFMs had automated exception reporting systems allowing them to monitor and assess compliance with regulatory requirements. If the administrative functions of a fund were outsourced to a service provider, the IFMs reviewed generally had adequate oversight procedures in place. In addition, we also noted that some IFMs had put a number of mechanisms in place to monitor investors' redemptions.

(ii) Phase 2 – Reviews of non-conventional funds

The second phase of our response to the market turmoil was led by the Investment Funds Branch with participation from the Compliance Team. We conducted on-site reviews of selected non-conventional funds. These non-conventional funds included closed-end funds and exchange-traded funds which generally invest in a broader array of asset classes and employ higher risk investment strategies than conventional mutual funds.

Review process

Our review process was similar to that used for money market funds. We sent a questionnaire to 27 fund managers whose non-conventional funds are listed on the Toronto Stock Exchange. We reviewed and risk-ranked their responses. We then selected a representative sample of non-conventional fund managers for on-site reviews.

This sample represented assets under management of approximately $23 billion, representing 54% of the non-conventional assets under management in Ontario (see our response to the market turmoil chart above).

Focus on key risk areas

Our on-site reviews focused on various key risk areas relating to:

- high risk investment strategies
- going concern
- financial sector exposure
- concentration levels
- counterparty exposure
- redemptions, and
- valuation of securities in these investment funds.

Outcomes of our reviews

Based on the results of our on-site reviews, we found that these funds had generally experienced losses and depletion of assets. In some cases, the market turmoil had an impact on the fund's ability to make distributions or to offer an annual redemption right at net asset value. These funds followed their previously disclosed policies with respect to such events, including appropriate public disclosure and disclosure to unit holders.

(iii) Phase 3 - Reviews of hedge funds

In general, the hedge fund industry has also been affected by the global markets crisis. For example, some hedge funds experienced deterioration in their NAV and also faced significant pressure in meeting investor redemptions. In the face of increased redemptions from investors and shrinking asset bases, some hedge fund managers have decided to either wind down their funds or temporarily suspend redemptions.

In February 2009, Compliance staff commenced a review of hedge fund managers based in Ontario to assess whether they posed any significant risks to investors, given the prevailing

market conditions. All IFMs are market participants. However, the majority of the hedge fund managers we reviewed are either registered as PMs or LMDs. NI 31-103 will generally require registration of IFMs which includes hedge fund managers.

Review process

We sent a hedge fund questionnaire to 90 hedge fund managers and asked them questions on a range of topics including:

- investment fund strategy
- number of unitholders
- composition of clients (i.e. retail versus institutional clients)
- portfolio holdings, and
- service providers.

We reviewed and risk-ranked the responses. We then selected a representative sample of hedge fund managers for on-site reviews.

Focus on key risk areas

Our on-site reviews focused on various key risk areas relating to:

- custody of investors' assets
- levels of redemptions
- going concern
- concentration levels
- counterparty exposure
- valuation of portfolio securities, and
- oversight of service providers.

Outcomes of our reviews

On-site reviews are still ongoing. Once the reviews are completed, we will assess whether there are any industry issues that need to be addressed.

2.2 Focused meetings with IFMs who had suspended redemptions of their investment funds

Compliance staff also conducted focused meetings with senior management of selected IFMs who had suspended redemptions in their investment funds due to a significant decline in the investment funds' NAV. The objective of these focused meetings was to gain a better understanding as to why these investment funds declined in value and to assess whether senior management were taking appropriate action to protect the interests and assets of all investors.

We monitored the actions of these IFMs closely through the periodic update reports we asked them to provide. Where necessary, we referred the matter to the Enforcement Branch for further review.

We will continue to conduct focused meetings where necessary, in order to assess whether investors' interests and assets are protected.

2.3 Letter to Chief Compliance Officers

Some registrants may have decided to downsize their compliance departments in an effort to reduce costs during the economic downturn. However, it is important that this decision fully consider the impact it will have on the firm's ability to meet its obligations under Ontario securities law.

The compliance program plays a critical role in a firm and serves as a control function to ensure clients' interests and assets are adequately protected and helps to detect and prevent misconduct. Therefore, ensuring that a firm's compliance program is adequately funded and staffed and that it is supported and monitored by senior management of the firm is integral to ensuring its effectiveness.

On March 23, 2009, the Compliance team sent a letter to the Chief Compliance Officers of all OSC non-SRO registered firms reminding them of their continuing obligations to ensure compliance with securities law and that clients' assets are protected. It reiterated that registrants must ensure that they have adequate policies and procedures to ensure compliance. Examples include:

(1) providing appropriate disclosure about the impact of the market conditions on their portfolio investments

(2) updating “Know Your Client” (KYC) information for all investors

(3) for registered individuals, understanding the products they are recommending to investors, commonly known as “Know Your Product” (KYP)

(4) using appropriate valuation methodologies for valuing investments including hard to value investments.

3. General compliance initiatives

3. General compliance initiatives

This section describes the new registrant sweeps of PMs and LMDs we conducted in 2009, the LMD risk assessment questionnaire, the desk reviews of mutual fund dealers who are not members of the Mutual Fund Dealers Association of Canada (MFDA), and the initiatives we plan to conduct in fiscal 2010.

3.1 New registrant sweeps

Since 2008, the Compliance team has conducted sweeps of a sample of registrants including PMs and LMDs that are newly registered with the OSC within the past year and a half. A sweep is a review of a sample of market participants focused on an issue or issues.

A sweep of newly registered PMs was conducted in the fall of 2008, and a sweep of newly registered LMDs was conducted in early 2009.

The sweeps were jointly conducted by staff from the Compliance team and the Registrant Regulation team. Our objectives were to enhance investor protection and prevent market abuse by:

- obtaining a better understanding of the new registrants' business operations
- confirming whether their current business activities are consistent with representations in their registration applications
- assessing their compliance with Ontario securities law, and
- providing guidance and information to new registrants to assist them in complying with Ontario securities law.

The sweeps also provided an opportunity for the members of our registration team to meet, in person, our registrants with whom they have continuous and frequent dealings. Reviews of new registrants now form part of our compliance oversight program.

Summary of the Results

PMs

The following are examples of areas in which we noted commonly occurring deficiencies during our review of newly registered PMs:

- marketing
- capital calculations
- individual registration issues

- policies and procedures manual, and
- business continuity plan.

Deficiencies in each of these areas are among the 10 most commonly occurring deficiencies of PMs. Last year, we published a separate summary of the 10 most commonly occurring deficiencies of PMs and suggested best practices. For additional guidance, please refer to this summary which is available on the OSC website at www.osc.gov.on.ca. See also section 4.1 for a discussion of the most commonly occurring significant deficiencies found during compliance reviews of PMs this year.

LMDs

The following are examples of commonly occurring deficiency areas that we noted during our review of newly registered LMDs:

- understanding the investment products they are recommending (KYP) and understanding their clients' circumstances (KYC) in order to make the suitability determination required by law
- individual registration issues
- policies and procedures manual
- maintenance of adequate books and records
- marketing, and
- business continuity plan.

For suggested best practices on some of these deficiencies, please refer to section 4.2 of this report.

3.2 LMD risk assessment questionnaire

In 2009, we developed a risk assessment model for LMDs. A risk assessment questionnaire will be sent to the LMDs in the near future. Data from the model will be used to assist us in prioritizing and planning LMD reviews going forward.

3.3 Desk reviews of Mutual Fund Dealers who are not members of the MFDA

OSC Rule 31-506 *SRO Membership - Mutual Fund Dealers* requires all registrants registered as a mutual fund dealer to become a member of the MFDA after July 2, 2002. Registrants whose

mutual fund dealer activities were limited at the time of the rule could apply for an exemption from becoming a member of the MFDA.

As the exemptions were granted approximately 6 years ago, staff from the Compliance team conducted a desk review to determine if exempted registrants were still relying on and complying with the terms and conditions of their exemption. A questionnaire was sent to all registrants exempted from becoming a member of the MFDA that are currently registered as mutual fund dealers. Overall, staff did not find any mutual fund dealers that were inappropriately relying on the exemptions provided to them.

3.4 Future initiatives

Impact reviews

We have further enhanced our oversight strategy for market participants. Going forward, we will perform "impact reviews" on larger market participants over a defined cycle.

In general, our compliance oversight reviews to date indicate that larger market participants tend to have adequate policies and procedures and controls in place. However, irrespective of other risk factors, a breakdown of internal controls at a larger market participant may have a significant impact on the capital markets given the larger number of clients and dollar amounts involved. As a result, we intend to focus some of our compliance oversight resources on larger market participants over a defined number of years. The impact reviews will most often be in the form of sweep reviews.

Market turmoil initiatives

We will continue to closely monitor the prevailing market conditions and will conduct special reviews or sweeps to address any significant issues which may arise.

Fiscal 2010 Sweeps

In the past few years, we have shifted towards performing more sweep type reviews than regular or full field reviews. We think that sweeps are a better oversight tool as they allow us to focus on a particular topic of interest and cover a large sample of market participants within a short period of time.

Our plan is to conduct at least one sweep each year on each of IFMs, PMs and LMDs. After we complete a sweep, we normally share our findings with the public by issuing a staff notice or an industry report. Issuing public reports helps us meet our Compliance team's role of enhancing investor protection and preventing market abuse.

4. Significant deficiencies among market participants

OSC ONTARIO SECURITIES COMMISSION

4. Significant deficiencies among market participants

If we find significant deficiencies in a market participant's operations, we identify them in the deficiency report to enable senior management to focus on the key issues identified. The identification of significant deficiencies also helps to highlight areas of regulatory concern so that appropriate action can be taken by the market participant to improve compliance. Increased regulatory compliance by market participants helps ensure that investors are protected and that market abuse is prevented.

We have established various criteria to assess whether a deficiency is significant, including:

- risk to client assets
- conflicts of interest
- misleading information to clients
- ineffective compliance structure

We also take into account other factors, including:

- current issues, such as best execution and marketing practices
- the frequency of findings
- the impact of the deficiency on the market participant's operations

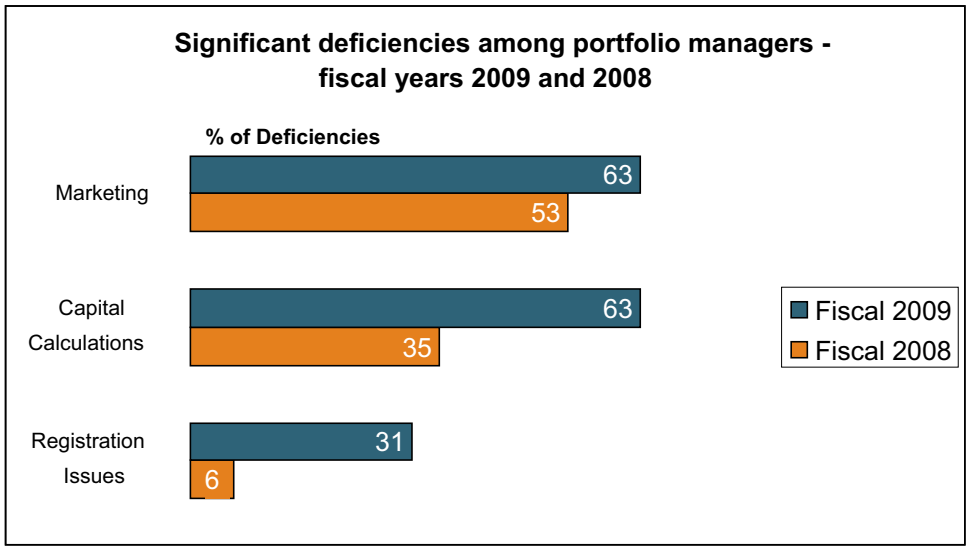
The following sections summarize the three most commonly occurring significant deficiencies for fiscal 2009 of PMs and LMDs. We did not include information on the most commonly occurring significant deficiencies for IFMs in this section as significant resources were allocated to the market turmoil reviews during this fiscal period. As a result, we are not in a position to make general comments on significant deficiencies for IFMs. Please see section 2 of the report.

Some of the most commonly occurring significant deficiencies for PMs and LMDs remain the same every year, for example, marketing materials, capital calculations and KYC. We review different firms each year and we target higher risk market participants for review. For firms reviewed, we expect them to continue to review their procedures to ensure compliance. Our expectation is that firms not yet reviewed will use this report as a self-assessment tool to improve their overall compliance. Over time, staff expect to see increased compliance in these areas and we plan on conducting sweeps in the future to verify continued compliance.

4.1 PMs

Our normal field reviews of PMs in the 2009 fiscal year resulted in an average of 15 deficiencies per firm reviewed. An average of six or 40% of these deficiencies were significant. The chart below shows the three most commonly occurring areas in which we found significant deficiencies among PMs, compared with the 2008 fiscal year. One of the three most commonly occurring significant deficiencies in fiscal 2009 (registration issues) is different from those identified in 2008.[3] See the discussion below with respect to the specific deficiencies that we identified in these areas.

We will continue to focus on these areas of significant deficiencies as part of our compliance oversight process. We expect PMs to take appropriate action in these areas to improve their compliance.



Note: The percentage of deficiencies represents the percentage of PMs that were deficient in this area in the reviews performed in the 2009 fiscal year.

[3] The three most commonly occurring significant deficiencies in the 2008 fiscal year were marketing, capital calculations and personal trading.

1. Marketing

Marketing remains the most commonly occurring significant deficiency. About 63% of the PMs reviewed had significant deficiencies in this area. The percentage of deficiencies in this area increased by 10% in the 2009 fiscal year. We believe this increase may be partly due to a larger number of smaller PMs being reviewed, as compared to the 2008 fiscal year.

In general, smaller PMs tend to have less developed processes and procedures for preparing, reviewing and approving marketing materials prior to use. We intend to conduct another sweep review of the marketing practices of PMs in the near future. We expect to see increased compliance with Section 2.1 of OSC Rule 31-505 – *Conditions of Registration* (OSC Rule 31-505) and OSC Staff Notice 33-729 – *Marketing Practices of Investment Counsel/ Portfolio Managers* (OSC Staff Notice 33-729). As well, we will consider taking appropriate action, up to and including enforcement action, when we identify serious deficiencies in a PM's marketing materials.

Section 2.1 of OSC Rule 31-505 requires registrants to deal fairly, honestly and in good faith with their clients. This provision is a broad principle that applies to registrants generally. We expect registrants to apply it to all areas of their activities, including marketing practices and marketing materials.

For additional guidance, please refer to OSC Staff Notice 33-729. This notice provides guidance to market participants on complying with applicable legislation and best practices in the preparation and use of marketing materials. OSC Staff Notice 33-729 is available on the OSC website at www.osc.gov.on.ca.

We found the following marketing-related issues:

Inadequate disclosure relating to performance data

As in the previous fiscal period, some PMs did not disclose whether performance returns were gross or net of fees, or the names of the composites or pooled funds that the performance returns related to. Others provided inadequate disclosure of the differences between client account returns and the benchmarks to which they are compared.

Suggested best practices – performance data

- Provide clear and adequate disclosure in marketing materials to ensure that performance data is meaningful and comparisons are fair and not misleading. This includes providing:
  - a description of the investment strategy that is reflected in the performance data
  - a statement about whether returns are net or gross of portfolio management fees and/or other expenses
  - key information about client portfolios in the composite, such as minimum asset level.
- Update marketing materials regularly to ensure all information is complete, accurate and not misleading to clients.
- Establish and enforce procedures for preparing, reviewing and approving marketing materials.
- Establish guidelines for preparing performance data, using benchmarks and constructing composites.
- Have someone independent of the preparer review and approve marketing materials for accuracy and compliance with securities law.

Exaggerated claims

Some PMs made exaggerated claims about their skills, performance or services. For example, they included statements such as “proven performance, superior to index returns” and “best in its class” in marketing materials. They did not provide appropriate information to support the claim and to ensure that clients were not misled.

Suggested best practices – claims

- Substantiate all claims made in marketing materials. Information supporting the claim should be referenced to where the claim is made in the marketing material so that it is easily accessible by clients.
- Ensure that all claims accurately reflect the PMs performance, skills, education, portfolio management experience and services.
- PMs should follow provisions in the Securities Act (Ontario) (example, section 38) that deal with specific types of claims made by a registrant (i.e. future value or price of a security).

Inappropriate use of benchmarks

Some PMs compared the return of their funds or accounts to benchmarks that, in staff's view, were inappropriate or misleading to clients. Also, there was inadequate disclosure provided for some of the benchmarks used. For example, there was no disclosure of the name of the benchmark or inadequate disclosure regarding the components of a blended benchmark.

Suggested best practices – benchmarks

- Use benchmarks that are relevant to the investment strategy employed.
- The benchmark's full name should be disclosed. Where a blended/customized benchmark is used, disclose the components and names of the benchmarks used.
- If a widely known and followed benchmark is not similar to that of the investment strategy, adequate disclosure should be provided to explain the relevance of use, including a discussion of the differences between the benchmark and investment strategy of the portfolio manager.

2. Capital calculations

PMs are required to prepare monthly calculations of regulatory capital (capital calculations) within a reasonable period of time after each month end (Regulation 113(3)). Capital calculations must be based on monthly financial statements prepared in accordance with Canadian GAAP. If a PM has inadequate regulatory capital (i.e. it is capital deficient), the PM should inform the OSC immediately and to correct the capital deficiency within 48 hours. As well, higher levels of regulatory capital and insurance are required if a PM takes possession of client assets.

About 63% of the PMs reviewed had significant deficiencies in this area. Overall deficiencies in capital calculations increased by 28% from the previous fiscal year. This significant increase may be partly due to additional reviews conducted on smaller firms in fiscal 2009. In addition, some PMs took possession of clients' assets, however, they were not aware of the higher capital and insurance requirements. We noted a number of PMs with inadequate insurance coverage and capital deficiencies as a result of incorrectly using the lower insurance and capital requirements.

We found the following issues relating to capital calculations:

- Capital calculations were prepared using:
  - financial statements that were not in accordance with Canadian GAAP
  - an incorrect minimum capital or insurance deductible

- Capital calculations were not prepared on a monthly basis or were not prepared at all.
- There was a lack of evidence that someone independent of the preparer reviewed the capital calculations.
- Higher capital and insurance requirements were not maintained for PMs who had the ability to take possession of clients' assets.

To enhance investor protection, if a registrant files annual financial statements that indicate that it was capital deficient at its year end or if we identify a registrant during the course of an on-site review that was capital deficient during the review period, staff generally recommends that terms and conditions be imposed on its registration. The recommended terms and conditions include providing us with unaudited financial statements and capital calculations each month for a minimum six-month period. Also, a registrant must review its compliance procedures and file a report with the OSC. The report must describe the measures that will be taken to prevent capital deficiencies in the future. The registrant must also certify that it has reviewed its compliance system and has rectified the problems that led to the capital deficiency.

With the implementation of NI 31-103, PMs will be required to maintain a minimum capital of $25,000 regardless of whether they hold or have access to clients' assets.

For additional guidance on capital calculations, please refer to OSC Staff Notice 33-730 – *Capital Calculations for Investment Counsel/Portfolio Managers.*

Suggested best practices – capital calculations

- Prepare capital calculations on a monthly basis
- Prepare capital calculations using financial statements prepared in accordance with Canadian GAAP.
- Maintain copies of the capital calculations.
- Have someone independent of the preparer review the capital calculations for accuracy on a timely basis.
- Keep a record of the review.
- Inform the OSC immediately if a capital deficiency occurs.
- Inform the OSC immediately if you take custody or have the ability to take possession of clients assets. For example, if a PM is a signatory of a client account or acts as a general partner for a limited partnership advised by the firm.

3. Registration issues

There was a significant increase in registration related deficiencies from 6% to 31% in the 2009 fiscal year. This significant increase was mainly due to senior officers of the firm performing advising activities without being registered. We will take appropriate action, up to and including enforcement action, when we identify individuals performing registerable activity without registration.

We found the following issues relating to registration:

- Individuals at PMs were advising without registration.
- directors and officers of PMs were not approved or registered.
- the OSC was not notified of specific changes to registered firm and individual information.

Paragraph (1)(c) of section 25 of the Act states that no person or company shall act as an adviser unless the person or company is registered as an adviser, or is registered as a representative or as a partner or as an officer of a registered adviser and is acting on behalf of the adviser. PMs are responsible for ensuring that they maintain appropriate registration for the activities conducted.

PMs are required to notify the OSC of any change in the status of directors and/or officers within five business days. PMs are also required to notify the OSC of the opening of any office or branch, and of any changes in the status of the compliance officer, PMs and representatives. National Instrument 33-109 – *Registration Information* sets out the requirements for notification of changes to registered firm and individual information.

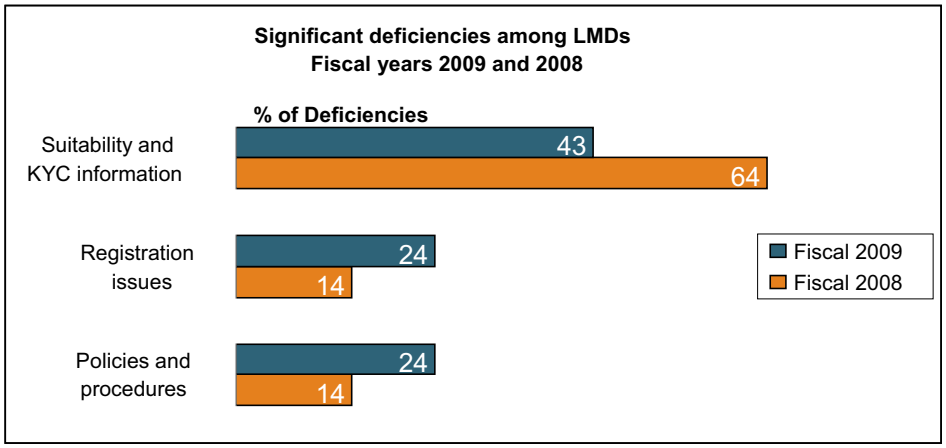
Suggested best practices – registration matters

- Ensure that individuals who provide advice to others are appropriately registered as PMs.
- Promptly notify the OSC of all changes to registration.
- Promptly register branch office locations.
- Notify the OSC when trade names are used.

4.2 LMDs

The field reviews of LMDs we conducted in the 2009 fiscal year resulted in an average of five deficiencies per firm reviewed. An average of two or 40% of these deficiencies were significant. Please note that we review different LMDs each year.

The following chart shows the three most commonly occurring significant deficiencies we found among LMDs, compared with the 2008 fiscal year.[4] We will continue to focus on these areas of significant deficiencies as part of our compliance oversight process. We expect LMDs to take appropriate action in these areas to improve their compliance.



Note: The percentage of deficiencies represents the percentage of LMDs that were deficient in this area in the reviews performed in the 2009 fiscal year.

[4] The three most commonly occurring significant deficiencies in 2008 fiscal year were suitability and KYC information, use of prospectus and registration exemptions and disclosure in offering memorandums.

1. Suitability: KYC and KYP

Dealers are required under section 1.5 of OSC Rule 31-505 – *Conditions of Registration* to collect and document sufficient and appropriate KYC information to ensure that trades are suitable for clients. This requirement applies to both trades in securities under a prospectus exemption and trades in prospectus-qualified securities.

Improperly collecting and documenting KYC information remains the most commonly occurring significant deficiency for LMDs. About 43% of the LMDs reviewed in the 2009 fiscal year had significant deficiencies in this area, an improvement from 64% noted in 2008. LMDs, in general, are more aware of the requirements to collect and document KYC information. However, some still did not have a formal process in place and others did not collect KYC information for certain types of clients.

To ensure that trades are suitable for their clients, LMDs must have a thorough understanding of the investment products they are recommending (KYP) and an understanding of their clients' circumstances (KYC). LMDs have a suitability obligation to all investors. LMDs may not contract out of or delegate their duty to ensure that trades are suitable for clients.

For additional guidance, please refer to Canadian Securities Administrators Staff Notice 33-315 *Suitability and know your product*. The CSA staff notice is available on the OSC website at www.osc.gov.on.ca.

We identified the following issues relating to KYC information and the suitability determination:

- Risks associated with an investment were not adequately explained to clients.
- Some LMDs did not collect or document KYC information.
- KYC information was, in part, inadequate or incomplete.
- KYC information was not collected for certain clients, e.g. clients who subscribed to private placements, foreign clients or corporate clients.
- There was no evidence of an independent review of trades for suitability.
- There was no process in place to verify if clients were able to rely on a valid prospectus exemption, such as the accredited investor exemption.
- Some LMDs did not always maintain documentation to support whether clients qualify either as accredited investors or under another prospectus exemption.
- Some LMDs tried to contract out of their duty to collect KYC information and to ensure that trades are suitable for their clients.

Suggested best practices – suitability obligation

- LMDs have a suitability obligation to all clients, including accredited investors, corporations and partnerships. LMDs should collect and document KYC information for each of their clients for the suitability determination. This includes the client's investment needs and objectives, investment restrictions, investment time frame, risk tolerance, investment knowledge, and financial circumstances (such as annual income and net worth).
- Clients should sign and date their KYC information.
- The salesperson and the compliance officer should review and approve the client's KYC documentation to ensure that KYC information collected from the client is sufficient for the LMD to make the suitability determination and is appropriate for the types of securities being traded.
- LMDs should review and maintain the subscription agreements and accredited investor certificates completed by investors.
- LMDs and their salespeople should understand the attributes and associated risks of the securities being traded or recommended in order to make an appropriate suitability determination. This includes understanding the general features and structure of the product, product risks including the risk/return profile and risks such as liquidity risks, management and financial strength of the issuer, costs, and any eligibility requirements of each product.

2. Registration issues

About 24% of the LMDs reviewed had significant deficiencies in this area, an increase from 14% noted in 2008. The LMDs selected for our review this year are larger in size and some have multiple business lines. It is important for LMDs to ensure that individuals, the firms or affiliated entities are appropriately registered with the OSC prior to conducting registerable activities.

Paragraph 25(1)(a) of the Act states that no person or company shall trade in a security unless the person or company is registered as a dealer or as a salesperson, a partner or an officer of a registered dealer and is acting on behalf of the dealer. Meeting with current and prospective investors to provide information on an investment product is engaging in activities that require registration.

Paragraph (1)(c) of section 25 of the Act states that no person or company shall act as an adviser unless the person or company is registered as an adviser, or is registered as a representative or as a partner or as an officer of a registered adviser and is acting on behalf of the adviser. Section 99 of R.R.O. 1990, Regulation 1015 (the Regulation) sets out the categories of registration, and requires an entity to be registered as an ICPM in order to carry out the business of advising and managing the portfolio of others.

We identified the following issues relating to registration:

- Individuals who were not registered in any capacity were engaged in trading activities of the LMDs.
- LMDs or their affiliates were advising and making investment decisions for investment products distributed by the LMDs; however, they were not registered as PMs.

Suggested best practices – registration issues

- LMDs should ensure that individuals or entities that conduct registerable activities are registered with the OSC in the appropriate categories of registration.
- Policies and procedures should be developed and enforced by LMDs to assist them in ensuring that individuals or affiliated entities are appropriately registered if they are carrying out registerable activities.

3. Written policies and procedures

Section 1.2 of OSC Rule 31-505 requires LMDs to develop and enforce written policies and procedures for dealing with clients that conform to prudent business practice and enable LMDs to serve their clients adequately. LMDs should develop policies and procedures that cover all areas of their businesses, including all relevant regulatory requirements.

We identified the following issues relating to written policies and procedures:

- Some LMDs did not have any written policies and procedures.
- Written policies and procedures were inadequate and did not cover all business areas.
- Policies and procedures were not enforced.
- There were no policies and procedures on employees' personal trading, particularly policies to prevent insider trading even though LMDs could have access to material non-public information. Also, there was no review and approval of personal trades.

Suggested best practices – policies and procedures

Policies and procedures that are clearly documented and enforced contribute to a strong compliance environment in a firm and thereby enhance investor protection and prevent market abuse. LMDs should develop and enforce policies and procedures that are sufficiently detailed and cover areas relevant to their business operations and allow them to serve their clients adequately. LMDs should also regularly review, assess and update their policies and procedures for changes in securities legislation and industry practices. Adequate training should be provided to all employees of the LMDs to ensure employees understand the established policies and procedures and understand how to incorporate them in their daily business activities.

The policies and procedures should address, at a minimum, the following areas:

Compliance

- duties and responsibilities of the compliance officer.

KYC and suitability information

- collection, documentation and timely update of KYC and suitability information.
- review and approval of KYC and accredited investor information.
- new product review process.
- performance of sufficient research and due diligence to support recommendations to clients.

For additional guidance, please refer to Canadian Securities Administrators Staff Notice 33-315 *Suitability and know your product*. The CSA staff notice is available on the OSC website at www.osc.gov.on.ca.

Disclosure in offering documents

- guidelines to ensure appropriate and adequate disclosure on general features and structure of the product, risks, fees, management and financial strength of the issuer, and any eligibility requirements of each product.
- review and approval of offering documents prior to distribution to investors.

Marketing

- guidelines on the preparation, review, approval and regular updates of marketing materials and website content.
- guidelines on the preparation, review and approval of performance data.
- ensuring compliance with securities legislation, including prohibitions on holding out a non-registered person as being registered, advertising the LMDs' registration, and representations that the OSC has passed upon the financial standing, fitness or conduct of the LMDs, or upon the merits of any security or issuer.

Personal trading and conflicts of interest

- procedures for approving and reviewing personal trades, including written pre-approval.
- definition of material non-public information and policies and procedures to restrict the dissemination of any non-public information.

Books and records

- the time period for the maintenance of books and records.
- maintenance of business agreements.
- disclosure to clients regarding conflicts of interest and fees arrangements.

Referral arrangements

- criteria used to set up referral arrangements and requirements for referral arrangements.
- review and approval by senior management prior to signing referral agreements.
- guidelines to ensure appropriate and adequate disclosure is provided to clients.
- review and approval of the disclosure given to clients.

Client complaints

- handling of client complaints.
- identification, monitoring and resolution of client complaints.

5. Outcomes of our reviews

5. Outcomes of our reviews

After we complete a review, we normally send a report to the market participant outlining the deficiencies that we found. A market participant normally has 30 days to respond in writing to the report. The response should set out the steps that the market participant will take, or has taken, to address the deficiencies.

However, if we find a large number of significant deficiencies at a market participant, we may not issue a deficiency report and may instead refer the file to the Enforcement Branch for further review.

Listed below are the possible outcomes from our reviews. In most cases, the OSC staff deficiency report to the market participant is sufficient to cause the market participant to resolve the identified compliance deficiencies. In other cases, we may have to take further action to assist us in obtaining compliance by market participants.

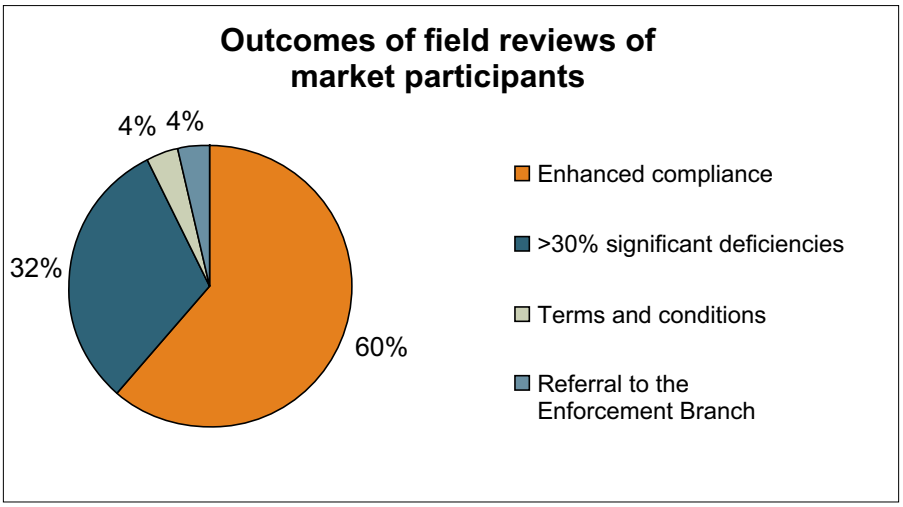
- **Enhanced compliance.** At the end of each review, we generally issue a deficiency report to the market participant identifying areas of non-compliance with securities law. We work with the market participant to ensure that all deficiencies are resolved to our satisfaction. Our compliance reviews generally have the effect of enhancing overall compliance of these market participants.

- **Monitoring of market participants with greater than 30% significant deficiencies.** We monitor a market participant when 30% or more of the deficiencies found in its review are significant. We may conduct a follow-up review, if necessary. We may also monitor market participants with less than 30% significant deficiencies if we think that further follow up is appropriate.

- **Terms and conditions.** We may impose terms and conditions to further assist in monitoring how a registrant is complying with Ontario securities law. Registrants have an opportunity to be heard before terms and conditions are imposed by the Director. Terms and conditions are posted on the OSC website.

- **Referral to the Enforcement Branch.** If we identify a serious breach of Ontario securities law, we discuss our findings with the Enforcement Branch of the OSC. The Enforcement Branch together with our staff will assess the case and determine an appropriate course of action.

The following chart shows the outcomes of our reviews of market participants (PMs, LMDs and IFMs) during the 2009 fiscal year:



6. National Instrument 31-103 – *Registration Requirements and Exemptions*

OSC ONTARIO SECURITIES COMMISSION

6. National Instrument 31-103 – *Registration Requirements and Exemptions*

On July 17, 2009, the Canadian Securities Administrators (CSA) published NI 31-103. The purpose of NI 31-103 is to harmonize, streamline and modernize the registration regime across Canada for firms and individuals who deal in securities, provide investment advice or manage investment funds.

The new rules recognize that the registration regime must accommodate a wide variety of business models, scales of operation, clients and products. The new regime is more flexible and easier to use, enhances investor protection and benefits industry by bringing increased efficiencies to the registration system.

The new regime has higher proficiency standards for some registrants, and enhanced rules for consumer disclosure, referral arrangements, handling investor complaints, and disclosing and addressing conflicts of interest. It also introduces a registration requirement for IFMs, exempt market dealers and senior officers responsible for compliance.

NI 31-103 and related rules and amendments is expected to come into force on September 28, 2009. It is important that market participants come to fully understand the new regime and how it impacts their operations and develop appropriate procedures to ensure a smooth transition. For details of the Instrument, please visit the OSC website site at www.osc.gov.on.ca.

NI 31-103 – effective September 28, 2009

7. International Financial Reporting Standards

OSC ONTARIO SECURITIES COMMISSION

7. International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that all publicly accountable enterprises will be required to report their financial results under IFRS for fiscal periods beginning on or after January 1, 2011.

IFRS will replace current Canadian standards and interpretations as Canadian generally accepted accounting principles. Non-publicly accountable enterprises are permitted, but not required, to adopt IFRS in 2011.

At present, all registrants (except LMDs) who are not members of a self-regulatory organization (SRO) are required to deliver financial statements to the CSA.

On September 12, 2008, the CSA issued CSA Staff Notice 33-313 *International Financial Reporting Standards and Registrants* which set out its view that all non-SRO registrants[5] who hold or have access to clients' assets would be required to prepare and deliver IFRS financial statements to the CSA.

On July 10, 2009, the CSA issued CSA Staff Notice 33-314 *International Financial Reporting Standards and Registrants*. In this notice, the CSA set out its view that all non-SRO registrants would be required to deliver IFRS financial statements to the CSA in 2011.

The CSA is currently in the process of preparing proposed amendments to National Instrument 52-107 – *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* reflecting the proposed requirement, as well as other amendments necessary to the rule and other rules as a result of Canada's changeover to IFRS. These amendments are expected to be published for public comment later this year.

Non-SRO registrants should review and assess the impact on them of converting to IFRS. It is important that non-SRO registrants have adequate resources to ensure a smooth transition to IFRS. For details of the CSA staff notices, please visit the OSC website site at www.osc.gov.on.ca.

IFRS coming in 2011

[5] Non-SRO registrants include portfolio managers, scholarship plan dealers and limited market dealers. National Instrument 31-103 *Registration Requirements* includes new registration categories, including exempt market dealers and investment fund managers.

OSC ONTARIO SECURITIES COMMISSION

If you have questions or comments about this report, please contact:

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September 25, 2009

Ontario

As the regulatory body responsible for overseeing the capital markets in Ontario, the Ontario Securities Commission administers and enforces the provincial Securities Act, the provincial Commodity Futures Act and administers certain provisions of the provincial Business Corporations Act. The OSC is a self-funded Crown corporation accountable to the Ontario Legislature through the Minister of Finance.

1.2 Notices of Hearing

1.2.1 Goldbridge Financial Inc., Wesley Wayne Weber and Shawn Lesperance – ss. 127, 127.1

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

AND

IN THE MATTER OF
GOLDBRIDGE FINANCIAL INC.,
WESLEY WAYNE WEBER, and
SHAWN LESPERANCE

NOTICE OF HEARING
(ss. 127 and 127.1 of the Securities Act)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O., c.S.5., as amended (the "Act") at the offices of the Commission, 20 Queen Street West, Toronto, Ontario, 17th Floor, beginning at 10:00 am on February 8, 2010, and continuing through February 12, 2010;

TO CONSIDER whether, in the opinion of the Commission, it is in the public interest for the Commission to make one or more of the following orders against Goldbridge Financial Inc. or Wesley Wayne Weber (the "Respondents"):

a. to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by the Respondents, or either of them, cease permanently or for such period as specified by the Commission;

b. to make an order pursuant to section 127(1) clause 2.1 of the Act that acquisition of any securities by the Respondents, or either of them, be prohibited permanently or for such period as is specified by the Commission;

c. to make an order pursuant to subsection 127(1) clause 3 of the Act that any exemptions in Ontario securities law do not apply to the Respondents, or either of them, permanently or for such period as specified by the Commission;

d. to make an order pursuant to subsection 127(1) clause 6 of the Act that the Respondents, or either of them, be reprimanded by the Commission;

e. to make an order pursuant to section 127(1) clause 7 of the Act that the Respondents, or either of them, resign any position that the Respondents hold as a director or officer of an issuer;

f. to make an order pursuant to section 127(1) clause 8 of the Act that the Respondents, or either of them, be prohibited from becoming or acting as an officer or director of any issuer permanently or for such period as specified by the Commission;

g. to make an order pursuant to section 127(1) clause 8.2 that the Respondents, or either of them, be prohibited from becoming or acting as a director or officer of a registrant;

h. to make an order pursuant to section 127(1) clause 8.4 that the Respondents, or either of them, be prohibited from becoming or acting as a director or officer of an investment fund manager;

i. to make an order pursuant to section 127(1) clause 8.5 that the Respondents, or either of them, be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter; and,

j. to make an order requiring the Respondents, or either of them, to pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law;

k. to make an order pursuant to section 127.1 of the Act that the Respondents, or either of them, pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and

l. to make such other order or orders as the Commission considers appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff, dated August 31, 2009, and such additional allegations as counsel may advise and the Commission may permit.

AND TAKE FUTHER 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 any further notice of the proceeding.

DATED at Toronto this 18th day of September, 2009.

"John Stevenson"
Secretary to the Commission

1.2.2 Ernest Anderson et al. – s. 127

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

AND

**IN THE MATTER OF
ERNEST ANDERSON,
GOLDEN GATE FUNDS LP, BERKSHIRE CAPITAL LIMITED,
GP BERKSHIRE CAPITAL LIMITED AND
PANAMA OPPORTUNITY FUND**

**NOTICE OF HEARING
(s. 127 of the Securities Act)**

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act* (the "*Act*") at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on October 2, 2009, at 10:00 a.m. or as soon thereafter as the hearing can be held.

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

BY REASON OF the allegations set out in the Statement of Allegations of Staff, dated September 21, 2009, and such additional allegations as counsel may advise and the Commission may permit.

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

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

DATED at Toronto this 21st day of September, 2009

"John Stevenson"
Secretary to the Commission

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

AND

**IN THE MATTER OF
ERNEST ANDERSON,
GOLDEN GATE FUNDS LP, BERKSHIRE CAPITAL LIMITED,
GP BERKSHIRE CAPITAL LIMITED AND
PANAMA OPPORTUNITY FUND**

**STATEMENT OF ALLEGATIONS
(Section 127(1) of the Securities Act)**

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

A. The Respondents

1. Ernest Anderson is an individual who resides in Ontario. Anderson was the owner and the signatory and/or an officer and director of the Golden Gate entities described below from December 31, 2003 until at least October 1, 2008 when GP Golden Gate Ltd., the limited partner, was assigned into bankruptcy. In or about February 2009, Anderson became the founding Chairman and managing director of the Berkshire entities also described below.

2. Anderson has never been registered in accordance with Ontario securities laws.

3. Golden Gate Funds LP is a limited partnership which was registered with the Ontario Ministry of Consumer and Businesses Services on December 31, 2003 ("Golden Gate Funds"). The stated general nature of business of Golden Gate Funds was investments. Anderson is the signatory.

4. Golden Gate Funds has never been registered in accordance with Ontario securities laws.

5. Golden Gate Funds has never been a reporting issuer in Ontario.

6. Golden Gate Funds has never filed a preliminary or final prospectus with the Ontario Securities Commission (the "Commission") and receipts have not been issued for them by the Director.

7. Berkshire Capital Limited is a company incorporated in the Republic of Panama ("Berkshire").

8. GP Berkshire Capital Limited is a company incorporated in the Republic of Panama ("GP Berkshire").

9. Panama Opportunity Fund is purported to be a fund wholly owned and operated by Berkshire ("POF").

10. Berkshire, GP Berkshire, POF (collectively, the "Berkshire entities") have never been registered in accordance with Ontario securities laws.

11. The Berkshire entities have never been reporting issuers in Ontario.

12. The Berkshire entities have never filed a preliminary or final prospectus with the Commission and receipts have not been issued for them by the Director.

B. Illegal distribution and unregistered trades of Golden Gate Funds securities

13. Golden Gate Funds was a fund that purported to invest in cash, cash equivalents, liquid investments, residential and commercial mortgages and real property assets.

14. Golden Gate Funds offered for sale to investors, units of Golden Gate Funds for $100 each with a guaranteed annual rate of return of 8% and "100% protection of principal". The minimum investment required per person was $10,000 for 100 units and there were no restrictions on the maximum investment. In addition, Golden Gate Funds offered the opportunity to share 50% of the company's net profit, no fees to invest or withdraw funds, no minimum investment period and low risk and volatility.

15. Between September 9, 2004 and May 21, 2007 approximately $8,169,687.10 worth of units in Golden Gate Funds were sold to at least 155 Ontario investors.

16. Golden Gate Funds sold units: (i) directly by unregistered salespeople who were employees of Golden Gate Funds or a related company; (ii) indirectly by at least one unregistered salesperson at an unregistered entity; and (iii) approximately $3,525,429 worth of units indirectly by a dealer/registrant.

17. On August 10, 2005, May 31, 2006 and October 19, 2007, Golden Gate Funds filed 45-106 forms (or its predecessor form 45-501) with the Commission and claimed the accredited investor exemption from prospectus and registration requirements in paragraph 2.3 of National Instrument 45-106. Several Golden Gate investors who invested directly through unregistered salespeople were not accredited at the time they purchased the units.

18. Anderson and Golden Gate Funds traded in approximately $4,644,258.10 worth of Golden Gate Funds securities in breach of the prospectus and registration requirements of Ontario securities laws.

19. Contrary to the Golden Gate Limited Partnership agreement, investor funds were not used to purchase an investment portfolio of mortgages.

20. Investor money was transferred from Golden Gate Funds to the bank accounts of other related companies, used to pay operating costs for Golden Gate Funds and other related companies, used to pay monthly interest payments to other investors and, used to re-pay investors from a previous investment scheme operated by Anderson.

21. Although Golden Gate Funds stated business was investments, Golden Gate Funds has been holding itself out as and have been engaging in the business of trading securities in Ontario as described above. Accordingly, Golden Gate Funds has been acting as a market intermediary and is required to be registered in accordance with Ontario securities laws.

C. Illegal distribution and unregistered trades of Panama Opportunity Fund securities

22. In February or March of 2008, Anderson moved to Panama where he started a similar business offering a new investment called POF. Anderson was the founding Chairman and managing director of Berkshire and GP Berkshire, the Panamanian companies that offered POF for sale on Berkshire's website.

23. Anderson also put together some forms for the Berkshire entities, including a subscription agreement. These promotional documents are similar to the Golden Gate Funds' promotional documents and promised "a simple 8% annual return" and "investor principal is 100% protected and a steady income is generated by investing in a diverse portfolio of mortgages".

24. As a result of these acts in furtherance of a trade of POF securities, on January 27, 2009, Staff obtained a temporary cease trade order against the Berkshire entities and against Anderson personally, which order has been extended.

D. Conduct contrary to the Act and the public interest

25. Between September 9, 2004 and May 21, 2007, Anderson and Golden Gate Funds traded in securities of Golden Gate Funds without being registered to trade in securities contrary to section 25(1) of the under the *Securities Act*, R.S.O. 1990 c. S.5 as amended (the "Act") and contrary to the public interest.

26. Between September 9, 2004 and May 21, 2007, Anderson and Golden Gate Funds traded in securities of Golden Gate Funds when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director contrary to section 53(1) of the Act and contrary to the public interest.

27. Between October 12, 2008 and January 27, 2009, Anderson and the Berkshire entities traded in securities of POF without being registered to trade in securities contrary to section 25(1) of the Act and contrary to the public interest.

28. Between October 12, 2008 and January 27, 2009, Anderson and the Berkshire entities traded in securities of POF when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by

the Director contrary to section 53(1) of the Act and contrary to the public interest.

29. Such further and other allegations as Staff may advise and the Commission may permit.

September 21, 2009

1.4 Notices from the Office of the Secretary

1.4.1 Goldbridge Financial Inc., Wesley Wayne Weber and Shawn Lesperance

FOR IMMEDIATE RELEASE
September 21, 2009

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

AND

IN THE MATTER OF
GOLDBRIDGE FINANCIAL INC.,
WESLEY WAYNE WEBER, and
SHAWN LESPERANCE

TORONTO – The Office of the Secretary issued a Notice of Hearing on September 18, 2009 setting down the Hearing on the Merits in the above noted matter to be heard from February 8, 2010 at 10:00 a.m. and continuing through February 12, 2010.

A copy of the Notice of Hearing dated September 18, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Laurie Gillett
Manager, Public Affairs
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Carolyn Shaw-Rimmington
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Public Affairs
416-593-2361

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

1.4.2 Berkshire Capital Limited et al.

FOR IMMEDIATE RELEASE
September 21, 2009

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

AND

IN THE MATTER OF
BERKSHIRE CAPITAL LIMITED,
GP BERKSHIRE CAPITAL LIMITED,
PANAMA OPPORTUNITY FUND AND
ERNEST ANDERSON

TORONTO – The Commission issued an Order today which provides that the hearing is adjourned to October 2, 2009 at 10:00 a.m. and the Temporary Order is continued until October 5, 2009, or such other date as is agreed by Staff and the Respondents and is determined by the Office of the Secretary in the above named matter.

A copy of the Order dated September 21, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.3 Prosporex Investments Inc. et al.

FOR IMMEDIATE RELEASE
September 21, 2009

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

AND

IN THE MATTER OF
PROSPOREX INVESTMENTS INC.,
PROSPOREX FOREX SPV TRUST,
ANTHONY DIAMOND, DIAMOND + DIAMOND, and
DIAMOND + DIAMOND MERCHANT BANKING BANK

TORONTO – The Commission issued an Order today with certain provisions in the above named matter which provides that (1) the July 13, 2009 Temporary Order is extended to November 24, 2009 unless extended or varied by further Order of the Commission; and (2) a hearing to consider whether to further extend the July 13, 2009 Temporary Order shall be held on November 24, 2009 at 2:30 p.m.

A copy of the Order dated September 21, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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SECRETARY

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1-877-785-1555 (Toll Free)

1.4.4 Ernest Anderson et al.

FOR IMMEDIATE RELEASE
September 22, 2009

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

AND

IN THE MATTER OF
ERNEST ANDERSON,
GOLDEN GATE FUNDS LP, BERKSHIRE CAPITAL LIMITED,
GP BERKSHIRE CAPITAL LIMITED AND
PANAMA OPPORTUNITY FUND

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and the Respondents. The hearing will be held on October 2, 2009 at 10:00 a.m. in Hearing Room B on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated September 21, 2009 and Staff's Statement of Allegations dated September 21, 2009 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Manulife Financial Corporation et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval granted for change of manager of mutual funds – change of manager will not result in any material changes to the management and administration of the Funds – change of manager is not detrimental to unitholders or the public interest.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(a), 5.7, 19.1.

September 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
MANULIFE FINANCIAL CORPORATION,
ELLIOTT & PAGE LIMITED,
AIC LIMITED
and their respective affiliates and associates
(collectively, the "Filers")

AND

IN THE MATTER OF
THE INVESTMENT FUNDS LISTED IN SCHEDULE "A"
(collectively, the "Funds")

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"**) for approval, pursuant to subsection 5.5(1)(a) of National Instrument 81-102 – *Mutual Funds* (**"NI 81-102"**), of the change of the manager of the Funds from AIC Limited (**"AIC"** or the **"Existing Manager"**) to Elliott & Page Limited (**"Elliott & Page"**), an indirect wholly-owned subsidiary of Manulife Financial Corporation (**"Manulife"**) (such approval, the **"Approval Sought"**).

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

(a) the Ontario Securities Commission (the **"OSC"**) 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 all of the provinces and territories of Canada other than 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 Filers:

Proposed Transaction

1. AIC, as vendor, Elliott & Page, as purchaser, and Manulife have entered into a share purchase agreement dated August 11, 2009 (the **"Purchase Agreement"**) concerning the proposed acquisition by Elliott & Page of the Canadian retail investment fund business of AIC and certain related and ancillary transactions (the **"Proposed Transaction"**). The Proposed Transaction is expected to close on or about September 25, 2009.

2. Pursuant to the Proposed Transaction, AIC will (a) incorporate a new wholly-owned subsidiary of AIC (**"Newco"**) to act as the manager and, where applicable, trustee of the Funds on a temporary basis, (b) transfer to Newco, prior to the closing of the Proposed Transaction, certain assets of AIC related to the business of investment fund manager and, where applicable, trustee of the Funds that is presently carried on by AIC, and (c) transfer to Elliott & Page, at the time of closing of the Proposed Transaction, all of the issued and outstanding shares in the capital of Newco in consideration of the payment of the purchase price to AIC. Newco will discharge the functions of manager and, where applicable, trustee of the

Funds on a strictly temporary basis until the Post-Closing Wind-Up (described in paragraph 19) is completed, resulting in Elliott & Page becoming the manager of the Funds shortly after closing.

3. Also in connection with the Proposed Transaction, AIC Investment Services Inc. (**"AIS"**), which acts as the adviser for the Funds, will assign to Elliott & Page its responsibilities as portfolio adviser to those Funds, although AIS will continue to sub-advise a number of the Funds post-closing.

4. The completion of the Proposed Transaction is subject to the satisfaction of closing conditions, which include obtaining required regulatory and securityholder approvals. AIC is seeking securityholder approval of the change of the manager of the Funds at the special meetings of the securityholders of the Funds to be held on or about September 23, 2009.

5. The notices of meeting and management information circular in respect of the special meetings were mailed to the securityholders on or about September 2, 2009, and copies thereof have been filed on SEDAR in accordance with applicable securities legislation. The notices of meeting and circular incorporate notice of the Proposed Transaction.

Manulife

6. Manulife is a Canadian-based life insurance company incorporated on April 26, 1999 under the *Insurance Companies Act* (Canada). Manulife is a multinational insurance company with a current market capitalization of more than $33 billion, and is the largest insurance company in Canada and one of the largest in the world. Securities of Manulife are listed for trading on the Toronto Stock Exchange, the New York Stock Exchange, the Philippine Stock Exchange and The Stock Exchange of Hong Kong. Manulife operates a broad array of leading financial services businesses in Canada, including individual life insurance and wealth management as well as group savings and benefits businesses. The wealth management operations of Manulife provide an extensive range of products and services, including segregated funds and mutual funds. Manulife Securities Investment Services Inc. is one of Canada's largest mutual fund dealers, and Manulife Securities Inc. is a leading broker-dealer, collectively working with more than 1,400 financial professionals nation-wide and offering investment funds from more than 70 different fund families as well as access to stocks, bonds, private wealth management services and other financial services.

7. Manulife is a reporting issuer in all provinces and territories of Canada. The head office and registered office of Manulife are located at 200 Bloor Street East, Toronto, Ontario M4W 1E5.

Elliott & Page

8. Elliott & Page is an indirect wholly-owned subsidiary of Manulife. It manages assets in excess of $15 billion for institutional and mutual fund investors. Elliott & Page is registered with Canadian securities regulatory authorities in various categories.

9. Elliott & Page was incorporated under the laws of the Province of Ontario on December 28, 1954, and its registered office is located at 200 Bloor Street East, North Tower, Suite No. 3, Toronto, Ontario M4W 1E5. At present, all of the issued and outstanding securities of Elliott & Page are beneficially owned by Manulife (directly or indirectly).

10. Neither Manulife nor Elliott & Page is in default of the securities legislation of any province or territory of Canada.

Existing Manager and the Funds

11. AIC is a corporation governed by the laws of Ontario and is the current manager and (where applicable) trustee of the Funds. AIC's registered office and head office are located at 1375 Kerns Road, Burlington, Ontario L7R 4X8. At present, all of the issued and outstanding securities of AIC are beneficially owned (indirectly through Portland Holdings Inc.) by Mr. Michael Lee-Chin.

12. The Funds, other than the Closed-End Corporate Funds (as identified in Schedule "A"), are qualified for continuous distribution in each of the provinces and territories of Canada.

13. Neither the Existing Manager nor any of the Funds is in default of the securities legislation of any province or territory of Canada.

14. The units of the Funds that are Trust Funds (as identified in Schedule "A") are currently offered under a combined simplified prospectus and annual information form each dated April 6, 2009, as amended by Amendment No. 1 dated May 21, 2009 and Amendment No. 2 dated August 13, 2009, prepared in accordance with National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* (**"NI 81-101"**), and subject to NI 81-102.

15. The shares of the Funds that are Corporate Funds (as identified in Schedule "A") are currently offered under a combined simplified prospectus and annual information form each dated April 1, 2009, as amended by Amendment No. 1 dated August 13, 2009, prepared in accordance with NI 81-101, and subject to NI 81-102.

16. The shares of the Funds that are Closed-End Corporate Funds (as identified in Schedule "A") were offered as follows: (a) the shares of AIC Global Financial Split Corp. were offered under a prospectus dated May 17, 2004; (b) the shares of Copernican International Financial Split Corp. were offered under a prospectus dated February 26, 2007; and (c) the shares of Copernican World Banks Split Inc. were offered under a prospectus dated November 10, 2006.

17. AIS, which acts as the adviser to the Funds, is registered with the OSC as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the category of mutual fund dealer. AIS is also registered with the Alberta Securities Commission as an adviser in the categories of portfolio manager and investment counsel; with the Manitoba Securities Commission as an adviser in the category of portfolio manager; and with the Autorité des marchés financiers as an adviser, unrestricted practice.

Newco

18. It is expected that Newco will be incorporated under the provisions of the Canada Business Corporations Act. Newco's registered office address will be 1375 Kerns Road, Burlington, Ontario L7R 4X8. Newco's authorized share capital will consist of an unlimited number of common shares, of which 100 common shares (representing all of Newco's outstanding share capital) will be issued and registered in the name of AIC prior to the closing of the Proposed Transaction.

Post-Closing Wind-Up

19. Shortly after the closing of the Proposed Transaction, Elliott & Page intends to cause a voluntary wind-up of Newco whereby all of its assets will be transferred to Elliott & Page and all of its liabilities will be assumed by Elliott & Page as part of a voluntary dissolution process under the provisions of the *Canada Business Corporations Act* (the **"Post-Closing Wind-Up"**). Once this occurs, Elliott & Page will become the new manager and, where applicable, trustee of the Funds and will act in those capacities on a going-forward basis. For purposes of this decision, the term "Proposed Transaction" is deemed to include the Post-Closing Wind-Up.

20. Immediately following the Post-Closing Wind-Up, it is expected that the current directors and officers of Elliott & Page will continue to serve in their respective present capacities, and appointment of additional directors or officers is not anticipated.

Other Representations

21. Manulife and Elliott & Page have accumulated considerable experience in the investment funds and asset management industry.

22. Manulife and Elliott & Page intend to combine AIC's Canadian retail investment fund business with Manulife's existing retail investment fund business in Canada. The Filers anticipate that, following the closing of the Proposed Transaction, a significant portion of AIC's investment management and operational staff will be retained by Elliott & Page. Manulife and Elliott & Page intend to merge the existing back-office functions of AIC's existing Canadian retail investment fund business into Manulife's existing operations.

23. The change of the manager of the Funds from the Existing Manager to Elliott & Page will not materially affect the operation and administration of the Funds in the near term. There is no current intention to change the investment objectives or fees and expenses of the Funds.

24. The Filers do not foresee that the completion of the Proposed Transaction will give rise to any material conflicts of interest or have negative consequences for the ability of AIC, Newco or Elliott & Page to satisfy their respective obligations to the Funds.

25. A press release announcing the Proposed Transaction was issued on August 12, 2009. Securityholders of the Funds have been provided with notice of the proposed change of the manager of the Funds through the inclusion of disclosure with respect to the Proposed Transaction in the notices of meeting and management information circular prepared for the special meetings of securityholders to be held on or about September 23, 2009 for purposes of considering and approving the change of the manager of the Funds. The notices of meeting and management information circular were mailed to the securityholders of the Funds on or about September 2, 2009, and copies thereof were filed on SEDAR in accordance with applicable securities legislation.

26. In accordance with the provisions of National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**"NI 81-107"**), AIC has referred the matters related to the Proposed Transaction to the Independent Review Committee for the Funds (the **"IRC"**), for review by the IRC. The IRC has advised that, after reasonable inquiry, it has concluded that the matters proposed do not create any conflict issues that have not been adequately addressed and, on this basis, achieve a fair and reasonable result for the Funds.

27. Upon the change of the manager of the Funds, all current members of the IRC for the Funds will cease to be members of the IRC by operation of subsection 3.10(1)(b) of NI 81-107, and Elliott & Page expects, as soon as practicable thereafter, to appoint or cause the appointment of, as members of the IRC for the Funds, the members of the Independent Review Committee that is currently in place in respect of Manulife's mutual funds.

28. To the extent that any changes that would constitute "material changes" within the meaning of National Instrument 81-106 – *Investment Fund Continuous Disclosure* will be effected with respect to the Funds post-closing, appropriate amendments will be made to the prospectuses of the applicable Funds.

29. The Filers believe that the change of the manager of the Funds from AIC to Elliott & Page will not be prejudicial to the interests of the Funds, their securityholders or the public in general.

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 Approval Sought is granted.

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

SCHEDULE "A"

FUNDS

AIC Advantage Fund
AIC Advantage Fund II
AIC American Advantage Fund
AIC Global Advantage Fund
AIC Diversified Canada Fund
AIC Canadian Equity Fund (formerly AIC Private Portfolio Counsel Canadian Pool)
AIC Value Fund
AIC American Small to Mid Cap Fund (formerly AIC Private Portfolio Counsel U.S. Small to Mid Cap Pool)
AIC Canadian Focused Fund
AIC American Focused Fund
AIC Global Focused Fund
AIC Global Real Estate Fund
AIC Global Wealth Management Fund
Brookfield Redding Global Infrastructure Fund
AIC Canadian Balanced Fund
AIC Global Balanced Fund
AIC Dividend Income Fund
AIC Preferred Income Fund
AIC Global Premium Dividend Income Fund
AIC Global Fixed Income Fund (formerly AIC Private Portfolio Counsel Global Fixed Income Pool)
AIC Bond Fund
AIC Global Bond Fund
AIC Money Market Fund
AIC U.S. Money Market Fund
Value Leaders Income Portfolio
Value Leaders Balanced Income Portfolio
Value Leaders Balanced Growth Portfolio
Value Leaders Growth Portfolio
Value Leaders Maximum Growth Portfolio
Copernican International Dividend Income Fund
(together, the **"Trust Funds"**)

AIC Advantage II Corporate Class
AIC American Advantage Corporate Class
AIC Global Advantage Corporate Class
AIC Diversified Canada Corporate Class
AIC Value Corporate Class
AIC Canadian Focused Corporate Class
AIC American Focused Corporate Class
AIC Global Focused Corporate Class
AIC Global Real Estate Corporate Class
Brookfield Redding Global Infrastructure Corporate Class
AIC Canadian Balanced Corporate Class
AIC Global Premium Dividend Income Corporate Class
AIC Total Yield Corporate Class
AIC Money Market Corporate Class
(together the **"Corporate Funds"**)

AIC Global Financial Split Corp.
Copernican International Financial Split Corp.
Copernican World Banks Split Inc.
(together the **"Closed-End Corporate Funds"**)

2.1.2 MF Global Canada Co.

Headnote

Application for an order, pursuant to pursuant to (i) section 80 of the Commodity Futures Act (CFA) granting relief from sections 42, 43, 44 and 45 of the CFA and (ii) section 147 of the Securities Act (OSA) granting relief from section 36 of the OSA, which contain the requirement to deliver certain confirmations and statements of trade to customers in respect of trades in commodity futures contracts and commodity futures options as well as equity options in the context of trade "give-ups".

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 36, 147.
Commodity Futures Act, R.S.O. 1990, C.20, ss. 42, 43, 44, 45, 80.

September 11, 2009

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

AND

IN THE MATTER OF
R.R.O. 1990, REGULATION 90 –
COMMODITY FUTURES ACT REGULATION,
AS AMENDED (the CFA REGULATION)

AND

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

IN THE MATTER OF
MF GLOBAL CANADA CO.
(the Applicant)

DECISION

UPON the application (the **Application**) by MF Global Canada Co. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for a decision pursuant to (i) section 80 of the CFA granting relief from sections 42, 43, 44 and 45 of the CFA and (ii) section 147 of the OSA granting relief from section 36 of the OSA, which contain the requirement to deliver certain confirmations and statements of trade to customers in respect of trades in commodity futures contracts and commodity futures options as well as equity options in the context of trade "give-ups".

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant is a corporation formed under the laws of Nova Scotia.

2. The head office of the Applicant is located in Toronto, Ontario.

3. The Applicant is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**). The Applicant is also registered as an investment dealer under the OSA and is registered under the CFA to trade commodity futures contracts and commodity futures options. The Applicant is also a Participating Organization of the Toronto Stock Exchange and TSX-Venture, an Approved Participant of the Montreal Exchange and a Clearing Member and Direct Market Participant of ICE Futures Canada Inc.

4. The Application relates to the Applicant's "give-up" business on certain US and Canadian exchanges that trade commodity futures and equity options (the **Applicable Exchanges**) where the Applicant acts as the executing broker primarily for institutional clients.

5. In a typical give-up situation, a customer has an existing relationship with its clearing broker, and has signed account documentation with such clearing broker, but desires to utilize one or several other executing brokers for purposes of executing on one or more markets, whether domestic or global. In such an instance, the executing broker will execute trades as directed by the customer and "give-up" such trades to the clearing broker via various futures exchange mechanisms that allow for and govern this procedure, as more fully explained below. The customer does not sign account documentation with the executing broker, nor does the executing broker receive monies, securities, margin or collateral from the customer. The customer is a customer of and on the books of the clearing broker and the executing broker is merely providing a limited execution transaction service. The executing broker is responsible for complying with the terms of the give-up agreement executed among the client, clearing broker and executing broker. IIROC also requires compliance with IIROC Rule 200.

6. Each give-up trade executed by Applicant is captured in the Applicant's books and records and accounting system. A daily control performed by Applicant's back-office identifies equity options, commodity futures contracts and commodity futures options positions held by the Applicant and not allocated to any of its customers' accounts. Each such position is investigated and is either i) sent to the clearing broker as a trade that was executed under a give-up agreement, or ii) upon receipt of new instructions allocated to a customer's account. For each customer a monthly invoice detailing all give-up trades for a given

month is sent to the clearing broker or in some cases, to the customer directly. After reconciliation with the clearing broker's own records, the clearing broker pays the invoice sent by Applicant. Consequently, upon payment of any invoice sent by Applicant to the clearing broker, the Applicant considers the invoice as evidence of trade reconciliation between its internal accounting and the client.

7. The Applicant is in compliance with IIROC requirements relating to the maintenance of records of executed transactions under IIROC Rule 200 to the extent possible based on the information received by the Applicant from the Applicable Exchanges.

8. Section 42 of the CFA requires that a registered dealer that has acted as an agent in connection with a trade in a commodity futures contract promptly send customers a written confirmation of trade.

9. Section 43 of the CFA requires that a registered dealer that has acted as an agent in connection with a liquidating trade in a commodity futures contract promptly send customers a written statement of purchase and sale.

10. Section 44 of the CFA requires that registered dealers send customers a written monthly statement.

11. Section 45 of the CFA requires that a registered dealer that has acted as an agent in connection with a trade in a commodity futures option send customers a written confirmation of a trade.

12. Section 36 of the OSA requires that a registered dealer that has acted as principal or agent in connection with any trade in a security promptly send customers a written confirmation of the trade.

13. The Applicant is seeking a decision from the Commission pursuant to section 80 of the CFA that it be exempt from the sections 42, 43, 44 and 45 of the CFA and pursuant to section 147 of the OSA granting relief from section 36 of the OSA with respect to give-up arrangements because the imposition of those requirements is unnecessary, duplicative and not industry practice globally in the futures market.

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

THE DECISION of the Commission is that the Applicant is exempt from the requirements of sections 42, 43, 44 and 45 of the CFA and section 36 of the OSA for the purposes of the Applicant acting as executing broker for give-up transactions where the clearing broker provides customers a written confirmation of the trades, provided that the Applicant enters into a give-up agreement with the clearing broker and the customer.

"James E.A. Turner"
Commissioner
Ontario Securities Commission

"Mary G. Condon"
Commissioner
Ontario Securities Commission

2.1.3 Newedge Canada Inc.

Headnote

Application for an order, pursuant to pursuant to (i) section 80 of the Commodity Futures Act (CFA) granting relief from sections 42, 43, 44 and 45 of the CFA and (ii) section 147 of the Securities Act (OSA) granting relief from section 36 of the OSA, which contain the requirement to deliver certain confirmations and statements of trade to customers in respect of trades in commodity futures contracts and commodity futures options as well as equity options in the context of trade "give-ups".

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 36, 147.
Commodity Futures Act, R.S.O. 1990, C.20, ss. 42, 43, 44, 45, 80.

September 11, 2009

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

AND

IN THE MATTER OF
R.R.O. 1990, REGULATION 90 –
COMMODITY FUTURES ACT REGULATION,
AS AMENDED (the CFA REGULATION)

AND

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

IN THE MATTER OF
NEWEDGE CANADA INC.
(the Applicant)

DECISION

UPON the application (the **Application**) by Newedge Canada Inc. (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for a decision pursuant to (i) section 80 of the CFA granting relief from sections 42, 43, 44 and 45 of the CFA and (ii) section 147 of the OSA granting relief from section 36 of the OSA, which contain the requirement to deliver certain confirmations and statements of trade to customers in respect of trades in commodity futures contracts and commodity futures options as well as equity options in the context of trade "give-ups".

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant is a corporation formed under the laws of Canada.

2. The head office of the Applicant is located in Montreal, Quebec.

3. The Applicant is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and is registered with the Commission as a futures commission merchant under the CFA, and is registered in every other province of Canada to trade futures contracts. The Applicant is also registered as an investment dealer in every province of Canada. The Applicant is an approved participant of the Bourse de Montreal. The Applicant is also a Futures Commission Merchant and Clearing Participant of ICE Futures Canada; a Participating Organization of the TSX and TSX-V; a Dealer with the Canadian Trading and Quotation System Inc. and Pure Trading, a Member of Canadian Derivatives Clearing Corporation, and a Participant of Clearing and Depository Services Inc.

4. The Applicant engages in the following two, distinct types of customer trading relationships:

   (a) the Applicant acts as executing and introducing broker for customers; and

   (b) the Applicant acts solely as executing broker in give-up transactions.

5. The Applicant only provides trading services to "institutional customers" as defined in IIROC Rule 2700.

6. In a typical give-up situation, a customer has an existing relationship with its clearing broker, and has signed account documentation with such clearing broker, but desires to utilize one or several other executing brokers for purposes of executing on one or more markets, whether domestic or global. In such an instance, the executing broker will execute trades as directed by the customer and "give-up" such trades to the clearing broker via various futures exchange mechanisms that allow for and govern this procedure, as more fully explained below. The customer does not sign account documentation with the executing broker, nor does the executing broker receive monies, securities, margin or collateral from the customer. The customer is a customer of the clearing broker and the executing broker is merely providing a limited execution transaction service. The executing broker is responsible for its own record keeping, bookkeeping, custody, and other requirements with respect to its customers, but is not responsible for most of these requirements with respect to an execution only customer, as that customer is on the books of the clearing broker.

7. Each give-up trade executed by Applicant is captured in the Applicant's books and records and accounting system. A daily control performed by Applicant's back-office identifies equity options, commodity futures contracts and commodity futures options positions held by the Applicant and not allocated to any of its customers' accounts. Each such position is investigated and is either i) sent to the clearing broker as a trade that was executed under a give-up agreement, or ii) upon receipt of new instructions allocated to a customer's account. For each customer a monthly invoice detailing all give-up trades for a given month is sent to the clearing broker. After reconciliation with the clearing broker's own records, the clearing broker pays the invoice sent by Applicant. Consequently, upon payment of any invoice sent by Applicant to the clearing broker, the Applicant considers the invoice as evidence of trade reconciliation between its internal accounting and the client.

8. The Applicant is in compliance with IIROC requirements relating to the maintenance of records of executed transactions.

9. Section 42 of the CFA requires that a registered dealer that has acted as an agent in connection with a trade in a commodity futures contract promptly send customers a written confirmation of trade.

10. Section 43 of the CFA requires that a registered dealer that has acted as an agent in connection with a liquidating trade in a commodity futures contract promptly send customers a written statement of purchase and sale.

11. Section 44 of the CFA requires that registered dealers send customers a written monthly statement.

12. Section 45 of the CFA requires that a registered dealer that has acted as an agent in connection with a trade in a commodity futures option send customers a written confirmation of a trade.

13. Section 36 of the OSA requires that a registered dealer that has acted as principal or agent in connection with any trade in a security promptly send customers a written confirmation of the trade.

14. The Applicant is seeking a decision from the Commission pursuant to section 80 of the CFA that it be exempt from the sections 42, 43, 44 and 45 of the CFA and section 36 of the OSA with respect to give-up arrangements because the imposition of those requirements is unnecessary, duplicative and not industry practice globally in the futures market.

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

THE DECISION of the Commission is that the Applicant is exempt from the requirements of sections 42, 43, 44 and 45 of the CFA and section 36 of the OSA for the purposes of the Applicant acting as executing broker for give-up transactions where the clearing broker provides customers a written confirmation of the trades, provided that the Applicant enters into a give-up agreement with the clearing broker and the customer.

"James E.A. Turner"
Commissioner
Ontario Securities Commission

"Mary G. Condon"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Copper Mesa Mining Corporation – s. 144

Headnote

Section 144 – full revocation of cease trade order upon remedying of defaults.

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, CHAPTER S.5, AS AMENDED
(the "Act")

AND

IN THE MATTER OF
COPPER MESA MINING CORPORATION
(the "Reporting Issuer")

ORDER
(Section 144)

WHEREAS on September 8, 2009, the Director made an order under paragraphs 2 and 2.1 of subsection 127(1) of the Act (the "Permanent Order") that all trading in and all acquisitions of the securities of the Reporting Issuer, whether direct or indirect, shall cease until further order by the Director;

AND WHEREAS the Permanent Order was made because the Reporting Issuer was in default of certain filing requirements under Ontario securities law as described in the Permanent Order (the "Default");

AND WHEREAS the Reporting Issuer has represented to the Commission that:

1. The Reporting Issuer is a reporting issuer under the securities legislation of the provinces of British Columbia, Quebec and Ontario.

2. The Reporting Issuer has filed all outstanding continuous disclosure documents that are required to be filed under Ontario securities law and has paid all outstanding activity, participation and late filing fees that are required to be paid.

3. The Reporting Issuer was also subject to similar cease trade orders issued by the British Columbia Securities Commission (the "BCSC") and L'Autorité des marchés financiers (the "AMF") as a result of the failure to make the filings described in the Permanent Order. The order issued by the BCSC was revoked on September 9, 2009 and the order issued by the AMF was revoked on September 10, 2009.

4. The Reporting Issuer's SEDAR profile and SEDI issuer profile supplement are current and accurate.

AND WHEREAS the Director is of the opinion that it would not be prejudicial to the public interest to revoke the Permanent Order;

IT IS ORDERED under section 144 of the Act that the Permanent Order is revoked.

DATED at Toronto this 16th day of September, 2009.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance

2.2.2 Berkshire Capital Limited 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
BERKSHIRE CAPITAL LIMITED,
GP BERKSHIRE CAPITAL LIMITED,
PANAMA OPPORTUNITY FUND AND
ERNEST ANDERSON**

**ORDER
(Subsection 127(7) and (8))**

WHEREAS the Ontario Securities Commission ("the Commission") issued a temporary order on January 27, 2009 ("the Temporary Order") with respect to Berkshire Capital Limited, GP Berkshire Capital Limited, Panama Opportunity Fund ("the Berkshire Entities") and with respect to Ernest Anderson ("Anderson") ("collectively "the Respondents");

AND WHEREAS the Temporary Order ordered that: (i) trading in securities of and by the Respondents cease pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended ("the Act"); and (ii) any exemptions contained in Ontario securities law not do not apply to the Respondents pursuant to paragraph 3 of subsection 127(1) and subsection 127(5) of the Act;

AND WHEREAS the Commission further ordered that the Temporary Order is continued until the 15th day after its making unless extended by the Commission;

AND WHEREAS Staff of the Commission ("Staff") served Anderson with the Temporary Order on January 27, 2009 and the Notice of Hearing and the Statement of Allegations on February 6, 2009;

AND WHEREAS Staff served the Berkshire Entities by sending the Temporary Order to Anderson who, although he accepted service on his own behalf, refused service on behalf of the Berkshire Entities;

AND WHEREAS Staff also served the Berkshire Entities by emailing the Temporary Order, the Notice of Hearing and the Statement of Allegations to the Berkshire Entities' Panamanian contacts, Georgia Lainiotis ("Lainiotis") and Mohamed Al-Harazi ("Al-Harazi"), who have been identified to Staff as being involved with the Berkshire Entities;

AND WHEREAS on February 10, 2009, Staff appeared before the Commission, Anderson having provided his consent to extend the Temporary Order and adjourn the hearing to March 19, 2009 in writing;

AND WHEREAS Staff filed the Affidavit of Stephanie Collins in support of Staff's request to extend the Temporary Order against the Berkshire Entities;

AND WHEREAS Staff and Anderson consented to an extension of the Temporary Order until March 19, 2009 and the Berkshire Entities did not appear;

AND WHEREAS on February 10, 2009, the Commission granted the request for an adjournment and rescheduled the hearing to March 19, 2009 and extended the Temporary Order until March 20, 2009;

AND WHEREAS Staff served the extension of the Temporary Order on Anderson and the Berkshire Entities by emailing it to Anderson, Lainiotis and Al-Harazi;

AND WHEREAS Staff served the Record of Staff (February 10, 2009) on Anderson on March 12, 2009;

AND WHEREAS Anderson on March 18, 2009 requested an adjournment to retain counsel;

AND WHEREAS on March 19, 2009, Staff appeared before the Commission and no one appearing on behalf of the respondents;

AND WHEREAS Staff and Anderson consented to adjourn the hearing to May 5, 2009 and to extend the Temporary Order until May 6, 2009 and the Berkshire Entities did not appear;

AND WHEREAS on March 19, 2009, the Commission granted the request for an adjournment and rescheduled the hearing to May 5, 2009 and extended the Temporary Order until May 6, 2009;

AND WHEREAS Staff served the extension of the Temporary Order on Anderson and the Berkshire Entities by emailing it to Anderson and Lainiotis. Staff attempted to serve it on Al-Harazi by emailing it to him at the address which had previously been successfully used, but the email was returned;

AND WHEREAS on May 5, 2009, Staff appeared before the Commission, Anderson appeared and opposed the continuation of the Temporary Order, and no one appearing on behalf of the Berkshire Entities;

AND WHEREAS on May 5, 2009, the Commission adjourned the hearing to July 9, 2009 at 10.00 a.m. and extended the Temporary Order until July 10, 2009;

AND WHEREAS on July 8, 2009, Staff and Anderson consented in writing to adjourn the hearing and to extend the Temporary Order for one month;

AND WHEREAS on reading the written consent of Staff and Anderson, the Commission granted the request for an adjournment and rescheduled the hearing to August 10, 2009 and extended the Temporary Order until August 11, 2009;

AND WHEREAS on August 10, 2009, Staff appeared before the Commission, Anderson having provided his consent in writing to adjourn the hearing to September 22, 2009 and to extend the Temporary Order until September 23, 2009;

AND WHEREAS on hearing the submissions of Staff and reading the written consent of Anderson, the Commission granted the request for an adjournment to reschedule the hearing to September 22, 2009 and continue the Temporary Order until September 23, 2009;

AND WHEREAS on September 18, 2009, Staff and Anderson consented in writing to adjourn the hearing and to extend the Temporary Order for one week;

AND WHEREAS on reading the written consent of Staff and Anderson, the Commission considered that it was appropriate to grant the request for an adjournment and to reschedule the hearing to October 2, 2009 at 10:00 a.m. and to extend the Temporary Order until October 5, 2009;

IT IS ORDERED THAT the hearing is adjourned to October 2, 2009 at 10:00 a.m. and the Temporary Order is continued until October 5, 2009, or such other date as is agreed by Staff and the Respondents and is determined by the Office of the Secretary.

DATED at Toronto, this 21st day of September, 2009.

"Patrick J. LeSage"

2.2.3 Prosporex Investments 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
PROSPOREX INVESTMENTS INC.,
PROSPOREX FOREX SPV TRUST,
ANTHONY DIAMOND, DIAMOND + DIAMOND, and
DIAMOND + DIAMOND MERCHANT BANKING BANK

TEMPORARY ORDER
(Subsections 127(1) and (8))

WHEREAS on July 13, 2009 the Commission made a temporary order, pursuant to subsections 127(1) and (5) of the Act, that all trading in securities of Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex Ltd., Prosporex Inc. and Prosporex FOREX SPV Trust (collectively as "Prosporex") and any other purported "offshore trust" associated therewith by these respondents shall cease and that any exemptions contained in Ontario securities law do not apply to the respondents ("the July 13 Temporary Order");

AND WHEREAS, pursuant to subsection 127(5) of the Act, the Temporary Order was to expire on July 28, 2009 unless extended by the Commission;

AND WHEREAS, the Commission held a hearing on July 28, 2009 to consider whether to extend the Temporary Order;

AND WHEREAS, Staff of the Commission and counsel for the respondents, Anthony Diamond, Diamond + Diamond, and Diamond + Diamond Merchant Banking Bank (collectively as "Diamond + Diamond Merchant Banking Group," or "DDMBG"), were present at that hearing;

AND WHEREAS, no one attended that hearing on behalf of the other respondents, Prosporex Investments Inc. and Prosporex Forex SPV Trust on that day;

AND WHEREAS, Staff filed an affidavit by Allister Field sworn on July 23, 2009 in support of their request for an extension of the Temporary Order;

AND WHEREAS, on July 28, 2009 the Commission made an Order continuing the July 13, 2009 Temporary Order to August 18, 2009 and adjourning the hearing until August 18, 2009 at 3:30 p.m.;

AND WHEREAS, a hearing was held on August 18, 2009 at 3:30 p.m.;

AND WHEREAS, on August 18, 2009, Staff of the Commission appeared, an individual who is a principal and director of Prosporex Investment Inc., appeared on behalf

of Prosporex Investment Inc., and none of the other respondents appeared;

AND WHEREAS, at the hearing on August 18, 2009, materials were filed by Staff and other materials were filed on behalf of DDMBG;

AND WHEREAS, the Panel also considered confidential materials filed *in camera* by Staff;

AND WHEREAS, a hearing was held on September 21, 2009 at 11:00 a.m.;

AND WHEREAS, on September 21, 2009, Staff of the Commission appeared, an individual who is a principal and director of Prosporex Investment Inc., appeared on behalf of Prosporex Investment Inc., and none of the other respondents appeared;

AND WHEREAS, at the hearing on September 21, 2009, materials were filed by Staff and other materials were filed on behalf of DDMBG;

AND WHEREAS, in those materials, Anthony Diamond, on behalf of himself and DDMBG, proposed certain undertakings,

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

IT IS ORDERED THAT,

1. The July 13 Temporary Order is extended to November 24, 2009, with the exception that if an undertaking from DDMBG to the Ontario Securities Commission in the following form is received on or before November 24, 2009, clause (b) of the July 13 Temporary Order would no longer apply to DDMBG:

    i) DDMBG undertakes not to complete the structured financial transaction with Prosporex until the Ontario Securities Commission gives its approval to it, or a court of law rules otherwise, and;

    ii) DDMBG undertakes not to contact clients of Prosporex.

2. A hearing to consider whether to further extend the July 13 Temporary Order shall be held on November 24, 2009 at 2:30 p.m.

DATED at Toronto this 21st day of September, 2009.

"James Carnwath"

"Carol S. Perry"

2.2.4 Northeastern Hotel Group Inc. – s. 144

Headnote

Section 144 – application for variation of cease trade order – issuer cease traded due to failure to file with the Commission annual financial statements – issuer has applied for a variation of the cease trade order to permit the issuer to proceed with a private placement – potential investors to be accredited investors and to receive copy of cease trade order and partial revocation order prior to making investment decision – partial revocation granted subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O., c. S.5, as am., ss. 127, 144.
National Instrument 45-106 Prospectus and Registration Exemptions.

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

AND

IN THE MATTER OF
NORTHEASTERN HOTEL GROUP INC.

ORDER
(Section 144 of the Act)

WHEREAS the securities of Northeastern Hotel Group Inc. (the **Applicant**) are subject to a temporary cease trade order dated August 20, 2003 made under paragraph 2 of subsection 127(1) and subsection 127(5) of the Act and a further cease trade order made by the Director dated August 29, 2003 under subsection 127(1) of the Act directing that trading in the securities of the Applicant cease unless revoked by a further order of revocation (the **Cease Trade Order**);

AND WHEREAS the Applicant has applied to the Ontario Securities Commission (the Commission) under section 144 of the Act for a partial revocation of the Cease Trade Order;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant was incorporated on July 7, 1989 under the *Canada Business Corporations Act*. The Applicant maintains a registered office at 220 Bay Street, Suite 500, Toronto Canada, M5J 2W4. The Applicant's records are currently located at 220 Bay Street, Suite 500, Toronto Canada, M5J 2W4.

2. The authorized share capital of the Applicant consists of an unlimited number of common shares, of which 12,295,655 common shares are issued and outstanding as of June 18, 2009.

3. The Applicant is a reporting issuer or the equivalent under the securities legislation of the province of Ontario. The Applicant is not a reporting issuer in any other jurisdiction in Canada.

4. The common shares of the Applicant are not listed or quoted on any exchange or market in Canada or elsewhere.

5. The Applicant was listed on the Canadian Dealing Network (now TSX Venture Exchange) when it was delisted.

6. The Cease Trade Order was issued due to the failure by the Applicant to file with the Commission audited annual financial statements for the year ended March 31, 2003, as required by the Act (the **Statements**). The Applicant has further failed to file interim financial statements and related MD&A for subsequent periods to date (together with the Statements, the **Financial Statements**). The Applicant is also in default of the requirement to file the certifications required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

7. The Financial Statements were not filed with the Commission due to a lack of funds to pay for the preparation and, in respect of the annual financial statements, audit of year-end Financial Statements.

8. A special meeting of shareholders of the Applicant was held on June 18, 2009. The Applicant's shareholders were asked to approve, among other items, (i) remove the incumbent directors and elect new directors, and (ii) a share

consolidation on a basis of one new common share for every ten common shares outstanding (the **Share Consolidation**).

9. The Applicant acknowledges that, by sending to shareholders an information circular describing the proposed Share Consolidation and holding a shareholder meeting to approve the Share Consolidation, the Applicant was in contravention of the Cease Trade Order.

10. The Applicant does not intend to proceed with the Share Consolidation prior to a full revocation of the Cease Trade Order.

11. The Applicant intends to complete a private placement (the **Private Placement**) of a convertible debenture (the **Debenture**) to a private Ontario corporation, Cardon Equities Inc., of $70,000 after purchasing all 6,235,000 of the outstanding common shares of the Applicant held by Transpacific Resources Inc. for a nominal price. Distribution of the Debenture will be effected under the accredited investor exemption in section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions*.

12. The Debenture will mature one year from the date of issue, bearing an interest rate at 10% per annum. The Debenture will be convertible into common shares of the Applicant at a rate of $0.005 per common share.

13. The Applicant proposes to trade in securities in Ontario.

14. The Private Placement is to be completed in compliance with all applicable securities legislation.

15. The Applicant will use the proceeds from the Private Placement to complete the preparation audit and filing of the Financial Statements, bring its continuous disclosure records up to date and improve the Applicant's financial position.

16. The Applicant further intends to, within a reasonable time following closing of the Private Placement, apply to the Commission for a full revocation of the Cease Trade Order.

17. The Applicant believes that it will have sufficient resources to complete its required continuous disclosure documents and pay all related outstanding fees.

18. The use of proceeds is estimated to be applied as follows:

a.	Fees and penalties for past late filing of materials:	$30,000
b.	Accounting fees to produce quarterly financial statements and audited year-end financial statements for March 31, 2003 and subsequent up to June 30, 2009:	$5,500
c.	Payment of Transfer Agent Fees arrears:	$4,000
d.	Legal fees to document the convertible debenture, effect the filing of the continuous disclosure materials and review of same, preparation of materials to procure an order from the OSC for the full lifting of the CTO:	$29,500

19. The Applicant has not been previously subject to a cease trade order by the Commission.

20. As the Private Placement and the proposed share purchase would involve a trade of securities and acts in furtherance of trades, the Private Placement could not be completed without a partial revocation of the Cease Trade Order.

21. Upon issuance of this Order, the Applicant will issue a press release and file a material change report announcing the Private Placement and this Order.

22. The Applicant is not in default of any requirements of the Cease Trade Order or the Act or the rules and regulations, subject to the deficiencies outlined in paragraphs 6 and 9 above.

23. The Applicant is not considering, nor is it involved in any discussion relating to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

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

AND WHEREAS the Director is satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to section 144 of the Act that the Cease Trade Order be and is hereby varied solely to permit trades and acts in furtherance of trades in connection with the Private Placement as to the issuance of the Debenture, but not the conversion thereof, nor as to the issuance of any other securities by the Applicant, and the acquisition by Cardon Equities Inc. of the 6,253,000 common shares held by Transpacific Resources Inc. provided that:

(i) prior to the completion of the Private Placement and purchase of the issued shares, each potential investor:

a. receives a copy of the Cease Trade Order and this Order;

b. receives written notice from the Applicant, and provides a written acknowledgement to the Applicant, that all of the Applicant's securities, including the Debenture and any securities of the Applicant issued upon conversion of the Debenture, will remain subject to the Cease Trade order until it is revoked;

(ii) the Applicant will obtain and provide to the Commission a signed and dated acknowledgement from the participant in the Private Placement, which clearly states that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future; and

(iii) this Order will terminate on the earlier of the closing of the Private Placement and 60 days from the date hereof.

DATED September 18, 2009.

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

2.2.5 TSX Inc. – s. 147

Headnote

Section 147 of the Securities Act (OSA) – exemption from the requirements of section 16(a) of the Commission order dated September 3, 2002 as varied on December 16, 2005, August 10, 2006, and June 1, 2008 recognizing TSX as a stock exchange, as they pertain to the requirement in the protocol to publish public interest rules for a 30 day comment period, in relation to the TSX rule amendment identified in the order.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21, 147.

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

AND

IN THE MATTER OF
TSX INC.

ORDER
(Section 147 of the Act)

WHEREAS TSX Inc. ("TSX") has filed an application dated July 17, 2009 (the "Application") to the Ontario Securities Commission (the "Commission") requesting an order pursuant to section 147 of the Act exempting TSX from section 16(a) of the Commission order dated September 3, 2002 as varied on December 16, 2005, August 10, 2006, and June 1, 2008 recognizing TSX as a stock exchange (the "Recognition Order"), for the Rule Change (defined below);

AND WHEREAS section 16(a) of the Recognition Order requires TSX to comply with the existing protocol between TSX and the Commission concerning Commission approval of changes in TSX rules, and the protocol requires that public interest rules be published in the OSC Bulletin for a 30 day comment period;

AND WHEREAS TSX has represented to the Commission that:

1. TSX is proposing a change to the Rules of the Toronto Stock Exchange to allow for the introduction of undisclosed and discretionary order types on Toronto Stock Exchange (the "Rule Change"); and

2. these order types are currently in use by other marketplaces and as a result no public policy function will be served by requiring TSX to submit the same undisclosed and discretionary order types for a public comment period.

AND WHEREAS based on the Application and the representations made to the Commission, the Commission is satisfied that granting an exemption from section 16(a) of the Recognition Order with respect to the Rule Change would not be prejudicial to the public interest.

IT IS HEREBY ORDERED by the Commission that pursuant to section 147 of the Act, with respect to the Rule Change, TSX is exempted from the requirements of section 16(a) of the Recognition Order as they pertain to the requirement in the protocol to publish public interest rules for a 30 day comment period.

DATED at Toronto this 17th day of September, 2009.

"James E. A. Turner"
Vice Chair
Ontario Securities Commission

"David L. Knight"
Commissioner
Ontario Securities Commission

2.3 Rulings

2.3.1 ICMC Group Retirement Services Inc. and Integra Capital Limited – s. 74(1)

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the dealer registration requirement in the Act to permit two related entities, one registered as an investment counsel and portfolio manager, to engage in trades of mutual fund securities from a capital accumulation plan to a LIRA sponsored by the unregistered entity on behalf of members of the CAP – the registered ICPM will complete know-your-client and suitability analysis on transferring members – no additional contributions will be permitted within the LIRA, only re-balancings of assets among the funds offered within the LIRA – transferring members are permitted to transfer their pension assets out of the LIRA to a life income fund, registered pension plan of a subsequent employer, a third party LIRA or a deferred or immediate annuity, at any time – relief is subject to conditions focussed on proficiency standards applicable to the entity registered as an ICPM and limited market dealer.

Applicable Legislative Provisions

Statutes Cited

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

Rules Cited

National Instrument 81-102 Mutual Funds.
National Instrument 45-106 Prospectus and Registration Exemptions.

Published Documents Cited

Amendments to National Instrument 45-106 Registration and Prospectus Exemption for Certain Capital Accumulation Plans, October 21, 2005 (2005), 25 OSCB 8681.

September 11, 2009

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

AND

IN THE MATTER OF
ICMC GROUP RETIREMENT SERVICES INC.

AND

INTEGRA CAPITAL LIMITED

RULING
(Subsection 74(1) of the Act)

UPON the application (the **Application**) of ICMC Group Retirement Services Inc. (**GRS**) and Integra Capital Limited (**ICL**) to the Ontario Securities Commission (the Commission) for a ruling, pursuant to subsection 74(1) of the Act, that the dealer registration requirement in section 25(1)(a) of the Act shall not apply to GRS and ICL (including their respective directors, officers, representatives and employees acting on their behalf) where GRS and ICL trade in units of Integra Equity Fund and the Funds (as defined below) included in the Integra LIRA (as defined below) in connection with transfers of units of certain mutual funds from the Daimler Canada CAP (as defined below) to the Integra LIRA and in the case of ICL, any subsequent trades in units of the Funds in the Integra LIRA resulting from a re-balancing by a Transferring Member (as defined below), subject to certain terms and conditions;

AND WHEREAS, for the purposes hereof, the following terms shall have the following meanings:

"CAP Blanket Orders" means blanket orders issued in all provinces other than Ontario, Quebec and Newfoundland and Labrador pursuant to which prospectus and dealer relief was granted to plan sponsors, administrators retained by

plan sponsors and mutual funds generally in relation to trades in mutual funds for capital accumulation plans, subject to certain terms and conditions;

"CAP Decision" means a decision of the securities regulators in Ontario, Quebec and Newfoundland and Labrador dated October 17, 2006 pursuant to which prospectus and dealer relief was granted to GRS, plan sponsors and mutual funds, including the Daimler Canada CAP in relation to trades in mutual funds for capital accumulation plans, subject to certain terms and conditions;

"Daimler Canada" means Daimler Trucks Canada Ltd.;

"Daimler Canada CAP" means the defined contribution pension plan of Daimler Canada which is being partially wound up such that members of such plan who are terminated will be required to elect where their assets in the plan should be transferred;

"Fund" means any of Integra Balanced Fund, Integra Canadian Value Growth Fund, Integra Short Term Fund, Integra Canadian Value Growth Fund, Beutel Goodman Income Fund, TD Balanced Index Fund and Templeton Growth Fund, Ltd., each of which will be made available to the Transferring Members under the Integra LIRA;

"Integra" means Integra Capital Management Corporation, the parent company of GRS and Integra Capital Limited; (see 'Note to Draft' in Representation 21 below);

"Integra Equity Fund" means the Integra Equity Fund;

"Integra LIRA" means the locked-in retirement savings plan sponsored by GRS and intended to be used in connection with the Daimler Canada CAP;

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

"NI 81-102" means National Instrument 81-102 *Mutual Funds*;

"Transferring Members" means members of the Daimler Canada CAP who elect to transfer to the Integra LIRA.

AND WHEREAS any other terms used herein that are defined in National Instrument 14-101 *Definitions* shall have the same meaning, unless herein otherwise specifically defined, or the context otherwise requires;

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

AND UPON GRS and ICL having represented to the Commission that:

The Applicants

1. GRS is a Canadian corporation governed by the laws of Canada. Its head office is located in Oakville, Ontario. GRS is one of the members of the Integra Group of companies.

2. GRS provides record keeping and trade order services to capital accumulation plans, including the Daimler Canada CAP. Pursuant to the CAP Blanket Orders and the CAP Decision, relief from the prospectus and dealer registration requirements is granted to GRS, plan sponsors and mutual funds, in relation to trades in mutual funds for capital accumulation plans, including the Daimler Canada CAP.

3. ICL is a Canadian corporation governed by the laws of Canada. Its head office is located in Oakville, Ontario. ICL is one of the members of the Integra Group of companies. ICL is the investment fund manager and portfolio manager of mutual funds (within the meaning of the Act) and is registered as an investment counsel/portfolio manager and a limited market dealer.

4. ICL on behalf of GRS analyzes the performance of the funds in capital accumulation plans in connection with the summaries of performance provided to the sponsor of such plans by GRS.

5. Neither GRS nor ICL are in default of securities legislation in Ontario.

The Capital Accumulation Plan and Transferring Members

6. Daimler Canada is the plan sponsor of the Daimler Canada CAP and in that capacity, selected the fund options for the Daimler Canada CAP and negotiated the fees payable by the Daimler Canada CAP Members in respect of each of the fund options.

7. In light of terminations of certain members of Daimler Canada, Daimler Canada is seeking approval of the Financial Services Commission of Ontario to do a partial wind-up of the Daimler Canada CAP. Members in the Daimler Canada CAP who are terminated will have various options, including the ability of Ontario members to transfer the assets to which they are entitled to the Integra LIRA. In addition to the Integra LIRA, the terminated employees will have the option of transferring the assets to a life income fund, a registered pension plan of a subsequent employer, a third party LIRA, or to a deferred or immediate annuity. Transferring Members will not be required to keep their pension assets in the Fund options within the Integra LIRA but will be permitted to transfer their pension assets to a life income fund, a registered pension plan of a subsequent employer, a third party LIRA, or to a deferred or immediate annuity at any time.

8. GRS agreed to sponsor an Integra LIRA to which both union and non-union members in Ontario who so choose, can transfer if they are terminated.

9. As a 'sponsor', GRS will cause the LIRA to be set up with a trust company, as trustee, and GRS and ICL will effectively define the scope of investments that may be invested through the LIRA. The trustee of the Integra LIRA will be CIBC Mellon Trust Company (the **Trustee**).

10. As not all of the existing fund options under the Daimler Canada CAP are "qualified investments" within the meaning of the *Income Tax Act* (Canada) (the **Tax Act**), it is not possible to transfer all existing Daimler Canada CAP fund options to a locked-in retirement savings plan, including the Integra LIRA, and in one case, an existing fund, the UBS Canadian Equity Fund, will not be available in the future. As a result, the Funds included in the Integra LIRA will not be entirely the same as the fund included in the Daimler Canada CAP. A schedule of the funds offered within the Daimler Canada CAP and the Funds that will be options within the Integra LIRA for Transferring Members is attached as Appendix A to this Decision.

11. Each of the Fund options within the Integra LIRA will comply with NI 81-102, including Part 2 of NI 81-102.

12 Replacement funds (the Funds, as referenced above) were selected by ICL and GRS by sourcing a fund from the same manager where possible, with a similar investment objective and a suitable track record and in the event such a fund was not available, a fund managed by a different manager with a similar investment objective and a suitable track record was selected for inclusion in the Integra LIRA. Each replacement Fund selected by ICL and GRS had to be both a qualified investment for a LIRA and offered by prospectus.

13. A Transferring Member is not permitted under the Tax Act to make additional contributions to a LIRA. As a result, the only other trades that can occur after the initial transfer to the Integra LIRA will be for reinvestments of distributions or if the Transferring Member chooses to re-balance the holdings amongst the Funds in the Integra LIRA.

14. Fund options within the Integra LIRA are expected to be static. Should a Fund cease to be a qualified investment for a LIRA or if a Fund is wound up, ICL will give consideration as to whether there should be a replacement fund selected and that selection will be conducted by ICL.

Integra Equity Fund

15. Integra Equity Fund is a reporting issuer but has ceased distribution under a prospectus. As a result, it offers its units solely pursuant to the private placement exemptions available under NI 45-106, the CAP Blanket Orders and the CAP Decision. Integra Equity Fund continues to comply with the investment restrictions and practices of NI 81-102.

16. The Integrity Equity Fund is a "qualified investment" within the meaning of the Tax Act and may accordingly be included within the Integra LIRA.

17. Transferring Members currently invested in the Integra Equity Fund as part of the Daimler Canada CAP will be permitted to transfer their investments in the Integra Equity Fund to the Integra LIRA and to hold their investments indefinitely in the fund, including any reinvestment of distributions, or until they choose to redeem out of the Integra Equity Fund. After the initial transfer of the Integra Equity Fund to the Integra LIRA, no re-balancings of pension assets into the Integra LIRA by Transferring Members will be permitted.

Transfers to, and Re-balancing in, the Integra LIRA

18. All Transferring Members who switch, as part of their transfer to the Integra LIRA, from one of the existing Daimler Canada CAP fund options which are no longer available under the Integra LIRA to one of the substituted Funds will receive a prospectus of the relevant Fund(s).

19. Further, if any Transferring Member subsequently determines to re-balance amongst the Funds in the Integra LIRA, such Transferring Member will receive a copy of the prospectus of the relevant Fund to which he or she transfers.

20. ICL, as a portfolio manager and limited market dealer, will obtain know-your-client and suitability information, and review the Transferring Member's information for purposes of determining whether the trade is suitable for the relevant Transferring Member, from (i) all Transferring Members who switch, as part of their transfer to the Integra LIRA, from one of the existing Daimler Canada CAP fund options which are no longer available under the Integra LIRA to a substituted Fund and (ii) any Transferring Member who subsequently chooses to re-balance his or her assets within the Integra LIRA.

21. ICL will (i) ensure that Transferring Members receive the prospectus of the relevant Fund in the manner described in Representations 18 and 19, (ii) provide trade confirmations and (iii) will perform all other duties required of a dealer under securities legislation.

Fees

22. All Transferring Members will not be charged any sales commission or other fees in connection with a switch of their funds from the Daimler Canada CAP to the Funds under the Integra LIRA or on a re-balancing within the Integra LIRA.

23. The Bank of Montreal ("BMO") has entered into a purchase agreement with Integra Capital Management Corporation (the parent company of GRS) and with GRS pursuant to which it will acquire to group retirement services business of GRS. The purchase transaction is expected to close in late October, 2009. Upon the closing of the transaction, BMO Group Retirement Services, a new wholly owned subsidiary of BMO, will become the recordkeeper for the Integra LIRA.

24. Recordkeeping fees currently payable to GRS, as the current service provider to the Daimler Canada CAP, will continue to be paid to GRS (or its successor BMO Group Retirement Services) for its recordkeeping services to the Integra LIRA. These recordkeeping fees will be based on the same fee schedule charged for such purposes to the Daimler Canada CAP. There are no separate fees payable to any other service provider to the Integra LIRA, including the trustee.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that:

(1) GRS and ICL shall not be subject to the dealer registration requirement when the transfer is made from the Daimler Canada CAP to the Integra LIRA in respect of funds held and continued to be held for the benefit of the Transferring Member at the time of the transfer; and

(2) ICL shall not be subject to the dealer registration requirement on certain trades by a Transferring Member provided that in respect of the relevant Transferring Member who:

(i) switches, as part of his or her transfer to the Integra LIRA, from one of the existing Daimler Canada CAP fund options which are no longer available under the Integra LIRA to a substituted Fund, or

(ii) subsequently chooses to re-balance his or her assets within the Integra LIRA;

provided that:

(a) ICL obtains know-your-client and suitability information from, and reviews the Transferring Member's information for purposes of determining whether the trade is suitable for, the relevant Transferring Member;

(b) within the Integra LIRA, re-balancings into, and purchases of, units of the Integra Equity Fund by Transferring Members will not be permitted; and

(c) should a Fund cease to be a 'qualified investment' for a LIRA or should a Fund be wound up, ICL will give consideration as to whether there should be a replacement fund selected and that selection will be conducted by ICL.

"James E.A. Turner"
Vice-Chair
Ontario Securities Commission

"Mary G. Condon"
Commissioner
Ontario Securities Commission

APPENDIX A

Daimler Canada CAP Fund Options	Integra LIRA
Integra Diversified Fund	Integra Balanced Fund
Integra Equity Fund	Integra Canadian Value Growth Fund
Integra Short Term Fund	Integra Short Term Fund
UBS Canadian Equity Fund	Integra Canadian Value Growth Fund
Beutel Goodman Income Fund	Beutel Goodman Income Fund
Freightliner TD Balanced Index Fund	TD Balanced Index Fund
Deutsche AM (CDA) Global Equity Fund	Templeton Growth Fund, Ltd.

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

THERE ARE NO ITEMS FOR THIS WEEK.

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
Strategic Resource Acquisition Corporation	23 Sept 09	05 Oct 09			
Coalcorp Mining Inc.	18 Feb 09	03 Mar 09	03 Mar 09	21 Sept 09	

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Coalcorp Mining Inc.	18 Feb 09	03 Mar 09	03 Mar 09	21 Sept 09	
Sprylogics International Corp.	02 June 09	15 June 09	15 June 09		
Firstgold Corp.	22 July 09	04 Aug 09	04 Aug 09		
Norwall Group Inc.	02 Sept 09	14 Sept 09	14 Sept 09		
Strategic Resource Acquisition Corporation	23 Sept 09	05 Oct 09			

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Chapter 6

Request for Comments

6.1.1 Notice and Request for Comments – Proposed National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* and Companion Policy 52-107CP *Acceptable Accounting Principles and Auditing Standards* and Proposed Amendments to National Instrument 14-101 *Definitions*

NOTICE AND REQUEST FOR COMMENTS

PROPOSED NATIONAL INSTRUMENT 52-107
***ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS* AND**
COMPANION POLICY 52-107CP
ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS

AND

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 14-101 *DEFINITIONS*

Purpose of Notice

The Canadian Securities Administrators (the CSA or we) are publishing the following proposed materials for a 90-day comment period:

- National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (the Proposed Instrument),
- Companion Policy 52-107CP *Acceptable Accounting Principles and Auditing Standards* (the Proposed Policy), and
- Amendments to National Instrument 14-101 *Definitions* (NI 14-101)

The Proposed Instrument, the Proposed Policy and the proposed amendments to NI 14-101 are collectively referred to as the Proposed Materials.

The Proposed Instrument and the Proposed Policy would replace the following documents currently in effect:

- National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (Current NI 52-107), and
- Companion Policy 52-107CP *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*.

The proposed amendments to NI 14-101 would remove one definition and add two new definitions.

This Notice forms part of a series of notices that address proposed changes to securities legislation arising from the upcoming changeover to International Financial Reporting Standards (IFRS).

We are publishing the text of the Proposed Materials with this Notice. You can also find the text of the Proposed Materials on the websites of many CSA members together with a blackline of the Proposed Instrument against Current NI 52-107.

We invite comments on the Proposed Materials. As the Proposed Materials relate primarily to the upcoming changeover to IFRS in Canada and need to be in place before January 1, 2011, we are not inviting comment on provisions of the Proposed Materials that will not be affected by this changeover to IFRS (other than the housekeeping amendments described in this Notice).

Background

In February 2006, the Canadian Accounting Standards Board (AcSB) published a strategic plan to transition Canadian Generally Accepted Accounting Principles (Canadian GAAP) for public enterprises to IFRS adopted by the International Accounting Standards Board (IASB) over a period of five years. In March 2008 the transition date was confirmed, and IFRS will apply to Canadian publicly accountable enterprises for financial years beginning on or after January 1, 2011.

The AcSB has announced that it plans to incorporate IFRS into the Handbook of the Canadian Institute of Chartered Accountants (the CICA Handbook) as Canadian GAAP for publicly accountable enterprises. As a result, the CICA Handbook will contain two versions of Canadian GAAP for public companies for a period of time. This includes:

- Part I of the CICA Handbook – known as Canadian GAAP for publicly accountable enterprises that will apply for financial years beginning on or after January 1, 2011, and

- Part IV of the CICA Handbook - known as Canadian GAAP for public enterprises that are the standards constituting Canadian GAAP before the mandatory effective date (current Canadian GAAP).

The CSA supports Canada's move to IFRS – a globally accepted, high quality set of accounting principles. The Proposed Materials address the changes required to reflect IFRS.

Current NI 52-107 sets out acceptable accounting principles and auditing standards to be applied by issuers and registrants for financial statements filed or delivered to securities regulatory authorities or securities regulators. Currently, a domestic issuer and a registrant must use Canadian GAAP for public enterprises in the CICA Handbook. A domestic issuer that is also registered with the United States Securities and Exchange Commission (SEC), i.e., an SEC issuer, has the option to use U.S. Generally Accepted Accounting Principles (U.S. GAAP). Under Current NI 52-107, only foreign issuers and foreign registrants can use IFRS.

The Proposed Materials were drafted to reflect that for financial years beginning on or after January 1, 2011 domestic issuers and registrants will be required to use IFRS as incorporated into the CICA Handbook.

The Canadian Auditing and Assurance Standards Board published their strategic plan to adopt International Standards on Auditing (ISAs) as Canadian Auditing Standards (CASs) in February 2007. These standards will continue to be known as Canadian Generally Accepted Auditing Standards (Canadian GAAS) in the CICA Handbook. The effective date for CASs is for audits of financial statements for periods ending on or after December 14, 2010. The Proposed Materials have also been drafted to reflect this changeover.

Substance and Purpose of the Proposed Materials

The Proposed Materials require that, for financial years beginning on or after January 1, 2011, domestic issuers:

- prepare financial statements in accordance with Canadian GAAP applicable to publicly accountable enterprises, and

- report compliance with IFRS.

A domestic issuer who is also an SEC issuer will continue to have the option to use U.S. GAAP.

The Proposed Materials require that, for financial years beginning on or after January 1, 2011, domestic registrants:

- prepare financial statements in accordance with Canadian GAAP applicable to publicly accountable enterprises except that financial statements must account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in Canadian GAAP applicable to publicly accountable enterprises, and

- report compliance with IFRS except that the financial statements account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IFRS.

Registrants will continue to be required to provide their financial statements on a non-consolidated basis in order to facilitate identification of potential concerns with a registrant's capital adequacy and financial solvency. Complete information in these areas would not be available if registrants filed consolidated financial statements.

Financial reporting terminology in Current NI 52-107 is being modified to reflect IFRS terminology. By replacing current Canadian GAAP terms and phrases with IFRS terms and phrases, we expect that a more consistent interpretation will be available for financial reporting for issuers and registrants. More consistent disclosure practices should increase transparency to the market and thereby benefit investors. As well, we have addressed certain transition issues as domestic issuers and registrants change from current Canadian GAAP to IFRS.

Issuers and registrants that file or deliver financial statements prepared in accordance with acceptable accounting principles other than IFRS as permitted by the Proposed Instrument may interpret any references in IFRS as a reference to the corresponding term in the other acceptable accounting principles.

The Proposed Materials are intended to provide an efficient transition mechanism for issuers and registrants to reflect the changeover, and produce high quality financial reporting for investors.

The Proposed Materials do not reflect the impact of exposure drafts or discussion papers from the IASB prior to their adoption into IFRS. The definition of IFRS in the proposed amendments to NI 14-101 incorporates amendments made from time to time.

The French version of the Proposed Materials reflect the changes in terminology made in the English version. Moreover, it reflects the changes in the French terminology introduced as a result of the copyrighted translation of IFRS in French produced by the IASC Foundation (IFRS in French). As the terminology of IFRS in French is still in a state of flux, we have tried our best to anticipate what terminology will be incorporated into the French version of Part I of the CICA Handbook as of January 1, 2011 and we have been in consultation with the Linguistic Services of the CICA on the subject. The foremost concern has been to align the terminology used in the French version of the Proposed Materials with the terminology used in IFRS in French.

Summary of the Proposed Materials

1. Requirements for Acquisition Statements

An issuer must include in a document to be filed audited annual financial statements as well as unaudited interim financial reports for an acquired business that is significant in relation to the issuer, or in the context of an offering, that the issuer proposes to acquire where the likelihood of completing the acquisition is high. In addition to acquisition statements, an issuer must also provide *pro forma* financial statements that illustrate the impact of the acquisition on the issuer's financial position and financial performance. An acquisition is "significant" if it increases the size of the issuer by at least 20% if the issuer is a TSX-listed issuer and 40% if the acquirer is a venture issuer as defined in National Instrument 51-102 *Continuous Disclosure Obligations*. National Instrument 51-102 requires an issuer to file a business acquisition report that includes acquisition statements and *pro forma* financial statements within 75 days of the date of an acquisition. The national prospectus rules require a prospectus to include acquisition statements and *pro forma* financial statements relating to a significant business proposed to be acquired.

Under Current NI 52-107, the only Canadian accounting principles accepted for acquisition statements are Canadian GAAP applicable to public enterprises. Acquisition statements may not be prepared using the differential reporting options for private enterprises. Effective for financial years beginning on or after January 1, 2011, the CICA Handbook will contain both Canadian GAAP applicable to publicly accountable enterprises (IFRS incorporated into the CICA Handbook) and Canadian GAAP applicable to private enterprises. The nature and extent of differences between these two sets of accounting standards will be significantly greater than the differential reporting options referred to above. As stated by the AcSB, "in comparison to current Canadian GAAP for public enterprises, the proposed standards for private enterprises have approximately half the specific disclosure requirements", as well as "simplified accounting for financial instruments, investments, pensions and other complex areas".

We considered the cost and time for issuers to provide acquisition statements and the needs of investors for financial information regarding the acquired business or business proposed to be acquired.

CSA jurisdictions except for Ontario concluded that, in addition to the other permitted accounting principles, the Proposed Instrument should permit acquisition statements to be prepared in accordance with Canadian GAAP applicable to private enterprises subject to specified conditions. These conditions are:

- the acquisition statements must consolidate any subsidiaries and account for significantly influenced investees and joint ventures using the equity method,
- financial statements for the business were not previously prepared in accordance with any of the other accounting principles permitted by the Proposed Instrument for acquisition statements, and
- the acquisition statements are accompanied by a notice that identifies the accounting principles used, states that they differ from Canadian GAAP applicable to publicly accountable enterprises, and indicates that the *pro forma* financial statements include adjustments relating to the business and present *pro forma* information prepared using accounting principles consistent with the accounting principles used by the issuer.

CSA jurisdictions except for Ontario are of the view that the time and cost to convert acquired business financial statements from Canadian GAAP applicable to private enterprises to IFRS would exceed the benefit to investors. CSA jurisdictions except for Ontario are of the view that audited acquisition financial statements prepared in accordance with Canadian GAAP applicable to private enterprises subject to certain conditions, as well as *pro forma* financial statements, provide sufficient information for an investor. The *pro forma* financial statements would produce a combined presentation of the issuer and the acquired business or business proposed to be acquired in accordance with accounting standards of the issuer, for example IFRS.

Ontario concluded that acquisition statements should continue to be prepared in accordance with accounting standards that are required for public companies. This includes one of Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP, accounting principles for foreign private issuers in the U.S., and accounting principles of designated foreign jurisdictions. Ontario believes that Canadian GAAP applicable to private enterprises with or without variations is not appropriate for acquisition statements. Ontario also believes that permitting these standards would result in investors not receiving sufficiently comprehensive financial information for making investment decisions. Further, Ontario believes that audited IFRS acquisition statements provide an important starting point for the development of *pro forma* financial statements and also provide important comparable information to the issuer's IFRS financial statements.

Commenters are asked to respond to these questions by discussing the relevant costs and benefits relating to the provision in paragraph 3.11(1)(f) of the Proposed Instrument and other potential options:

> Question 1: Do you agree with the proposal of jurisdictions other than Ontario that acquisition statements should be permitted to be prepared in accordance with Canadian GAAP for private enterprises where the specified conditions are met in accordance with paragraph 3.11(1)(f)? Please give reasons for your response.
>
> Question 2: Do you agree with Ontario's proposal that acquisition statements should be permitted to be prepared only in accordance with a set of accounting principles specified in paragraphs 3.11(1)(a) to (e)? Please give reasons for your response.
>
> Question 3: Do you think that any other options would better balance the cost and time for issuers to provide acquisition statements and the needs of investors to make investment decisions? For example, one option identified by Ontario would be to permit acquisition statements to be prepared in accordance with Canadian GAAP applicable to private enterprises where they are accompanied by an audited reconciliation quantifying and explaining material differences from Canadian GAAP applicable to private enterprises to IFRS and providing material IFRS disclosures. Please give reasons for your response.

2. Accounting and Auditing Framework

i. For domestic issuers

We propose the following requirements for domestic issuers for financial years beginning on or after January 1, 2011:

- issuers must prepare their annual financial statements and interim financial reports in accordance with Canadian GAAP applicable to publicly accountable enterprises,
- issuers must make an explicit and unreserved statement of compliance with IFRS in the notes to their annual financial statements, and disclose compliance with International Accounting Standard 34 *Interim Financial Reporting* in their interim financial reports, and
- auditor's reports accompanying an issuer's financial statements must refer to IFRS and be in the form specified by Canadian generally accepted auditing standards for financial statements prepared in accordance with a fair presentation framework.

We also discuss in the Proposed Policy that issuers and their auditors may refer to Canadian GAAP applicable to publicly accountable enterprises in addition to the reference of compliance with IFRS.

ii. For domestic registrants

We propose the following requirements for domestic registrants for financial years beginning on or after January 1, 2011:

- registrants must prepare their annual financial statements and interim financial information in accordance with Canadian GAAP applicable to publicly accountable enterprises except that the financial statements or interim financial information must account for investments in subsidiaries, jointly controlled entities, and associates as specified for separate financial statements in Canadian GAAP applicable to publicly accountable enterprises, and
- registrants must disclose that annual financial statements comply with IFRS except that the financial statements account for investments in subsidiaries, jointly controlled entities, and associates as specified for separate financial statements in IFRS.

We also discuss in the Proposed Policy that registrants and their auditors may refer to Canadian GAAP applicable to publicly accountable enterprises in addition to the reference of compliance with IFRS.

We have developed specific language for issuers and registrants to describe the accounting and auditing frameworks for special purpose statements and financial information to comply with the requirements of IFRS.

The CICA Handbook will provide IFRS in English and French. Therefore, the Proposed Policy explains that preparers and auditors will be able to use either version to comply with the proposed requirement to prepare financial statements in accordance with Canadian GAAP as applicable to publicly accountable enterprises.

The Proposed Materials require domestic issuers to explicitly refer to IFRS. The Proposed Policy addresses the continuing need for some entities to refer to Canadian GAAP to satisfy existing contractual obligations, other federal, provincial and territorial laws, regulatory rules and other statutory or regulatory requirements.

3. Structure of Proposed Instrument

Issuers and registrants will transition to Canadian GAAP applicable to publicly accountable enterprises for financial years beginning on or after January 1, 2011. However, not all issuers and registrants have calendar year ends. For this reason we kept the "old" version of the Proposed Instrument with a few changes in Part 4 so that issuers and registrants will be able to refer to current Canadian GAAP. The "new" version of the Proposed Instrument with requirements for Canadian GAAP applicable to publicly accountable enterprises is in Part 3.

4. Use of different accounting principles for different periods

The Proposed Materials require financial statements to be prepared in accordance with the same accounting principles for all periods presented in the financial statements. The Proposed Instrument provides an exemption to permit comparative financial information for a financial year beginning before January 1, 2011 to be prepared using current Canadian GAAP if certain conditions are met.

5. Removal of "same core subject matter"

We have removed this exemption due to global conversions to IFRS, and the infrequent use of the exemption.

6. SEC issuers

The Proposed Instrument maintains the option for a domestic issuer that is also an SEC registrant to use U.S. GAAP. We have removed the requirement to reconcile from U.S. GAAP to Canadian GAAP for periods relating to financial years beginning on or after January 1, 2011. We believe that this reconciliation would cease to be useful after the changeover to IFRS.

7. Amendments to NI 14-101

Definitions we are proposing in amendments to NI 14-101 include IFRS as issued by the International Accounting Standards Board, and ISAs as issued by the International Auditing and Assurance Standards Board. The Proposed Materials do not permit the use of national variations of IFRS or "jurisdictional" IFRS.

8. Acquisition statements and audit standards

With the broader adoption of ISAs internationally after 2010, we are proposing to permit ISAs to be used in auditor's reports accompanying acquisition financial statements.

9. Comparative requirements for domestic registrants

As a transition exemption, the Proposed Instrument provides that financial statements and interim financial information for domestic registrants relating to a financial year beginning in 2011 and complying with IFRS may exclude comparative information for the preceding financial year or interim period.

10. Housekeeping amendments

Where appropriate, we have also included a number of amendments that are housekeeping amendments. These include:

(i) U.S. GAAS

The Proposed Materials have been changed to reflect the appropriate terminology for auditing standards in the U.S.

Public Company Accounting Oversight Board Generally Accepted Auditing Standards (U.S. PCAOB GAAS) and the auditing standards for private U.S. companies, i.e. American Institute of Certified Public Accountants Generally Accepted Auditing Standards (U.S. AICPA GAAS), are reflected in the Proposed Instrument.

(ii) Auditor's opinions

The Proposed Materials reflect the terminology appropriate to Canadian GAAS for audits of financial statements on or after December 14, 2010. A "modification of opinion" includes a qualification of opinion, an adverse opinion, and a disclaimer of opinion.

(iii) Credit supporter or credit support issuer

We have made modifications to the Proposed Instrument to properly reflect existing practices for credit supporters and credit support issuers in continuous disclosure and prospectus rules. We have found the current requirements do not clearly align with the financial statement requirements for credit support issuers and credit supporters in the continuous disclosure and prospectus rules.

Other Amendments

The CSA, except the Autorité des marchés financiers and the New Brunswick Securities Commission, are also publishing for comment today amending instruments for the following Instruments and accompanying Companion Policies reflecting the impact of the transition to IFRS:

National Instrument 51-102 *Continuous Disclosure Obligations*
National Instrument 41-101 *General Prospectus Requirements*
National Instrument 44-101 *Short Form Prospectus Distributions*
National Instrument 44-102 *Shelf Distributions*
National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*
National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*

The Autorité des marchés financiers and the New Brunswick Securities Commission are publishing for comment today staff notices that set out the substantive proposed changes reflected in the amending instruments published in the other CSA jurisdictions. Because of the legal obligation to publish amending instruments simultaneously in French and English in Québec and New Brunswick, and because the French IFRS terminology is still in a state of flux, publication for comment of amending instruments in these provinces is presently not feasible. It is expected that the Autorité des marchés financiers and the New Brunswick Securities Commission will publish for comment corresponding amending instruments, in French and in English, during the first quarter of 2010. However, market participants in Québec and New Brunswick are encouraged to comment on the substantive proposed changes presented in the staff notices, and on the amendments published by the other CSA jurisdictions.

We also intend to publish for comment on a later timing changes reflecting the impact of the transition to IFRS on Investment Funds including the following Instruments and accompanying Companion Policies:

National Instrument 81-106 *Investment Fund Continuous Disclosure*
National Instrument 81-101 *Mutual Fund Prospectus Disclosure*
National Instrument 81-102 *Mutual Funds*
National Instrument 81-104 *Commodity Pools*
National Instrument 41-101 *General Prospectus Requirements* relating to Form 41-101 F2 *Information Required in an Investment Fund Prospectus*

We will also publish for comment on a later timing changes reflecting the impact of the transition to IFRS on the following Instruments and Policies:

National Instrument 31-103 *Registration Requirements and Exemptions*
National Instrument 45-106 *Prospectus and Registration Exemptions*
National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*
National Instrument 52-110 *Audit Committees*
National Policy 58-201 *Corporate Governance Guidelines*

The CSA will also be publishing a replacement for CSA Staff Notice 52-306 *Non-GAAP Financial Measures* and a revised National Policy 41-201 *Income Trusts and Other Indirect Offerings* on a later date reflecting the changeover to IFRS.

Alternatives Considered

No alternatives to the Proposed Instrument were considered.

Anticipated Costs and Benefits

The AcSB's Strategic Plan approved moving financial reporting for Canadian publicly accountable enterprises to IFRS with a mandatory changeover from current Canadian GAAP to IFRS for years beginning on or after January 1, 2011. The CSA has monitored the implementation of the AcSB's Strategic Plan. We support the changeover to IFRS. Our objective is to ensure a smooth transition from current Canadian GAAP to IFRS for reporting issuers and registrants. Transition issues include changes to securities legislation and regulations to address changes in terminology and disclosure requirements. While the changeover to IFRS may impose costs on our market participants, the changes in the Proposed Materials are generally expected to not impose additional costs and may even assist in reducing costs of the transition by providing appropriate guidance and increasing awareness of the changeover.

Unpublished Materials

In proposing the Proposed Materials, we have not relied on any significant unpublished study, report, or other written materials.

Appendices

The appendices with this Notice include the Proposed Materials. The appendices are organized as follows:

- a table summarizing changes in the Proposed Materials (Appendix A),
- the text of the Proposed Instrument (Appendix B),
- a blackline of the Proposed Instrument against Current NI 52-107 (Appendix C),
- the Proposed Policy (Appendix D),
- the proposed amendments to NI 14-101 (Appendix E), and
- where applicable, local material (Appendix F).

Request for Comments

We welcome your comments on the Proposed Materials. Please provide your comments in writing by December 24, 2009. If you are not sending your comments by email, you should also send an electronic file containing the submissions (in Windows format, Microsoft Word).

Please address your submission to all of the Canadian securities regulatory authorities, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Deliver your comments **only** to the two addresses that follow. Your comments will be distributed to the other participating CSA member jurisdictions.

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
Fax: (416) 593-8145
E-mail: jstevenson@osc.gov.on.ca

Anne-Marie Beaudoin, Secrétaire
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22e étage
Montreal, Québec, H4Z 1G3
Fax : (514) 864-6381
E-mail : consultation-en-cours@lautorite.qc.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

Questions

Please refer your questions to any of:

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British Columbia Securities Commission
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September 25, 2009

APPENDIX A

Summary of Changes in Proposed Materials

A. TERMINOLOGY CHANGES

Accounting Terms or Phrases

We replaced the following terms and phrases used in the rules with comparable IFRS/ISA terms or phrases.

Original Term or Phrase	IFRS Term or Phrase
Measurement Currency	Functional Currency
Reporting Currency	Presentation Currency
Does not contain a reservation	Does not contain a modification of opinion
Balance sheet	Statement of financial position
Canadian GAAP as applicable to public enterprises	Canadian GAAP applicable to publicly accountable enterprises (post transition to IFRS)
Canadian GAAP as applicable to public enterprises	Canadian GAAP – Part IV (pre transition to IFRS)
Net income	Profit or loss
Cash flow statement	Statement of cash flows
Interim financial statements	Interim financial report

Other Changes to Accounting References

Term	Explanation of Change
Public enterprise	Definition in Current NI 52-107 of "public enterprise" not included in Part 1 of the Proposed Instrument. "Publicly accountable enterprise" definition inserted in Part 3 of the Proposed Instrument.
Canadian auditor's report	Removed "Canadian auditor's report" from NI 14-101.
U.S. AICPA GAAS and U.S. PCAOB GAAS	U.S. GAAS differentiated between auditing standards of the American Institute of Certified Public Accountants (for non-SEC registrants) and U.S. PCAOB GAAS which are auditing standards of the Public Company Accounting Oversight Board (United States) for SEC registrants and added "as amended from time to time" to application of GAAS on a dynamic basis.
IFRS	Definition of IFRS inserted into NI 14-101 as follows: "IFRS" means standards and interpretations adopted by the International Accounting Standards Board and amended from time to time, comprising International Financial Reporting Standards, International Accounting Standards and interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee;
International Standards on Auditing	Definition of International Standards on Auditing inserted into NI 14-101 as follows: "International Standards on Auditing" means auditing standards issued by the International Auditing and Assurance Standards Board, as amended from time to time;
Financial statements	"Financial statements" inserted into definitions in Part 1 of the Proposed Instrument and includes interim financial reports (IFRS reference) to be consistent with NI 51-102.
Annual financial statements, interim financial reports, and *pro forma* financial statements	Proposed Instrument revised to be applicable to "all financial statements" – includes annual and interim but not *pro formas*. *Pro forma* financial statements are addressed separately.

B. OTHER CHANGES

Explanation of Change
Identification of accounting principles – Requirement to identify accounting principles used to prepare financial statements removed. The following requirements created: o Issuers must make an explicit and unreserved statement of compliance with IFRS in the notes to the annual financial statements and disclose compliance with IAS 34 in its interim financial report o Auditors' reports must be in the form specified by Canadian GAAS for financial statements prepared in accordance with a fair presentation framework and refer to IFRS
Same core subject matter – Foreign issuers currently are permitted to use accounting principles that cover substantially the "same core subject matter as Canadian GAAP". Removed "same core subject matter" exemptions from Current NI 52-107.
Identification of auditing standards – Audit reports on financial statements audited in accordance with U.S. AICPA GAAS, U.S. PCAOB GAAS and International Standards on Auditing must identify the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements (explicitly required in the Proposed Instrument).
Applicability to registrants – The applicability of the Proposed Instrument extends to those financial statements and interim financial information delivered by registrants. Subsection 3.2(3) of the Proposed Instrument added so that financial statements filed pursuant to NI 31-103 must be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and must account for investments in subsidiaries, jointly controlled entities and associates on the basis specified for separate financial statements in the CICA Handbook. For financial statements, registrants must disclose compliance with IFRS with the exception as described above.
Presentation currency – Must be prominently displayed in the financial statements – previously was required to be disclosed on the face page of the financial statements or notes unless prepared in accordance with Canadian GAAP and the reporting currency is the Canadian dollar. IFRS requires disclosure.
Functional currency – Financial statements must disclose the functional currency if it is different than the presentation currency (previously note disclosure only). This is an IFRS required disclosure.
Predecessor auditor's reports – If an issuer or registrant has changed its auditor and that comparative period(s) is audited by a predecessor auditor, must attach the predecessor auditor's report on the comparative periods. Alternatively, except in the case of prospectus and take-over rules, reference to the predecessor auditor's report on the comparative periods is sufficient.
Acceptable Accounting Principles for SEC Issuers – eliminated reconciliation from U.S. GAAP to Canadian GAAP for an SEC issuer reporting in accordance with U.S. GAAP who has previously filed financial statements prepared in accordance with Canadian GAAP.
Acquisition statements: o Permitted GAAPs are Canadian GAAP applicable to publicly accountable enterprises, IFRS, U.S. GAAP, SEC accounting principles for foreign private issuers, and designated foreign issuer accounting principles o Except in Ontario, also permit Canadian GAAP applicable to private enterprises if - the acquisition statements consolidate any subsidiaries and account for significantly influenced investees and joint ventures using the equity method, - financial statements for the business were not previously prepared using the other accounting principles permitted for acquisition statements - the acquisition statements are accompanied by a notice identifying the accounting principles used, states that they differ from Canadian GAAP applicable to publicly accountable enterprise, and indicates that the *pro forma* financial statements include adjustments relating to the business and present *pro forma* information using accounting principles consistent with the accounting principles used by the issuer. o Removed accounting principles that cover substantially the "same core subject matter as Canadian GAAP" as a permitted GAAP
Acceptable Accounting Principles for SEC Issuers – Proposed subsection 4.7(2) applies if an SEC issuer changes from Canadian GAAP to U.S. GAAP in 2010. Reconciliation for a one-year period required in this case. There is no requirement in this case to reconcile subsequently to IFRS.
Acceptable Accounting Principles for *Pro Forma* Financial Statements – revised requirement for *pro forma* financial statements from "must be prepared *in accordance* with the issuer's GAAP" to "must be prepared *using principles that are consistent* with the issuer's GAAP".

C. HOUSEKEEPING CHANGES

Explanation of Change
"Alternative credit support" inserted into the definitions related to credit support in NI 52-107. The credit support section does not currently refer both to the possibility that either the subsidiary entity or the parent can be a guarantor and the requirement that the appropriate entity submit financial statements. This section is revised to reflect current practices.
"Accounting principles" definition revised from "mean a body of accounting principles that are generally accepted…" to "mean a body of principles relating to accounting that are generally accepted….". This is required to avoid the circularity of using "accounting principles" to define the same expression.
"Acquisition statements" definition expanded to make reference to all the rules where they are required.
"inter-dealer bond broker" definition reference to "Investment Dealers Association" revised to "Investment Industry Regulatory Organization of Canada".
"U.S. GAAP" definition revised to remove reference to eliminated Regulation S-B under the 1934 Act and added "as amended from time to time" to conform with dynamic application of Canadian GAAP.

APPENDIX B
The Proposed Instrument

NATIONAL INSTRUMENT 52-107
ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS

TABLE OF CONTENTS

NATIONAL INSTRUMENT 52-107
ACCEPTABLE ACCOUNTING PRINCIPLES AND AUDITING STANDARDS

PART 1: DEFINITIONS AND INTERPRETATION

1.1 Definitions — In this Instrument:

"accounting principles" mean a body of principles relating to accounting that are generally accepted in a jurisdiction of Canada or a foreign jurisdiction and include, without limitation, IFRS, Canadian GAAP and U.S. GAAP;

"acquisition statements" means financial statements of an acquired business or a business to be acquired, or operating statements for an oil and gas property that is an acquired business or a business to be acquired, that are

(a) required to be filed under National Instrument 51-102,

(b) included in a prospectus pursuant to Item 35 of Form 41-101F1 in National Instrument 41-101 *General Prospectus Requirements*,

(c) required to be included in a prospectus under National Instrument 44-101 *Short Form Prospectus Distributions*, or

(d) except in Ontario, included in an offering memorandum required under National Instrument 45-106;

"auditing standards" mean a body of standards relating to auditing that are generally accepted in a jurisdiction of Canada or a foreign jurisdiction and include, without limitation, Canadian GAAS, International Standards on Auditing, U.S. AICPA GAAS and U.S. PCAOB GAAS;

"business acquisition report" means a completed Form 51-102F4 *Business Acquisition Report*;

"convertible security" means a security of an issuer that is convertible into, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of the same issuer;

"credit support issuer" means an issuer of securities for which a credit supporter has provided a guarantee or alternative credit support;

"credit supporter" means a person or company that provides a guarantee or alternative credit support for any of the payments to be made by an issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities;

"designated foreign issuer" means a foreign issuer

(a) that does not have a class of securities registered under section 12 of the 1934 Act and is not required to file reports under section 15(d) of the 1934 Act,

(b) that is subject to foreign disclosure requirements in a designated foreign jurisdiction, and

(c) for which the total number of equity securities owned, directly or indirectly, by residents of Canada does not exceed 10 per cent, on a fully-diluted basis, of the total number of equity securities of the issuer, calculated in accordance with sections 1.2 and 1.3;

"designated foreign jurisdiction" means Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland or the United Kingdom of Great Britain and Northern Ireland;

"exchangeable security" means a security of an issuer that is exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of another issuer;

"exchange-traded security" means a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system that is recognized for the purposes of National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules*;

"executive officer" means, for an issuer, an individual who is

(a) a chair, vice-chair or president;

(b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or

(c) performing a policy-making function in respect of the issuer;

"financial statements" includes interim financial reports;

"foreign disclosure requirements" means the requirements to which a foreign issuer is subject concerning disclosure made to the public, to securityholders of the issuer or to a foreign regulatory authority

(a) relating to the foreign issuer and the trading in its securities, and

(b) that is made publicly available in the foreign jurisdiction under

(i) the securities laws of the foreign jurisdiction in which the principal trading market of the foreign issuer is located, or

(ii) the rules of the marketplace that is the principal trading market of the foreign issuer;

"foreign issuer" means an issuer that is incorporated or organized under the laws of a foreign jurisdiction, unless

(a) outstanding voting securities of the issuer carrying more than 50 per cent of the votes for the election of directors are owned, directly or indirectly, by residents of Canada, and

(b) any of the following apply:

(i) the majority of the executive officers or directors of the issuer are residents of Canada;

(ii) more than 50 per cent of the consolidated assets of the issuer are located in Canada; or

(iii) the business of the issuer is administered principally in Canada;

"foreign registrant" means a registrant that is incorporated or organized under the laws of a foreign jurisdiction, unless

(a) outstanding voting securities of the registrant carrying more than 50 per cent of the votes for the election of directors are owned, directly or indirectly, by residents of Canada, and

(b) any of the following apply:

(i) the majority of the executive officers or directors of the registrant are residents of Canada;

(ii) more than 50 per cent of the consolidated assets of the registrant are located in Canada; or

(iii) the business of the registrant is administered principally in Canada;

"foreign regulatory authority" means a securities commission, exchange or other securities market regulatory authority in a designated foreign jurisdiction;

"inter-dealer bond broker" means a person or company that is approved by the Investment Industry Regulatory Organization of Canada under its Rule No. 36 *Inter-Dealer Bond Brokerage Systems*, as amended, and is subject to its Rule No. 36 and its Rule 2100 *Inter-Dealer Bond Brokerage Systems*, as amended;

"issuer's GAAP" means the accounting principles used to prepare an issuer's financial statements, as permitted by this Instrument;

"marketplace" means

(a) an exchange,

(b) a quotation and trade reporting system,

(c) a person or company not included in paragraph (a) or (b) that

(i) constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities,

(ii) brings together the orders for securities of multiple buyers and sellers, and

(iii) uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade, or

(d) a dealer that executes a trade of an exchange-traded security outside of a marketplace,

but does not include an inter-dealer bond broker;

"multiple convertible security" means a security of an issuer that is convertible into, or exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a convertible security, an exchangeable security or another multiple convertible security;

"National Instrument 45-106" means National Instrument 45-106 *Prospectus and Registration Exemptions*;

"National Instrument 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"National Instrument 71-102" means National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers;*

"principal trading market" means the published market on which the largest trading volume in the equity securities of the issuer occurred during the issuer's most recently completed financial year that ended before the date the determination is being made;

"published market" means, for a class of securities, a marketplace on which the securities have traded that discloses, regularly in a publication of general and regular paid circulation or in a form that is broadly distributed by electronic means, the prices at which those securities have traded;

"recognized exchange" means

(a) in Ontario, an exchange recognized by the securities regulatory authority to carry on business as a stock exchange,

(b) in Québec, a person or company authorized by the securities regulatory authority to carry on business as an exchange; and

(c) in every other jurisdiction of Canada, an exchange recognized by the securities regulatory authority as an exchange, self-regulatory organization or self-regulatory body;

"recognized quotation and trade reporting system" means

(a) in every jurisdiction of Canada other than British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system, and

(b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange;

"SEC issuer" means an issuer that

(a) has a class of securities registered under section 12 of the 1934 Act or is required to file reports under section 15(d) of the 1934 Act, and

(b) is not registered or required to be registered as an investment company under the *Investment Company Act of 1940* of the United States of America, as amended;

"SEC foreign issuer" means a foreign issuer that is also an SEC issuer;

"underlying security" means a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security;

"U.S. GAAP" means generally accepted accounting principles in the United States of America that the SEC has identified as having substantial authoritative support, as supplemented by Regulation S-X under the 1934 Act, as amended from time to time;

"U.S. AICPA GAAS" means auditing standards of the American Institute of Certified Public Accountants, as amended from time to time;

"U.S. PCAOB GAAS" means auditing standards of the Public Company Accounting Oversight Board (United States of America), as amended from time to time.

1.2 Determination of Canadian Shareholders for Calculation of Designated Foreign Issuer and Foreign Issuer —

(1) For the purposes of paragraph (c) of the definition of "designated foreign issuer" in section 1.1 and paragraphs 3.9(1)(c) and 4.9(c), a reference to equity securities owned, directly or indirectly, by residents of Canada, includes

(a) the underlying securities that are equity securities of the foreign issuer; and

(b) the equity securities of the foreign issuer represented by an American depositary receipt or an American depositary share issued by a depositary holding equity securities of the foreign issuer.

(2) For the purposes of paragraph (a) of the definition of "foreign issuer" in section 1.1, securities represented by American depositary receipts or American depositary shares issued by a depositary holding voting securities of the foreign issuer must be included as outstanding in determining both the number of votes attached to securities owned, directly or indirectly, by residents of Canada and the number of votes attached to all of the issuer's outstanding voting securities.

1.3 Timing for Calculation of Designated Foreign Issuer, Foreign Issuer and Foreign Registrant — For the purposes of paragraph (c) of the definition of "designated foreign issuer" in section 1.1, paragraph (a) of the definition of "foreign issuer" in section 1.1, and paragraph (a) of the definition of "foreign registrant" in section 1.1, the calculation is made

(a) if the issuer has not completed one financial year, on the earlier of

(i) the date that is 90 days before the date of its prospectus, and

(ii) the date that it became a reporting issuer; and

(b) for all other issuers and for registrants, on the first day of the most recent financial year or year-to-date interim period for which operating results are presented in the financial statements filed or included in the issuer's prospectus.

1.4 Interpretation —

(1) For the purposes of this Instrument, a reference to "prospectus" includes a preliminary prospectus, a prospectus, an amendment to a preliminary prospectus and an amendment to a prospectus.

(2) For the purposes of this Instrument, a reference to information being "included in" another document means information reproduced in the document or incorporated into the document by reference.

PART 2: APPLICATION

2.1 Application —

(1) This Instrument does not apply to investment funds.

(2) This Instrument applies to

(a) all financial statements and interim financial information delivered by registrants to the securities

regulatory authority or regulator under National Instrument 31-103 *Registration Requirements and Exemptions*,

(b) all financial statements filed, or included in a document that is filed, under National Instrument 51-102 or National Instrument 71-102,

(c) all financial statements included in

(i) a prospectus or a take-over bid circular filed,

(ii) a document that is filed, or

(iii) except in Ontario, an offering memorandum required under National Instrument 45-106,

(d) any operating statements for an oil and gas property that is an acquired business or a business to be acquired, that are

(i) filed under National Instrument 51-102,

(ii) included in a prospectus or a take-over bid circular filed, or included in a document that is filed, or

(iii) except in Ontario, included in an offering memorandum required under National Instrument 45-106,

(e) any other financial statements filed by a reporting issuer,

(f) financial information that is filed under National Instrument 51-102, included in a prospectus or a take-over bid circular filed or included in a document that is filed or, except in Ontario, included in an offering memorandum required under National Instrument 45-106, that is

(i) summary financial information for a credit supporter or credit support issuer, or

(ii) summarized financial information including the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, and

(g) *pro forma* financial statements

(i) filed, or included in a document that is filed, under National Instrument 51-102 or National Instrument 71-102,

(ii) included in a prospectus or a take-over bid circular filed, or included in a document that is filed, or

(iii) otherwise filed by a reporting issuer.

2.2 Application of Part 3 — Part 3 applies to financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to financial years beginning on or after January 1, 2011.

2.3 Application of Part 4 — Part 4 applies to financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to financial years beginning before January 1, 2011.

PART 3: RULES APPLYING TO FINANCIAL YEARS BEGINNING ON OR AFTER JANUARY 1, 2011

3.1 Publicly Accountable Enterprise — In this Part, "publicly accountable enterprise" means a publicly accountable enterprise determined in accordance with the Handbook.

3.2 Acceptable Accounting Principles – General Requirements —

(1) Financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) and financial information referred to in paragraph 2.1(2)(f), other than acquisition statements, must

(a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, and

(b) disclose

(i) in the case of annual financial statements, an explicit and unreserved statement of compliance with IFRS,

(ii) in the case of financial information referred to in paragraph 2.1(2)(f), a statement that the information is prepared in accordance with the recognition, measurement and disclosure requirements in IFRS for the information, and

(iii) in the case of an interim financial report, compliance with International Accounting Standard 34 *Interim Financial Reporting*.

(2) Despite subsection (1), in the case of an interim financial report that is not required under securities legislation to provide comparative interim financial information,

(a) the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes for the current interim period must be prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* except for the requirement to include comparative financial information; and

(b) the interim financial report must disclose that

(i) it does not comply with International Accounting Standard 34 *Interim Financial Reporting* because it does not include comparative interim financial information, and

(ii) the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes for the current interim period have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* except for the requirement to include comparative financial information.

(3) Financial statements and interim financial information referred to in paragraph 2.1(2)(a) must

(a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, except that the financial statements or interim financial information must account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in Canadian GAAP applicable to publicly accountable enterprises, and

(b) in the case of annual financial statements, disclose that the financial statements comply with IFRS, except that the financial statements account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IFRS.

(4) Despite subsection (3), financial statements and interim financial information for periods relating to a financial year beginning in 2011 may exclude comparative information for the preceding financial year or interim period if,

(a) the financial statements or interim financial information are prepared using a date of transition to IFRS that is the first day of the financial year to which the financial statements or interim financial information relate, and

(b) in the case of annual financial statements, the financial statements disclose that they comply with IFRS except that the financial statements

(i) account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IFRS,

(ii) exclude comparative information for the preceding financial year, and

(iii) use a date of transition to IFRS that is the first day of the financial year to which the financial statements relate.

(5) Subject to subsection (6), financial statements must be prepared in accordance with the same accounting principles for all periods presented in the financial statements.

(6) Financial information for a particular financial year beginning before January 1, 2011 may be prepared using accounting principles permitted in Part 4 if

(a) the particular financial year is the earliest of 3 financial years where the financial statements present financial information for the 3 financial years and the most recent of those financial years begins on or after January 1, 2011, and

(b) financial information previously prepared for the particular financial year did not comply with IFRS.

3.3 Acceptable Auditing Standards – General Requirements —

(1) Financial statements, other than acquisition statements, that are required by securities legislation to be audited must

(a) be audited in accordance with Canadian GAAS and be accompanied by an auditor's report that

(i) does not contain a modification of opinion,

(ii) identifies all financial periods presented for which the auditor has issued an auditor's report, and

(iii) except in the case of financial statements delivered by a registrant,

(A) is in the form specified by Canadian GAAS for an audit of financial statements prepared in accordance with a fair presentation framework, and

(B) if the financial statements are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, refers to IFRS as the applicable fair presentation framework; and

(b) if the issuer or registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by a predecessor auditor, be accompanied by the predecessor auditor's reports on the comparative periods.

(2) Paragraph (1)(b) does not apply to financial statements referred to in paragraphs 2.1(2)(a) and (b) if the auditor's report described in paragraph (1)(a) refers to the predecessor auditor's reports on the comparative periods.

3.4 Acceptable Auditors — An auditor's report filed by an issuer or delivered by a registrant must be prepared and signed by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

3.5 Presentation and Functional Currencies —

(1) The presentation currency must be prominently displayed in financial statements.

(2) Financial statements must disclose the functional currency if it is different than the presentation currency.

3.6 Credit Supporters —

(1) Unless subsection 3.2(1) applies, if a credit support issuer files, or includes in a prospectus, financial statements of a credit supporter, the credit supporter's financial statements must

(a) be prepared in accordance with the accounting principles and audited in accordance with the auditing standards that would be required by this Instrument if the credit supporter filed financial statements referred to in paragraph 2.1(2)(b),

(b) identify the accounting principles used to prepare the financial statements,

(c) prominently display the presentation currency, and

(d) disclose the functional currency if it is different from the presentation currency.

(2) If a credit support issuer files, or includes in a prospectus, summary financial information for the credit supporter or credit support issuer,

(a) the summary financial information must, in addition to satisfying other requirements in this Instrument

(i) prominently display the presentation currency, and

(ii) disclose the functional currency if it is different from the presentation currency; and

(b) the amounts presented in the summary financial information must be derived from financial statements for the credit supporter or credit support issuer that, if required by securities legislation to be audited, are audited in accordance with the auditing standards that would be required by this Instrument if the credit supporter or credit support issuer, as the case may be, filed financial statements referred to in paragraph 2.1(2)(b).

3.7 Acceptable Accounting Principles for SEC Issuers —

(1) Despite subsection 3.2(1), an SEC issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) and financial information referred to in paragraph 2.1(2)(f) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with U.S. GAAP.

(2) The notes to the financial statements must identify the accounting principles used to prepare the financial statements.

3.8 Acceptable Auditing Standards for SEC Issuers —

(1) Despite subsection 3.3(1), an SEC issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) and financial information referred to in paragraph 2.1(2)(f) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, and that are required by securities legislation to be audited, may be audited in accordance with U.S. PCAOB GAAS if the financial statements are accompanied by

(a) an auditor's report prepared in accordance with U.S. PCAOB GAAS that

(i) contains an unqualified opinion,

(ii) identifies all financial periods presented for which the auditor has issued an auditor's report, and

(iii) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements; and

(b) the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor.

(2) Paragraph (1)(b) does not apply to financial statements referred to in paragraph 2.1(2)(b) if the auditor's report described in paragraph (1)(a) refers to the predecessor auditor's reports on the comparative periods.

3.9 Acceptable Accounting Principles for Foreign Issuers —

(1) Despite subsection 3.2(1), a foreign issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with

(a) IFRS;

(b) U.S. GAAP, if the issuer is an SEC foreign issuer;

(c) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer is an SEC foreign issuer,

(ii) on the last day of the most recently completed financial year the total number of equity securities owned directly or indirectly by residents of Canada does not exceed ten per cent, on a fully-diluted basis, of the total number of equity securities of the issuer, and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC; or

(d) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(2) The notes to the financial statements must identify the accounting principles used to prepare the financial statements.

3.10 Acceptable Auditing Standards for Foreign Issuers —

(1) Despite subsection 3.3(1), a foreign issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, that are required by securities legislation to be audited may be audited in accordance with

(a) International Standards on Auditing if the financial statements are accompanied by

(i) an auditor's report that

(A) does not contain a modification of opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to audit the financial statements, and

(ii) the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor;

(b) U.S. PCAOB GAAS if the financial statements are accompanied by

(i) an auditor's report that

(A) contains an unqualified opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to audit the financial statements, and

(ii) the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if

(i) the issuer is a designated foreign issuer,

(ii) the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the financial statements, and

(iii) the auditor's report identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

(2) Subparagraph (1)(a)(ii) or (b)(ii) does not apply to financial statements referred to in paragraph 2.1(2)(b) if the auditor's report described in subparagraph (1)(a)(i) or (b)(i), as the case may be, refers to the predecessor auditor's reports on the comparative periods.

3.11 Acceptable Accounting Principles for Acquisition Statements —

(1) Acquisition statements must be prepared in accordance with any of the following accounting principles:

(a) Canadian GAAP applicable to publicly accountable enterprises;

(b) IFRS;

(c) U.S. GAAP;

(d) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer or the acquired business or business to be acquired is an SEC foreign issuer;

(ii) on the last day of the most recently completed financial year the total number of equity securities owned directly or indirectly by residents of Canada does not exceed ten per cent, on a fully-diluted basis, of the total number of equity securities of the SEC foreign issuer; and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;

(e) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer or the acquired business or business to be acquired is subject, if the issuer or business is a designated foreign issuer;

(f) Canadian GAAP applicable to private enterprises if

(i) the acquisition statements consolidate any subsidiaries and account for significantly influenced investees and joint ventures using the equity method,

(ii) financial statements for the acquired business or business to be acquired, or operating statements for the oil and gas property that is an acquired business or a business to be acquired, were not previously prepared in accordance with any of the accounting principles specified in paragraphs (a) to (e), and

(iii) the acquisition statements are accompanied by a notice stating:

These [*insert "*financial statements*"* or "operating statements" *as applicable*] are prepared in accordance with Canadian GAAP applicable to private enterprises. The recognition, measurement and disclosure requirements of Canadian GAAP applicable to private enterprises differ from those of Canadian GAAP applicable to publicly accountable enterprises, which are International Financial Reporting Standards incorporated into the Handbook. The *pro forma* financial statements included in the document include adjustments relating to the [*insert* "acquired business" *or* "business to be acquired" *as applicable*] and present *pro forma* information prepared using accounting principles that are consistent with the accounting principles used by the issuer.

(2) Paragraph (1)(f) does not apply in Ontario.

(3) Acquisition statements must be prepared in accordance with the same accounting principles for all periods presented.

(4) Acquisition statements to which paragraph (1)(a) applies must disclose

(a) in the case of annual financial statements, an explicit and unreserved statement of compliance with IFRS,

(b) in the case of operating statements referred to in paragraph 2.1(2)(d), a statement that the information in the operating statements is prepared in accordance with the requirements in IFRS for the recognition, measurement and disclosure for the information, and

(c) in the case of interim financial reports, compliance with International Accounting Standard 34 *Interim Financial Reporting*.

(5) Unless paragraph (1)(a) applies, the notes to the acquisition statements must identify the accounting principles used to prepare the acquisition statements.

(6) Unless paragraph (1)(f) applies, if acquisition statements are prepared using accounting principles that are different from the issuer's GAAP, the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be reconciled to the issuer's GAAP and the notes to the acquisition statements must

(a) explain the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation; and

(b) quantify the effect of material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between profit or loss reported in the acquisition statements and profit or loss computed in accordance with the issuer's GAAP.

3.12 Acceptable Auditing Standards for Acquisition Statements —

(1) Acquisition statements that are required by securities legislation to be audited must be accompanied by an auditor's report and audited in accordance with any of the following auditing standards:

(a) Canadian GAAS;

(b) International Standards on Auditing;

(c) U.S. PCAOB GAAS;

(d) U.S. AICPA GAAS, if the acquired business or business to be acquired is not an SEC issuer;

(e) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(2) The auditor's report must

(a) if paragraph (1)(a) or (b) applies, not contain a modification of opinion;

(b) if paragraph (1)(c) or (d) applies, contain an unqualified opinion;

(c) unless paragraph (1)(e) applies, identify all financial periods presented for which the auditor has issued an auditor's report;

(d) identify the auditing standards used to conduct the audit;

(e) identify the accounting principles used to prepare the acquisition statements, unless the auditor's report accompanies acquisition statements prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and audited in accordance with Canadian GAAS; and

(f) if it accompanies acquisition statements prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and audited in accordance with Canadian GAAS

(i) in the case of acquisition statements that are operating statements or financial statements for a business division, refer to the requirements in IFRS for the recognition, measurement and disclosure of information in the statements as the applicable fair presentation framework, and

(ii) in the case of other acquisition statements, refer to IFRS as the applicable fair presentation framework.

(3) Despite paragraphs (2)(a) and (b), an auditor's report that accompanies acquisition statements may contain a qualification of opinion relating to inventory if

(a) the issuer includes in the business acquisition report, prospectus or other document containing the acquisition statements, a statement of financial position for the acquired business or business to be acquired that is for a date that is subsequent to the date to which the qualification relates; and

(b) the statement of financial position referred to in paragraph (a) is accompanied by an auditor's report that does not contain a qualification of opinion relating to closing inventory.

3.13 Financial Information for Acquisitions Accounted for by the Issuer Using the Equity Method —

(1) If an issuer files, or includes in a prospectus, summarized financial information including the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, the financial information must

(a) meet the requirements in section 3.11 if the term "acquisition statements" in that section is read as "summarized financial information including the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method," and

(b) disclose the presentation currency for the financial information, and disclose the functional currency if it is different than the presentation currency.

(2) If the financial information referred to in subsection (1) is required by securities legislation to be audited or derived from audited financial statements, the financial information must

(a) either

(i) meet the requirements in section 3.12 if the term "acquisition statements" in that section is read as "summarized financial information including the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method," or

(ii) be derived from financial statements that meet the requirements in section 3.12 if the term "acquisition statements" in that section is read as "financial statements from which is derived summarized financial information including the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method,"; and

(b) be audited, or derived from financial statements that are audited, by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

3.14 Acceptable Accounting Principles for *Pro Forma* Financial Statements — *Pro forma* financial statements must be prepared using principles that are consistent with the issuer's GAAP.

3.15 Acceptable Accounting Principles for Foreign Registrants — Despite subsection 3.2 (3), financial statements and interim financial information delivered by a foreign registrant may be prepared in accordance with

(a) IFRS, except that the financial statements or interim financial information must account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IFRS;

(b) U.S. GAAP, except that the financial statements or interim financial information must account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IFRS; or

(c) accounting principles that meet the foreign disclosure requirements of a foreign regulatory authority to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction.

3.16 Acceptable Auditing Standards for Foreign Registrants —

(1) Despite subsection 3.3(1), financial statements referred to in paragraph 2.1(2)(a) that are delivered by a foreign registrant and required by securities legislation to be audited may be audited in accordance with

(a) International Standards on Auditing if the financial statements are accompanied by

(i) an auditor's report that

(A) does not contain a modification of opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to audit the financial statements; and

(ii) the predecessor auditor's reports on the comparative periods, if the foreign registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor;

(b) U.S. PCAOB GAAS or U.S. AICPA GAAS if the financial statements are accompanied by

(i) an auditor's report that

(A) contains an unqualified opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to audit the financial statements, and

(ii) the predecessor auditor's reports on the comparative periods, if the foreign registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the registrant is subject, if

(i) it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction,

(ii) the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the financial statements, and

(iii) the auditor's report identifies the accounting principles used to prepare the financial statements.

(2) Subparagraph (1)(a)(ii) or (b)(ii) does not apply if the auditor's report described in subparagraph (1)(a)(i) or (b)(i), as the case may be, refers to the predecessor auditor's reports on the comparative periods.

PART 4: RULES APPLYING TO FINANCIAL YEARS BEGINNING BEFORE JANUARY 1, 2011

4.1 Definitions — In this Part,

"Canadian GAAP - Part IV" means generally accepted accounting principles determined in accordance with Part IV of the Handbook applicable to public enterprises;

"public enterprise" means a public enterprise determined in accordance with the Handbook.

4.2 Acceptable Accounting Principles – General Requirements —

(1) Financial statements, other than financial statements delivered by registrants and acquisition statements, must be prepared in accordance with Canadian GAAP – Part IV.

(2) Financial statements and interim financial information delivered by a registrant to the securities regulatory authority, must be prepared in accordance with Canadian GAAP – Part IV except that those financial statements and interim financial information must be prepared on a non-consolidated basis.

(3) Financial statements must be prepared in accordance with the same accounting principles for all periods presented in the financial statements.

(4) The notes to the financial statements must identify the accounting principles used to prepare the financial statements.

4.3 Acceptable Auditing Standards – General Requirements — Financial statements, other than acquisition statements, that are required by securities legislation to be audited must be audited in accordance with Canadian GAAS and be accompanied by an auditor's report that

(a) does not contain a reservation;

(b) identifies all financial periods presented for which the auditor has issued an auditor's report;

(c) refers to the predecessor auditor's reports on the comparative periods, if the issuer or registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor; and

(d) identifies the accounting principles used to prepare the financial statements.

4.4 Acceptable Auditors — An auditor's report filed by an issuer or delivered by a registrant must be prepared and signed by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

4.5 Measurement and Reporting Currencies —

(1) The reporting currency must be disclosed on the face page of the financial statements or in the notes to the financial statements unless the financial statements are prepared in accordance with Canadian GAAP – Part IV and the reporting currency is the Canadian dollar.

(2) The notes to the financial statements must disclose the measurement currency if it is different than the reporting currency.

4.6 Credit Supporters —

(1) Unless subsection 4.2(1) applies, if a credit support issuer files, or includes in a prospectus, financial statements of a credit supporter, the credit supporter's financial statements must

(a) be prepared in accordance with the accounting principles and audited in accordance with the auditing standards that would be required by this Instrument if the credit supporter filed financial statements referred to in paragraph 2.1(2)(b),

(b) identify the accounting principles used to prepare the financial statements, and

(c) disclose the reporting currency for the financial statements, and disclose the measurement currency if it is different than the reporting currency.

(2) If a credit support issuer files, or includes in a prospectus, summary financial information for the credit supporter or credit support issuer,

(a) the summary financial information must

(i) be prepared in accordance with the accounting principles that this Instrument would require to be used in preparing financial statements if the credit supporter or credit support issuer, as the case may be, filed financial statements referred to in paragraph 2.1(2)(b),

(ii) identify the accounting principles used to prepare the summary financial information, and

(iii) disclose the reporting currency for the financial information, and disclose the measurement currency if it is different than the reporting currency; and

(b) the amounts presented in the summary financial information must be derived from financial statements for the credit supporter or credit support issuer that, if required by securities legislation to be audited, are audited in accordance with the auditing standards that would be required by this Instrument if the credit supporter or credit support issuer, as the case may be, filed financial statements referred to in paragraph 2.1(2)(b).

4.7 Acceptable Accounting Principles for SEC Issuers —

(1) Despite subsections 4.2(1) and (3), financial statements of an SEC issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with U.S. GAAP provided that, if the SEC issuer previously filed or included in a prospectus financial statements prepared in accordance with Canadian GAAP – Part IV, the SEC issuer complies with the following:

(a) the notes to the first two sets of the issuer's annual financial statements after the change from Canadian GAAP – Part IV to U.S. GAAP and the notes to the issuer's interim financial statements for interim periods during those two years

(i) explain the material differences between Canadian GAAP – Part IV and U.S. GAAP that relate to recognition, measurement and presentation;

(ii) quantify the effect of material differences between Canadian GAAP – Part IV and U.S. GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the financial statements and net income computed in accordance with Canadian GAAP – Part IV; and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP – Part IV to the extent not already reflected in the financial statements;

(b) financial information for any comparative periods that were previously reported in accordance with Canadian GAAP – Part IV are presented as follows:

(i) as previously reported in accordance with Canadian GAAP – Part IV;

(ii) as restated and presented in accordance with U.S. GAAP; and

(iii) supported by an accompanying note that

(A) explains the material differences between Canadian GAAP – Part IV and U.S. GAAP that relate to recognition, measurement and presentation; and

(B) quantifies the effect of material differences between Canadian GAAP – Part IV and U.S. GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income as previously reported in the financial statements in accordance with Canadian GAAP – Part IV and net income as restated and presented in accordance with U.S. GAAP; and

(c) if the SEC issuer has filed financial statements prepared in accordance with Canadian GAAP – Part IV for one or more interim periods of the current year, those interim financial statements are restated in accordance with U.S. GAAP and comply with paragraphs (a) and (b).

(2) Subsection (1) does not impose a requirement in respect of any period relating to a financial year that begins on or after January 1, 2011.

(3) The comparative information specified in subparagraph (1)(b)(i) may be presented on the face of the balance sheet and statements of income and cash flow or in the note to the financial statements required by subparagraph (1)(b)(iii).

4.8 Acceptable Auditing Standards for SEC Issuers — Despite section 4.3, financial statements of an SEC issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, and that are required by securities legislation to be audited, may be audited in accordance with U.S. PCAOB GAAS if the financial statements are accompanied by an auditor's report prepared in accordance with U.S. PCAOB GAAS that

(a) contains an unqualified opinion;

(b) identifies all financial periods presented for which the auditor has issued an auditor's report;

(c) refers to the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor; and

(d) identifies the accounting principles used to prepare the financial statements.

4.9 Acceptable Accounting Principles for Foreign Issuers — Despite subsection 4.2(1), financial statements of a foreign issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with any of the following accounting principles:

(a) U.S. GAAP, if the issuer is an SEC foreign issuer;

(b) IFRS;

(c) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer is an SEC foreign issuer;

(ii) on the last day of the most recently completed financial year the total number of equity securities owned directly or indirectly by residents of Canada does not exceed ten per cent, on a fully-diluted basis, of the total number of equity securities of the issuer; and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;

(d) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer;

(e) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part IV, including recognition and measurement principles and disclosure requirements, if the notes to the financial statements

(i) explain the material differences between Canadian GAAP – Part IV and the accounting principles used that relate to recognition, measurement and presentation;

(ii) quantify the effect of material differences between Canadian GAAP – Part IV and the accounting principles used that relate to recognition, measurement and presentation, including a tabular

reconciliation between net income reported in the issuer's financial statements and net income computed in accordance with Canadian GAAP – Part IV; and

(iii) provide disclosure consistent with Canadian GAAP – Part IV requirements to the extent not already reflected in the financial statements.

4.10 Acceptable Auditing Standards for Foreign Issuers — Despite section 4.3 , financial statements of a foreign issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, that are required by securities legislation to be audited may, if the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the financial statements and the auditor's report identifies the accounting principles used to prepare the financial statements, be audited in accordance with

(a) U.S. PCAOB GAAS, if the auditor's report

(i) contains an unqualified opinion,

(ii) identifies all financial periods presented for which the auditor has issued an auditor's report, and

(iii) refers to the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor;

(b) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

(i) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and

(ii) indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

4.11 Acceptable Accounting Principles for Acquisition Statements —

(1) Acquisition statements must be prepared in accordance with any of the following accounting principles:

(a) Canadian GAAP – Part IV;

(b) U.S. GAAP;

(c) IFRS;

(d) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer or the acquired business or business to be acquired is an SEC foreign issuer;

(ii) on the last day of the most recently completed financial year the total number of equity securities owned directly or indirectly by residents of Canada does not exceed ten per cent, on a fully-diluted basis, of the total number of equity securities of the SEC foreign issuer; and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;

(e) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer or the acquired business or business to be acquired is subject, if the issuer or business is a designated foreign issuer;

(f) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part IV, including recognition and measurement principles and disclosure requirements.

(2) Acquisition statements must be prepared in accordance with the same accounting principles for all periods presented.

(3) The notes to the acquisition statements must identify the accounting principles used to prepare the acquisition statements.

(4) If acquisition statements are prepared using accounting principles that are different from the issuer's GAAP, the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be reconciled to the issuer's GAAP and the notes to the acquisition statements must

(a) explain the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation;

(b) quantify the effect of material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the acquisition statements and net income computed in accordance with the issuer's GAAP; and

(c) provide disclosure consistent with the issuer's GAAP to the extent not already reflected in the acquisition statements.

(5) Despite subsections (1) and (4), if the issuer is required to reconcile its financial statements to Canadian GAAP – Part IV, the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be

(a) prepared in accordance with Canadian GAAP – Part IV; or

(b) reconciled to Canadian GAAP – Part IV and the notes to the acquisition statements must

(i) explain the material differences between Canadian GAAP – Part IV and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation;

(ii) quantify the effect of material differences between Canadian GAAP – Part IV and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the acquisition statements and net income computed in accordance with Canadian GAAP – Part IV; and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP – Part IV to the extent not already reflected in the acquisition statements.

4.12 Acceptable Auditing Standards for Acquisition Statements —

(1) Acquisition statements that are required by securities legislation to be audited must be audited in accordance with any of the following auditing standards:

(a) Canadian GAAS;

(b) U.S. PCAOB GAAS;

(c) U.S. AICPA GAAS, if the acquired business or business to be acquired is not an SEC issuer.

(2) Despite subsection (1), acquisition statements filed by or included in a prospectus of a foreign issuer may be audited in accordance with

(a) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

(i) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and

(ii) indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation; or

(b) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(3) Acquisition statements must be accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the acquisition statements and the auditor's report must identify the accounting principles used to prepare the financial statements.

(4) If acquisition statements are audited in accordance with paragraph (1)(a), the auditor's report must not contain a reservation.

(5) If acquisition statements are audited in accordance with paragraph (1)(b) or (c), the auditor's report must contain an unqualified opinion.

(6) Despite paragraph (2)(a) and subsections (4) and (5) an auditor's report that accompanies acquisition statements may contain a qualification of opinion relating to inventory if

(a) the issuer includes in the business acquisition report, prospectus or other document containing the acquisition statements, a balance sheet for the acquired business or business to be acquired that is for a date that is subsequent to the date to which the qualification relates; and

(b) the balance sheet referred to in paragraph (a) is accompanied by an auditor's report that does not contain a qualification of opinion relating to closing inventory.

4.13 Financial Information for Acquisitions Accounted for by the Issuer Using the Equity Method —

(1) If an issuer files, or includes in a prospectus, summarized financial information as to the assets, liabilities and results of operations of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, the financial information must

(a) meet the requirements in section 4.11 if the term "acquisition statements" in that section is read as "summarized financial information as to the assets, liabilities and results of operations of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method," and

(b) disclose the reporting currency for the financial information, and disclose the measurement currency if it is different than the reporting currency.

(2) If the financial information referred to in subsection (1) is for any completed financial year, the financial information must

(a) either

(i) meet the requirements in section 4.12 if the term "acquisition statements" in that section is read as "summarized financial information as to the assets, liabilities and results of operations of an acquired business or business to be acquired that is; or will be, an investment accounted for by the issuer using the equity method," or

(ii) be derived from financial statements that meet the requirements in section 4.12 if the term "acquisition statements" in that section is read as "financial statements from which is derived summarized financial information as to the assets, liabilities and results of operations of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method"; and

(b) be audited, or derived from financial statements that are audited, by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

4.14 Acceptable Accounting Principles for *Pro Forma* Financial Statements —

(1) *Pro forma* financial statements must be prepared in accordance with the issuer's GAAP.

(2) Despite subsection (1), if an issuer's financial statements have been reconciled to Canadian GAAP – Part IV under subsection 4.7(1) or paragraph 4.9(e), the issuer's *pro forma* financial statements must be prepared in accordance with, or reconciled to, Canadian GAAP – Part IV.

(3) Despite subsection (1), if an issuer's financial statements have been prepared in accordance with the accounting principles referred to in paragraph 4.9(c) and those financial statements are reconciled to U.S. GAAP, the *pro forma* financial statements may be prepared in accordance with, or reconciled to, U.S. GAAP.

4.15 Acceptable Accounting Principles for Foreign Registrants —

(1) Despite subsection 4.2(2), and subject to subsection (2), financial statements delivered by a foreign registrant may be prepared in accordance with any of the following accounting principles:

(a) U.S. GAAP;

(b) IFRS;

(c) accounting principles that meet the foreign disclosure requirements of a foreign regulatory authority to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction;

(d) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part IV, including recognition and measurement principles and disclosure requirements, if the notes to the financial statements, interim balance sheets, or interim income statements

(i) explain the material differences between Canadian GAAP – Part IV and the accounting principles used that relate to recognition, measurement and presentation;

(ii) quantify the effect of material differences between Canadian GAAP – Part IV and the accounting principles used that relate to recognition, measurement, and presentation; and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP – Part IV to the extent not already reflected in the financial statements, interim balance sheets or interim income statements.

(2) Financial statements, interim balance sheets, and interim income statements delivered by a foreign registrant prepared in accordance with accounting principles specified in paragraph (1)(a), (b) or (d) must be prepared on a non-consolidated basis.

4.16 Acceptable Auditing Standards for Foreign Registrants — Despite section 4.3, financial statements delivered by a foreign registrant that are required by securities legislation to be audited may, if the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the financial statements and the auditor's report identifies the accounting principles used to prepare the financial statements, be audited in accordance with

(a) U.S. PCAOB GAAS or U.S. AICPA GAAS if the auditor's report contains an unqualified opinion;

(b) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

(i) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and

(ii) indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction.

PART 5: EXEMPTIONS

5.1 Exemptions —

(1) The regulator or securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

5.2 Certain Exemptions Evidenced by Receipt —

(1) Subject to subsections (2) and (3), without limiting the manner in which an exemption may be evidenced, an exemption from this Instrument as it pertains to financial statements or auditor's reports included in a prospectus, may be evidenced by the issuance of a receipt for the prospectus or an amendment to the prospectus.

(2) A person or company must not rely on a receipt as evidence of an exemption unless the person or company

(a) sent to the regulator or securities regulatory authority, on or before the date the preliminary prospectus or the amendment to the preliminary prospectus or prospectus was filed, a letter or memorandum describing the matters relating to the exemption application, and indicating why consideration should be given to the granting of the exemption; or

(b) sent to the regulator or securities regulatory authority the letter or memorandum referred to in paragraph (a) after the date of the preliminary prospectus or the amendment to the preliminary prospectus or prospectus has been filed and receives a written acknowledgement from the securities regulatory authority or regulator that issuance of the receipt is evidence that the exemption is granted.

(3) A person or company must not rely on a receipt as evidence of an exemption if the regulator or securities regulatory authority has before, or concurrently with, the issuance of the receipt for the prospectus, sent notice to the person or company that the issuance of a receipt does not evidence the granting of the exemption.

(4) For the purpose of this section, a reference to a prospectus does not include a preliminary prospectus.

PART 6: REVOCATION AND EFFECTIVE DATE

6.1 Revocation — National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, which came into force on March 30, 2004, is revoked.

6.2 Effective Date — This Instrument comes into force on January 1, 2011.

APPENDIX C
Blackline of the Proposed Instrument

NATIONAL INSTRUMENT 52-107
ACCEPTABLE ACCOUNTING PRINCIPLES, AND AUDITING STANDARDS AND REPORTING CURRENCY

PART 1: DEFINITIONS AND INTERPRETATION

1.1 Definitions — In this Instrument:

"accounting principles" mean a body of accounting principles relating to accounting that are generally accepted in a jurisdiction of Canada or a foreign jurisdiction and include, without limitation, IFRS, Canadian GAAP, and U.S. GAAP and International Financial Reporting Standards;

"acquisition statements" means the financial statements of an acquired business or a business to be acquired, or operating statements for an oil and gas property that is an acquired business or a business to be acquired, that are

(a) required to be filed under National Instrument 51-102 or that are102,

(b) included in a prospectus pursuant to Item 35 of Form 41-101F1 in National Instrument 41-101 *General Prospectus Requirements*,

(c) required to be included in a prospectus under National Instrument 44-101 *Short Form Prospectus Distributions*, or

(d) except in Ontario, included in an offering memorandum required under National Instrument 45-106;

"auditing standards" mean a body of auditing standards relating to auditing that are generally accepted in a jurisdiction of Canada or a foreign jurisdiction and include, without limitation, Canadian GAAS, U.S. GAAS and International Standards on Auditing, U.S. AICPA GAAS and U.S. PCAOB GAAS;

"business acquisition report" means a completed Form 51-102F4 *Business Acquisition Report*;

"convertible security" means a security of an issuer that is convertible into, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of the same issuer;

"credit support issuer" means an issuer of securities for which a credit supporter has provided a guarantee or alternative credit support;

"credit supporter" means a person or company that provides a guarantee or alternative credit support for any of the payments to be made by an issuer of securities as stipulated in the terms of the securities or in an agreement governing rights of, or granting rights to, holders of the securities;

"designated foreign issuer" means a foreign issuer

(a) that does not have a class of securities registered under section 12 of the 1934 Act and is not required to file reports under section 15(d) of the 1934 Act,

(b) that is subject to foreign disclosure requirements in a designated foreign jurisdiction, and

(c) for which the total number of equity securities owned, directly or indirectly, by residents of Canada does not exceed ten10 per cent, on a fully-diluted basis, of the total number of equity securities of the issuer, calculated in accordance with sections 1.2 and 1.3;

"designated foreign jurisdiction" means Australia, France, Germany, Hong Kong, Italy, Japan, Mexico, the Netherlands, New Zealand, Singapore, South Africa, Spain, Sweden, Switzerland or the United Kingdom of Great Britain and Northern Ireland;

"exchangeable security" means a security of an issuer that is exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a security of another issuer;

"exchange-traded security" means a security that is listed on a recognized exchange or is quoted on a recognized quotation and trade reporting system or is listed on an exchange or quoted on a quotation and trade reporting system

that is recognized for the purposes of National Instrument 21-101 *Marketplace Operation* and National Instrument 23-101 *Trading Rules*;

"executive officer" means, for an issuer, an individual who is

(a) a chair, vice-chair or president;

(b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or

(c) performing a policy-making function in respect of the issuer;

"financial statements" includes interim financial reports;

"foreign disclosure requirements" means the requirements to which a foreign issuer is subject concerning disclosure made to the public, to securityholders of the issuer, or to a foreign regulatory authority

(a) relating to the foreign issuer and the trading in its securities, and

(b) that is made publicly available in the foreign jurisdiction under

(i) the securities laws of the foreign jurisdiction in which the principal trading market of the foreign issuer is located, or

(ii) the rules of the marketplace that is the principal trading market of the foreign issuer;

"foreign issuer" means an issuer, other than an investment fund, that is incorporated or organized under the laws of a foreign jurisdiction, unless

(a) outstanding voting securities of the issuer carrying more than 50 per cent of the votes for the election of directors are owned, directly or indirectly, by residents of Canada, and

(b) any of the following apply:

(i) the majority of the executive officers or directors of the issuer are residents of Canada;

(ii) more than 50 per cent of the consolidated assets of the issuer are located in Canada; or

(iii) the business of the issuer is administered principally in Canada;

"foreign registrant" means a registrant that is incorporated or organized under the laws of a foreign jurisdiction, except a registrant that satisfies the following conditions:unless

(a) outstanding voting securities of the registrant carrying more than 50 per cent of the votes for the election of directors are owned, directly or indirectly, by residents of Canada;, and

(b) any of the following apply:

(i) the majority of the executive officers or directors of the registrant are residents of Canada;

(ii) more than 50 per cent of the consolidated assets of the registrant are located in Canada; or

(iii) the business of the registrant is administered principally in Canada;

"foreign regulatory authority" means a securities commission, exchange or other securities market regulatory authority in a designated foreign jurisdiction;

"inter-dealer bond broker" means a person or company that is approved by the Investment Dealers AssociationIndustry Regulatory Organization of Canada under IDA By-Lawits Rule No. 36 *Inter-Dealer Bond Brokerage Systems*, as amended, and is subject to IDA By-Lawits Rule No. 36 and IDA Regulationits Rule 2100 *Inter-Dealer Bond Brokerage Systems*, as amended;

"issuer's GAAP" means the accounting principles used to prepare an issuer's financial statements, as permitted by this Instrument;

"marketplace" means

(a) an exchange,

(b) a quotation and trade reporting system,

(c) a person or company not included in paragraph (a) or (b) that

(i) constitutes, maintains or provides a market or facility for bringing together buyers and sellers of securities,

(ii) brings together the orders for securities of multiple buyers and sellers, and

(iii) uses established, non-discretionary methods under which the orders interact with each other, and the buyers and sellers entering the orders agree to the terms of a trade, or

(d) a dealer that executes a trade of an exchange-traded security outside of a marketplace,

but does not include an inter-dealer bond broker;

"multiple convertible security" means a security of an issuer that is convertible into, or exchangeable for, or carries the right of the holder to acquire, or of the issuer to cause the acquisition of, a convertible security, an exchangeable security or another multiple convertible security;

"National Instrument 45-106" means National Instrument 45-106 *Prospectus and Registration Exemptions*;

"National Instrument 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"National Instrument 71-102" means National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers;*

"principal trading market" means the published market on which the largest trading volume in the equity securities of the issuer occurred during the issuer's most recently completed financial year that ended before the date the determination is being made;

~~"public enterprise" means a public enterprise determined with reference to the Handbook;~~

"published market" means, for a class of securities, a marketplace on which the securities have traded that discloses, regularly in a publication of general and regular paid circulation or in a form that is broadly distributed by electronic means, the prices at which those securities have traded;

"recognized exchange" means

(a) in Ontario, an exchange recognized by the securities regulatory authority to carry on business as a stock exchange,

(~~a.1~~b) in Québec, a person or company authorized by the securities regulatory authority to carry on business as an exchange; and

(~~b~~c) in every other jurisdiction of Canada, an exchange recognized by the securities regulatory authority as an exchange, self-regulatory organization or self-regulatory body;

"recognized quotation and trade reporting system" means

(a) in every jurisdiction of Canada other than British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation to carry on business as a quotation and trade reporting system, and

(b) in British Columbia, a quotation and trade reporting system recognized by the securities regulatory authority under securities legislation as a quotation and trade reporting system or as an exchange;

"SEC issuer" means an issuer that

(a) has a class of securities registered under section 12 of the 1934 Act or is required to file reports under section 15(d) of the 1934 Act, and

(b) is not registered or required to be registered as an investment company under the *Investment Company Act of 1940* of the United States of America, as amended;

"SEC foreign issuer" means a foreign issuer that is also an SEC issuer;

"underlying security" means a security issued or transferred, or to be issued or transferred, in accordance with the terms of a convertible security, an exchangeable security or a multiple convertible security;

"U.S. GAAP" means generally accepted accounting principles in the United States of America that the SEC has identified as having substantial authoritative support, as supplemented by Regulation S-X ~~and Regulation S-B~~ under the 1934 Act, as amended from time to time; ~~and~~

"U.S. AICPA GAAS" means ~~generally accepted auditing standards in the United States of America, as supplemented by the SEC's rules on auditor independence~~auditing standards of the American Institute of Certified Public Accountants, as amended from time to time;

"U.S. PCAOB GAAS" means auditing standards of the Public Company Accounting Oversight Board (United States of America), as amended from time to time.

1.2 Determination of Canadian Shareholders for Calculation of Designated Foreign Issuer and Foreign Issuer —

(1) For the purposes of paragraph (c) of the definition of "designated foreign issuer" ~~and paragraph 5.1~~in section 1.1 and paragraphs 3.9(1)(c) and 4.9(c), a reference to equity securities owned, directly or indirectly, by residents of Canada, includes

(a) the underlying securities that are equity securities of the foreign issuer; and

(b) the equity securities of the foreign issuer represented by an American depositary receipt or an American depositary share issued by a depositary holding equity securities of the foreign issuer.

(2) For the purposes of paragraph (a) of the definition of "foreign issuer"~~,~~ in section 1.1, securities represented by American depositary receipts or American depositary shares issued by a depositary holding voting securities of the foreign issuer must be included as outstanding in determining both the number of votes attached to securities owned, directly or indirectly, by residents of Canada and the number of votes attached to all of the issuer's outstanding voting securities.

1.3 Timing for Calculation of Designated Foreign Issuer, Foreign Issuer and Foreign Registrant — For the purposes of paragraph (c) of the definition of "designated foreign issuer"~~,~~ in section 1.1, paragraph (a) of the definition of "foreign issuer" in section 1.1, and paragraph (a) of the definition of "foreign registrant"~~,~~ in section 1.1, the calculation is made

(a) if the issuer has not completed one financial year, on the earlier of

(i) the date that is 90 days before the date of its prospectus, and

(ii) the date that it became a reporting issuer; and

(b) for all other issuers and for registrants, on the first day of the most recent financial year or year-to-date interim period for which operating results are presented in the financial statements filed or included in the issuer's prospectus.

1.4 Interpretation —

(1) ~~**Interpretation of "prospectus" –**~~ For the purposes of this Instrument, a reference to "prospectus" includes a preliminary prospectus, a prospectus, an amendment to a preliminary prospectus and an amendment to a prospectus.

(2) **~~Interpretation of "included" –~~** For the purposes of this Instrument, a reference to information being "included in" another document means information reproduced in the document or incorporated into the document by reference.

PART 2: APPLICATION

2.1 Application

(1) This Instrument does not apply to investment funds.

(2) This Instrument applies to

(a) all ~~annual~~financial statements and interim financial ~~statements~~information delivered by registrants to the securities regulatory authority~~,~~ or regulator under National Instrument 31-103 *Registration Requirements and Exemptions*,

(b) ~~all annual, interim and *pro forma*~~all financial statements filed, or included in a document that is filed, under National Instrument 51-102 or National Instrument 71-102,

(c) ~~all annual, interim and *pro forma*~~ all financial statements included in

(i) a prospectus or a take-~~overbid~~over bid circular filed,

(ii) ~~or included in~~ a document that is filed, or

(iii) except in Ontario, an offering memorandum required under National Instrument 45-106,

(d) any operating statements for an oil and gas property that is an acquired business or a business to be acquired, that are

(i) filed under National Instrument 51-102, ~~or~~

(ii) ~~that are~~ included in a prospectus or a take-over bid circular filed, or included in a document that is filed, or

(iii) except in Ontario, included in an offering memorandum required under National Instrument 45-106,

(e) any other ~~annual, interim or *pro forma*~~ financial ~~statement~~statements filed by a reporting issuer, ~~and~~

(f) financial information that is filed under National Instrument 51-102, ~~or that is~~ included in a prospectus or a take-over bid circular filed~~,~~ or included in a document that is filed or, except in Ontario, included in an offering memorandum required under National Instrument 45-106, that is

(i) ~~derived from a~~ summary financial information for a credit supporter or credit support issuer~~'s consolidated financial statements~~, or

(ii) summarized financial information ~~as to the~~including the aggregated amounts of assets, liabilities ~~and results of operations of a business relating to an acquisition~~, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, and

(g) *pro forma* financial statements

(i) filed, or included in a document that is filed, under National Instrument 51-102 or National Instrument 71-102,

(ii) included in a prospectus or a take-over bid circular filed, or included in a document that is filed, or

(iii) otherwise filed by a reporting issuer.

2.2 Application of Part 3 — Part 3 applies to financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to financial years beginning on or after January 1, 2011.

2.3 Application of Part 4 — Part 4 applies to financial statements, financial information, operating statements and *pro forma* financial statements for periods relating to financial years beginning before January 1, 2011.

PART 3: RULES APPLYING TO FINANCIAL YEARS BEGINNING ON OR AFTER JANUARY 1, 2011

3.1 Publicly Accountable Enterprise — In this Part, "publicly accountable enterprise" means a publicly accountable enterprise determined in accordance with the Handbook.

3.2 Acceptable Accounting Principles – General Requirements —

(1) Financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) and financial information referred to in paragraph 2.1(2)(f), other than acquisition statements, must

(a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, and

(b) disclose

(i) in the case of annual financial statements, an explicit and unreserved statement of compliance with IFRS,

(ii) in the case of financial information referred to in paragraph 2.1(2)(f), a statement that the information is prepared in accordance with the recognition, measurement and disclosure requirements in IFRS for the information, and

(iii) in the case of an interim financial report, compliance with International Accounting Standard 34 *Interim Financial Reporting*.

(2) Despite subsection (1), in the case of an interim financial report that is not required under securities legislation to provide comparative interim financial information,

(a) the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes for the current interim period must be prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* except for the requirement to include comparative financial information; and

(b) the interim financial report must disclose that

(i) it does not comply with International Accounting Standard 34 *Interim Financial Reporting* because it does not include comparative interim financial information, and

(ii) the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes for the current interim period have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* except for the requirement to include comparative financial information.

(3) Financial statements and interim financial information referred to in paragraph 2.1(2)(a) must

(a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, except that the financial statements or interim financial information must account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in Canadian GAAP applicable to publicly accountable enterprises, and

(b) in the case of annual financial statements, disclose that the financial statements comply with IFRS, except that the financial statements account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IFRS.

(4) Despite subsection (3), financial statements and interim financial information for periods relating to a financial year beginning in 2011 may exclude comparative information for the preceding financial year or interim period if,

(a) the financial statements or interim financial information are prepared using a date of transition to IFRS that is the first day of the financial year to which the financial statements or interim financial information relate, and

(b) in the case of annual financial statements, the financial statements disclose that they comply with IFRS except that the financial statements

(i) account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IFRS,

(ii) exclude comparative information for the preceding financial year, and

(iii) use a date of transition to IFRS that is the first day of the financial year to which the financial statements relate.

(5) Subject to subsection (6), financial statements must be prepared in accordance with the same accounting principles for all periods presented in the financial statements.

(6) Financial information for a particular financial year beginning before January 1, 2011 may be prepared using accounting principles permitted in Part 4 if

(a) the particular financial year is the earliest of 3 financial years where the financial statements present financial information for the 3 financial years and the most recent of those financial years begins on or after January 1, 2011, and

(b) financial information previously prepared for the particular financial year did not comply with IFRS.

3.3 Acceptable Auditing Standards – General Requirements —

(1) Financial statements, other than acquisition statements, that are required by securities legislation to be audited must

(a) be audited in accordance with Canadian GAAS and be accompanied by an auditor's report that

(i) does not contain a modification of opinion,

(ii) identifies all financial periods presented for which the auditor has issued an auditor's report, and

(iii) except in the case of financial statements delivered by a registrant,

(A) is in the form specified by Canadian GAAS for an audit of financial statements prepared in accordance with a fair presentation framework, and

(B) if the financial statements are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises, refers to IFRS as the applicable fair presentation framework; and

(b) if the issuer or registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by a predecessor auditor, be accompanied by the predecessor auditor's reports on the comparative periods.

(2) Paragraph (1)(b) does not apply to financial statements referred to in paragraphs 2.1(2)(a) and (b) if the auditor's report described in paragraph (1)(a) refers to the predecessor auditor's reports on the comparative periods.

3.4 Acceptable Auditors — An auditor's report filed by an issuer or delivered by a registrant must be prepared and signed by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

3.5 Presentation and Functional Currencies —

(1) The presentation currency must be prominently displayed in financial statements.

(2) Financial statements must disclose the functional currency if it is different than the presentation currency.

3.6 Credit Supporters —

(1) Unless subsection 3.2(1) applies, if a credit support issuer files, or includes in a prospectus, financial statements of a credit supporter, the credit supporter's financial statements must

(a) be prepared in accordance with the accounting principles and audited in accordance with the auditing standards that would be required by this Instrument if the credit supporter filed financial statements referred to in paragraph 2.1(2)(b),

(b) identify the accounting principles used to prepare the financial statements,

(c) prominently display the presentation currency, and

(d) disclose the functional currency if it is different from the presentation currency.

(2) If a credit support issuer files, or includes in a prospectus, summary financial information for the credit supporter or credit support issuer,

(a) the summary financial information must, in addition to satisfying other requirements in this Instrument

(i) prominently display the presentation currency, and

(ii) disclose the functional currency if it is different from the presentation currency; and

(b) the amounts presented in the summary financial information must be derived from financial statements for the credit supporter or credit support issuer that, if required by securities legislation to be audited, are audited in accordance with the auditing standards that would be required by this Instrument if the credit supporter or credit support issuer, as the case may be, filed financial statements referred to in paragraph 2.1(2)(b).

3.7 Acceptable Accounting Principles for SEC Issuers —

(1) Despite subsection 3.2(1), an SEC issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) and financial information referred to in paragraph 2.1(2)(f) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with U.S. GAAP.

(2) The notes to the financial statements must identify the accounting principles used to prepare the financial statements.

3.8 Acceptable Auditing Standards for SEC Issuers —

(1) Despite subsection 3.3(1), an SEC issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) and financial information referred to in paragraph 2.1(2)(f) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, and that are required by securities legislation to be audited, may be audited in accordance with U.S. PCAOB GAAS if the financial statements are accompanied by

(a) an auditor's report prepared in accordance with U.S. PCAOB GAAS that

(i) contains an unqualified opinion,

(ii) identifies all financial periods presented for which the auditor has issued an auditor's report, and

(iii) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements; and

(b) the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor.

(2) Paragraph (1)(b) does not apply to financial statements referred to in paragraph 2.1(2)(b) if the auditor's report described in paragraph (1)(a) refers to the predecessor auditor's reports on the comparative periods.

3.9 Acceptable Accounting Principles for Foreign Issuers —

(1) Despite subsection 3.2(1), a foreign issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with

(a) IFRS;

(b) U.S. GAAP, if the issuer is an SEC foreign issuer;

(c) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer is an SEC foreign issuer,

(ii) on the last day of the most recently completed financial year the total number of equity securities owned directly or indirectly by residents of Canada does not exceed ten per cent, on a fully-diluted basis, of the total number of equity securities of the issuer, and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC; or

(d) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(2) The notes to the financial statements must identify the accounting principles used to prepare the financial statements.

3.10 Acceptable Auditing Standards for Foreign Issuers —

(1) Despite subsection 3.3(1), a foreign issuer's financial statements referred to in paragraphs 2.1(2)(b), (c) and (e) that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, that are required by securities legislation to be audited may be audited in accordance with

(a) International Standards on Auditing if the financial statements are accompanied by

(i) an auditor's report that

(A) does not contain a modification of opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to audit the financial statements, and

(ii) the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor;

(b) U.S. PCAOB GAAS if the financial statements are accompanied by

(i) an auditor's report that

(A) contains an unqualified opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to audit the financial statements, and

(ii) the predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if

(i) the issuer is a designated foreign issuer,

(ii) the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the financial statements, and

(iii) the auditor's report identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements.

(2) Subparagraph (1)(a)(ii) or (b)(ii) does not apply to financial statements referred to in paragraph 2.1(2)(b) if the auditor's report described in subparagraph (1)(a)(i) or (b)(i), as the case may be, refers to the predecessor auditor's reports on the comparative periods.

3.11 Acceptable Accounting Principles for Acquisition Statements —

(1) Acquisition statements must be prepared in accordance with any of the following accounting principles:

(a) Canadian GAAP applicable to publicly accountable enterprises;

(b) IFRS;

(c) U.S. GAAP;

(d) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer or the acquired business or business to be acquired is an SEC foreign issuer;

(ii) on the last day of the most recently completed financial year the total number of equity securities owned directly or indirectly by residents of Canada does not exceed ten per cent, on a fully-diluted basis, of the total number of equity securities of the SEC foreign issuer; and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;

(e) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer or the acquired business or business to be acquired is subject, if the issuer or business is a designated foreign issuer;

(f) Canadian GAAP applicable to private enterprises if

(i) the acquisition statements consolidate any subsidiaries and account for significantly influenced investees and joint ventures using the equity method,

(ii) financial statements for the acquired business or business to be acquired, or operating statements for the oil and gas property that is an acquired business or a business to be acquired, were not previously prepared in accordance with any of the accounting principles specified in paragraphs (a) to (e), and

(iii) the acquisition statements are accompanied by a notice stating:

These [*insert "*financial statements*"* or "operating statements" *as applicable*] are prepared in accordance with Canadian GAAP applicable to private enterprises. The recognition, measurement and disclosure requirements of Canadian GAAP applicable to private enterprises differ from those of Canadian GAAP applicable to publicly accountable enterprises, which are International Financial Reporting Standards incorporated into the Handbook. The *pro forma* financial statements included in the document include adjustments relating to the [*insert* "acquired business" *or* "business to be acquired" *as applicable*] and present *pro forma* information prepared using accounting principles that are consistent with the accounting principles used by the issuer.

(2) Paragraph (1)(f) does not apply in Ontario.

(3) Acquisition statements must be prepared in accordance with the same accounting principles for all periods presented.

(4) Acquisition statements to which paragraph (1)(a) applies must disclose

(a) in the case of annual financial statements, an explicit and unreserved statement of compliance with IFRS,

(b) in the case of operating statements referred to in paragraph 2.1(2)(d), a statement that the information in the operating statements is prepared in accordance with the requirements in IFRS for the recognition, measurement and disclosure for the information, and

(c) in the case of interim financial reports, compliance with International Accounting Standard 34 *Interim Financial Reporting*.

(5) Unless paragraph (1)(a) applies, the notes to the acquisition statements must identify the accounting principles used to prepare the acquisition statements.

(6) Unless paragraph (1)(f) applies, if acquisition statements are prepared using accounting principles that are different from the issuer's GAAP, the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be reconciled to the issuer's GAAP and the notes to the acquisition statements must

(a) explain the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation; and

(b) quantify the effect of material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between profit or loss reported in the acquisition statements and profit or loss computed in accordance with the issuer's GAAP.

3.12 Acceptable Auditing Standards for Acquisition Statements —

(1) Acquisition statements that are required by securities legislation to be audited must be accompanied by an auditor's report and audited in accordance with any of the following auditing standards:

(a) Canadian GAAS;

(b) International Standards on Auditing;

(c) U.S. PCAOB GAAS;

(d) U.S. AICPA GAAS, if the acquired business or business to be acquired is not an SEC issuer;

(e) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(2) The auditor's report must

(a) if paragraph (1)(a) or (b) applies, not contain a modification of opinion;

(b) if paragraph (1)(c) or (d) applies, contain an unqualified opinion;

(c) unless paragraph (1)(e) applies, identify all financial periods presented for which the auditor has issued an auditor's report;

(d) identify the auditing standards used to conduct the audit;

(e) identify the accounting principles used to prepare the acquisition statements, unless the auditor's report accompanies acquisition statements prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and audited in accordance with Canadian GAAS; and

(f) if it accompanies acquisition statements prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and audited in accordance with Canadian GAAS

(i) in the case of acquisition statements that are operating statements or financial statements for a business division, refer to the requirements in IFRS for the recognition, measurement and disclosure of information in the statements as the applicable fair presentation framework, and

(ii) in the case of other acquisition statements, refer to IFRS as the applicable fair presentation framework.

(3) Despite paragraphs (2)(a) and (b), an auditor's report that accompanies acquisition statements may contain a qualification of opinion relating to inventory if

(a) the issuer includes in the business acquisition report, prospectus or other document containing the acquisition statements, a statement of financial position for the acquired business or business to be acquired that is for a date that is subsequent to the date to which the qualification relates; and

(b) the statement of financial position referred to in paragraph (a) is accompanied by an auditor's report that does not contain a qualification of opinion relating to closing inventory.

3.13 Financial Information for Acquisitions Accounted for by the Issuer Using the Equity Method —

(1) If an issuer files, or includes in a prospectus, summarized financial information including the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, the financial information must

(a) meet the requirements in section 3.11 if the term "acquisition statements" in that section is read as "summarized financial information including the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method," and

(b) disclose the presentation currency for the financial information, and disclose the functional currency if it is different than the presentation currency.

(2) If the financial information referred to in subsection (1) is required by securities legislation to be audited or derived from audited financial statements, the financial information must

(a) either

(i) meet the requirements in section 3.12 if the term "acquisition statements" in that section is read as "summarized financial information including the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method," or

(ii) be derived from financial statements that meet the requirements in section 3.12 if the term "acquisition statements" in that section is read as "financial statements from which is derived

summarized financial information including the aggregated amounts of assets, liabilities, revenue and profit or loss of an acquired business or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method,"; and

(b) be audited, or derived from financial statements that are audited, by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

3.14 Acceptable Accounting Principles for *Pro Forma* Financial Statements — *Pro forma* financial statements must be prepared using principles that are consistent with the issuer's GAAP.

3.15 Acceptable Accounting Principles for Foreign Registrants — Despite subsection 3.2 (3), financial statements and interim financial information delivered by a foreign registrant may be prepared in accordance with

(a) IFRS, except that the financial statements or interim financial information must account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IFRS;

(b) U.S. GAAP, except that the financial statements or interim financial information must account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IFRS; or

(c) accounting principles that meet the foreign disclosure requirements of a foreign regulatory authority to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction.

3.16 Acceptable Auditing Standards for Foreign Registrants —

(1) Despite subsection 3.3(1), financial statements referred to in paragraph 2.1(2)(a) that are delivered by a foreign registrant and required by securities legislation to be audited may be audited in accordance with

(a) International Standards on Auditing if the financial statements are accompanied by

(i) an auditor's report that

(A) does not contain a modification of opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to audit the financial statements; and

(ii) the predecessor auditor's reports on the comparative periods, if the foreign registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor;

(b) U.S. PCAOB GAAS or U.S. AICPA GAAS if the financial statements are accompanied by

(i) an auditor's report that

(A) contains an unqualified opinion,

(B) identifies all financial periods presented for which the auditor has issued the auditor's report,

(C) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements, and

(D) is prepared in accordance with the same auditing standards used to audit the financial statements, and

(ii) the predecessor auditor's reports on the comparative periods, if the foreign registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by the predecessor auditor; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the registrant is subject, if

(i) it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction,

(ii) the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the financial statements, and

(iii) the auditor's report identifies the accounting principles used to prepare the financial statements.

(2) Subparagraph (1)(a)(ii) or (b)(ii) does not apply if the auditor's report described in subparagraph (1)(a)(i) or (b)(i), as the case may be, refers to the predecessor auditor's reports on the comparative periods.

PART 3~~4~~:
~~GENERAL RULES~~
RULES APPLYING TO FINANCIAL YEARS BEGINNING BEFORE JANUARY 1, 2011

4.1 Definitions — In this Part,

"Canadian GAAP - Part IV" means generally accepted accounting principles determined in accordance with Part IV of the Handbook applicable to public enterprises;

"public enterprise" means a public enterprise determined in accordance with the Handbook.

~~3.1~~4.2 Acceptable Accounting Principles – General Requirements —

(1) Financial statements, other than financial statements delivered by registrants and acquisition statements, must be prepared in accordance with Canadian GAAP ~~as applicable to public enterprises~~ – Part IV.

(2) Financial statements and interim financial information delivered by a registrant to the securities regulatory authority, must be prepared in accordance with Canadian GAAP – Part IV except that those financial statements and interim financial information must be prepared on a non-consolidated basis.

(3) Financial statements must be prepared in accordance with the same accounting principles for all periods presented in the financial statements.

(~~3~~4) The notes to the financial statements must identify the accounting principles used to prepare the financial statements.

~~3.2~~4.3 Acceptable Auditing Standards – General Requirements — Financial statements, other than acquisition statements, that are required by securities legislation to be audited must be audited in accordance with Canadian GAAS and be accompanied by an auditor's report that

(a) does not contain a reservation;

(b) identifies all financial periods presented for which the auditor has issued an auditor's report;

(c) refers to the ~~former~~predecessor auditor's reports on the comparative periods, if the issuer or registrant has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by ~~a different~~the predecessor auditor; and

(d) identifies the ~~auditing standards used to conduct the audit and the~~ accounting principles used to prepare the financial statements.

~~3.3~~4.4 Acceptable Auditors — An auditor's report filed by an issuer or delivered by a registrant must be prepared and signed by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

~~3.4~~4.5 Measurement and Reporting Currencies

(1) The reporting currency must be disclosed on the face page of the financial statements or in the notes to the financial statements unless the financial statements are prepared in accordance with Canadian GAAP – Part IV and the reporting currency is the Canadian dollar.

(2) The notes to the financial statements must disclose the measurement currency if it is different than the reporting currency.

4.6 Credit Supporters

(1) Unless subsection 4.2(1) applies, if a credit support issuer files, or includes in a prospectus, financial statements of a credit supporter, the credit supporter's financial statements must

(a) be prepared in accordance with the accounting principles and audited in accordance with the auditing standards that would be required by this Instrument if the credit supporter filed financial statements referred to in paragraph 2.1(2)(b),

(b) identify the accounting principles used to prepare the financial statements, and

~~3.5 Financial Information Derived from a Credit Support Issuer's Consolidated Financial Statements –~~

(c) disclose the reporting currency for the financial statements, and disclose the measurement currency if it is different than the reporting currency.

(2) If a credit support issuer files, or includes in a prospectus, summary financial information ~~derived from the~~for the credit supporter or credit support issuer~~'s consolidated financial statements~~,

(a) the ~~credit support issuer's consolidated~~summary financial ~~statements must be prepared in accordance with Canadian GAAP as applicable to public enterprises for all periods presented in the financial statements and in the case of annual audited consolidated financial statements,~~information must

(i) be prepared in accordance with the accounting principles that this Instrument would require to be used in preparing financial statements if the credit supporter or credit support issuer, as the case may be, filed financial statements referred to in paragraph 2.1(2)(b),

~~(i) be audited in accordance with Canadian GAAS and~~

~~(ii) be accompanied by an auditor's report that~~

~~(A) does not contain a reservation, and~~

~~(B) is prepared and signed by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction;~~

~~(b) the financial information must disclose that the credit support issuer's consolidated financial statements from which the financial information is derived were prepared in accordance with Canadian GAAP as applicable to public enterprises; and~~

(ii) identify the accounting principles used to prepare the summary financial information, and

~~(c) the financial information must~~

(iii) disclose the reporting currency for the financial information, and disclose the measurement currency if it is different than the reporting currency~~.~~; and

(b) the amounts presented in the summary financial information must be derived from financial statements for the credit supporter or credit support issuer that, if required by securities legislation to be audited, are audited in accordance with the auditing standards that would be required by this Instrument if the credit supporter or credit support issuer, as the case may be, filed financial statements referred to in paragraph 2.1(2)(b).

~~PART 4~~
~~EXEMPTIONS FOR SEC ISSUERS~~

~~4.1~~4.7 Acceptable Accounting Principles for SEC Issuers —

(1) Despite subsections ~~3.1~~4.2(1) and ~~3.1~~(23), financial statements of an SEC issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with U.S. GAAP provided that, if the SEC issuer previously filed or included in a prospectus financial statements prepared in accordance with Canadian GAAP – Part IV, the SEC issuer complies with the following:

(a) the notes to the first two sets of the issuer's annual financial statements after the change from Canadian GAAP – Part IV to U.S. GAAP and the notes to the issuer's interim financial statements for interim periods during those two years

(i) explain the material differences between Canadian GAAP ~~as applicable to public enterprises~~– Part IV and U.S. GAAP that relate to recognition, measurement and presentation;

(ii) quantify the effect of material differences between Canadian GAAP ~~as applicable to public enterprises~~– Part IV and U.S. GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the financial statements and net income computed in accordance with Canadian GAAP ~~as applicable to public enterprises~~– Part IV; and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP ~~as applicable to public enterprises~~– Part IV to the extent not already reflected in the financial statements;

(b) financial information for any comparative periods that were previously reported in accordance with Canadian GAAP – Part IV are presented as follows:

(i) as previously reported in accordance with Canadian GAAP – Part IV;

(ii) as restated and presented in accordance with U.S. GAAP; and

(iii) supported by an accompanying note that

(A) explains the material differences between Canadian GAAP – Part IV and U.S. GAAP that relate to recognition, measurement and presentation; and

(B) quantifies the effect of material differences between Canadian GAAP – Part IV and U.S. GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income as previously reported in the financial statements in accordance with Canadian GAAP – Part IV and net income as restated and presented in accordance with U.S. GAAP; and

(c) if the SEC issuer has filed financial statements prepared in accordance with Canadian GAAP – Part IV for one or more interim periods of the current year, those interim financial statements are restated in accordance with U.S. GAAP and comply with paragraphs (a) and (b).

(2) Subsection (1) does not impose a requirement in respect of any period relating to a financial year that begins on or after January 1, 2011.

(3) The comparative information specified in subparagraph ~~4.1~~(1)(b)(i) may be presented on the face of the balance sheet and statements of income and cash flow or in the note to the financial statements required by subparagraph ~~4.1~~(1)(b)(iii).

~~4.2~~4.8 Acceptable Auditing Standards for SEC Issuers — Despite section ~~3.2,~~4.3, financial statements of an SEC issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, and that are required by securities legislation to be audited, may be audited in accordance with U.S. PCAOB GAAS if the financial statements are accompanied by an auditor's report prepared in accordance with U.S. PCAOB GAAS that

(a) contains an unqualified opinion;

(b) identifies all financial periods presented for which the auditor has issued an auditor's report;

(c) refers to the ~~former~~predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by ~~a different~~the predecessor auditor; and

(d) identifies ~~the auditing standards used to conduct the audit and~~ the accounting principles used to prepare the financial statements.

~~**PART 5**~~
~~**EXEMPTIONS FOR FOREIGN ISSUERS**~~

~~**5.1**~~**4.9** **Acceptable Accounting Principles for Foreign Issuers** — Despite subsection ~~3.1~~4.2(1), financial statements of a foreign issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, may be prepared in accordance with any of the following accounting principles:

(a) U.S. GAAP, if the issuer is an SEC foreign issuer;

~~(b) International Financial Reporting Standards;~~

(b) IFRS;

(c) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer is an SEC foreign issuer;

(ii) on the last day of the most recently completed financial year the total number of equity securities owned directly or indirectly by residents of Canada does not exceed ten per cent, on a fully-diluted basis, of the total number of equity securities of the issuer; and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;

(d) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer; ~~or~~

(e) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part IV, including recognition and measurement principles and disclosure requirements, if the notes to the financial statements

(i) explain the material differences between Canadian GAAP ~~applicable to public enterprises~~– Part IV and the accounting principles used that relate to recognition, measurement and presentation;

(ii) quantify the effect of material differences between Canadian GAAP ~~applicable to public enterprises~~ – Part IV and the accounting principles used that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the issuer's financial statements and net income computed in accordance with Canadian GAAP ~~applicable to public enterprises~~– Part IV; and

(iii) provide disclosure consistent with Canadian GAAP ~~applicable to public enterprises~~– Part IV requirements to the extent not already reflected in the financial statements.

~~**5.2**~~**4.10** **Acceptable Auditing Standards for Foreign Issuers** -- Despite section ~~3.2~~,4.3 , financial statements of a foreign issuer that are filed with or delivered to a securities regulatory authority or regulator, other than acquisition statements, that are required by securities legislation to be audited may, if the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the financial statements and the auditor's report identifies the accounting principles used to prepare the financial statements, be audited in accordance with

(a) U.S. PCAOB GAAS, if the auditor's report

(i) contains an unqualified opinion~~;~~,

(ii) identifies all financial periods presented for which the auditor has issued an auditor's report~~;~~, and

(iii) refers to the ~~former~~predecessor auditor's reports on the comparative periods, if the issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by ~~a different~~the predecessor auditor; ~~and~~

~~(iv) identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements;~~

(b) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

(i) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and

(ii) indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer~~,if the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the financial statements and the auditor's report identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements~~.

~~**PART 6**~~
~~**REQUIREMENTS FOR ACQUISITION STATEMENTS**~~

~~6.1~~4.11 Acceptable Accounting Principles for Acquisition Statements --

(1) Acquisition statements ~~included in a business acquisition report or included in a prospectus~~ must be prepared in accordance with any of the following accounting principles:

(a) Canadian GAAP ~~applicable to public enterprises~~ – Part IV;

(b) U.S. GAAP;

~~(c) International Financial Reporting Standards;~~

(c) IFRS;

(d) accounting principles that meet the disclosure requirements for foreign private issuers, as that term is defined for the purposes of the 1934 Act, if

(i) the issuer or the acquired business or business to be acquired is an SEC foreign issuer;

(ii) on the last day of the most recently completed financial year the total number of equity securities owned directly or indirectly by residents of Canada does not exceed ten per cent, on a fully-diluted basis, of the total number of equity securities of the SEC foreign issuer; and

(iii) the financial statements include any reconciliation to U.S. GAAP required by the SEC;

(e) accounting principles that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer or the acquired business or business to be acquired is subject, if the issuer or ~~the acquired~~ business is a designated foreign issuer; ~~or~~

(f) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part IV, including recognition and measurement principles and disclosure requirements.

(2) Acquisition statements must be prepared in accordance with the same accounting principles for all periods presented.

(3) The notes to the acquisition statements must identify the accounting principles used to prepare the acquisition statements.

(4) If acquisition statements are prepared using accounting principles that are different from the issuer's GAAP,

the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be reconciled to the issuer's GAAP and the notes to the acquisition statements must

(a) explain the material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation;

(b) quantify the effect of material differences between the issuer's GAAP and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the acquisition statements and net income computed in accordance with the issuer's GAAP; and

(c) provide disclosure consistent with the issuer's GAAP to the extent not already reflected in the acquisition statements.

(5) Despite subsections (1) and (4), if the issuer is required to reconcile its financial statements to Canadian GAAP – Part IV, the acquisition statements for the most recently completed financial year and interim period that are required to be filed must be

(a) prepared in accordance with Canadian GAAP ~~applicable to public enterprises~~ – Part IV; or

(b) reconciled to Canadian GAAP ~~applicable to public enterprises~~ – Part IV and the notes to the acquisition statements must

(i) explain the material differences between Canadian GAAP ~~applicable to public enterprises~~ – Part IV and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement, and presentation;

(ii) quantify the effect of material differences between Canadian GAAP ~~applicable to public enterprises~~ – Part IV and the accounting principles used to prepare the acquisition statements that relate to recognition, measurement and presentation, including a tabular reconciliation between net income reported in the acquisition statements and net income computed in accordance with Canadian GAAP ~~applicable to public enterprises~~ – Part IV; and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP ~~applicable to public enterprises~~ – Part IV to the extent not already reflected in the acquisition statements.

~~6.24~~.12 Acceptable Auditing Standards for Acquisition Statements --

(1) Acquisition statements that are required by securities legislation to be audited must be audited in accordance with any of the following auditing standards:

(a) Canadian GAAS; ~~or~~

(b) U.S. PCAOB GAAS;

(c) U.S. AICPA GAAS, if the acquired business or business to be acquired is not an SEC issuer.

(2) Despite subsection (1), acquisition statements filed by or included in a prospectus of a foreign issuer may be audited in accordance with

(a) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

(i) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and

(ii) indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation; or

(b) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the issuer is subject, if the issuer is a designated foreign issuer.

(3) Acquisition statements must be accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the acquisition statements and the auditor's report must identify the ~~auditing standards used to conduct the audit and the~~ accounting principles used to prepare the financial statements.

(4) If acquisition statements are audited in accordance with paragraph (1)(a), the auditor's report must not contain a reservation.

(5) If acquisition statements are audited in accordance with paragraph (1)(b) or (c), the auditor's report must contain an unqualified opinion.

(6) Despite paragraph (2)(a) and subsections (4) and (5) an auditor's report that accompanies acquisition statements may contain a qualification of opinion relating to inventory if

(a) the issuer includes in the business acquisition report, prospectus or other document containing the acquisition statements, a balance sheet for the acquired business or business to be acquired that is for a date that is subsequent to the date to which the qualification relates; and

(b) the balance sheet referred to in paragraph (a) is accompanied by an auditor's report that does not contain a qualification of opinion relating to closing inventory.

~~6.3~~4.13 Financial Information for Acquisitions Accounted for by the Issuer Using the Equity Method --

(1) If an issuer files, or includes in a prospectus, summarized financial information as to the assets, liabilities and results of operations of ~~a~~an acquired business ~~relating to an acquisition~~or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method, the financial information must

(a) meet the requirements in section ~~6.1~~4.11 if the term "acquisition statements" in that section is read as "summarized financial information as to the assets, liabilities and results of operations of ~~a~~an acquired business ~~relating to an acquisition~~or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method," and

(b) disclose the reporting currency for the financial information, and disclose the measurement currency if it is different than the reporting currency.

(2) If the financial information referred to in subsection (1) is for any completed financial year, the financial information must

(a) either

(i) meet the requirements in section ~~6.2~~4.12 if the term "acquisition statements" in that section is read as "summarized financial information as to the assets, liabilities and results of operations of ~~a~~an acquired business ~~relating to an acquisition~~or business to be acquired that is; or will be, an investment accounted for by the issuer using the equity method," or

(ii) be derived from financial statements that meet the requirements in section ~~6.2~~4.12 if the term "acquisition statements" in that section is read as "financial statements from which is derived summarized financial information as to the assets, liabilities and results of operations of ~~a~~an acquired business ~~relating to an acquisition~~or business to be acquired that is, or will be, an investment accounted for by the issuer using the equity method"; and

(b) be audited, or derived from financial statements that are audited, by a person or company that is authorized to sign an auditor's report by the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

~~PART 7~~ ~~*PRO FORMA* FINANCIAL STATEMENTS~~

~~7.1~~4.14 Acceptable Accounting Principles for *Pro Forma* Financial Statements --

(1) *Pro forma* financial statements must be prepared in accordance with the issuer's GAAP.

(2) Despite subsection (1), if an issuer's financial statements have been reconciled to Canadian GAAP – Part IV under subsection ~~4.1~~4.7(1) or paragraph ~~5.1~~4.9(e), the issuer's *pro forma* financial statements must be

prepared in accordance with, or reconciled to, Canadian GAAP ~~applicable to public enterprises~~ Part IV.

(3) Despite subsection (1), if an issuer's financial statements have been prepared in accordance with the accounting principles referred to in paragraph ~~5.14~~4.9(c) and those financial statements are reconciled to U.S. GAAP, the *pro forma* financial statements may be prepared in accordance with, or reconciled to, U.S. GAAP.

~~**PART 8**~~
~~**EXEMPTIONS FOR FOREIGN REGISTRANTS**~~

~~8.1~~ 4.15 Acceptable Accounting Principles for Foreign Registrants --

(1) Despite subsection ~~3.1(14~~.2(2), and subject to subsection (2), financial statements delivered by a foreign registrant may be prepared in accordance with any of the following accounting principles:

(a) U.S. GAAP;

~~(b) International Financial Reporting Standards;~~

(b) IFRS;

(c) accounting principles that meet the foreign disclosure requirements of a foreign regulatory authority to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction; ~~or~~

(d) accounting principles that cover substantially the same core subject matter as Canadian GAAP – Part IV, including recognition and measurement principles and disclosure requirements, if the notes to the financial statements , interim balance sheets, or interim income statements

(i) explain the material differences between Canadian GAAP ~~as applicable to public enterprises~~ Part IV and the accounting principles used that relate to recognition, measurement and presentation;

(ii) quantify the effect of material differences between Canadian GAAP ~~as applicable to public enterprises~~ Part IV and the accounting principles used that relate to recognition, measurement, and presentation; and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP ~~as applicable to public enterprises~~ Part IV to the extent not already reflected in the financial statements, interim balance sheets or interim income statements.

(2) Financial statements, interim balance sheets, and interim income statements delivered by a foreign registrant prepared in accordance with accounting principles specified in paragraph (1)(a), (b) or (d) must be prepared on a non-consolidated basis.

~~8.2~~4.16 Acceptable Auditing Standards for Foreign Registrants -- Despite section ~~3.2,~~4.3, financial statements delivered by a foreign registrant that are required by securities legislation to be audited may, if the financial statements are accompanied by an auditor's report prepared in accordance with the same auditing standards used to audit the financial statements and the auditor's report identifies the accounting principles used to prepare the financial statements, be audited in accordance with

(a) U.S. PCAOB GAAS or U.S. AICPA GAAS if the auditor's report contains an unqualified opinion;

(b) International Standards on Auditing, if the auditor's report is accompanied by a statement by the auditor that

(i) describes any material differences in the form and content of the auditor's report as compared to an auditor's report prepared in accordance with Canadian GAAS; and

(ii) indicates that an auditor's report prepared in accordance with Canadian GAAS would not contain a reservation; or

(c) auditing standards that meet the foreign disclosure requirements of the designated foreign jurisdiction to which the registrant is subject, if it is a foreign registrant incorporated or organized under the laws of that designated foreign jurisdiction, ~~if the financial statements are accompanied by an auditor's report prepared in accordance~~

~~with the same auditing standards used to audit the financial statements and the auditor's report identifies the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements~~.

PART ~~9~~5: EXEMPTIONS

~~9.1~~5.1 Exemptions --

(1) The regulator or securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

~~9.2~~5.2 Certain Exemptions Evidenced by Receipt --

(1) Subject to subsections (2) and (3), without limiting the manner in which an exemption may be evidenced, an exemption from this Instrument as it pertains to financial statements or auditor's reports included in a prospectus, may be evidenced by the issuance of a receipt for the prospectus or an amendment to the prospectus.

(2) A person or company must not rely on a receipt as evidence of an exemption unless the person or company

(a) sent to the regulator or securities regulatory authority, on or before the date the preliminary prospectus or the amendment to the preliminary prospectus or prospectus was filed, a letter or memorandum describing the matters relating to the exemption application, and indicating why consideration should be given to the granting of the exemption; or

(b) sent to the regulator or securities regulatory authority the letter or memorandum referred to in paragraph (a) after the date of the preliminary prospectus or the amendment to the preliminary prospectus or prospectus has been filed and receives a written acknowledgement from the securities regulatory authority or regulator that issuance of the receipt is evidence that the exemption is granted.

(3) A person or company must not rely on a receipt as evidence of an exemption if the regulator or securities regulatory authority has before, or concurrently with, the issuance of the receipt for the prospectus, sent notice to the person or company that the issuance of a receipt does not evidence the granting of the exemption.

(4) For the purpose of this section, a reference to a prospectus does not include a preliminary prospectus.

PART ~~10~~6: REVOCATION AND EFFECTIVE DATE

6.1 Revocation — National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, which came into force on March 30, 2004, is revoked.

~~10.1~~6.2 Effective Date -- This Instrument comes into force on ~~March 30, 2004~~.January 1, 2011.

APPENDIX D
The Proposed Policy

PART I: INTRODUCTION AND DEFINITIONS

1.1 Introduction and Purpose — This Companion Policy provides information about how the securities regulatory authorities interpret or apply National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (the Instrument). The Instrument is linked closely with the application of other national instruments, including National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) and National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102). These and other national instruments also contain a number of references to International Financial Reporting Standards (IFRS) and the requirements in the Handbook of the Canadian Institute of Chartered Accountants (the Handbook). Full definitions of IFRS and the Handbook are provided in National Instrument 14-101 *Definitions*.

The Instrument does not apply to investment funds. National Instrument 81-106 *Investment Fund Continuous Disclosure* applies to investment funds.

1.2 Multijurisdictional Disclosure System — National Instrument 71-101 *The Multijurisdictional Disclosure System* (NI 71-101) permits certain U.S. incorporated issuers to satisfy Canadian disclosure filing obligations, including financial statements, by using disclosure documents prepared in accordance with U.S. federal securities laws. The Instrument does not replace or alter NI 71-101. There are instances in which NI 71-101 and the Instrument offer similar relief to a reporting issuer. There are other instances in which the relief differs. If both NI 71-101 and the Instrument are available to a reporting issuer, the issuer should consider both instruments. It may choose to rely on the less onerous instrument in a given situation.

1.3 Calculation of Voting Securities Owned by Residents of Canada — The definition of "foreign issuer" is based upon the definition of foreign private issuer in Rule 405 of the 1933 Act and Rule 3b-4 of the 1934 Act. For the purposes of the definition of "foreign issuer", in determining the outstanding voting securities that are directly or indirectly owned by residents of Canada, an issuer should

(a) use reasonable efforts to identify securities held by a broker, dealer, bank, trust company or nominee or any of them for the accounts of customers resident in Canada,

(b) count securities beneficially owned by residents of Canada as reported on reports of beneficial ownership, including insider reports and early warning reports, and

(c) assume that a customer is a resident of the jurisdiction or foreign jurisdiction in which the nominee has its principal place of business if, after reasonable inquiry, information regarding the jurisdiction or foreign jurisdiction of residence of the customer is unavailable.

This method of calculation differs from that of NI 71-101 which only requires a calculation based on the address of record. Some SEC foreign issuers may therefore qualify for exemptive relief under NI 71-101 but not under the Instrument.

1.4 Exemptions Evidenced by the Issuance of a Receipt — Section 5.2 of the Instrument states that an exemption from any of the requirements of the Instrument pertaining to financial statements or auditor's reports included in a prospectus may be evidenced by the issuance of a receipt for that prospectus. Issuers should not assume that the relief evidenced by the receipt will also apply to financial statements or auditors' reports filed in satisfaction of continuous disclosure obligations or included in any other filing.

1.5 Filed or Delivered — Financial statements that are filed in a jurisdiction will be made available for public inspection in that jurisdiction, subject to the provisions of securities legislation in the local jurisdiction regarding confidentiality of filed material. Material that is delivered to a regulator, but not filed, is not required under securities legislation to be made available for public inspection. However, the regulator may choose to make such material available for inspection by the public.

1.6 Other Legal Requirements — Issuers and auditors should refer to National Instrument 52-108 *Auditor Oversight* for requirements relating to auditor oversight by the Canadian Public Accountability Board. In addition, issuers and registrants are reminded that they and their auditors may be subject to requirements under the laws and professional standards of a jurisdiction that address matters similar to those addressed by the Instrument, and which may impose additional or more onerous requirements. For example, applicable corporate law may prescribe the accounting principles or auditing standards required for financial statements. Similarly, applicable federal, provincial or state law may impose licensing requirements on an auditor practising public accounting in certain jurisdictions.

PART 2: APPLICATION FOR ACCOUNTING PRINCIPLES

2.1 Application of Part 3 — Part 3 of the Instrument applies to periods relating to financial years beginning on or after January 1, 2011. Part 3 refers to Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook, contained in Part I of the Handbook.

2.2 Application of Part 4 — Part 4 of the Instrument applies to periods relating to financial years beginning before January 1, 2011. Part 4 refers to Canadian GAAP-Part IV of the Handbook applicable to public enterprises. Canadian GAAP-Part IV of the Handbook has differing requirements for public enterprises and non-publicly accountable enterprises. Part 4 of the Instrument generally requires issuers and registrants to use Canadian GAAP applicable to public enterprises. The following are some of the significant differences in Canadian GAAP applicable to public enterprises compared to those applicable to non-publicly accountable enterprises:

(a) financial statements for public enterprises cannot be prepared using the differential reporting options as set out in the Handbook;

(b) transition provisions applicable to enterprises other than public enterprises are not available; and

(c) financial statements must include any additional disclosure requirements applicable to public enterprises.

2.3 IFRS in English and French — The Handbook provides IFRS in English and French. Both versions have equal status and effect under Canadian GAAP. Issuers, auditors, and other market participants may use either version to comply with the requirements in the Instrument.

2.4 Reference to accounting principles — Section 3.2 of the Instrument requires certain financial statements to be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises. Section 3.2 also requires annual financial statements to include an explicit and unreserved statement of compliance with IFRS and an interim financial report to disclose compliance with International Accounting Standard 34 *Interim Financial Reporting.* These provisions distinguish between the basis of preparation and disclosure requirements.

There are two options for referring to accounting principles in the applicable financial statements and, in the case of annual financial statements, accompanying auditor's reports referred to in section 3.3 of the Instrument:

(a) refer only to IFRS in the notes to the financial statements and in the auditor's report, or

(b) refer to both IFRS and Canadian GAAP in the notes to the financial statements and in the auditor's report.

2.5 IFRS as adopted by the IASB —The definition of IFRS in National Instrument 14-101 *Definitions* refers to standards and interpretations adopted by the International Accounting Standards Board. The definition does not extend to national accounting standards that are modified or adapted from IFRS, sometimes referred to as a "jurisdictional" version of IFRS.

2.6 Presentation and functional currencies — If issuers comply with requirements contained in IFRS in IAS 1 *Presentation of Financial Statements* and IAS 21 *The Effects of Changes in Foreign Exchange Rates* relating to the disclosure of presentation currency and functional currency, then they will comply with section 3.5 of the Instrument.

2.7 Registrants' financial statements and interim financial information — Subsection 3.2(3) and section 3.15 of the Instrument require financial statements and interim financial information delivered by a registrant to account for investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IFRS.

Section 3.2(4) of the Instrument allows a registrant to file financial statements and interim financial information for periods relating to a financial year beginning in 2011 that exclude comparative information for the preceding year or interim period. For a registrant that adopts IFRS in 2011, this provision allows a registrant to have a transition date as at the beginning of its financial year beginning in 2011 rather than as at the beginning of the preceding year.

2.8 Use of different accounting principles — Subsection 3.2(5) of the Instrument requires financial statements to be prepared in accordance with the same accounting principles for all periods presented in the financial statements. Subsection 3.2(6) of the Instrument provides an exemption to permit financial information for a particular financial year beginning before January 1, 2011 to be prepared using accounting principles permitted in Part 4 of the Instrument, which is Canadian GAAP – Part IV, if two conditions are met. First, the financial information must be for the earliest of three financial years presented in financial statements. Second, financial information previously prepared for the particular year did not comply with IFRS. The exemption in subsection 3.2(6) allows an issuer to include financial statements in a prospectus which contain financial information for the most recently completed year and the preceding year that comply with IFRS, and financial information for the earliest of the three years prepared using Canadian GAAP-Part IV.

The requirements in subsections 3.2(5) and 3.11(3) for use of the same accounting principles apply to all periods presented in one set of financial statements. These subsections do not require all financial statements included in a document to be prepared using the same accounting principles if more than one set of financial statements are included in the document. Therefore, an issuer may file a prospectus or business acquisition report that includes financial statements for an interim period beginning on or after January 1, 2011 that comply with IFRS, and also include in the prospectus or business acquisition report separately presented financial statements for financial years beginning before January 1, 2011 prepared using Canadian GAAP-Part IV.

In circumstances described in this section, issuers should clearly identify the applicable accounting principles in order to avoid any confusion.

2.9 Acceptable Accounting Principles — Readers are likely to assume that financial information disclosed in a news release is prepared on a basis consistent with the accounting principles used to prepare the issuer's financial statements. To avoid misleading readers, an issuer should alert readers if financial information in a news release is prepared using accounting principles that differ from those used to prepare an issuer's financial statements or includes non-GAAP financial measures discussed in CSA Staff Notice 52-306 *Non-GAAP Financial Measures.*

2.10 Acquisition statements prepared using Canadian GAAP applicable to private enterprises — Except in Ontario, paragraph 3.11(1)(f) of the Instrument permits acquisition statements to be prepared using Canadian GAAP applicable to private enterprises, as contained in Part II of the Handbook, if certain conditions are met.

One of these conditions is that financial statements for the business were not previously prepared in accordance with any of the accounting principles specified in paragraphs 3.11(1)(a) through (e). Paragraph 3.11(1)(a) refers to Canadian GAAP applicable to publicly accountable enterprises, which is IFRS incorporated into the Handbook contained in Part I of the Handbook. Financial statements for a business may have previously been prepared using Canadian GAAP - Part IV, as defined in section 4.1 of the Instrument.

If acquisition statements are prepared using Canadian GAAP applicable to private enterprises, the reconciliation requirement in subsection 3.11(6) does not apply. However, section 3.14 requires *pro forma* financial statements to be prepared using accounting principles that are consistent with the issuer's GAAP. Companion Policy 51-102CP provides further guidance on preparation of *pro forma* financial statements in this circumstance.

2.11 Acquisition statements for a business division — Subparagraph 3.12(2)(f)(i) of the Instrument refers to financial statements for a business division. For the purposes of that subparagraph, the financial statements for a business division include "divisional" or "carve-out" financial statements, which are discussed in section 8.6 of Companion Policy 51-102CP.

PART 3: APPLICATION FOR AUDITING STANDARDS

3.1 Auditor's Expertise — The securities legislation in most jurisdictions prohibits a regulator or securities regulatory authority from issuing a receipt for a prospectus if it appears to the regulator or securities regulatory authority that a person or company who has prepared any part of the prospectus or is named as having prepared or certified a report used in connection with a prospectus is not acceptable.

3.2 Canadian Auditors for Canadian GAAP and GAAS Financial Statements — A Canadian auditor is a person or company that is authorized to sign an auditor's report by the laws, and that meets the professional standards, of a jurisdiction of Canada. We would normally expect issuers and registrants incorporated or organized under the laws of Canada or a jurisdiction of Canada, and any other issuer or registrant that is not a foreign issuer nor a foreign registrant, to engage a Canadian auditor to audit the issuer's or registrant's financial statements if those statements are prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and will be audited in accordance with Canadian GAAS unless a valid business reason exists to use a non-Canadian auditor. A valid business reason would include a situation where the principal operations of the company and the essential books and records required for the audit are located outside of Canada.

Non-Canadian auditors auditing financial statements in accordance with Canadian GAAS and which comply with IFRS are expected to consult or involve an auditor familiar with Canadian GAAS and IFRS.

3.3 Auditor Oversight — In addition to the requirement in section 3.4 of the Instrument, National Instrument 52-108 *Auditor Oversight* also contains certain requirements related to auditors and auditor reports.

3.4 Form of auditor's report — The Instrument specifies acceptable auditing standards for financial statements, financial information, and operating statements. Subsection 3.3(1) and paragraph 3.12(2)(f) of the Instrument prescribe requirements for auditor's reports in the form specified by Canadian GAAS in accordance with a fair presentation framework. Canadian Audit Standard (CAS) 700 *Forming an Opinion and Reporting on Financial Statements* applies to audit reports required by subsection 3.3(1) to accompany financial statements. CAS 800 *Special considerations - Audits of financial statements prepared in*

accordance with special purpose framework applies to audit reports required to accompany financial statements of registrants. CAS 805 *Special considerations – audits of single financial statements and specific elements, accounts or items of a financial statement* applies to audit reports required to accompany acquisition statements that are operating statements for an oil and gas property or acquisition statements for a business division. CAS 700 *Forming an Opinion and Reporting on Financial Statements* also applies to audit reports required to accompany other acquisition statements.

3.5 Modification of opinion — Part 5 of the Instrument permits the regulator or securities regulatory authority to grant exemptive relief from the Instrument, including the requirement that an auditor's report not contain a modification of opinion or other similar communication that would constitute a modification of opinion under Canadian GAAS. A modification of opinion includes a qualification of opinion, an adverse opinion, and a disclaimer of opinion. However, staff will generally recommend that relief not be granted if the modification of opinion or other similar communication is:

(a) due to a departure from accounting principles permitted by the Instrument, or

(b) due to a limitation in the scope of the auditor's examination that

(i) results in the auditor being unable to form an opinion on the financial statements as a whole,

(ii) is imposed or could reasonably be eliminated by management, or

(iii) could reasonably be expected to be recurring.

APPENDIX E
Proposed Amendments to NI 14-101

1. National Instrument 14-101 Definitions is amended by this Instrument.

2. Subsection 1.1(3) is amended

a. by repealing the definition of "Canadian auditor's report***";***

b. by adding the following definitions:

"IFRS" means standards and interpretations adopted by the International Accounting Standards Board and amended from time to time, comprising International Financial Reporting Standards, International Accounting Standards and interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee;

"International Standards on Auditing" means auditing standards issued by the International Auditing and Assurance Standards Board, as amended from time to time;

3. This Instrument comes into force on ●.

APPENDIX F

ONTARIO SECURITIES COMMISSION
NOTICE AND REQUEST FOR COMMENT

1. Introduction

The Canadian Securities Administrators (CSA) are proposing new National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (the Proposed Instrument) and a new Companion Policy relating to the Proposed Instrument.

The Proposed Instrument and the proposed new Companion Policy are described in the related CSA notice (the CSA notice) to which this notice is appended. The CSA notice also refers to proposed amendments to National Instrument 14-101 *Definitions*. Collectively, the amendments in the Proposed Instrument and in National Instrument 14-101 *Definitions* are referred to below as the "Proposed Amendments".

The purpose of this notice is to supplement the CSA notice.

2. Authority for Proposed Amendments

In Ontario, the following provisions of the *Securities Act* (the Act) provide the Commission with authority to make the Proposed Amendments:

- Paragraph 1 of subsection 143(1) of the Act, which authorizes the Commission to prescribe requirements in respect of applications for registration and the renewal, amendment, expiration, or surrender of registration and in respect of the suspension, revocation or reinstatement of registration.

- Paragraph 7 of subsection 143(1) of the Act, which authorizes the Commission to prescribe requirements in respect of the disclosure or furnishing of information to the Commission or providing for exemptions from or varying the requirements under the Act in respect of the disclosure or furnishing of information to the Commission.

- Paragraph 25 of subsection 143(1) of the Act, which authorizes the Commission to prescribe requirements in respect of financial accounting, reporting and auditing for the purposes of the Act, the regulations and the rules.

- Paragraph 39 of subsection 143(1) of the Act, which authorizes the Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules and all documents determined by the regulations or the rules to be ancillary to the documents, including financial statements, proxies and information circulars.

3. Proposed Amendments under subsection 143(3) of the Act

OSC staff propose to recommend amendments to Ontario Regulation 1015 (the Regulation) be approved pursuant to subsection 143(3) of the Act, on the basis that these amendments would be advisable to effectively implement the Proposed Instrument.

Subsection 1(3) of the Regulation sets out definitions of a number of terms ("generally accepted accounting principles", "generally accepted accounting standards" and "auditor's report") for the purposes of the Act and the Regulation.

Further to changes described in Appendix H of the July 17, 2009 OSC Bulletin (Supp-2), OSC staff intends to recommend an amendment so that subsection 1(3) of the Regulation does not apply to financial years beginning after December 31, 2010. In this regard, it is noted:

- none of these terms are expected to be in the text of the Regulation on a going-forward basis; and

- the Proposed Instrument and National Instrument 81-106 *Investment Fund Continuous Disclosure* largely cover the subject matter dealt with by the first two terms as those terms are used in the Act, making the definitions in subsection 1(3) of the Regulation confusing and redundant.

Subsection 2(1) of the Regulation provides that financial statements permitted or required by the Act or the Regulation be prepared in accordance with generally accepted accounting principles. An exemption from this requirement is provided under subsection 2(4) of the Regulation. OSC staff will recommend that these subsections be repealed, given that the subject matter is largely covered by the Proposed Instrument and National Instrument 81-106 *Investment Fund Continuous Disclosure*.

It is noted that amendments to National Instrument 81-106 *Investment Fund Continuous Disclosure* are expected to be published for comment in October 2009.

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
09/01/2009	1	410 & 405 The West Mall LP - Loans	14,699,802.92	1.00
08/25/2009	11	80/20 Solutions Inc. - Common Shares	2,220,266.98	8,833,625.00
01/04/2008 to 12/29/2008	203	Acker Finley Select US Value 50 Fund - Units	51,855,004.64	13,333,342.90
08/28/2009	9	Amanta Resources Ltd. - Units	129,500.00	1,850,000.00
09/01/2009	1	Ambit Biosciences (Canada) Corporation - Notes	825,736.78	N/A
08/28/2009	29	Anglo Swiss Resources Inc. - Units	2,100,000.90	7,000,003.00
05/31/2009	20	ARA Safety Inc. - Preferred Shares	620,467.75	N/A
08/19/2009	2	Armadale S.C. Limited Partnership - Limited Partnership Interest	15,900,000.00	N/A
09/03/2009	18	Arsenal Energy Inc. - Common Shares	3,500,000.00	8,750,000.00
08/31/2009	38	Ashburton Ventures Inc. - Units	485,000.00	4,850,000.00
08/27/2009	3	Bank of Montreal - Debt	4,000,000.00	40,000.00
08/31/2009	1	Brookfield Renewable Power Fund - Trust Units	380,000,000.00	25,562,500.00
09/04/2009	9	Canacol Energy Ltd. - Debentures	2,700,000.00	N/A
09/10/2009	5	Canacol Energy Ltd. - Debentures	1,300,000.00	N/A
06/11/2009	1	Centerra Gold Inc. - Common Shares	0.00	18,232,615.00
06/12/2009	77	CGA Mining Limited - Common Shares	20,000,250.00	14,815,000.00
08/25/2009	14	CMC Metals Ltd. - Units	234,675.00	475,000.00
09/11/2009	1	CNSX Markets Inc. - Debentures	2,000,000.00	N/A
06/10/2009	19	Coniagas Resources Limited - Flow-Through Units	1,045,000.00	2,090,000.00
05/29/2009	12	Coniagas Resources Limited - Flow-Through Units	3,079,999.30	3,076,922.00
08/26/2009	83	Continent Resources Inc. - Units	6,000,000.00	12,000,000.00
08/27/2009 to 08/28/2009	3	Edgewoth Mortgage Investment Corporation - Preferred Shares	110,000.00	N/A
01/01/2008 to 12/31/2008	1	Emerald Canadian Equity - Units	25,000.00	2,088.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
05/28/2009	4	Etruscan Resources Inc. - Notes	5,560,000.00	3.00
08/10/2009	2	Evercore Partners Inc. - Common Shares	3,295,500.00	150,000.00
09/08/2009	1	Excalibur Limited Partnership - Limited Partnership Units	2,674,000.00	14.18
09/07/2009	12	Feronia Inc. - Common Shares	5,475,000.00	2,190,000.00
08/28/2009	7	First Lithium Resources Inc. - Units	500,000.00	5,000,000.00
06/02/2009	13	Fortune Minerals Limited - Common Shares	470,000.00	667,000.00
08/28/2009	2	Fuel Transfer Technologies Inc. - Preferred Shares	15,275.00	4,700.00
06/18/2009	12	G4G Resources Ltd. - Units	300,000.00	2,000,000.00
06/18/2009	10	G4G Resources Ltd. - Units	580,000.00	2,000,000.00
08/31/2009 to 09/04/2009	4	General Motors Acceptance Corporation of Canada, Limited - Notes	1,179,872.97	1,179,872.97
08/24/2009 to 08/28/2009	5	General Motors Acceptance Corporation of Canada, Limited - Notes	1,905,443.48	1,905,443.48
08/25/2009	4	Great Western Minerals Group Ltd. - Debentures	760,233.00	760,233.00
02/01/2009	1	Halo Resources Ltd. - Common Shares	2,500.00	50,000.00
09/14/2009	8	Highland Therapeutics Inc. - Preferred Shares	542,563.00	271,372.00
08/13/2009 to 08/21/2009	34	IGW Real Estate Investment Trust - Trust Units	858,535.58	849,017.00
01/01/2008 to 12/31/2008	5	Lancaster Balanced Fund - Units	4,306,295.00	469,818.00
01/01/2008 to 12/31/2008	2	Lancaster Canadian Equity - Units	13,009,264.00	1,346,939.00
01/01/2008 to 12/31/2008	9	Lancaster Fixed Inc II - Units	182,389,468.00	14,444,860.00
08/17/2009 to 08/27/2009	77	Leisure Canada Inc. - Units	18,224,507.00	91,122,535.00
08/31/2009	8	Lomiko Metals Inc. - Units	999,999.96	8,333,333.00
08/31/2009	4	Magenta Mortgage Investment Corporation - Common Shares	480,000.00	480,000.00
08/24/2009	10	Mantra Venture Group Ltd. - Units	95,764.93	594,333.00
05/29/2009 to 06/09/2009	34	MBMI Resources Inc. - Common Shares	324,248.75	4,323,318.00
08/26/2009	31	Megastar Development Corp. - Units	300,000.00	6,000,000.00
08/24/2009	27	Mindoro Resources Ltd. - Units	623,300.00	N/A
09/01/2009	1	Module Resources Incorporated - Common Shares	120,000.00	1,000,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
06/01/2008 to 08/01/2008	1	Morgan Stanley Liquid Markets Fund II L.P. - Limited Partnership Interest	1,794,275.00	N/A
08/31/2009	41	Natcore Technology Inc. - Units	1,165,000.00	2,912,500.00
08/25/2009 to 09/02/2009	36	Nelson Financial Group Ltd. - Notes	2,283,462.87	36.00
09/01/2009	5	New Haven Mortgage Income Fund (1) Inc. - Special Shares	113,750.00	N/A
08/26/2009 to 09/01/2009	60	Newport Canadian Equity Fund - Units	1,420,400.00	12,564.03
08/27/2009 to 09/03/2009	92	Newport Fixed Income Fund - Units	3,098,401.80	29,022.81
08/26/2009 to 09/01/2009	113	Newport Global Equity Fund - Units	3,256,400.00	56,303.61
08/26/2009 to 09/04/2009	109	Newport Yield Fund - Units	4,216,468.99	41,265.78
08/27/2009	11	North Atlantic Resources Ltd. - Units	455,000.00	9,100,000.00
09/04/2009	19	Northern Abitibi Mining Corp. - Units	499,925.00	1,332,833.00
08/27/2009	134	Norwood Resources Ltd. - Notes	6,121,783.00	N/A
08/07/2009 to 08/14/2009	41	NWM Strategic Income Fund - Units	2,732,248.59	N/A
07/10/2008 to 10/31/2008	17	One E LP - Units	13,450,000.00	13,450.00
08/12/2009	1	ONYX Pharmaceuticals - Common Shares	1,555,720.00	46,000.00
08/12/2009	1	ONYX Pharmaceuticals - Notes	277,175.00	N/A
08/12/2009	4	Plains Exploration & Production Company - Common Shares	18,627,000.00	700,000.00
08/31/2009	6	Prestigious RRSP Investment AA Inc. - Common Shares	357.00	3,400.00
12/18/2008 to 01/20/2009	3	Quorum Secured Equity Trust - Units	52,000.00	1,005.78
09/08/2009	102	Radar Acquisitions Corp. - Units	1,234,980.00	30,874,500.00
04/21/2009	2	Rock Tech Resources Inc. - Units	24,500.00	350,000.00
08/27/2009	16	Sandspring Resources Ltd. - Receipts	283,500.00	17,143,000.00
09/04/2009	1	Seahold Investments Inc. - Notes	100,000.00	1.00
08/25/2009	1	Sentry Select Diversified Income Fund - Units	46,189.00	14,300.00
09/08/2009 to 09/14/2009	2	Sentry Select Diversified Income Fund - Units	83,133.74	25,738.00
09/09/2009	7	Sila Industrial Group Ltd. - Common Shares	240,000.00	2,000,000.00
09/10/2009	9	Solace Systems Inc. - Preferred Shares	4,000,000.00	7,407,407.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
09/01/2009	1	Stacey Muirhead Limited Partnership - Limited Partnership Units	2,400.00	69.56
08/31/2009	1	Stingray Resources Inc. - Common Shares	2,195,804.40	1,829,837.00
01/01/2008 to 12/31/2008	16	TD Emerald Canadian Equity Market Pooled Fund Trust II - Units	14,996,093.00	1,728,372.00
01/01/2008 to 12/31/2008	7	TD Emerald Canadian Market Capped Pooled Fund Trust - Units	52,463,856.00	42,911,605.00
01/01/2008 to 12/31/2008	24	TD Emerald Canadian Bond Pooled Fund Trust - Units	156,732,526.00	15,098,967.00
01/01/2008 to 12/31/2008	3	TD Emerald Core Canadian Bond Fund - Units	47,203,512.00	4,809,210.00
01/01/2008 to 12/31/2008	1	TD Emerald Enhanced Canadian Equity - Units	77,000,000.00	8,490,187.00
01/01/2008 to 12/31/2008	1	TD Emerald Global Dividend Pooled Fund Trust - Units	2,390,203.00	351,010.00
01/01/2008 to 12/31/2008	11	TD Emerald Global Equity Pooled Fund Trust - Units	46,659,140.00	6,644,686.00
01/01/2008 to 12/31/2008	7	TD Emerald Hedge Synthetic International Pooled Fund Trust - Units	155,636,373.00	15,915,962.00
01/01/2008 to 12/31/2008	7	TD Emerald Hedged Synthetic US Pooled Fund Trust - Units	217,983,397.00	30,112,106.00
01/01/2008 to 12/31/2008	7	TD Emerald Hedged US Equity Pooled Fund Trust - Units	73,238,473.00	N/A
01/01/2008 to 12/31/2008	24	TD Emerald Long Bond Fund Pooled Fund Trust - Units	444,306,341.00	41,285,865.00
01/01/2008 to 12/31/2008	13	TD Emerald Multi-Strategy Canadian Bond Fund - Units	6,423,341.00	614,214.00
01/01/2008 to 12/31/2008	12	TD Emerald North American Equity Pairs Fund - Units	2,760,974.00	246,493.00
01/01/2008 to 12/31/2008	23	TD Emerald Pooled US - Units	68,748,361.00	3,716,452.00
01/01/2008 to 12/31/2008	9	TD Emerald Real Return Bond Pooled Fund Trust - Units	204,830,158.00	17,559,978.00
01/01/2008 to 12/31/2008	2	TD Emerald US Equity Market Neutral Fund - Units	225,173.00	23,982.00
01/31/2008 to 12/31/2008	128	TD Harbour Capital Balanced Fund - Units	46,560,136.78	390,769.72
01/31/2008 to 12/31/2008	149	TD Harbour Capital Canadian Balanced Fund - Units	2,206,990.00	15,652.39
01/31/2008 to 10/31/2008	12	TD Harbour Capital Commodity Fund - Units	748,000.00	151,938,783.00
01/31/2008 to 07/31/2008	6	TD Harbour Capital Foreign Balanced Fund - Units	32,289.90	251.35
05/26/2009	17	Temex Resource Corp. - Units	1,583,200.00	5,521,100.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
06/19/2008 to 07/04/2008	3	Tera Balanced Small Cap - Units	305,000.00	8,301.57
08/24/2009	1	The Brick Group Income Fund - Warrants	0.00	5,317,100.00
09/01/2009	5	The Investment Partners Fund - Trust Units	388,090.87	25,872.72
08/31/2009	2	The McElvaine Investment Trust - Trust Units	125,000.00	8,611.72
09/04/2009	132	TheraVitae Inc. - Common Shares	958,482.50	95,848,250.00
08/21/2009	98	Tirex Resources Ltd. - Common Shares	3,108,280.00	4,440,400.00
08/24/2009	9	Trans Quebec & Maritimes Pipeline Inc. - Bonds	75,000,000.00	N/A
08/31/2009	1	Trelaway Mining and Exploration Inc. - Common Shares	0.00	N/A
08/17/2009	1	Tres-Or Resources Ltd. - Units	25,000.00	250,000.00
09/10/2009	2	Union Agriculture Group - Common Shares	30,646.40	21,916.00
08/13/2009	1	Urodynamix Technologies Ltd. - Common Shares	10,500.00	150,000.00
05/28/2009	10	VG Gold Corp. - Flow-Through Units	317,400.00	3,905,000.00
09/01/2009	3	VG Gold Corp. - Units	2,108,414.88	26,355,186.00
09/04/2009	18	Walton GA Arcade Meadows 2 Investment Corporation - Common Shares	566,190.00	56,619.00
09/04/2009	18	Walton TX Green Meadows Limited Partnership 1 - Limited Partnership Units	516,645.27	47,430.00
09/02/2009	13	Weststar Resources Corp. - Common Shares	172,500.00	1,725,000.00
06/11/2009	1	Wordlogic Corporation - Common Shares	7,519.40	20,000.00
08/31/2009	9	Yukon-Nevada Gold Corp. - Units	2,247,028.00	22,470,280.00

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Chapter 9

Legislation

9.1.1 Ontario Regulation 358/09 Amending Reg. 1015 under the Securities Act

Note: The extensive amendments to Reg. 1015 in this amending regulation were made pursuant to subsection 143(3) of the *Securities Act*. The less extensive amendments to Reg. 1015 in the next section of Chapter 9 were made pursuant to subsection 143(2) of the *Securities Act*. A consolidated version of Reg. 1015, reflecting the amendments in Ontario Regulation 358/09 and Ontario Regulation 357/09, is expected to be available shortly on the Ontario e-laws site at www.e-laws.gov.on.ca.

ONTARIO REGULATION

made under the

SECURITIES ACT

Amending Reg. 1015 of R.R.O. 1990
(General)

Note: Regulation 1015 has previously been amended. For the legislative history of the Regulation, see the Table of Consolidated Regulations – Detailed Legislative History at www.e-Laws.gov.on.ca.

1. Part IV of Regulation 1015 of the Revised Regulations of Ontario, 1990 is revoked.

2. Sections 96, 98, 99, 100, 101, 102, 103, 104, 106, 107, 108 and 109 of the Regulation are revoked.

3. Subsection 110 (1) of the Regulation is amended by striking out "a security issuer" in the portion before clause (a) and substituting "an exempt market dealer as defined in National Instrument 31-103 *Registration Requirements and Exemptions*".

4. Sections 111, 112, 113, 115, 116, 117, 118, 119, 120, 121, 122, 123, 127, 130, 131, 132, 133, 139, 140, 141, 142, 144 and 145, subsection 147 (2), sections 204 and 208, subsections 209 (1), (2), (3), (4), (5), (6), (7), (8) and (9), and sections 210 and 211 of the Regulation are revoked.

5. Part XII of the Regulation is revoked.

6. Sections 219, 223, 225, 226, 227, 228, 230 and 232 of the Regulation are revoked.

7. Forms 3, 5, 6 and 9 of the Regulation are revoked.

8. This Regulation comes into force on the later of,

(a) the day on which this Regulation is filed; and

(b) the day that the rule made by the Ontario Securities Commission on July 14, 2009 entitled "National Instrument 31-103 *Registration Requirements and Exemptions*" comes into force.

Made by:

ONTARIO SECURITIES COMMISSION:

"W. David Wilson", Chair and Chief Executive Officer

"James Turner", Vice-Chair

Dated on July 20, 2009

Notes: The amending regulation was filed on September 22, 2009. The rule made by the Ontario Securities Commission on July 14, 2009 entitled "National Instrument 31-103 *Registration Requirements and Exemptions*" comes into force on September 28, 2009.

9.1.2 Ontario Regulation 357/09 Amending Reg. 1015 under the Securities Act

ONTARIO REGULATION

made under the

SECURITIES ACT

Amending Reg. 1015 of R.R.O. 1990
(General)

Note: Regulation 1015 has previously been amended. For the legislative history of the Regulation, see the Table of Consolidated Regulations – Detailed Legislative History at www.e-Laws.gov.on.ca.

1. The definitions of "debt security", "finance company", "industrial company" and "variable insurance contract" in subsection 1 (2) of Regulation 1015 of the Revised Regulations of Ontario, 1990 are revoked.

2. Sections 97 and 105 of the Regulation are revoked.

3. Section 134 of the Regulation is amended by striking out "section 31 of the Act" and substituting "section 33.1 of the Act".

4. Sections 143, 146 and 205, subsection 209 (10), and sections 220, 231 and 233 of the Regulation are revoked.

5. Form 10 of the Regulation is revoked.

6. (1) Subject to subsections (2) and (3), this Regulation comes into force on the day it is filed.

(2) Sections 2, 4 and 5 come into force on the latest of,

(a) the day on which this Regulation is filed;

(b) the day that the rule made by the Ontario Securities Commission on July 14, 2009 entitled "National Instrument 31-103 *Registration Requirements and Exemptions*" comes into force; and

(c) the day that section 4 of Schedule 26 to the *Budget Measures Act, 2009* comes into force.

(3) Section 3 comes into force on the later of,

(a) the day on which this Regulation is filed; and

(b) the day that section 4 of Schedule 26 to the *Budget Measures Act, 2009* comes into force.

Notes: The amending regulation was filed on September 22, 2009. The rule made by the Ontario Securities Commission on July 14, 2009 entitled "National Instrument 31-103 *Registration Requirements and Exemptions*" comes into force on September 28, 2009. Section 4 of Schedule 26 to the *Budget Measures Act, 2009* comes into force on September 28, 2009.

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
49 North 2009 Resource Flow-Through Limited Partnership
Principal Regulator - Saskatchewan
Type and Date:
Preliminary Long Form Prospectus dated September 17, 2009
NP 11-202 Receipt dated September 17, 2009
Offering Price and Description:
$10,000,000.00 (MAXIMUM OFFERING) - A MAXIMUM OF 1,000,000 LIMITED PARTNERSHIP UNITS PRICE PER UNIT: $10.00 MINIMUM SUBSCRIPTION: $2,000.00 (200 Units)
Underwriter(s) or Distributor(s):
MGI Securities Inc.
Canaccord Capital Corporation
Blackmont Capital Inc.
GMP Securities L.P.
Raymond James Ltd.
Research Capital Corporation
Wellington West Capital Inc.
Integral Wealth Securities Limited
M Partners Inc.
Union Securities Ltd.
Bolder Investment Partners, Ltd.
Industrial Alliance Securities Inc.
Leede Financial Markets Inc.
Promoter(s):
49 North 2009 Resource Fund Inc.
Project #1476833

Issuer Name:
Allied Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 18, 2009
NP 11-202 Receipt dated September 18, 2009
Offering Price and Description:
$125,400,000.00 - 7,600,000 Units Price: $16.50 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Genuity Capital Markets
National Bank Financial Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
Promoter(s):
-
Project #1477139

Issuer Name:
Artis Real Estate Investment Trust
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated September 21, 2009
NP 11-202 Receipt dated September 21, 2009
Offering Price and Description:
$30,600,000.00 - 3,400,000 Units Price: $9.00 Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Blackmont Capital Inc.
Desjardins Securities Inc.
Macquarie Capital Markets Canada Ltd.
Brookfield Financial Corp.
Promoter(s):
-
Project #1477438

Issuer Name:
Avalon Rare Metals Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 21, 2009
NP 11-202 Receipt dated September 22, 2009
Offering Price and Description:
$17,514,250.00 -6,745,000 Common Shares and 3,372,500 Common Share Purchase Warrants
Issuable on Exercise of 6,745,000 Special Warrants And 755,000 Flow-Through Common Shares
Issuable on Exercise of 755,000 Flow-Through Special Warrants
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Cormark Securities Inc.
Research Capital Corporation
Promoter(s):
-
Project #1477800

Issuer Name:
Endeavour Silver Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated September 16, 2009
NP 11-202 Receipt dated September 17, 2009
Offering Price and Description:
$16,050,000.00 - 5,350,000 Units Price: $3.00 per Unit
Underwriter(s) or Distributor(s):
Salman Partners Inc.
CIBC World Markets Inc.
Haywood Securities Inc.
PI Financial Corp.
Promoter(s):
-
Project #1476514

Issuer Name:
Fairborne Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 21, 2009
NP 11-202 Receipt dated September 21, 2009
Offering Price and Description:
$45,007,500.00 - 10,590,000 Common Shares and $20,034,000 - 3,780,000 Flow-Through Shares Price: $4.25 per Common Share and $5.30 per Flow-Through Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
CIBC World Markets Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #1477475

Issuer Name:
Fairfax Financial Holdings Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Base Shelf Prospectus dated September 18, 2009
NP 11-202 Receipt dated September 21, 2009
Offering Price and Description:
US$2,000,000,000.00:
Subordinate Voting Shares
Preferred Shares
Debt Securities
Subscription Receipts
Warrants
Share Purchase Contracts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1477236

Issuer Name:
IBI Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 18, 2009
NP 11-202 Receipt dated September 18, 2009
Offering Price and Description:
$40,000,000.00 - 7.0% Convertible Unsecured Subordinated Debentures Price $1,000 per Debenture
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
Desjardins Securities Inc.
Laurentian Bank Securities Inc.
Blackmont Capital Inc.
Canaccord Capital Corporation
Genuity Capital Markets
Promoter(s):
IBI Group Management Partnership
Project #1477081

Issuer Name:
Monterey Exploration Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 17, 2009
NP 11-202 Receipt dated September 17, 2009
Offering Price and Description:
$10,082,500.00 - 5,450,000 Common Shares and $6,042,000.00 - 2,650,000 Flow-Through Shares Price: $1.85 per Common Share and $2.28 per Flow-Through Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
FirstEnergy Capital Corp.
Acumen Capital Finance Partners Limited
Wellington West Capital Markets Inc.
Salman Partners Inc.
Promoter(s):
-
Project #1476784

Issuer Name:
North Growth U.S. Equity Advisor Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Simplified Prospectus dated September 17, 2009
NP 11-202 Receipt dated
Offering Price and Description:
Series D and F Units
Underwriter(s) or Distributor(s):
North Growth Management Ltd.
Promoter(s):
-
Project #1476862

Issuer Name:
Oilsands Quest Inc.
Principal Regulator – Alberta
Type and Date:
Preliminary MJDS Prospectus dated September 18, 2009
Receipted on September 21, 2009
Offering Price and Description:
COMMON STOCK
WARRANTS
UNITS
SUBSCRIPTION RECEIPTS
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1477444

Issuer Name:
Parkbridge Lifestyle Communities Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated September 16, 2009
NP 11-202 Receipt dated September 16, 2009
Offering Price and Description:
$20,000,000.00 - 5,000,000 Common Shares Price $4.00 per Common Share
Underwriter(s) or Distributor(s):
Genuity Capital Markets
Desjarins Securities Inc.
National Bank Financial Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Cormark Securities Inc.
Promoter(s):
-
Project #1476356

Issuer Name:
Polymet Mining Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Base Shelf Prospectus dated September 17, 2009
NP 11-202 Receipt dated September 17, 2009
Offering Price and Description:
US$500,000,000.00:
Debt Securities
Common Shares
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1476734

Issuer Name:
Primaris Retail Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 18, 2009
NP 11-202 Receipt dated September 18, 2009
Offering Price and Description:
$75,000,000.00: - 6.30% Convertible Unsecured Subordinated Debentures due September 30, 2015
Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
Blackmont Capital Inc.
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
Promoter(s):
-
Project #1477053

Issuer Name:
Sandstorm Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated September 22, 2009
NP 11-202 Receipt dated
Offering Price and Description:
$25,000,000 - 55,555,556 Units
Price: $0.45 per Unit
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Cormark Securities Inc.
GMP Securities L.P.
Promoter(s):
David E. De Witt
Project #1477956

Issuer Name:
Scott's Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 18, 2009
NP 11-202 Receipt dated September 18, 2009
Offering Price and Description:
$20,000,000.00 - Series 2009 7.75% Convertible Unsecured Subordinated Debentures PRICE: $1,000 PER DEBENTURE
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Dundee Securities Corporation
Desjardins Securities Inc.
Genuity Capital Markets
Canaccord Capital Corporation
Raymond James Ltd.
Promoter(s):
-
Project #1477087

Issuer Name:
Sulliden Exploration Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated September 17, 2009
NP 11-202 Receipt dated September 17, 2009
Offering Price and Description:
$20,000,000.00 - 25,000,000 Units Price: $0.80 per Unit
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Macquarie Capital Markets Canada Ltd.
Canaccord Capital Corporation
Fraser Mackenzie Limited
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1476622

Issuer Name:
Transat A.T. inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated September 16, 2009
NP 11-202 Receipt dated September 16, 2009
Offering Price and Description:
$55,250,000.00 - 4,250,000 Class AVariable Voting Shares and/orClass B Voting Shares Price: $13.00 per Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Desjardins Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Laurentian Bank Securities Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #1476263

Issuer Name:
Whiterock Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated September 17, 2009
NP 11-202 Receipt dated September 17, 2009
Offering Price and Description:
$20,000,000.00 - 7.0% Series G Convertible Unsecured Subordinated Debentures Price: $1,000 per Series G Debenture
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
Canaccord Capital Corporation
Scotia Capital Inc.
National Bank Financial Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #1476745

Issuer Name:
Aecon Group Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated September 22, 2009
NP 11-202 Receipt dated September 22, 2009
Offering Price and Description:
$150,000,000.00 - 7.0% Convertible Unsecured Subordinated Debentures
Underwriter(s) or Distributor(s):
GMP Securities L.P.
TD Securities Inc.
Raymond James Ltd.
CIBC World Markets Inc.
Paradigm Capital Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
Genuity Capital Markets
Macquarie Capital Markets Canada Ltd.
Promoter(s):
-
Project #1475485

Issuer Name:
Brookfield Properties Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated September 15, 2009
NP 11-202 Receipt dated September 16, 2009
Offering Price and Description:
$250,000,000.00 - 10,000,000 Class AAA Preference Shares, Series L Price: $25.00 per Series L Share to yield initially 6.75% per annum
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Brookfield Financial Corp.
Blackmont Capital Inc.
Canaccord Capital Corporation
Genuity Capital Markets
Macquarie Capital Markets Canada Ltd.
Thomas Weisel Partners Canada Inc.
Promoter(s):
-
Project #1473312

Issuer Name:
Canadian Convertible Debenture Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated September 17, 2009
NP 11-202 Receipt dated September 18, 2009
Offering Price and Description:
Maximum $300,000,000.00 (30,000,000 Units) $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Blackmont Capital Inc.
GMP Securities L.P.
Manulife Securities Incorporated
Wellington West Capital Markets Inc.
Promoter(s):
First Asset Investment Management Inc.
Project #1464243

Issuer Name:
Canadian Imperial Bank of Commerce
Principal Regulator - Ontario
Type and Date:
Final Short Form Base Shelf Prospectus dated September 17, 2009
NP 11-202 Receipt dated September 17, 2009
Offering Price and Description:
$2,000,000,000.00
Medium Term Notes (Principal at Risk Structured Notes)
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1472345

Issuer Name:
Compton Petroleum Corporation
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated September 18, 2009
NP 11-202 Receipt dated September 18, 2009
Offering Price and Description:
$150,000,000.00 - 120,000,000 Units Price: $1.25 Per Unit
Underwriter(s) or Distributor(s):
Canaccord Capital Corporation
BMO Nesbitt Burns Inc.
FirstEnergy Capital Corp.
Scotia Capital Inc.
TD Securities Inc.
Salman Partners Inc.
Promoter(s):
-
Project #1474733

Issuer Name:
Crombie Real Estate Investment Trust
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Prospectus dated September 21, 2009
NP 11-202 Receipt dated September 21, 2009
Offering Price and Description:
$85,000,000.00 - 6.25% Series B Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burrns Inc.
National Bank Financial Inc.
Canaccord Capital Corporation
Beacon Securities Limited
Macquire Capital Markets
Raymond James Ltd.
Jennings Capital Inc.
Promoter(s):
-
Project #1475388

Issuer Name:
Discovery 2009 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated September 11, 2009
NP 11-202 Receipt dated September 17, 2009
Offering Price and Description:
$50,000,000.00 (maximum) - 2,000,000 Units @ $25 per Unit; $5,000,000.00 (minimum) - 200,000 Units @ $25 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
National Bank Financial Inc.
TD Securities Inc.
Dundee Securities Corporation
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Manulife Securities Incorporated
Blackmont Capital Inc.
Middlefield Capital Corporation
Haywood Securities Inc.
Raymond James Ltd.
Research Capital Corporation
Wellington West Capital Markets Inc.
Promoter(s):
Middlefield Fund Management Limited
Project #1454864

Issuer Name:
DundeeWealth Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated September 18, 2009
NP 11-202 Receipt dated September 18, 2009
Offering Price and Description:
$200,000,000.00 - 5.10% Series 1 Notes due September 25, 2014 (Unsecured)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
TD Securities Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
GMP Securities L.P.
Promoter(s):
-
Project #1474987

Issuer Name:
Class A, Class D and Class F Units of:
Ethical Income Fund
Ethical Monthly Income Fund
Ethical Balanced Fund
Ethical Canadian Dividend Fund
Ethical Canadian Index Fund
Ethical Canadian Stock Fund
Ethical Growth Fund
Ethical Special Equity Fund
Ethical American Multi-Strategy Fund
Ethical Global Dividend Fund
Ethical Global Equity Fund
Ethical International Equity Fund
Ethical Advantage 2010 Fund
Ethical Advantage 2015 Fund
Ethical Advantage 2020 Fund
Ethical Advantage 2030 Fund
Ethical Advantage 2040 Fund

Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 11, 2009 to the Simplified Prospectuses and Annual Information Forms dated June 30, 2009
NP 11-202 Receipt dated September 16, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
CREDENTIAL ASSET MANAGEMENT INC.
Credential Asset Management Inc.
Credential Asset Management
Promoter(s):
Northwest & Ethical Investments L.P.
Project #1428618

Issuer Name:
Horizons BetaPro S&P/TSX 60™ Bull Plus ETF
Horizons BetaPro S&P/TSX 60™ Bear Plus ETF
Horizons BetaPro S&P/TSX Global Base Metals™ Bull Plus ETF 1
Horizons BetaPro S&P/TSX Global Base Metals™ Bear Plus ETF 2
Horizons BetaPro COMEX® Gold Bullion Bull Plus ETF
Horizons BetaPro COMEX® Gold Bullion Bear Plus ETF
Horizons BetaPro NYMEX® Crude Oil Bull Plus ETF
Horizons BetaPro NYMEX® Crude Oil Bear Plus ETF
Horizons BetaPro NYMEX® Natural Gas Bull Plus ETF
Horizons BetaPro NYMEX® Natural Gas Bear Plus ETF
Horizons BetaPro S&P Agribusiness North America™ Bull Plus ETF 3
Horizons BetaPro S&P Agribusiness North America™ Bear Plus ETF 4
Principal Regulator - Ontario
Type and Date:
Amended and Restated Long Form Prospectus dated August 25, 2009 (the amended prospectus) amending and restating the Amended and Restated Long Form Prospectus dated February 27, 2009, amending and restating the Long Form Prospectus dated January 20, 2009
NP 11-202 Receipt dated September 21, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BetaPro Management Inc.
Project #1357188

Issuer Name:
Horizons BetaPro S&P/TSX 60 Inverse ETF
Horizons BetaPro S&P/TSX Capped Energy Inverse ETF
Horizons BetaPro S&P/TSX Capped Financials Inverse ETF
Horizons BetaPro S&P/TSX Global Gold Inverse ETF
Principal Regulator - Ontario
Type and Date:
Amended and Restated Long Form Prospectus dated August 25, 2009 amending and restating the Long Form Prospectus dated February 27, 2009
NP 11-202 Receipt dated September 21, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
BetaPro Management Inc.
Project #1372455

Issuer Name:
Midnight Oil Exploration Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated September 22, 2009
NP 11-202 Receipt dated September 22, 2009
Offering Price and Description:
$17,605,000.00 - 10,600,000 Common Shares 6,850,000 Flow-Through Shares Price: $0.95 per Common Share $1.10 per Flow-Through Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
GMP Securities L.P.
National Bank Financial Inc.
FirstEnergy Capital Corp.
Acumen Capital Finance Partners Limited
Promoter(s):
-
Project #1475834

Issuer Name:
(Series A units, Series F units and Series I units unless otherwise indicated) of:
Northwest Money Market Fund (Series A units and Series I units)
Northwest Canadian Equity Fund
Northwest Canadian Bond Fund
Northwest Canadian Dividend Fund
Northwest Growth and Income Fund
Northwest Global Equity Fund
Northwest U.S. Equity Fund
Northwest EAFE Fund
Northwest Specialty High Yield Bond Fund
Northwest Specialty Global High Yield Bond Fund
Northwest Specialty Equity Fund
Northwest Specialty Innovations Fund
Northwest Quadrant Conservative Portfolio (Series A units and Series F units)
Northwest Quadrant Income Portfolio (Series A units and Series F units)
Northwest Quadrant Balanced Portfolio (Series A units and Series F units)
Northwest Quadrant Balanced Growth Portfolio (Series A units and Series F units)
Northwest Quadrant Growth Portfolio (Series A units and Series F units)
Northwest Quadrant Global Growth Portfolio (Series A units and Series F units)
Northwest Quadrant Global Equity Portfolio (Series A units and Series F units)
Northwest Quadrant All Equity Portfolio (Series A units and Series F units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated September 11, 2009 to the Simplified Prospectuses and Annual Information Forms dated June 30, 2009
NP 11-202 Receipt dated September 16, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Northwest & Ethical Investments L.P.,
Project #1426183

Issuer Name:
Northwest Short Term Corporate Class (Series A shares)
Northwest Canadian Equity Corporate Class (Series A shares)
Northwest Canadian Dividend Corporate Class (Series A shares)
Northwest Growth and Income Corporate Class (Series A shares)
Northwest U.S. Equity Corporate Class (Series A shares)
Northwest EAFE Corporate Class (Series A shares)
Northwest Global Equity Corporate Class (Series A shares)
Northwest Global Growth and Income Corporate Class (Series A shares)
Northwest Specialty Equity Corporate Class (Series A shares)
Northwest Specialty Innovations Corporate Class (Series A shares)
Northwest Quadrant Balanced Growth Corporate Class Portfolio (Series A shares and Series F shares)
Northwest Quadrant Growth Corporate Class Portfolio (Series A shares and Series F shares)
Northwest Quadrant Global Growth Corporate Class Portfolio (Series A shares and Series F shares)
Northwest Quadrant Global Equity Corporate Class Portfolio (Series A shares and Series F shares)
Northwest Quadrant All Equity Corporate Class Portfolio (Series A shares and Series F shares)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated September 11, 2009 to Final Simplified Prospectuses and Annual Information Forms dated November 3, 2008
NP 11-202 Receipt dated September 16, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Northwest & Ethical Investments Inc.
Project #1324863

Issuer Name:
RBC Dominion Securities Canadian Focus List Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated September 18, 2009
NP 11-202 Receipt dated September 18, 2009
Offering Price and Description:
Series A and Series F Units @ Net Asset Value
Underwriter(s) or Distributor(s):
First Defined Portfolio Management Co.
Promoter(s):
FIRST DEFINED PORTFOLIO MANAGEMENT CO.
Project #1456775

Issuer Name:
Social Housing Canadian Money Market Fund
Type and Date:
Amendment #1 dated September 16, 2009 to the Simplified Prospectus and Annual Information Form dated July 8, 2009
Receipted on September 16, 2009
Offering Price and Description:
Series A Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Philips, Hager & North Investment Funds Ltd.
Promoter(s):
-
Project #1426906

Issuer Name:
Transcontinental Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Base Shelf Prospectus dated September 17, 2009
NP 11-202 Receipt dated September 17, 2009
Offering Price and Description:
$500,000,000.00 - Debt Securities (unsecured) Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1474640

Issuer Name:
Uranium Focused Energy Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated September 17, 2009
NP 11-202 Receipt dated September 18, 2009
Offering Price and Description:
PURCHASE A MAXIMUM OF 8,500,000 TRUST UNITS
Subscription Price: Two Rights and $3.00 per Trust Unit
The Subscription Price equals approximately 90% of the closing price per Trust Unit on the Toronto Stock Exchange on September 16, 2009
Underwriter(s) or Distributor(s):
Middlefield Capital Corporation
Promoter(s):
-
Project #1473863

Issuer Name:
YM BioSciences Inc.
Type and Date:
Final Short Form Base Shelf Prospectus dated September 16, 2009
Receipted on September 17, 2009
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1473681

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension (Rule 33-501 Surrender of Registration)	Oasis Park Investment Ltd.	Limited Market Dealer	August 25, 2009
Name Change	From: Orgin Point Capital Corporation To: FPC First Pacific Capital (Canada) Corp.	Limited Market Dealer	September 8, 2009
Change of Category	Acadian Asset Management, LLC	From: International Adviser (Investment Counsel & Portfolio Manager) To: Non-Canadian Adviser (Investment Counsel & Portfolio Manager)	September 17, 2009
New Registration	Jomisc Investments Inc.	Limited Market Dealer, Investment Counsel & Portfolio Manager	September 17, 2009
New Registration	B.S.P. Funds Canada Inc.	Limited Market Dealer	September 17, 2009
New Registration	Harris Investor Services, Inc.	Investment Counsel & Portfolio Manager	September 17, 2009
New Registration	Lingohr & Partner North America, Inc.	Investment Counsel & Portfolio Manager	September 18, 2009
Change of Category	Wellington West Financial Services Inc.	From: Mutual Fund Dealer To: Limited Market Dealer and Mutual Fund Dealer	September 21, 2009

Type	Company	Category of Registration	Effective Date
New Registration	Vantage Asset Management Inc.	Investment Counsel & Portfolio Manager & Limited Market Dealer	September 22, 2009
Consent to Suspension (Rule 33-501 Surrender of Registration)	Salida Capital Corp.	Limited Market Dealer, Investment Counsel and Portfolio Manager	September 22, 2009
New Registration	Salida Capital LP	Limited Market Dealer, Investment Counsel and Portfolio Manager	September 22, 2009
Change in Registration Category	Keefe, Bruyette & Woods,Inc.	From: International Dealer To: Limited Market Dealer	September 23, 2009

Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 TSX Notice of Approval – Amendments to Part VI of the Toronto Stock Exchange ("TSX") Company Manual

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

AMENDMENTS TO PART VI OF THE

TORONTO STOCK EXCHANGE ("TSX") COMPANY MANUAL

Introduction

In accordance with the Protocol for Commission Oversight of Toronto Stock Exchange Rule Proposals (the "Protocol") between the Ontario Securities Commission (the "OSC") and Toronto Stock Exchange ("TSX"), TSX has adopted and the OSC has approved an amendment (the "Amendment") to Part VI of the TSX Company Manual (the "Manual"). The Amendment is a public interest amendment to the Manual. The Amendment was published for public comment in a request for comments on April 3, 2009 ("Request for Comments").

Reasons for the Amendment

Currently, TSX requires security holder approval for the issuance of securities as full or partial consideration for an acquisition where such number of securities exceeds 25% of the issued and outstanding securities of the listed issuer (Subsection 611(c)). However, this requirement does not apply where the listed issuer is acquiring a public company (a reporting issuer or issuer of equivalent status having 50 or more beneficial security holders, excluding insiders and employees) (Subsection 611(d)).

This exemption from security holder approval for acquisitions of public companies was formally incorporated in the Manual on January 1, 2005 in conjunction with a substantial number of other amendments to Parts V, VI and VII of the Manual. Prior to January 1, 2005, TSX practice for many years was to waive the requirement for security holder approval for acquisitions of public companies even where the securities to be issued in payment of the purchase price resulted in more than 25% dilution.

As neither securities nor corporate law in Canada requires security holder approval by the issuer for arm's length dilutive transactions, TSX has required security holder approval for certain dilutive acquisitions (other than acquisitions of public companies), private placements and security-based compensation arrangements, such as stock option plans.

On October 12, 2007, TSX published a Request for Comments (the "2007 RFC") on its security holder approval requirements for acquisitions. The 2007 RFC was prompted by the view expressed by certain market participants that issuers should not be exempted from the requirement to obtain security holder approval, above some prescribed level of dilution, for the issuance of securities as consideration for an acquisition where the target is a public company. In the 2007 RFC, TSX committed to determining whether to propose an amendment to its current security holder approval requirements for acquisitions, based on the comments it received.

In response to the 2007 RFC, TSX received twenty-two (22) comment letters. The comments received at that time generally reflected two widely divergent views regarding whether TSX should amend its security holder approval requirements for public company acquisitions.

On April 3, 2009, TSX published another Request for Comments (the "2009 RFC") proposing the Amendment, which would require security holder approval for the issuance of securities in payment of the purchase price for an acquisition of a public company which exceeds 50% of the number of issued and outstanding securities of the listed issuer which are outstanding on a non-diluted basis. The Amendment proposed in the 2009 RFC was intended to strike an appropriate balance between the divergent views received on the 2007 RFC.

TSX received twenty-three (23) comment letters in response to the 2009 RFC. A summary of the comments submitted, together with TSX's responses, is attached as **Appendix A**. The comments received were generally more uniform than those submitted for the 2007 RFC. A vast majority of commenters submitted that the threshold dilution level should be lower than the proposed 50%. A majority also submitted that the threshold dilution level should be the same for public and private company acquisitions. Many commenters submitted that they did not see any basis for treating public and private company acquisitions differently.

TSX respects the public comment process and appreciates the value such public input provides. TSX thanks all commenters for their submissions. TSX believes that security holders should be provided with an opportunity to vote on acquisitions which may significantly alter their investment through dilution and has determined to align the threshold dilution level for security holder approval for public company acquisitions with the threshold dilution level applicable to private company acquisitions. In accordance with Subsection 611(c), TSX will require security holder approval for the issuance of securities as full or partial consideration for all acquisitions where such number of securities exceeds 25% of the issued and outstanding securities of the listed issuer.

TSX strives to consistently and transparently apply its rules, and not to rely on discretion to alter those rules other than in extraordinary circumstances or where the rules do not apply to the circumstances. TSX will continue to apply Subsection 611(c) in this manner. The exercise of discretion by TSX is, and should be, limited, particularly where there is a bright line test that applies. However, Section 603 of the Manual does provide discretion to TSX to impose or exempt issuers from requirements in the Manual in appropriate circumstances.

Summary of the Final Amendment

As described in the 2009 RFC, modifications of the Amendment could include an alternative dilution level to the proposed 50% which would not be considered material given the scope of the 2009 RFC. TSX has amended the dilution level to require security holder approval for securities issued or made issuable in payment of the purchase price for an acquisition of a public company which exceeds 25% of the number of issued and outstanding securities of the listed issuer (the "Final Amendment"). Subsection 611(d) will therefore be deleted from the Manual.

Text of the Amendment

The Final Amendment is attached as **Appendix B**.

Effective Date

The Final Amendment will become effective on **November 24**, **2009** (the "Effective Date"). The Final Amendment will not have any retroactive effect, so that any transaction of which TSX has been notified in writing prior to the Effective Date, whether or not TSX has already granted conditional approval, will be unaffected by the Final Amendment. TSX will monitor the effect of the Final Amendment on its issuers and the marketplace and will seek to monitor the costs and benefits of the Final Amendment, for its smaller issuers in particular.

APPENDIX A
SUMMARY OF COMMENTS
PART VI – CHANGES IN CAPITAL STRUCTURE OF LISTED ISSUERS

List of Commenters:

British Columbia Investment Management Corporation (BCIMC)	Investment Industry Association of Canada (IIAC)
Burnet Duckworth & Palmer LLP, Securities Law Group (BDP)	McLean Budden (MB)
Canada Pension Plan Investment Board (CPPIB)	OMERS Capital Markets (OMERS)
Canadian Advocacy Council of CFA Institute Canadian Societies (CAC)	Ontario Teachers Pension Plan (OTPP)
Canadian Coalition for Good Governance (CCGG)	Osler, Hoskin & Harcourt LLP (Osler)
Canadian Foundation for Advancement of Investor Rights (FAIR)	Pension Investment Association of Canada (PIAC)
Colleges of Applied Arts & Technology Pension Plan (CAAT)	Power Corporation du Canada (Power)
Crown Hill Capital Corporation (Crown Hill)	Railpen Investments (Railpen)
F&C Management Ltd. (F&C)	Sionna Investment Managers (Sionna)
Hermes Equity Ownership Services Limited (Hermes)	Standard Life Investments (Standard Life)
IGM Financial Inc. (IGM)	Wachtell Lipton Rosen & Katz (Wachtell)
	Confidential Commenter (Confidential)

Capitalized terms used and not otherwise defined shall have the meaning given in the Request for Comments for public interest amendments to amend Part VI - *Changes in Capital Structure of Listed Issuers* to the TSX Company Manual relating to security holder approval requirements for acquisitions, published in the OSC Bulletin on April 3, 2009.

Summarized Comments Received	***TSX Response***
1. Is it appropriate to maintain the exemption from security holder approval for the acquisition of public companies, provided the acquisition does not significantly alter the nature of the security holder's investment through dilution?	
Generally, commenters agreed that it is appropriate to maintain the exemption from security holder approval for the acquisition of public companies, but opinions varied as to the level of dilution at which the exemption should be maintained.	TSX agrees that it is appropriate to maintain an exemption from security holder approval for acquisitions at a certain prescribed dilution level.
A number of comments suggested that there should be no distinction made between acquisitions of a public or private company, such that the exemption only applies as it would for a private company acquisition. (BCIMC, CCGG, CAAT, CPPIB, FAIR, Hermes, IGM, MB, OMERS, Sionna, OTPP, IGM, Wachtell, PIAC) It was suggested that there is no reason to apply the principle of security holders voting on acquisitions that may significantly alter their investment through dilution differently for public and private company acquisitions. Two commenters however submitted that the public company exemption is appropriate and necessary. (IIAC, Osler) One commenter submitted that where dilution is not transformative, security holder approval is not necessary. (Confidential)	TSX believes there are relevant differentiating factors between public and private company acquisitions and that the availability of public information disciplines management and permits public scrutiny which should be balanced with the costs of requiring security holder approval. However, TSX recognizes the prevalent view submitted by commenters suggesting that public and private company acquisitions should be treated the same for security holder approval purposes.

Summarized Comments Received	*TSX Response*
One commenter did not agree with the concept of a security holder's investment being altered through dilution, questioning how dilution can alter an investment. If the acquisition does not affect control of the issuer and does not result in a change of business, this commenter submits that a percentage reduction in the security holder's voting rights does not alter that investment. (BDP)	TSX appreciates this commenter's view point, but overall believes that significant dilution may alter an investment.
Several commenters responded that prospectus level disclosure is not relevant if security holders do not get to vote on whether they wish to be diluted by such transaction. (CPPIB, CCGG, Wachtell, FAIR, CAAT, BCIMC, IGM, MB, Confidential, PIAC, Sionna, OTTP) Another submission provides that there are many factors providing sufficient safeguards to maintain the current exemption. (IIAC) It was submitted that public disclosure does not provide a large increase of management discipline and other remedies available to security holders are inadequate. (CPPIB, PIAC)	TSX believes that public disclosure, which underlies securities regulation, contributes to management discipline. However, TSX recognizes the prevalent view submitted by commenters on this point.
2. **Will the Amendment dampen M&A activity? Will it make transactions more difficult to complete? How much of an impact will the Amendment have on deal certainty?**	
The comments received on this question varied. Commenters preferring the proposed 50% or a higher dilution threshold submit that the Amendment will dampen M&A activity. It was submitted that the recent general decline in issuer market capitalizations means that what would have been considered a significant acquisition may no longer be significant because of a decline in market value. In addition, premiums are currently high for acquisitions, a situation that does not represent the norm. (BDP) This commenter further suggests that TSX must also take into account the impact of the Amendment on issuer trading prices and multiples. It was also submitted that the impact will be more significant for junior issuers and issuers with smaller market capitalizations. Direct and indirect costs of the Amendment are cited, as well as added risk in the form of higher break fees, risk premiums and execution risk. (IIAC, Osler) Transactions will be more difficult to complete because of added risks. Commenters in support of a lower threshold dilution level than the proposed Amendment do not believe that the Amendment will dampen M&A activity in a negative way. (OTPP, CCGG, FAIR, CPPIB, PIAC) One commenter submitted that the Amendment may affect tactics. (CCGG) It was remarked that a security holder meeting for the offeror may be planned simultaneously with the target's security holder meeting, therefore not causing any additional delay. (FAIR) It was proposed that the Amendment will be better for the integrity of the market. (FAIR) Comments received also submit that deterring M&A deals that are not economically beneficial to security holders would in fact improve the Exchange and the ability of its issuers to attract capital. (Confidential)	On balance, TSX believes that security holder approval requirements will dampen M&A activity, at least in the shorter term, because of the associated costs and increased uncertainty. TSX thanks all commenters for their input and consideration of relevant factors with respect to the Amendment.

Summarized Comments Received	*TSX Response*
It was submitted that deal certainty will not be impacted once a dilution level is set. (CCGG, FAIR) Another submission proposed that if deal certainty is impacted, it is a desirable outcome for less desirable deals. (Confidential) It was also submitted that the impact on deal certainty will be the same as for U.S. issuers. (OTPP)	TSX agrees that the impact on deal certainty will dissipate over time as a result of the transparency and certainty of rules.
3. **Do you think the Amendment will affect the competitiveness of issuers listed on TSX? If so, how?**	
Comments received in support of the proposed 50% threshold or higher submit that the Amendment will affect the competitiveness of TSX listed issuers in a negative way, by increasing costs, opportunity costs and the loss of a potential tactical advantage or level playing field in bidding situations. (IIAC, Osler) It was also submitted that the impact will be worse for junior issuers and issuers with smaller market capitalizations who will have even more difficulty staying competitive. (BDP) Commenters in support of a lower threshold dilution level do not believe the Amendment will negatively affect the competitiveness of TSX listed issuers, and will in fact enhance competitiveness. Commenters maintained that competitiveness will not be affected given that other exchanges have similar requirements, and because the Amendment will foster confidence in Canada's capital markets. (CCGG, Confidential, CPPIB, FAIR, PIAC) Another commenter further added that a failure to be in line with other exchange requirements is detrimental to competitiveness. (FAIR) One commenter submitted that the Amendment is too weak to improve competitiveness of issuers for capital, and not a significant barrier to deal making. This commenter believes however that competitiveness will improve if a 25% dilution level is set, which will decrease the cost of capital and decrease the risk of investing in issuers listed on TSX. (OTPP)	TSX thanks the commenters for their views. TSX recognizes that competitiveness can be affected directly and indirectly, positively and negatively, and that such effects are difficult to predict and measure. TSX will monitor the effect of the new rule on its issuers and the marketplace going forward.
4. **Do you think the Amendment strikes the appropriate balance between the interests of security holders, issuers and other market participants? Why or why not?**	
Generally, those commenters who believe the Amendment proposes too high a dilution level believe that the Amendment does not strike the appropriate balance between the interests of stakeholders. However, many commenters did not specifically address this question. Some comment letters submit that at a 50% dilution level, investors could conclude that Canada has lower standards than other exchanges, therefore not striking the appropriate balance. (BCIMC, CAAT, CPPIB, Hermes, IGM, MB, OMERS, Railpen, Sionna) It was also submitted that while 50% is a legal change of control, 20% is a change in effective control, as defined under take-over bid legislation. This commenter submits that a 20% dilution threshold would strike the appropriate balance between the legitimate interest of the board of directors and the ownership rights of shareholders. (CCGG) Another commenter submits that the Amendment is not	The Amendment was intended to strike an appropriate balance between the divergent views received on the 2007 Request for Comments. However, TSX understands the concerns expressed by commenters regarding the proposed 50% dilution threshold. TSX adds that it does not believe that its standards can be appropriately judged based on one rule alone. Rather, the Exchange's standards as a whole must be considered when comparing to other exchanges. In addition, Canada's regulatory framework is generally friendly to security holders, which should not be disregarded in a comparison of jurisdictions.

Summarized Comments Received	*TSX Response*
balanced and is facilitating the business interests of listed issuers at the expense of good corporate governance and shareholder protection. (FAIR) One commenter submitted that at 50%, the range of transactions that could be completed without security holder approval was too broad, and would permit transactions that would materially affect an issuer's financial position or that present a strategic shift, without security holder input. (F&C) Another commenter submitted that the dilution level should be decreased to prevent regulatory arbitrage and maintain competitiveness. (IGM) The 50% proposal was described as too weak. (OTPP)	
The Amendment was also described as a step in the right direction, but not going far enough. (Confidential, CPPIB, PIAC) It was acknowledged that no bright-line test can perfectly address all situations, but at 50% there is too much risk for shareholders to be left without effective remedies. (Confidential)	TSX agrees that bright line tests do not perfectly address all situations, but do meet the legitimate goals of transparency and regulatory certainty which benefit all stakeholders in the Canadian capital markets.
Generally, those commenters who believe the Amendment sets a dilution threshold that is too high also do not believe it strikes the appropriate balance between the interests of stakeholders. (BDP, IIAC) One commenter submitted that the proposal is too narrowly focused on the interests of shareholders of an acquiror, and gives disproportionate weight to potential and uncertain benefits to this small group of stakeholders. (IIAC) To achieve balance, the ease of raising capital, competition, governance and costs must all be considered, on an industry-wide basis, not transaction by transaction. This commenter encourages further analysis at the issuer level and whether transactions caught at this level would not have been pursued in light of such an approval requirement. Another commenter supports the balance in the Amendment, and would not support a lower dilution threshold. (Osler)	The Amendment was intended to strike an appropriate balance between the divergent views received on the 2007 Request for Comments. However, most commenters now appear to favour a lower threshold dilution level. TSX thanks all commenters for their submissions.
5. **What are the principal costs and benefits of the approach proposed in the Amendment? Please explain your response with reference to the various stakeholders.**	
Commenters cite a variety of benefits, although some commenters suggest the benefits are greater at a lower dilution level. It was submitted that at a lower dilution level, the rule would be aligned with other exchanges and international best practices, which would foster confidence, encourage investment and decrease the cost of capital. (FAIR, CCGG, Confidential, CPPIB, OTPP, PIAC) Discouraging M&A activity that is inconsistent with maximizing shareholder value is another benefit cited. (Confidential). Increased discipline on management was also noted. (OTPP) The Amendment was also described as empowering shareholders, which is a benefit, but inconsistent with corporate and securities law in Canada. (Osler)	TSX agrees that there are costs and benefits to the Amendment and has considered them in making the Amendment effective.
There were a number of costs listed, such as meeting costs, higher premiums, higher break fees, and added risk and uncertainty. (CCGG, IIAC, Osler, OTPP). Some comments submitted that these costs are not material in the context of	TSX continually monitors the effects of its rules on its issuers and the marketplace and will seek to monitor the costs and benefits of the Amendment, for its smaller issuers in particular. TSX understands that a security holder

Summarized Comments Received	*TSX Response*
a transaction and are justified to provide fairness to shareholders and support the integrity of the market. (CCGG, CPPIB, FAIR, PIAC) One commenter suggested, however, that these costs are borne by all shareholders even though the benefits are not shared the same way. (IIAC) This commenter also cited the cost for smaller and resource based issuers who are dependent on equity financing and need an environment that permits them to grow.	approval requirement at a relatively low level of dilution may disproportionately affect smaller issuers.
6. **Do you expect that the Amendment will lead to transactions being structured to avoid security holder approval? If so, do you believe that this would be inappropriate and if so, why?**	
It was generally agreed that the Amendment may lead to transactions being structured to avoid security holder approval. (CCGG, FAIR, IIAC, Osler, OTPP) However, some commenters agreed that this is not inappropriate as security holder approval is a legitimate consideration (Osler, IIAC) and because other structures do not affect the integrity of shareholders' ownership interest in the same way (CCGG, FAIR). Another commenter submitted that TSX should exercise discretion to require a vote if an issuer is circumventing the rule with similar dilutive effect on shareholders. (Confidential) Two other commenters submitted that it is difficult to speculate as to the impact on structuring transactions, but note that acquisitions occur on other exchanges that have such a requirement. (CPPIB, PIAC) Further, there are limits on the amount of leverage an acquiror can access, acting as a check on the issuer's ability to avoid security holder approval. (OTPP)	TSX agrees that its rules and approval requirements are legitimate considerations for issuers when structuring transactions. An important benefit of a bright line rule is regulatory certainty which permits issuers to structure transactions and market participants to formulate appropriate expectations.
7. **Is a level of dilution other than that set out the Amendment more appropriate e.g. 25%, 30%, 40%, 75%, 100%? If so, why?**	
A number of commenters submitted that 20% is the appropriate level, because that is the dilution level set by NYSE. (BCIMC, CCGG, CAAT, FAIR, Hermes, MB, Sionna, Standard Life) Other commenters submitted that 25% is the appropriate level, because of international standards. (CAC, F&C, OMERS, Confidential, CPPIB, Railpen, OTPP, Wachtell, Power, PIAC) One commenter suggested 20-25%. (IGM) Some commenters view the right to vote on materially dilutive transactions as a basic shareholder right. (OMERS, FAIR, Railpen) Some commenters noted that a lower threshold for approval is necessary in Canada because Canadian issuers usually have unlimited authorized capital. (Hermes, FAIR, CCGG, CPPIB, PIAC) One submission preferred that security holder approval only be required in extraordinary circumstances (BDP), with another suggesting there be no requirement, or a level as high as 100% if necessary. (IIAC) Another commenter submitted that nothing lower than the proposed 50% is appropriate. (Osler)	TSX is aware of the dilution thresholds set by other exchanges. TSX generally agrees that TSX rules should be reflective of international standards, but must also take into consideration the Canadian marketplace, regulatory regime and the size and nature of its listed issuers. TSX also agrees that security holders should have the right to approve decisions that may significantly alter an investment through dilution. TSX recognizes that there is a diversity of opinion as to the appropriate dilution threshold.

Summarized Comments Received	*TSX Response*
8. **If your response to question 7 is positive, please consider the costs and benefits of requiring security holder approval at such a dilution level. Please explain your response with reference to the various stakeholders.**	
Comments provided in response to Question 5 generally took into account the dilution level preferred by the commenter. Please see the responses at Question 5. Additional costs noted in response to this question were management hesitation in deal making because of deal uncertainty and restricted ability to grow through M&A. (Confidential) One additional benefit noted is increased attention to shareholder concerns and perspective. (Confidential)	Please see the responses at Question 5.
9. **Would the 50% dilution proposed in the Amendment provide a bright line test which would obviate the application of Section 603 with respect to public company acquisitions in all but extraordinary circumstances? If not, why not.**	
Commenters who prefer a lower level of dilution generally submit that the application of Section 603 in the context of the Amendment is important because it is more likely that transactions with that level of dilution will have a negative impact on the quality of the marketplace. (CPPIB, FAIR, CCGG, PIAC) It was also agreed that the application of Section 603 is reduced at lower dilution thresholds of 20% or 25%. (CPPIB, CCGG, FAIR, OTPP, PIAC) The importance of predictability of regulatory requirements was submitted. The exercise of discretion, particularly where there is a bright-line test, is undesirable and should be limited to extraordinary circumstances. (IIAC, Osler) In addition, such discretion enables shareholders to access litigation objectives where the dispute is in respect of the business judgement of directors, which is properly addressed in the courts. (Osler) Two commenters submitted that TSX should not use Section 603 to waive security holder approval if dilution is above the bright-line threshold, and may use it if dilution is below the bright-line threshold where the factors listed in Section 603 are present. (CCGG, FAIR) They submit there should be no discretion to exempt issuers because security holders opposed to such exemption do not have the opportunity to make submissions and there is no such discretion in the U.S. One commenter responded that TSX should review each transaction on a case-by-case basis and require a vote if warranted regardless of any bright-line test because factors such as common directors or purposeful circumvention of the rule could be present. (Confidential) Another submitted discretion must be retained for similar reasons. (OTPP)	TSX agrees that the application of Section 603 is correlated with the dilution level implemented under the Amendment. The level of dilution in an acquisition is however only one factor that should be taken into account in considering the application of discretion and the impact of the acquisition on the quality of the marketplace. TSX agrees that the importance of regulatory transparency and certainty to the overall functioning of the Canadian capital markets cannot be overlooked. The exercise of discretion by TSX is, and should be, limited, particularly where there is a bright line test that applies. TSX strives to consistently and transparently apply its rules, and not to rely on discretion to alter those rules other than in extraordinary circumstances or where the rules do not apply to the circumstances.
10. **Is it appropriate to permit security holder approval of acquisitions in writing rather than at a meeting? If not, why?**	
All comments submitted in response to this question supported permitting security holder approval in writing. (CPPIB, CCGG, FAIR, IIAC, Osler, Confidential, OTPP,	Subsection 604(d) will be available to issuers to obtain security holder approval for acquisitions. Issuers will be required to meet the terms and conditions set out in

Summarized Comments Received	*TSX Response*
PIAC) It was submitted this can reduce costs for the issuer and there is no diminishing of security holder rights. (IIAC) Some commenters noted that such approvals must represent 50% of share ownership, not voting rights through multiple voting shares (CCGG, FAIR). Also, there must be adequate disclosure to permit an informed decision (Confidential) and no conflicted shareholders may participate. (OTPP) Lastly, it was noted that undisclosed material information being given to some shareholders and not others may be problematic. (FAIR)	Subsection 604(d) in order to obtain security holder approval in writing.
11. **Should security holders have the flexibility to vote on the security holder approval requirements for dilutive acquisitions on an annual basis? Why or why not?**	
Many commenters agree with TSX that annual blanket approval is not appropriate. (CPPIB, CCGG, FAIR, Confidential, PIAC) However, one commenter questioned why annual blanket approvals do not meet the intent and purpose of the approval requirement, since investors are aware either because they vote on it or acquire the securities with knowledge of the outcome of such a vote. (BDP) This commenter also submitted that if it's unclear whether a resolution applied to a particular transaction, then approval would be required. Another commenter submitted it is fair to allow shareholders to determine whether to grant the issuer the flexibility and certainty of having advance approval and cost savings. (IIAC) It would be up to the issuer whether to seek such approval.	TSX and a number of commenters believe that security holders should have detailed information about a specific transaction at the time of a vote in order for the vote to be meaningful. TSX recognizes that investors should be able to know if a blanket approval has been adopted by an issuer, but believes that practically speaking, this is not the ideal way to give effect to security holder approval. In particular, security holders at the time of the vote may be different than those at the time of the transaction. We recognize that blanket approval could reduce deal uncertainty and associated costs by eliminating delays from having to seek security holder approval at the time of a transaction.
12. **What costs and benefits are there in providing such flexibility? Do you agree that the costs outweigh the benefits?**	
Please see the comments at Question 11.	
General	
A number of the comment letters received contain virtually identical submissions, and rely primarily on the fact that the Amendment is not the appropriate dilution level because other major exchanges require security holder approval at a lower level. (BCIMC, CAAT, Hermes, MB, OMERS, Sionna)	TSX appreciates the importance of staying abreast of requirements on other exchanges. However, the dilution levels at which security holder approval is required by other exchanges is only one factor in the regulatory framework provided by those exchanges and by applicable corporate and securities laws. Dilution levels should not therefore be viewed in isolation in determining an appropriate dilution level for the Canadian marketplace or in judging the corporate governance standards of TSX.
One commenter urges TSX to consider having two different thresholds, one for larger issuers, and another for more junior issuers, to permit smaller issuers to remain competitive. (BDP) Other commenters noted that the profile of issuers on TSX is not distinct enough to warrant a different threshold than other exchanges. (CCGG, FAIR, Wachtell, OTPP)	TSX understands the concerns of its smaller issuers. However, as the senior Canadian equities exchange, TSX currently believes that its security holder approval requirements should be imposed equally on all of its listed issuers. TSX will monitor the effect of the new rule on its issuers and the marketplace going forward.

Summarized Comments Received	*TSX Response*
Several commenters refer liberally to the HudBay Decision to support their position in favour of security holder approval requirements by assertion that their views are aligned with the views of the OSC. (CPPIB, CCGG, FAIR, PIAC) Another commenter expressed concern that applying the outcome of an isolated regulatory decision to all transactions involving acquisitions of public issuers will have a significant detrimental effect on Canadian public markets. (IIAC) Although there may be isolated situations where discretion to impose security holder approval in such circumstances is appropriate, it is important to ensure that the interests of the marketplace as a whole are not compromised by regulating in response to an individual decision. Some respondents also referred to the Organization of Economic Cooperation and Development (OECD) Principles of Corporate Governance as support for shareholder rights to participate in fundamental corporate changes, including the authorization of additional shares. (CCGG, FAIR)	The OSC states in its reasons for HudBay that this policy review is not relevant to their interpretation of the provisions of the Manual. The HudBay Decision is an application of the provisions of the Manual, not an opinion on the security holder approval exemption in Subsection 611(d). TSX also agrees that it would not be appropriate to determine the outcome of a policy review based on the specific facts and circumstances of one case.
One commenter submitted that the Amendment should not apply to "permitted mergers" involving closed end funds because: (i) acquisitions are completed on the basis of an exchange ratio determined with reference to the respective net asset values per unit, therefore, security holders will be diluted only in respect of their percentage ownership of the acquiring fund, so they will not suffer economic dilution; and (ii) there are sufficient safeguards in connection with "permitted mergers" to protect security holder interests without the requirement for security holder approval. Further, security holders are entitled to redeem their units in connection with the merger. Mergers of affiliated funds are also subject to the conflict of interest provisions under securities regulation, including review by the funds' independent review committees. The costs and administrative burden of having security holder approval in these circumstances are not justified in this context and should be excluded from the Amendment. (Crown Hill)	TSX believes there is validity to this concern and is considering relevant rule amendments or other alternatives for investment funds.
One comment was received suggesting that TSX is not in a position to impartially determine the corporate governance standard because TSX is a public company and acts as a regulator of listed companies. This commenter proposes the listed issuer regulatory function should operate separately with its own board of directors or with other appropriate checks and balances. (FAIR)	TSX is an active and committed participant in corporate governance in Canada. TSX seeks to implement rules and standards that are appropriate for all of the stakeholders and engages in a public comment process to assist it in achieving this goal. Further, all amendments to the Manual are approved by the Ontario Securities Commission. There are therefore a number of checks and balances on TSX to counter any real or perceived conflicts in its rulemaking function.
Some commenters requested that Subsection 611(d) simply be eliminated. (CPPIB, OTPP, PIAC)	TSX has determined to eliminate Subsection 611(d) from the Manual.

APPENDIX B
THE FINAL AMENDMENT

Sec. 611. Acquisitions

(d) [Intentionally deleted.]

13.1.2 MFDA Announces Location of Bruce Schriver Hearing

NEWS RELEASE
For immediate release

MFDA ANNOUNCES LOCATION OF BRUCE SCHRIVER HEARING

September 16, 2009 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Bruce Patrick Schriver by Notices of Hearing dated March 12, 2009 and May 19, 2009.

The hearing of this matter on its merits will take place before a Hearing Panel of the Atlantic Regional Council on October 6-8, 2009 at 10:00 a.m. (Atlantic), or as soon thereafter as the hearing can be held, in the Hearing Room located at the Delta Barrington Hotel, 1875 Barrington Street, Halifax, Nova Scotia.

The hearing is open to the public, except as may be required for the protection of confidential matters.

Copies of the Notices of Hearing are available on the MFDA website at www.mfda.ca.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 145 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Marco Wynnyckyj
Hearings Coordinator
416-945-5146 or mwynnyckyj@mfda.ca

13.1.3 MFDA Hearing Panel approves Settlement Agreement with Douglas Malech

NEWS RELEASE
For immediate release

MFDA HEARING PANEL APPROVES SETTLEMENT AGREEMENT WITH DOUGLAS MALECH

September 21, 2009 (Toronto, Ontario) – A Settlement Hearing in the matter of Douglas D. Malech (the "Respondent") was held in Edmonton, Alberta on September 18, 2009 before a Hearing Panel of the Prairie Regional Council of the Mutual Fund Dealers Association of Canada (the "MFDA").

The Hearing Panel approved the Settlement Agreement between the Respondent and MFDA Staff, as a consequence of which the Respondent:

- Paid a fine in the amount of $2,500; and
- Shall be permanently prohibited from conducting securities related business in any capacity.

The Hearing Panel will issue written reasons for its decision in due course.

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 145 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

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

13.1.4 MFDA Schedules Next Appearance in the Matter of Corner, Halladay, Hanson, Moore and Rainbird

NEWS RELEASE
For immediate release

MFDA SCHEDULES NEXT APPEARANCE
IN THE MATTER OF
CORNER, HALLADAY, HANSON,
MOORE AND RAINBIRD

September 21, 2009 (Toronto, Ontario) – The Mutual Fund Dealers Association of Canada ("MFDA") commenced a disciplinary proceeding in respect of Colin Corner, Heather D. Halladay, John J. Hanson, Richard G. Moore and James E. Rainbird (the "Respondents") by Notice of Hearing dated October 21, 2008.

An appearance by teleconference took place in this proceeding today before a three-member Hearing Panel of the MFDA's Central Regional Council.

Following submissions by the parties respecting scheduling and other procedural matters, the Hearing Panel adjourned the hearing on the merits previously scheduled for October 19-23, 2009 to a date to be set at the next appearance in this proceeding. The Hearing Panel directed that the next appearance will take place by teleconference on January 29, 2010 unless an application for leave to appeal to the Supreme Court of Canada in *The Investment Dealers Association of Canada v. Stephen Taub* ("*Taub*") has been filed and remains outstanding. If an application for leave to appeal in *Taub* has been filed and remains outstanding as of January 29, 2010, the next appearance will take place on April 1, 2010.

All appearances before the Hearing Panel shall be open to the public, except as may be required for the protection of confidential matters, will take place in the hearing room located at the offices of the MFDA at 121 King Street West, Suite 1000, Toronto, Ontario, and commence at 10:00 a.m. (Eastern), or as soon thereafter as the appearances can be held.

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

The MFDA is the self-regulatory organization for Canadian mutual fund dealers, regulating the operations, standards of practice and business conduct of its 145 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:
Marco Wynnyckyj
Hearings Coordinator
416-945-5146 or mwynnyckyj@mfda.ca

13.1.5 CDS Clearing and Depository Services Inc. (CDS®) – Technical Amendments to CDS Procedures – Finalization of rule 204 for Regulation SHO

CDS Clearing and Depository Services Inc. (CDS®)

TECHNICAL AMENDMENTS TO CDS PROCEDURES

Finalization of rule 204 for Regulation SHO

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE CDS PROCEDURE AMENDMENT

Background

On July 27 the Securities and Exchange Commission (SEC) announced the finalization rule 204 of Regulation SHO. The effective date of the final rule was July 31, 2009 and replaced the interim final temporary rule that went into effect on October 17, 2008. The changes bring the procedures in-line with the final rule.

The CDS Procedures marked for the amendments may be accessed at the CDS website at:

http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-blacklined?Open.

Description of Proposed Amendments

The final rule provides a different duration for the close out to occur for securities that are "deemed to own", as set out by the SEC. Included in the definition of deemed to own are securities that are covered by rule 144 of the Securities Act of 1933 (Securities Act), which had a specific close out period under the interim final temporary rule. The close out period for 144 issues period under the interim final temporary rule was the 36th business day after the settlement date of the trade. The close out period for deemed to own securities under the final rule is the 35th calendar day after the trade date of the trade. CDS participants will advise CDS via CDSX on-line screens when a fail is related to deemed to own issues, in the same manner that they used previously for 144 issues.

In addition, participant reports will be modified to provide them with a breakdown of the carry forward quantities to allow them to monitor whether a fail has been successfully cleared.

CDS Procedure Amendments are reviewed and approved by CDS's Strategic Development Review Committee ("SDRC"). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SRDC's membership includes representatives from the CDS Participant community and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on August 27, 2009.

B. REASONS FOR TECHNICAL CLASSIFICATION

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

C. EFFECTIVE DATE OF THE CDS PROCEDURE AMENDMENT

Pursuant to Appendix A ("Rule Protocol Regarding The Review And Approval Of CDS Rules By The OSC") of the Recognition and Designation Order, as amended on November 1, 2006, and Annexe A ("Protocole d'examen et d'approbation des Règles de Services de Dépot et de Compensation CDS Inc. par l'Autorité des marchés financiers") of AMF Decision 2006-PDG-0180, made effective on November 1, 2006, CDS has determined that the proposed amendments will become effective on a date subsequently determined by CDS, and as stipulated in the related CDS Bulletin.

D. QUESTIONS

Questions regarding this notice may be directed to:

Mike Polak
Director, Operations Support
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Telephone: 416 365-3856
Fax: 416-365-0842
e-mail: mpolak@cds.ca

13.1.6 TSX Inc. Notice – Approval of Amendments to the Rules of the Toronto Stock Exchange (Exchange) to Introduce Undisclosed and Discretionary Orders

TSX INC. NOTICE

APPROVAL OF AMENDMENTS TO THE RULES OF THE TORONTO STOCK EXCHANGE (EXCHANGE) TO INTRODUCE UNDISCLOSED AND DISCRETIONARY ORDERS

Introduction

TSX Inc. (TSX) has adopted and the Ontario Securities Commission (OSC) has approved certain amendments (Amendments) to the provisions in the Rules of the Toronto Stock Exchange (Rule Book) to allow for the introduction of certain new order types. The Amendments will not be implemented immediately by TSX. TSX will provide notice to Participating Organizations before the Amendments are implemented.

Purpose

The Amendments provide for undisclosed orders (i.e. orders that are not displayed on the Exchange) to be traded on the Exchange. The Amendments include a Mid-point Peg order which is an undisclosed order pegged to the mid-point of the national best bid or offer, as well as an Undisclosed Limit order where price and volume are not displayed. Mid-point Peg and Undisclosed Limit orders can execute against each other and against regular TSX orders. The Amendments will also enable TSX to offer an "Inside Spread Order" which is a new immediate or cancel order type that is only eligible to execute against a discretionary order. A discretionary order is also a new order type that has both a disclosed and undisclosed portion with both a disclosed limit price and an undisclosed price range. The discretionary order is eligible to execute both disclosed and undisclosed portions at its disclosed limit price against regular orders and at its undisclosed price range when interacting with Inside Spread Orders.

In addition to introducing new order definitions into Rule 1-101(2) of the Rule Book, the allocation procedures in Rule 4-801 are clarified to confirm that a displayed order will always execute prior to an undisclosed order at the same price, even if the undisclosed order was posted first. Other ancillary amendments have been made to confirm that market marker responsibilities and the MGF facility's operations apply only to displayed orders.

Public Interest Rule

The Amendments are considered to be a "public interest" rule pursuant to the Protocol for Commission Oversight of Exchange Rule Proposals between the OSC and the Exchange (Protocol). With respect to the Amendments, TSX has been granted an exemption from certain requirements in its recognition order as they pertain to the requirement in the Protocol to publish public interest rules for a 30 day comment period. TSX has represented to the OSC that the order types to be introduced as part of the Amendments are currently in use by other marketplaces and as a result no public policy function would be served by requiring TSX to submit the same undisclosed and discretionary order types for a public comment period.

Amendments

The Amendments are provided in Appendix A.

Timing

The Amendments were approved by the OSC on Tuesday, September 17, 2009. The Amendments will not be implemented immediately by TSX. TSX will provide notice to Participating Organizations before implementing the Amendments in the Rule Book.

Appendix A

RULES (AS AT ~~JANUARY 19,~~ •, 2009)	POLICIES
PART 1 – INTERPRETATION 1-101 Definitions (Amended) (1) In all Exchange Requirements, unless the subject matter or context otherwise requires: (a) defined or interpreted in section 1 of the *Securities Act* has the meaning ascribed to it in that section; (b) defined in subsection 1(2) of the Regulation has the meaning ascribed to it in that subsection; (c) defined in subsection 1.1(3) of National Instrument 14-101 Definitions has the meaning ascribed to it in that subsection; (d) defined in subsection 1.1(2) of Ontario Securities Commission Rule 14-501 has the meaning ascribed to it in that subsection; and (e) defined or interpreted in UMIR has the meaning ascribed to it in that document. **Amended (April 1, 2002)**	
(2) In all Exchange Requirements, unless the subject matter or context otherwise requires: ***** "Discretionary Order" means a limit order with both a disclosed portion and an undisclosed portion where the undisclosed portion has a price that is not displayed and is more aggressive than the price on the order's disclosed portion. The undisclosed portion of a Discretionary Order will execute only against an Inside Spread Order. The disclosed portion of a Discretionary Order is eligible to execute against an Inside Spread Order as well as all other orders. **Added (•, 2009)** ***** "Inside Spread Order" means an Undisclosed Order that is constrained to execute inside the Canadian Best Bid Offer. An Inside Spread Order will execute only against a Discretionary Order. **Added (•, 2009)** ***** "Undisclosed Order" means an order that is not displayed on the Exchange. **Added (•, 2009)** *****	

RULES (AS AT ~~JANUARY 19,~~ • 2009)	POLICIES
4-604 Responsibilities of Market Makers (Amended) Market Makers shall trade on behalf of their own accounts to a reasonable degree under existing circumstances, particularly when there is a lack of price continuity and lack of depth in the market or a temporary disparity between supply and demand and in each of their securities of responsibility shall: (a) contribute to market liquidity and depth, and moderate price volatility; (b) maintain a continuous two-sided market within the spread goal for the security agreed upon with the Exchange; (c) maintain a market for the security on the Exchange that is competitive with the market for the security on the other exchanges on which it trades; (d) perform their duties in a manner that serves to uphold the integrity and reputation of the Exchange; (e) in the case of a Market Maker Firm, arrange for a back-up Responsible Designated Trader for each security assignment, and in the case of a Market Maker that is an Approved Trader, arrange for a back-up Market Maker, who in their absence, will carry out the responsibilities set out in this Rule; (f) guarantee fills for odd lot and mixed lot orders at the current board lot quotation; (g) maintain the size of the Minimum Guaranteed Fill requirements agreed upon with the Exchange; (h) comply with the Minimum Guaranteed Fill requirements agreed upon with the Exchange, which include guaranteeing an automatic and immediate “one price” execution of disclosed MGF – eligible orders; (i) be responsible for managing the opening of their securities of responsibility in accordance with Exchange Requirements and, if necessary, for opening those securities or, if appropriate, requesting that a Market Surveillance Official delay the opening; (j) assume responsibility for certain additional listed securities in accordance with applicable Exchange Requirements; (k) assist Participating Organizations in executing orders; and	

RULES (AS AT ~~JANUARY 19,~~ •, 2009)	POLICIES
(l) assist the Exchange by providing information regarding recent trading activity and interest in their securities of responsibility. **Amended (July 23, 2004•, 2009)** *****	
DIVISION 8 – POST OPENING **4-801 "Establishing Priority"** (1) A disclosed order shall be executed prior to an Undisclosed Order or any undisclosed portion of an order at the same price. ~~(2)~~ ~~(1)~~ Subject to Rule 4-801(1) and Rule 4-802, an order at a particular price shall be executed prior to any orders at that price entered subsequently, and after all orders entered previously ("time priority"), except as may be provided otherwise. ~~(2) An undisclosed portion of an order does not have time priority until it is disclosed, unless there is no other disclosed order at that price.~~ (3) An order shall lose time priority if its disclosed volume is increased and shall rank behind all other disclosed orders at that price. **Amended (•, 2009)**	
4-802 Allocation of Trades (Amended) (1) An order that is entered for execution on the Exchange may execute without interference from any order in the Book if the order is: (a) part of an internal cross; (b) an unattributed order that is part of an intentional cross; (c) part of an intentional cross entered by a Participating Organization in order to fill a client's Special Trading Session order; (d) part of an exempt related security cross, provided that the order is exempt from interference only to the extent that there are no offsetting orders entered in the Book, at least one of which is an order entered by the same Participating Organization, which can fill both the client's order for the particular security, in whole or in part, and an equivalent volume of the client's order for the related security. Orders in the Book will only be considered to be offsetting orders if the related security spread on execution of the clients' orders against orders in the Book is equal to or more	**4-802 Allocation of Trades** (1) MGF Facility The MGF facility provides an automatic and immediate "one price" execution of Participating Organizations' disclosed client market orders and disclosed client tradeable limit orders of up to the MGF in the security at the current displayed market price. (a) Obligations Market Makers shall buy or sell the balance of an incoming MGF-eligible disclosed order at the current market price when there are not sufficient committed orders to fill the incoming order at that price. Market Makers shall also purchase or sell to any imbalance of MGF-eligible disclosed orders on the opening that cannot be filled by orders in the Book. (b) Size of MGF The minimum size of MGF is calculated as one share less than two board lots. For example, for securities with a board lot size of 100 securities, the minimum is 199 securities. This minimum is acceptable for Tier A securities and Tier B securities. The calculated minimum MGF may; however, be set at a size

RULES (AS AT ~~JANUARY 19,~~• 2009)	POLICIES
beneficial than the related security spread offered by the Participating Organization for the contingent cross arrangement; (e) entered as part of a Specialty Price Cross; or (f) part of a Designated Trade. (2) Subject to subsection (1), an intentional cross executed on the Exchange will be subject to interference from orders in the Book from the same Participating Organization according to time priority, provided that such orders in the Book are attributed orders. (3) A tradeable order that is entered in the Book and is not a Bypass Order shall be executed on allocation in the following sequence: (a) to offsetting orders entered in the Book by the Participating Organization that entered the tradeable order according to the time of entry of the offsetting order in the Book, provided that neither the tradeable order nor the offsetting order is an unattributed order; then (b) to offsetting orders in the Book according to the time of entry of the offsetting order in the Book; then (c) to the Market Maker if the tradeable order is disclosed and is eligible for a Minimum Guaranteed Fill. (4) A tradeable order that is entered in the Book and is a Bypass Order shall execute against the disclosed portion of offsetting orders in the Book according to the price/time priority established in Rule 4-801. **Amended (January 19, 2009)**	that is higher than the minimum. For example, the minimum size of the MGF for Tier A securities is usually greater than 599 shares (for securities with a 100 share board lot). (2) Market Maker Participation At the option of the Market Maker, the Market Maker may participate in any disclosed immediately tradeable orders (including non-client orders) that are equal to or less than the size of the Market Maker's MGF for the security. The Market Maker may participate for 40% of the MGF order at the bid price, the ask price, or both. While the Market Maker is participating, all disclosed client orders that are equal to or less in size than the MGF for the security, including those marked "BK", shall be guaranteed a fill. If the Market Maker is not participating, only disclosed MGF-eligible orders shall be guaranteed a fill. (3) Use of MGF by US Dealers Orders on behalf of American securities dealers ("U.S. dealers") to buy or sell listed securities that are interlisted with NASDAQ are not eligible for entry into the MGF system. The orders (if they would otherwise be MGF-eligible) must be marked "BK" in order to avoid triggering the responsible Market Maker's MGF obligation. This Policy applies even if the U.S. dealer is paying a commission. Orders on behalf of clients of U.S. dealers are eligible for entry into the system. Participating Organizations accepting an order from a U.S. dealer must ascertain whether the order is on behalf of a client. If the Participating Organization is unable to determine the status of the order, the order is to be treated as ineligible for entry into the MGF system. Orders on behalf of U.S. dealers that are facilitating a trade for a client of that dealer are not eligible for entry into the MGF system and must be marked "BK". **Amended (July 23, 2004)•, 2009)**

Chapter 25

Other Information

25.1 Approvals

25.1.1 Artemis Investment Management Limited – s. 213(3)(b) of the LTCA

Headnote:

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

Statutes Cited:

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

September 11, 2009

Borden Ladner Gervais, LLP
Scotia Plaza, 40 King Street West
Toronto, Ontario M5H 3Y4

Attention: Sarah K. Gardiner

Dear Sirs/Mesdames:

RE: Artemis Investment Management Limited (previously named Alpha Scout Management Inc.) (the "Applicant")
Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) for approval to act as trustee
Application No. 2008/0496

Further to your application dated July 21, 2008 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application, and the representation by the Applicant that the assets of Alpha Scout RSP Fund and such other mutual fund trusts established and managed by the Applicant and the future mutual fund trusts managed by the Applicant from time to time will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction or a bank listed in Schedule I, II or III of the *Bank Act* (Canada) or an affiliate of such bank or trust company, the Ontario Securities Commission (the "Commission") makes the following order:

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

Yours truly,

"James Turner"

"Mary G. Condon"

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