The Ontario Securities Commission

OSC Bulletin

April 23, 2010

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

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1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

APRIL 26, 2010

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

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David L. Knight, FCA	—	DLK
Patrick J. LeSage	—	PJL
Carol S. Perry	—	CSP
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

April 26-30, 2010	**M P Global Financial Ltd., and Joe Feng Deng**
10:00 a.m.	s. 127(1)
	M. Britton in attendance for Staff
	Panel: DLK/MCH
April 26, 2010	**Agoracom Investor Relations Corp., Agora International Enterprises**
10:00 a.m.	**Corp., George Tsiolis and Apostolis Kondakos (a.k.a. Paul Kondakos)**
	s. 127
	T. Center in attendance for Staff
	Panel: JEAT
April 26, 2010	**Chartcandle Investments Corporation, CCI Financial, LLC,**
11:30 a.m.	**Chartcandle Inc., PSST Global Corporation, Stephen Michael Chesnowitz and Charles Pauly**
	s. 127 and 127.1
	S. Horgan in attendance for Staff
	Panel: JEAT
April 28-29, 2010	**Gold-Quest International, 1725587 Ontario Inc. carrying**
10:00 a.m.	**on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale**
	s. 127
	H. Craig in attendance for Staff
	Panel: JEAT/SA

May 13, 2010 10:00 a.m.	**Carlton Ivanhoe Lewis, Mark Anthony Scott, Sedwick Hill, Leverage Pro Inc., Prosporex Investment Club Inc., Prosporex Investments Inc., Prosporex Ltd., Prosporex Inc., Prosporex Forex SPV Trust, Networth Financial Group Inc., and Networth Marketing Solutions** s. 127 and 127.1 H. Daley in attendance for Staff Panel: CSP
May 13, 2010 10:00 a.m.	**Wilton J. Neale, Multiple Streams of Income (MSI) Inc., and 360 Degree Financial Services Inc.** s. 127 and 127.1 H. Daley in attendance for Staff Panel: CSP
May 13, 2010 10:00 a.m.	**Albert Leslie James, Ezra Douse and Dominion Investments Club Inc.** s. 127 and 127.1 H. Daley in attendance for Staff Panel: CSP
May 31 – June 4, 2010 10:00 a.m.	**Lyndz Pharmaceuticals Inc., James Marketing Ltd., Michael Eatch and Rickey McKenzie** s. 127(1) and (5) J. Feasby in attendance for Staff Panel: TBA
June 3, 2010 10:00 a.m.	**Richvale Resource Corp., Marvin Winick, Howard Blumenfeld, Pasquale Schiavone, and Shafi Khan** s. 127(7) and 127(8) H. Craig in attendance for Staff Panel: DLK
June 4, 2010 10:00 a.m.	**Franklin Danny White, Naveed Ahmad Qureshi, WNBC The World Network Business Club Ltd., MMCL Mind Management Consulting, Capital Reserve Financial Group, and Capital Investments of America** s. 127 C. Price in attendance for Staff Panel: PJL/CSP
June 10, 2010 2:00 p.m.	**Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York** s. 127 H. Craig in attendance for Staff Panel: TBA
June 10, 2010 2:00 p.m.	**York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale** s. 127 H. Craig in attendance for Staff Panel: TBA
June 14, 2010 10:00 a.m.	**Christina Harper, Howard Rash, Michael Schaumer, Elliot Feder, Vadim Tsatskin, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Schiff** s. 127 H. Craig in attendance for Staff Panel: TBA

June 15, 2010 2:00 p.m.	**Paladin Capital Markets Inc., John David Culp and Claudio Fernando Maya** s. 127 C. Price in attendance for Staff Panel: CSP
June 21, 2010 10:00 a.m.	**Rezwealth Financial Services Inc., Pamela Ramoutar, Chris Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc. and Sylvan Blackett** s. 127(1) and (5) A. Heydon in attendance for Staff Panel: JEAT
June 28, 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
June 29, 2010 10:00 a.m.	**Oversea Chinese Fund Limited Partnership, Weizhen Tang and Associates Inc., Weizhen Tang Corp., and Weizhen Tang** s. 127 and 127.1 M. Britton in attendance for Staff Panel: TBA
June 30, 2010 9:30 a.m.	**Abel Da Silva** s. 127 M. Boswell in attendance for Staff Panel: TBA
July 9, 2010 10:00 a.m.	**Hillcorp International Services, Hillcorp Wealth Management, Suncorp Holdings, 1621852 Ontario Limited, Steven John Hill, Daryl Renneberg and Danny De Melo** s. 127 A. Clark in attendance for Staff Panel: CSP
July 9, 2010 11:30 a.m.	**Global Energy Group, Ltd. And New Gold Limited Partnerships** s. 127 H. Craig in attendance for Staff Panel: CSP
August 13, 2010 10:00 a.m.	**Axcess Automation LLC, Axcess Fund Management, LLC, Axcess Fund, L.P., Gordon Alan Driver and David Rutledge, Steven M. Taylor and International Communication Strategies** s. 127 Y. Chisholm in attendance for Staff Panel: CSP
September 13, 2010 9:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 H. Craig in attendance for Staff Panel: JEAT

September 13-24, 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
September 13-24, 2010 and October 4-19, 2010 10:00 a.m.	**Sulja Bros. Building Supplies, Ltd., Petar Vucicevich, Kore International Management Inc., Andrew Devries, Steven Sulja, Pranab Shah, Tracey Banumas and Sam Sulja** s. 127 and 127.1 J. Feasby in attendance for Staff Panel: TBA
October 13, 2010 10:00 a.m.	**Ameron Oil and Gas Ltd. and MX-IV, Ltd.** s. 127 M. Boswell in attendance for Staff Panel: MGC
October 18 – November 5, 2010 10:00 a.m.	**Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjiaints Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group** s. 127 and 127.1 H. Craig in attendance for Staff Panel: TBA
March 7, 2011 10:00 a.m.	**Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton** s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	**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

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

C. Price in attendance for Staff

Panel: TBA

TBA

MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric

s. 127 and 127(1)

D. Ferris in attendance for Staff

Panel: TBA

TBA

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: TBA

TBA

Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan

s. 127

H. Craig in attendance for Staff

Panel: TBA

TBA

Goldpoint Resources Corporation, Lino Novielli, Brian Moloney, Evanna Tomeli, Robert Black, Richard Wylie and Jack Anderson

s. 127(1) and 127(5)

M. Boswell in attendance for Staff

Panel: TBA

TBA

Coventree Inc., Geoffrey Cornish and Dean Tai

s. 127

J. Waechter in attendance for Staff

Panel: TBA

TBA

IBK Capital Corp. and William F. White

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA

Lehman Cohort Global Group Inc., Anton Schnedl, Richard Unzer, Alexander Grundmann and Henry Hehlsinger

s. 127

H. Craig in attendance for Staff

Panel: JEAT/CSP/SA

TBA

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

s. 127

C. Johnson in attendance for Staff

Panel: TBA

TBA

Maple Leaf Investment Fund Corp., Joe Henry Chau (aka: Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow), Tulsiani Investments Inc., Sunil Tulsiani and Ravinder Tulsiani

s. 127

M. Vaillancourt/T. Center in attendance for Staff

Panel: TBA

TBA

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

TBA

Nest Acquisitions and Mergers, IMG International Inc., Caroline Myriam Frayssignes, David Pelcowitz, Michael Smith, and Robert Patrick Zuk

s. 37, 127 and 127.1

C. Price in attendance for Staff

Panel: TBA

TBA

Chartcandle Investments Corporation, CCI Financial, LLC, Chartcandle Inc., PSST Global Corporation, Stephen Michael Chesnowitz and Charles Pauly

s. 127 and 127.1

S. Horgan in attendance for Staff

Panel: TBA

TBA

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

s. 127

M. Britton/J.Feasby in attendance for Staff

Panel: JDC/KJK

TBA

Anthony Ianno and Saverio Manzo

s. 127 and 127.1

A. Clark in attendance for Staff

Panel: CSP

TBA.

Shane Suman and Monie Rahman

s. 127 and 127(1)

C. Price in attendance for Staff

Panel: JEAT/PLK

TBA

Robert Joseph Vanier (a.k.a. Carl Joseph Gagnon)

s. 127

S. Horgan in attendance for Staff

Panel: JEAT/PLK

TBA

Sextant Capital Management Inc., Sextant Capital GP Inc., Sextant Strategic Opportunities Hedge Fund L.P., Otto Spork, Robert Levack and Natalie Spork

s. 127

T. Center in attendance for Staff

Panel: TBA

TBA **Peter Robinson and Platinum International Investments Inc.**

s. 127

M. Boswell in attendance for Staff

Panel: TBA

TBA **Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan**

s. 127

M. Boswell in attendance for Staff

Panel: TBA

TBA **Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt**

s. 127

M. Boswell in attendance for Staff

Panel: TBA

TBA **Maple Leaf Investment Fund Corp., Joe Henry Chau (aka: Henry Joe Chau, Shung Kai Chow and Henry Shung Kai Chow),**

s. 127

M. Vaillancourt/T. Center in attendance for Staff

Panel: TBA

TBA **Tulsiani Investments Inc. and Sunil Tulsiani**

s. 127

M. Vaillancourt/T. Center in attendance for Staff

Panel: TBA

TBA **QuantFX Asset Management Inc., Vadim Tsatskin, Lucien Shtromvaser and Rostislav Zemlinsky**

s. 127

H. Craig 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

Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boultbee and Peter Y. Atkinson

1.1.2 Notice of Ministerial Approval of NI 55-104 Insider Reporting Requirements and Exemptions and Consequential Amendments to Related Instruments and Repeal Instruments for Certain Predecessor Instruments

NOTICE OF MINISTERIAL APPROVAL OF
NATIONAL INSTRUMENT 55-104 *INSIDER REPORTING REQUIREMENTS AND EXEMPTIONS*
AND
CONSEQUENTIAL AMENDMENTS TO CERTAIN RELATED INSTRUMENTS
AND
REPEAL INSTRUMENTS FOR CERTAIN PREDECESSOR INSTRUMENTS

Ministerial Approval of certain Rules

On March 18, 2010, the Minister of Finance approved, pursuant to section 143.3 of the *Securities Act* (Ontario) (the Act), National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (NI 55-104).

Also on that date, the Minister of Finance approved, pursuant to section 143.3 of the Act, related consequential amendments (the Consequential Amendments) to

- National Instrument 14-101 *Definitions*; and
- National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*.[1]

Also on that date, the Minister of Finance approved, pursuant to section 143.3 of the Act, repeal instruments (the Repeal Instruments) for

- National Instrument 55-101 *Insider Reporting Exemptions*; and
- Multilateral Instrument 55-103 *Insider Reporting for Certain Derivative Transactions (Equity Monetization)*.

NI 55-104, the Consequential Amendments and the Repeal Instruments come into force on **April 30, 2010**. These Instruments were previously published in the Bulletin on January 22, 2010 and are published in Chapter 5 of this Bulletin.

Commission Approval of related Policy

In connection with this initiative, the Ontario Securities Commission (the Commission) has adopted, pursuant to section 143.8 of the Act, Companion Policy 55-104CP *Insider Reporting Requirements and Exemptions* (the Policy or 55-104CP). The Policy also comes into force on **April 30, 2010**. Also on this date, the following predecessor policies are rescinded:

- Companion Policy 55-101CP *to National Instrument 55-101 Insider Reporting Exemptions* (55-101CP); and
- Companion Policy 55-103CP *to Multilateral Instrument 55-103 Insider Reporting for Certain Derivative Transactions (Equity Monetization)* (55-103CP).

Proclamation of certain related Act Amendments

In connection with the implementation of NI 55-104, subsection 1(8) and sections 9 and 10 of Schedule Z.5 to *Bill 151, Budget Measures Act, 2006 (No. 2)* have been proclaimed in force, effective **April 30, 2010**. These amendments will result in the following:

- The repeal of subsection 1(8) of the Act;
- The repeal of subsection 1(9) of the Act;
- The amendment to clause 106(2)(a) of the Act described in the Schedule;
- The amendment to clause 106(2)(b) of the Act described in the Schedule;
- The repeal of clause 106(2)(c) of the Act;

[1] Also on that date, following discussions among Ministry staff and Commission staff, the Minister rejected a rule that purported to amend Multilateral Instrument 11-102 *Passport System* (MI 11-102). This rule had been made and delivered to the Minister in error, and is not necessary as MI 11-102 has not been adopted in Ontario.

- The repeal of section 107 of the Act and the substitution of the new section 107 as described in the Schedule; and

- The repeal of section 108 of the Act.

Consequential amendments to Ontario Regulation 1015

Also in connection with this initiative, the Commission has made a regulation (the Regulation), pursuant to subsection 143(3) of the Act, that revokes, subject to the approval of the Minister, sections 166, 167, 170 and 171 of Regulation 1015 of the Revised Regulations of Ontario, 1990.

The Commission made this Regulation since similar provisions are now contained in NI 55-104.

Description of Provision	Ont. Reg. 1015	New Provision in NI 55-104
Exemption based on no holdings	s. 166	s. 9.4
Report of transfer by insider	s. 167	n/a
Reporting exemption (corporate group)	s. 170	s. 9.5
Executor exemption	s. 171	s. 9.6

Subject to Ministerial approval, the Regulation comes into force on the later of (a) the day the Regulation is filed; and (b) the day that NI 55-104 comes into force.

On March 18, 2010, the Minister approved the Regulation. The Regulation was filed with the Registrar on April 19, 2010. Accordingly, the Regulation comes into force on **April 30, 2010.**

Publication of related CSA staff notices

The Staff of the Commission expect to publish in the Bulletin and post on the Commission website the following Canadian Securities Administrators (CSA) staff notice on or before April 30, 2010:

- CSA Staff Notice 55-315 *Frequently Asked Questions (FAQs) about National Instrument 55-104 Insider Reporting Requirements and Exemptions (NI 55-104)*.

The following CSA Staff Notice is withdrawn, effective April 30, 2010:

- CSA Staff Notice 55-314 *Use of the terms "senior officer", "officer", and "insider" in National Instrument 55-101 Insider Reporting Exemptions*

In May, CSA staff expect to publish the following:

- CSA Staff Notice 55-316 *Questions and Answers on Insider Reporting and the System for Electronic Disclosure by Insiders (SEDI)*, which will replace CSA Staff Notice 55-308 *Questions on Insider Reporting* and CSA Staff Notice 55-310 *Questions and Answers on the System for Electronic Disclosure by Insiders (SEDI)*; and

- Revised CSA Staff Notice 55-312 *Insider reporting guidelines for certain derivatives transactions (equity monetization)*.

April 23, 2010

1.1.3 Notice of Exchange of Letters between certain provincial securities regulators and the China Banking Regulatory Commission concerning regulatory cooperation related to the overseas wealth management business of Chinese commercial banks on behalf of their clients

In December 2009, the Ontario Securities Commission, certain other provincial securities regulators, and the China Banking Regulatory Commission (CBRC) entered into a letter arrangement concerning regulatory cooperation related to the overseas wealth management business of Chinese commercial banks on behalf of their clients (Letter Arrangement).

The Letter Arrangement is subject to the approval of the Minister of Finance. The Letter Arrangement was delivered to the Minister on April 20, 2010. Subject to the Minister's approval, the Letter Arrangement will take effect on June 22, 2010.

The Letter Arrangement was entered into with the CBRC in connection with China's Qualified Domestic Institutional Investor (QDII) program. The QDII program allows approved institutional investors in China to invest funds pooled from their mainland clients in approved overseas financial markets. The Letter Arrangement establishes a framework for regulatory cooperation with the CBRC in connection with overseas wealth management business involving registered Canadian firms and recognized markets.

Questions may be referred to:

Jean-Paul Bureaud
Assistant Manager
Office of Domestic and International Affairs
Tel: 416-593-8131
E-mail: jbureaud@osc.gov.on.ca

April 23, 2010

December 23, 2009

The Honourable Chairman Liu Mingkang
China Banking Regulatory Commission
Jia 15 Financial Street
Xicheng District, Beijing
China 100140

Subject: Exchange of Letters concerning regulatory cooperation related to the overseas wealth management business of Chinese commercial banks on behalf of their clients

Dear Chairman Liu:

The undersigned members of the Canadian Securities Administrators ("CSA") understand that in conducting overseas wealth management business on behalf of their clients Chinese commercial banks may:

i) Invest in fixed-income products on the Canadian market;

ii) Invest in securities of a collective investment scheme/mutual fund issued under prospectuses filed with a regulator which is a member of the CSA (each a "Regulator" or collectively "the Regulators") under the securities laws in force in Canada listed in Schedule I hereto;

iii) Invest in equities listed on Canadian stock markets and choose to engage the services of asset management companies or securities brokers licensed by or registered with a Regulator; or

iv) Invest in other financial products on the Canadian market.

The activities described above are referred to as "overseas wealth management business."

The China Banking Regulatory Commission (CBRC) and each Regulator which is or becomes a signatory to the present letter (each a "Participating Regulator" or collectively "the Participating Regulators"), agree to collaborate together in accordance with the terms of this letter. Schedule II attached provides a list of contacts for the CBRC and the Participating Regulators.

In order to increase mutual understanding and the exchange of information between the Participating Regulators and the CBRC, the Participating Regulators would like to establish a channel for regulatory cooperation with the CBRC in connection with overseas wealth management business involving registered Canadian firms and recognized markets, to the extent permitted by the laws, regulations and practices of the jurisdictions of the Participating Regulators and the People's Republic of China through an exchange of letters ("Exchange of Letters").

Detail Arrangements

The Participating Regulators or the CBRC may have the following material regulatory concerns relating to the overseas wealth management business operations of Chinese banks that are clients of CSA-regulated entities (the Chinese banks and CSA-regulated entities are collectively referred as "the relevant entities"):

a) whether the operations of the relevant entities are failing to be conducted in compliance with applicable rules and regulations;

b) whether a relevant entity has materially violated the law; or

c) whether events have occurred that could have a significant material adverse effect on the finances of the relevant entities.

The Participating Regulators and the CBRC will seek publicly-available information regarding material regulatory concerns involving each other's relevant entities. As needed, the Participating Regulators and the CBRC will assist each other in locating this information.

If a Participating Regulator or the CBRC has material regulatory concerns about relevant entities under one another's supervision in connection with overseas wealth management business, such Participating Regulator or the CBRC may notify each other and will endeavour to cooperate with each other, as appropriate.

If remedial action is called for to deal with regulatory concerns at any of the relevant entities in connection with the overseas wealth management business that is material and of relevance to both the Participating Regulators and the CBRC, the Participating Regulators or the CBRC will endeavour to cooperate with each other as appropriate. If prior cooperation is not possible, the Participating Regulators or the CBRC will notify each other as soon as practicable.

Representatives of the Participating Regulators and the CBRC may meet periodically to discuss general supervisory developments and issues concerning relevant entities. In the event of either a Participating Regulator or the CBRC planning to visit any of their respective relevant entity in the other jurisdiction in connection with overseas wealth management business, they will endeavour to notify each other of such plans and to discuss findings that emerge from such visit, as appropriate.

As noted above, the cooperation contemplated in this Exchange of Letters is subject to the laws, regulations, and practices of the jurisdictions of the Participating Regulators and the People's Republic of China.

Cooperation, exchange of information and assistance between the Participating Regulators and the CBRC pursuant to this Exchange of Letters is intended to take place on a reciprocal basis. This Exchange of Letters is a statement of intent and does not create any legally binding obligations or supersede any domestic laws.

It is understood that if any other member of the CSA wishes to become a participant to this Exchange of Letters, it shall be allowed to do so at any time by executing a counterpart of this letter, with the relevant information to be added in Schedules I and II hereto, and providing notice to the CBRC and all other Participating Regulators. Such Regulator shall become a Participating Regulator in accordance with the terms hereof upon the CBRC issuing a letter of consent, with a copy to the other Participating Regulators.

Any Participating Regulator or the CBRC may terminate its participation in this Exchange of Letters by giving thirty days' written notice to all other parties. However, should this occur, this Exchange of Letters shall remain valid for the remaining parties and information obtained by any party will continue to be treated confidentially in the manner contemplated herein.

This Exchange of Letters will be effective after it is signed by the Participating Regulators and the CBRC and, in the case of Ontario, on a date determined in accordance with applicable legislation.

The execution of this Exchange of Letters by the CBRC shall act as confirmation of its intent to allow Chinese commercial banks to conduct overseas wealth management business on behalf of their clients in the jurisdictions of the Participating Regulators.

This Exchange of Letters can only be amended by mutual agreement in writing. Except as may be required by law, the Participating Regulators and the CBRC will not publish this Exchange of Letters.

We look forward to working with the CBRC.

Sincerely,

British Columbia Securities Commission

By: "Brenda M. Leong"
Brenda M. Leong, Chair

Ontario Securities Commission

By: "W. David Wilson"
W. David Wilson, Chair

Alberta Securities Commission

By: "William S. Rice"
William S. Rice, Chair

New Brunswick Securities Commission

By: "David G. Barry"
David G. Barry, Chair

Manitoba Securities Commission

By: "Don Murray"
Don Murray, Chair

Nova Scotia Securities Commission

By: "H. Leslie O'Brien"
H. Leslie O'Brien, Chair

Saskatchewan Financial Services Commission

By: "Dave Wild"
Dave Wild, Chair

Autorité des marchés financiers

By: "Jean St-Gelais"
Jean St-Gelais, Chair

Secrétariat aux affaires intergouvernementales canadiennes, gouvernement du Québec

By: "Camille Horth"
Camille Horth

Schedule I – Applicable Canadian Securities Laws for Participating Regulators

Schedule II – List of Contact Persons

SCHEDULE I – CANADIAN SECURITIES LAWS

PROVINCE / TERRITORY	LAWS
British Columbia	Securities Act, R.S.B.C. 1996, chapter 418
Alberta	Securities Act (Alberta), R.S.A. 2000 c. S-4
Saskatchewan	The Securities Act, 1988, SS 1988-89, chapter S-42.2
Manitoba	The Securities Act (Manitoba), RSM 1988, chapter S50
Ontario	Securities Act, RSO 1990, chapter S.5
Québec	Securities Act, R.S.Q. chapter V-1.1
New-Brunswick	Securities Act, Chapter S-5.5 SNB 2004
Nova Scotia	Securities Act (Nova Scotia), chapter 418 of the revised Statutes 1989

SCHEDULE II – LIST OF CONTACT PERSONS

REGULATOR	CONTACT PERSONS
China Banking Regulatory Commission	Li Fuan Director General Supervisory Cooperation Department for Banking Innovation Jia 15 Financial Street, Xicheng District, Beijing, China 100140 Tel: (86) 10-6627 9122 Fax: (86) 10-6629 9350 Email: lifuan@cbrc.gov.cn Huang Wei Head of Investor Education and Wealth Management Supervision Office Supervisory Cooperation Department for Banking Innovation Jia 15 Financial Street, Xicheng District, Beijing, China 100140 Tel: (86) 10-6627 9127 Fax: (86) 10-6629 9353 Email: huangwei_d@cbrc.gov.cn
Alberta Securities Commission	William S. Rice Chair Alberta Securities Commission 4th Floor, Stock Exchange Tower 300 – 5 Avenue SW Calgary, Alberta T2P 3C7 Canada (403) 297-4280 bill.rice@asc.ca
British Columbia Securities Commission	Brenda M. Leong Chair British Columbia Securities Commission PO Box 10142, Pacific Centre 701 West Georgia Street Vancouver, BC V7Y 1L2 Phone: (604) 899-6647 Fax: (604) 899-6506 bleong@bcsc.bc.ca

REGULATOR	CONTACT PERSONS
New Brunswick Securities Commission	Rick Hancox Executive Director New Brunswick Securities Commission 85 Charlotte Street, Suite 300 Saint John, New Brunswick E2L 2J2 Canada (506) 658-3119 rick.hancox@nbsc-cvmnb.ca
Nova Scotia Securities Commission	Scott Peacock Director of Compliance Nova Scotia Securities Commission CIBC Building Ste. 501, 1809 Barrington St. Halifax, Nova Scotia B3J 3K8 Canada (902) 424-6179 peacocrs@gov.ns.ca
Manitoba Securities Commission	Don Murray Chair Manitoba Securities Commission 500-400 St. Mary Avenue Winnipeg, Manitoba R3C 4K5 Canada (204) 945-2551 Don.Murray@gov.mb.ca
Saskatchewan Financial Services Commission	Dave Wild Chair Saskatchewan Financial Services Commission 601 – 1919 Saskatchewan Drive Regina, Saskatchewan S4P 4H2 Canada (306) 787-5630 dave.wild@gov.sk.ca
Ontario Securities Commission	Tula Alexopoulos Director, Office of Domestic and International Affairs Ontario Securities Commission 20 Queen Street West, Suite 1903 Toronto, Ontario M5H 3S8 Canada (416) 593-8084 talexopoulos@osc.gov.on.ca

REGULATOR	CONTACT PERSONS
Autorité des marchés financiers	Nathalie Drouin Executive Director, Enforcement and Legal Affairs Autorité des marchés financiers 2640, Laurier Blvd, 3rd floor Québec (Québec) G1V 5C1 Canada (418) 525-0337 ext. 2501 nathalie.drouin@lautorite.qc.ca

Schedule III------IDENTIFICATION OF SIGNATORIES

Regulator	Signatory
Alberta Securities Commission	William S. (Bill) Rice Chair
British Columbia Securities Commission	Brenda M. Leong Chair
New Brunswick Securities Commission	David Barry Chair and Chief Executive Officer
Nova Scotia Securities Commission	H. Leslie O'Brien Chair
Manitoba Securities Commission	Don Murray Chair
Saskatchewan Financial Services Commission	Dave Wild Chair
Ontario Securities Commission	W. David Wilson Chair
Autorité des marchés financiers	Jean St-Gelais Président-Directeur Général
Gouvernement du Québec Secrétariat aux affaires intergouvernementales canadiennes	Camille Horth Secrétaire général associé

1.2 Notices of Hearing

1.2.1 Hillcorp International Services 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
HILLCORP INTERNATIONAL SERVICES,
HILLCORP WEALTH MANAGEMENT,
SUNCORP HOLDINGS, 1621852 ONTARIO LIMITED,
STEVEN JOHN HILL, DARYL RENNEBERG AND
DANNY DE MELO

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario commencing on Thursday April 22, 2010 at 10:00 am or as soon thereafter as the hearing can be held.

AND TAKE NOTICE that the purpose of the hearing is to consider whether it is in the public interest for the Commission, at the conclusion of the hearing, to approve the settlement agreement entered into between Staff of the Commission and Daryl Renneberg;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel at the hearing.

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

DATED at Toronto this 20th day of April, 2010.

"John Stevenson"
Secretary to the Commission

1.3 News Releases

1.3.1 Canadian Regulators Seek Comment on Proposed Changes to National Mining Rule

FOR IMMEDIATE RELEASE
April 23, 2010

CANADIAN REGULATORS SEEK COMMENT
ON PROPOSED CHANGES TO
NATIONAL MINING RULE

Vancouver – The Canadian Securities Administrators (CSA) today published proposals to update the rules that govern disclosure by mining companies.

The CSA is seeking comment by July 23, 2010 on its proposal to repeal and replace National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, Form 43-101F1 Technical Report, and Companion Policy 43-101CP. The CSA is specifically seeking comment on whether to keep, modify or eliminate the short form prospectus trigger for technical reports. Anyone interested in providing feedback will find full information about the proposed amendments, the discussion issues, and how to submit comments in the Notice and Request for Comment released today.

"We have received a great deal of feedback from market participants on the challenges the current mining disclosure rules pose to their operations," said Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec). "The proposed changes reflect our analysis of the results of these consultations and the experience of our mining professionals with the existing rule. We believe the proposed changes will provide cost savings and efficiencies to mining companies without compromising investor protection."

These are the first proposed major changes to NI 43-101 since it went into effect in 2001.

The proposed amendments to NI 43-101 aim, among other things, to increase flexibility in some areas and eliminate or reduce the scope of certain requirements while maintaining investor protection.

Copies of the proposed rule amendments and additional background information are available on the websites of CSA members.

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

For more information:

Robert Merrick
Ontario Securities Commission
416-593-2315

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

Mark Dickey
Alberta Securities Commission
403-297-4481

Brenda Lea Brown
British Columbia Securities Commission
604-899-6554

Ainsley Cunningham
Manitoba Securities Commission
204-945-4733

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

Natalie MacLellan
Nova Scotia Securities Commission
902-424-8586

Barbara Shourounis
Saskatchewan Financial Services Commission
306-787-5842

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

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

Fred Pretorius
Yukon Securities Registry
867-667-5225

Louis Arki
Nunavut Securities Office
867-975-6587

1.4 Notices from the Office of the Secretary

1.4.1 Axcess Automation LLC et al.

FOR IMMEDIATE RELEASE
April 15, 2010

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

AND

IN THE MATTER OF
AXCESS AUTOMATION LLC,
AXCESS FUND MANAGEMENT, LLC,
AXCESS FUND, L.P., GORDON ALAN DRIVER,
DAVID RUTLEDGE, STEVEN M. TAYLOR AND
INTERNATIONAL COMMUNICATION STRATEGIES

TORONTO – The Commission issued an Order which provides that the October 14, 2009 order is continued until August 16, 2010 or until further order of the Commission and this matter shall return before the Commission on August 13, 2010 at 10:00 a.m. or such other time as set by the Secretary's Office.

A copy of the Order dated April 13, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

Wendy Dey
Director, Communications & Public Affairs
416-593-8120

Theresa Ebden
Senior Communications Specialist
416-593-8307

Robert Merrick
Senior Communications Specialist
416-593-2315

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.2 Norshield Asset Management (Canada) Ltd. et al.

FOR IMMEDIATE RELEASE
April 16, 2010

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

AND

IN THE MATTER OF
NORSHIELD ASSET MANAGEMENT (CANADA)
LTD., OLYMPUS UNITED GROUP INC.,
JOHN XANTHOUDAKIS, DALE SMITH AND
PETER KEFALAS

TORONTO – Following the release of the Panel's Reasons and Decision on March 8, 2010 on the hearing on the merits, a sanctions hearing is scheduled to commence on Tuesday, April 20, 2010 at 10:00 a.m. in Hearing Room A, 20 Queen Street West, Toronto, in the above named matter.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1-877-785-1555 (Toll Free)

1.4.3 XI Biofuels Inc. et al.

FOR IMMEDIATE RELEASE
April 20, 2010

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

AND

IN THE MATTER OF
XI BIOFUELS INC., BIOMAXX SYSTEMS INC.,
XIIVA HOLDINGS INC. CARRYING ON BUSINESS
AS XIIVA HOLDINGS INC., XI ENERGY COMPANY,
XI ENERGY AND XI BIOFUELS, RONALD CROWE
AND VERNON SMITH

TORONTO – Following the release of the Panel's Reasons and Decision on March 31, 2010 on the hearing on the merits, a sanctions hearing is scheduled to commence on Wednesday, May 26, 2010 at 8:30 a.m. in Hearing Room A, 20 Queen Street West, Toronto, in the above named matter.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.4 Hillcorp International Services et al.

FOR IMMEDIATE RELEASE
April 20, 2010

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

AND

IN THE MATTER OF
HILLCORP INTERNATIONAL SERVICES,
HILLCORP WEALTH MANAGEMENT,
SUNCORP HOLDINGS, 1621852 ONTARIO LIMITED,
STEVEN JOHN HILL, DARYL RENNEBERG AND
DANNY DE MELO

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 Daryl Renneberg. The hearing will be held on April 22, 2010 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 April 20, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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416-593-2315

For investor inquiries:

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416-593-8314
1-877-785-1555 (Toll Free)

1.4.5 Ameron Oil and Gas Ltd. and MX-IV, Ltd.

FOR IMMEDIATE RELEASE
April 20, 2010

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

AND

IN THE MATTER OF
AMERON OIL AND GAS LTD. AND MX-IV, LTD.

TORONTO – Following a hearing held today, the Commission issued an Order which provides that (1) pursuant to subsections 127 (7) and (8) of the Act, the Temporary Order is extended to October 14, 2010; and (2) the hearing in this matter is adjourned to October 13, 2010, at 10:00 a.m.

A copy of the Order dated April 20, 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries:

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416-593-8307

Robert Merrick
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416-593-2315

For investor inquiries:

OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.6 Christina Harper et al.

FOR IMMEDIATE RELEASE
April 20, 2010

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

AND

IN THE MATTER
CHRISTINA HARPER, HOWARD RASH,
MICHAEL SCHAUMER, ELLIOT FEDER,
VADIM TSATSKIN, ODED PASTERNAK,
ALAN SILVERSTEIN, HERBERT GROBERMAN,
ALLAN WALKER, PETER ROBINSON,
VYACHESLAV BRIKMAN, NIKOLA BAJOVSKI,
BRUCE COHEN AND ANDREW SHIFF

TORONTO – Following a hearing held today, the Commission issued an Order which provides that (1) pursuant to subsections 127 (7) and (8) of the Act, the Temporary Order is extended to June 15, 2010; and (2) the hearing in this matter is adjourned to June 14, 2010, at 10:00 a.m.

A copy of the Order dated April 20 2010 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Robert Merrick
Senior Communications Specialist
416-593-2315

For investor inquiries:

OSC Contact Centre
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1-877-785-1555 (Toll Free)

Chapter 2

Decisions, Orders and Rulings

2.1.1 Daylight Resources Trust and Daylight Energy Ltd.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from the requirement to include financial statements and management's discussion and analysis in an information circular for an entity participating in an arrangement – the information circular will be sent to the trust's unitholders in connection with a proposed internal reorganization pursuant to which its business operations will be conducted through a corporate entity – the corporate entity will own, directly or indirectly, all of the existing assets and assume all of the existing liabilities of the Trust and DEL and its sole business will be the current business of the Trust.

Exemption granted from the current annual financial statement and current AIF short form prospectus qualification criteria and the requirement to file a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the filing of a preliminary short form prospectus – relief granted as disclosure regarding the predecessor issuer will effectively be the disclosure of the successor issuer – predecessor issuer is qualified to file a short form prospectus.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.
Form 51-102F5 Information Circular, Item 14.2.
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.

Citation: Daylight Resources Trust, Re, 2010 ABASC 159

April 7, 2010

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

AND

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

AND

IN THE MATTER OF
DAYLIGHT RESOURCES TRUST (Daylight)
AND DAYLIGHT ENERGY LTD.
(DEL and, together with Daylight, the Filers)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the Legislation):

(a) exempting Daylight from the requirement under Section 14.2 of Form 51-102F5 *Information Circular* (the **Circular Form**) of the Legislation to provide the financial statements of DEL for the financial years ended December 31, 2009, December 31, 2008 and December 31, 2007 (collectively, the **Financial Statements**) in the management information circular (the **Circular**) to be prepared by Daylight and delivered to the holders (**Daylight Unitholders)** of trust units (**Daylight Units**) in connection with a special meeting (**Daylight Meeting**) of Daylight Unitholders expected to be held May 6, 2010 for the purposes of considering a plan of arrangement under the *Business Corporations Act* (Alberta) (the **Arrangement**) resulting in the internal reorganization of Daylight's trust structure into a corporate structure (the **Circular Relief**);

(b) exempting Daylight Energy (as defined below) from the qualification criteria for short form prospectus eligibility contained in Subsection 2.2(d) of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**) following completion of the Arrangement until the earlier of: (i) March 31, 2011; and (ii) the date upon which the corporation resulting from the amalgamation of DEL and 1519008 Alberta Ltd. (**AcquireCo**) pursuant to the terms of the Arrangement to be known as Daylight Energy Ltd. (**Daylight Energy**) has filed both its annual financial statements and annual information form for the year ended December 31, 2010 pursuant to NI 51-102 *Continuous Disclosure Obligations* (NI 51-102) (the **Qualification Relief**); and

(c) exempting Daylight Energy from the requirement to file a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the filing of its first preliminary short form prospectus after the notice (the **Prospectus Relief**).

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

(a) the Alberta Securities Commission is the principal regulator for this Application;

(b) the Filers have provided notice that Subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia and Newfoundland; and

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

Interpretation

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

Representations

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

DAYLIGHT AND DEL

Daylight

1. Daylight is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta pursuant to an amended and restated Trust Indenture dated initially August 16, 2004 and amended and restated on September 21, 2006, as amended from time to time. The principal office of Daylight is located in Calgary, Alberta.

2. Daylight is a reporting issuer or the equivalent under the securities legislation of each of the provinces of Canada (except Prince Edward Island). To its knowledge, Daylight is not in default of securities legislation in any jurisdiction of Canada.

3. The authorized capital of Daylight includes an unlimited number of Daylight Units and special voting units. As at March 30, 2010, there were 174,236,359 Daylight Units and no special voting units outstanding.

4. The Daylight Units are listed on the Toronto Stock Exchange (**TSX**) under the symbol DAY.UN.

5. As at March 30, 2010, Daylight had (i) $53,567,000 principal amount of 8.5% convertible unsecured subordinated debentures, Series B outstanding, (ii) $74,976,000 principal amount of 10% convertible unsecured subordinated debentures, Series C outstanding and (iii) $172,500,000 principal amount of 6.25% convertible unsecured subordinated debentures, Series D outstanding (collectively, the **Debentures**). The Debentures are currently listed and posted for trading on the TSX.

6. Daylight has filed a "current AIF" and has "current annual financial statements" (as such terms are defined in National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**)) for the financial year ended December 31, 2009.

DEL

7. DEL is a corporation amalgamated under the laws of the Province of Alberta. The principal office of DEL is located in Calgary, Alberta.

8. DEL is wholly-owned by Daylight.

9. DEL is not a reporting issuer in any jurisdiction and to its knowledge, is not in default of applicable securities legislation in any jurisdiction of Canada.

10. The authorized capital of DEL includes an unlimited number of DEL Shares (as defined below) and Class A exchangeable shares. As at March 30, 2010, there were 100 DEL Shares outstanding and no Class A exchangeable shares outstanding.

11. The DEL Shares (as defined below) are not listed or posted for trading on any exchange or quotation and trade reporting system.

ARRANGEMENT

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

13. Following the completion of the Arrangement: (i) the sole business of Daylight Energy will be the current business of Daylight; (ii) Daylight Energy would be a reporting issuer or the equivalent under the securities legislation in all of the provinces of Canada (except Prince Edward Island); and (iii) the Daylight Energy Common Shares would, subject to approval by the TSX, be listed on the TSX.

14. The Arrangement does not contemplate the acquisition of any additional operating assets or the disposition of any existing operating assets.

15. Pursuant to Daylight's constating documents and applicable securities laws, the Daylight Unitholders will be required to approve the Arrangement at the Daylight Meeting. The Arrangement must be approved by not less than two-thirds of the votes cast by Daylight Unitholders at the Daylight Meeting. The Daylight Meeting is anticipated to take place May 6, 2010 and the Circular is expected to be mailed in early April 2010.

16. The Arrangement will be a "restructuring transaction" under National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) in respect of Daylight and therefore would require compliance with Section 14.2 of the Circular Form. The Applicant is applying for an exemption pursuant to Section 13.1 of NI 51-102 from the requirement of Section 14.2 of the Circular Form (which requires compliance with National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**) and therefore with Form 41-101F1 *Information Required in a Prospectus* (**Prospectus Form**)) that pursuant to Subsection 32.2(1) of the Prospectus Form, the financial statements of DEL for the financial years ended December 31, 2009, December 31, 2008 and December 31, 2007 which include a balance sheet, income statement, statement of retained earnings, and a cash flow statement for each of these years as described in Section 32.2(1) of the Prospectus Form and pursuant to Subsection 32.3(1) of the Prospectus Form (collectively, the **Financial Statements**) be included in the Circular that would be mailed to the Daylight Unitholders in connection with the Arrangement.

17. The Arrangement is being undertaken to reorganize Daylight following the enactment by the federal government of rules in respect of the tax treatment of specified investment flow-through trusts. Pursuant to the Arrangement, Daylight will be reorganized into a public growth oriented oil and gas production, exploration and development corporation that will retain the name "Daylight Energy Ltd." and will own, directly or indirectly, all of the existing assets and assume all of the existing liabilities of Daylight.

18. The rights of Daylight Unitholders and holders of Debentures in respect of Daylight Energy following the Arrangement will be substantially equivalent to the rights the Daylight Unitholders and holders of Debentures currently have in respect of Daylight and DEL, as applicable, and their relative interest in and to the business carried on by Daylight Energy will not be affected by the Arrangement.

19. The only securities that will be distributed to Daylight Unitholders pursuant to the Arrangement will be common shares of AcquireCo, which will continue as Daylight Energy Common Shares.

20. While changes to the consolidated financial statements of Daylight Energy will be required to reflect the organization structure of Daylight and DEL following the Arrangement, the financial position of Daylight Energy will be substantially the same as reflected in Daylight's audited annual consolidated financial statements most recently filed or required to have been filed under Part 4 of NI 51-102 prior to the date of the Circular and the unaudited interim consolidated financial statements of Daylight most recently filed or required have been filed under Part 4 of NI 51-102 prior to the date of the Circular. In particular, the entity that exists both before and subsequent to the Arrangement would be substantially the same given the fact that the assets and liabilities of the enterprise, from both an accounting perspective and economic perspective, are not changing based on the Arrangement. However, as the tax structure will be changing from that of an income trust to a corporation, the tax advantages of the income trust structure would be lost.

FINANCIAL STATEMENT DISCLOSURE IN THE CIRCULAR

21. Section 14.2 of the Circular Form requires, among other items, that the Circular contain the disclosure (including financial statements) prescribed under securities legislation and described in the form of prospectus that DEL would be eligible to use immediately prior to the sending and filing of the Circular for a distribution of its securities. Therefore, the Circular must contain the disclosure in respect of DEL prescribed by the Prospectus Form.

22. Subsection 32.2(1) of the Prospectus Form requires Daylight to include certain annual financial statements of DEL in the Circular, including: (i) an income statement, a statement of retained earnings, and a cash flow statement of DEL for each of the financial years ended December 31, 2009, December 31, 2008 and December 31, 2007; and (ii) a balance sheet of DEL as at the end of December 31, 2009 and December 31, 2008.

23. Subsection 4.2(1) of NI 41-101 requires that the financial statements (other than interim financial statements) required to be included in the Circular must be audited in accordance with National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* (**NI 52-107**).

24. The Arrangement will not result in a change in beneficial ownership of the assets and liabilities of

Daylight, from both an accounting perspective and an economic perspective. Accordingly, no acquisition will occur as a result of the Arrangement and therefore the significant acquisition financial statement disclosure requirements contained in the Prospectus Form are inapplicable.

25. The Arrangement will be an internal reorganization undertaken without dilution to the Daylight Unitholders or additional debt or interest expense.

EXEMPTIVE RELIEF SOUGHT

Circular Relief

26. The financial statements of Daylight are reported on a consolidated basis, which includes the financial results for DEL. DEL does not report its financial results independently from the consolidated financial statements of Daylight. The Financial Statements, if prepared, would not include the accounts of Daylight. Management, after consulting with Daylight's auditors, believes this would be misleading, since there are transactions between DEL and Daylight that eliminate when consolidation is performed at the trust level. To present the Financial Statements, which would exclude accounts of Daylight, would present the effects of only one side of the financing activities between DEL and Daylight. This would result in significant intra-group balances and intra-group interest expense being reflected on the Financial Statements. Daylight currently has outstanding convertible debentures and pays semi-annual interest on the outstanding debentures. To present DEL excluding the convertible debentures would be potentially misleading as the debentures will be assumed by Daylight Energy under the Arrangement. Additionally, an agreement exists between Daylight and DEL whereby DEL pays a regular royalty to Daylight related to net profits interest from operations. To present the Financial Statements excluding the accounts of Daylight, would present only one side of the intra-group royalty expense. As a result, the presentation of these intra-group transactions, that will be eliminated upon completion of the Arrangement, would present a confusing (and potentially misleading) picture of financial performance.

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

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

Qualification Relief

29. Subsection 2.7(2) of NI 44-101 contains an exemption for successor issuers from the qualification criteria for short form prospectus eligibility contained in Subsection 2.2(d) of NI 44-101, if an information circular relating to the restructuring transaction that resulted in the successor issuer was filed by the successor issuer or an issuer that was a party to the restructuring transaction, and such information circular: (i) complied with applicable securities legislation; and (ii) included disclosure in accordance with Item 14.2 or 14.5 of the Circular Form of the successor issuer. Daylight Energy will be a "successor issuer" (as such term is defined in NI 44-101) as a result of the Arrangement (which, as discussed above, is a restructuring transaction). The Circular will be filed by Daylight (a party to the restructuring transaction), the Circular will comply with applicable securities legislation and the Circular will include the disclosure required by Item 14.2 of the Circular Form, except for the Financial Statements which will not be included in the Circular pursuant to the Circular Relief.

Prospectus Relief

30. Daylight is qualified to file a prospectus in the form of a short form prospectus pursuant to Section 2.2 of NI 44-101 and is deemed to have filed a notice of intention to be qualified to file a short form prospectus under Section 2.8(4) of NI 44-101.

31. The Filers anticipate that Daylight Energy may wish to file a preliminary short form prospectus following the completion of the Arrangement, relating to the offering or potential offering of securities (including common shares, debt securities or subscription receipts) of Daylight Energy.

32. In anticipation of the filing of a preliminary short form prospectus, and assuming the Arrangement has been completed, Daylight Energy intends to file a notice of intention to be qualified to file a short form prospectus (the **Notice of Intention**) following completion of the Arrangement. In the absence of the Prospectus Relief, Daylight Energy

will not be qualified to file a preliminary short form prospectus until 10 business days from the date upon which the Notice of Intention is filed.

33. Pursuant to the qualification criteria set forth in Section 2.2 of NI 44-101 as modified in the Qualification Relief, following the Arrangement, Daylight Energy will be qualified to file a short form prospectus pursuant to NI 44-101.

34. Notwithstanding Section 2.2 of NI 44-101 as modified in the Qualification Relief, Section 2.8(1) of NI 44-101 provides that an issuer is not qualified to file a short form prospectus unless it has filed a notice declaring its intention to be qualified to file a short form prospectus at least 10 business days prior to the issuer filing its first preliminary short form prospectus.

35. The short form prospectus of Daylight Energy will incorporate by reference the documents that would be required to be incorporated by reference under item 11 of Form 44-101F1 in a short form prospectus of Daylight Energy, as modified by the Qualification Relief.

Decision

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

The decision of the Decision Makers under the Legislation is that:

(a) the Circular Relief is granted;

(b) the Qualification Relief is granted provided that any short form prospectus filed by Daylight Energy pursuant to NI 44-101 during the currency of the Qualification Relief specifically incorporates by reference the Circular and any financial statements and related management's discussion and analysis of Daylight incorporated by reference into the Circular; and

(c) the Prospectus Relief is granted, provided that at the time Daylight Energy files its Notice of Intention, Daylight Energy meets the requirements of Section 2.2 of NI 44-101, as modified by the Qualification Relief.

“Cheryl McGillivray”
Manager, Corporate Finance

2.1.2 Titan Funds Incorporated et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted to the manager of the portfolios from prospectus disclosure requirements pursuant to subsection 8.2(1) and (2) of National Instrument 81-105 Mutual Fund Sales Practices (NI 81-105); and, an exemption from the point of sale requirements and the consent requirements pursuant to subsections 8.2(3) and (4) of NI 81-105 – relief granted on basis that alternate disclosure would be made to purchasers in the prospectuses of mutual funds and in a disclosure document given to purchasers.

Applicable Legislative Provisions

National Instrument 81-105 Mutual Fund Sales Practices, s. 8.2.

Citation: Titan Funds Incorporated, Re, 2010 ABASC 146

April 9, 2010

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

AND

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

AND

IN THE MATTER OF
TITAN FUNDS INCORPORATED
(the Filer or Titan)

AND

TITAN MONEY MARKET FUND
(formerly, Titan Conservative Portfolio),
TITAN BALANCED INCOME PORTFOLIO,
TITAN BALANCED PORTFOLIO,
TITAN BALANCED GROWTH PORTFOLIO,
TITAN GROWTH PORTFOLIO,
TITAN AGGRESSIVE EQUITY PORTFOLIO
(collectively, the Existing Portfolios)
AND SUCH OTHER MUTUAL FUNDS AS THE
FILER MAY FROM TIME TO TIME ESTABLISH
(the Future Portfolios and together with the
Existing Portfolios, the Portfolios)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for the following:

(a) an exemption from the prospectus disclosure requirements pursuant to subsection 8.2(1) and (2) of National Instrument 81-105 *Mutual Fund Sales Practices* (**NI 81-105**) on its own behalf, as manager of the Portfolios; and

(b) an exemption from the point of sale requirements and the consent requirements pursuant to subsections 8.2(3) and (4) of NI 81-105 on behalf of entities that are dealers that are not affiliates of Titan (**Dealers**) and sales representatives of the Dealers (**Sales Representatives**) in any of the Jurisdictions.

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

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

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

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

Interpretation

Terms defined in NI 81-105, MI 11-102 and National Instrument 14-101 *Definitions* have the same meaning in this decision, unless they are defined in this decision.

Representations

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

1. Titan is a corporation incorporated under the laws of Ontario and is the manager of the Portfolios. Titan's head office is located in Calgary, Alberta.

2. Titan is a majority-owned subsidiary of Domaco Wealth Management Ltd. (**Domaco**) with Domaco holding 100 percent of the issued and outstanding Class A voting shares of Titan. Domaco, in turn, is a wholly-owned subsidiary of Interborder Holdings Ltd.

3. Titan has arranged for RBC Dexia Investor Services Trust to act as trustee, custodian and record keeper for the Portfolios. Titan has also arranged for Connor, Clark & Lunn Private Capital Ltd. (**CC&L**) to provide investment management services to the Portfolios, other than the Titan Money Market Fund, and for Baker Gilmore & Associates Inc. to provide investment management services for the Titan Money Market Fund.

4. Partners In Planning Financial Services Ltd. (**PIPFS**) is the principal distributor of the securities of the Existing Portfolios pursuant to the terms of an amended and restated distribution agreement between Titan and PIPFS dated March 31, 2009. PIPFS is an affiliate of Titan.

5. No member of the organization of the Portfolios is a reporting issuer under the securities laws of any province or territory of Canada.

6. Securities of the Existing Portfolios are distributed pursuant to a simplified prospectus dated June 10, 2009 as amended by amendment No. 1 on July 31, 2009 (the **Simplified Prospectus**) and annual information form dated June 10, 2009 as amended by amendment No. 1 on July 31, 2009 (the **Annual Information Form**), filed with the securities regulators in each province and territory of Canada, other than Québec.

7. As disclosed in the simplified prospectus and as of the date of the simplified prospectus, representatives of PIPFS and their associates hold 1,952,939 Class B non-voting shares of Titan (**Class B Non-Voting Shares**). Representatives of PIPFS have also acquired warrants to acquire 605,633 additional Class B Non-Voting Shares of Titan. Other than Michael Wolfond who owns 5.9% of the Class B Non-Voting Shares, no representative of PIPFS currently owns more than five percent of the outstanding Class B Non-Voting Shares of Titan. Michael Wolfond currently owns 2.4% of the outstanding equity interests of Titan.

8. Titan is planning to enter into dealer agreements with the Dealers with respect to the sale and distribution of units of the Portfolios. Titan is also planning to issue Class B Non-Voting Shares to Sales Representatives who wish to purchase equity securities of Titan. These Sales Representatives will become equity representatives (**Equity Representatives**) once they purchase such equity securities. The Class B Non-Voting Shares will be issued pursuant to exemptions from the prospectus and registration requirements of applicable Canadian securities laws. Titan believes that ownership of non-voting equity securities of Titan by an Equity Representative will serve to better align the interests of the Equity Representative with the interests of his or her client, being the investor in the Portfolios. As of the date of this application, Titan expects that the Equity Representatives, in aggregate, will hold no more than 20 percent of the outstanding equity interests of Titan. In addition, no Equity Representative will hold more than five percent of the outstanding equity interests of Titan.

9. Should any equity interests of Titan be issued to Dealers, the Dealer (and its representatives) will comply with all disclosure obligations required under NI 81-105. The relief requested herein will not apply to any Dealers (and their representatives) who may own equity interests of Titan.

10. Unless the exemption applied for herein is granted, section 8.2 of NI 81-105 will require the following:

    (a) pursuant to sections 8.2(1) and 8.2(2), the simplified prospectus of the Portfolios must disclose:

        (i) the aggregate number of Class B Non-Voting Shares held by a Dealer and associates of the Dealer;

        (ii) the aggregate number of Class B Non-Voting Shares held by all Equity Representatives of a Dealer and associates of those Equity Representatives; and

        (iii) the aggregate number of Class B Non-Voting Shares held by any Equity Representative and his or her associates, where such Equity Representative and his or her associates holds more than five percent of the Class B Non-Voting Shares,

    (b) pursuant to section 8.2(3), if a unit of one of the Portfolios is traded by **any** Sales Representative, the Dealer must deliver to the purchaser of that unit, a document that discloses the number of Class B Non-Voting Shares owned by:

        (i) the Dealer and its associates, in aggregate;

        (ii) the Equity Representatives of that Dealer and their associates, in aggregate; and

        (iii) the Sales Representative of that Dealer and his or her associates, in aggregate, who is acting on the trade,

    (c) pursuant to section 8.2(4), if a Dealer is required to give the disclosure document described above to a purchaser of units of one of the Portfolios, then the purchaser must consent in writing to the trade after he or she receives the disclosure document before the trade can be completed; and

    (d) pursuant to section 8.2(5), a Dealer is not required to deliver the disclosure document or obtain the consent of a purchaser of units of one of the Portfolios if that purchaser has previously acquired such units and received a disclosure document, if the information contained in that disclosure document has not changed.

Decision

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

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

1. In substitution for the disclosure requirements of sections 8.2(1) and 8.2(2) of NI 81-105 that apply to prospectuses of mutual funds, the Portfolios will include the following disclosure in its simplified prospectus that describes, as of a date that is within 30 days of the date of the simplified prospectus:

    (a) That up to a maximum of 20 percent of the outstanding equity interests of Titan may be held by Equity Representatives;

    (b) The names of any Dealer who has Equity Representatives and the aggregate amount held by those Equity Representatives and the fact that up-to-date information can be obtained from Titan's website, which will be updated on a monthly basis, or by calling a specified toll-free number, as Class B Non-Voting Shares of Titan are issued;

    (c) That no Equity Representative will hold more than five percent of the outstanding equity interests of Titan;

    (d) That as a shareholder of Titan, an Equity Representative will stand to benefit from the inflow of client money to the Portfolios;

    (e) That if an investor's Sales Representative is an Equity Representative, then that investor will receive a disclosure statement describing the equity interest held by that Equity Representative before he or she invests in the Portfolios and that he or she must consent to the trade of units of the Portfolios; and

(f) That if the branch manager or other supervisor of the investor's Sales Representative is an Equity Representative, the investor will also receive a disclosure statement describing the equity interest that the branch manager or supervisor holds before he or she invests in the Portfolios and that he or she must consent to the trade of units of the Portfolios.

2. In substitution for the point of sale disclosure and consent requirements of sections 8.2(3), 8.2(4) and 8.2(5) of NI 81-105 that would otherwise apply to Dealers and Sales Representatives, the following procedures will apply to each trade of a unit of a Portfolio to a client of an Equity Representative, or a client of a Sales Representative whose branch manager or other supervisor is an Equity Representative:

(a) the Dealer will deliver to the purchaser a disclosure document that discloses:

(i) that Equity Representatives of the Dealer and their associates hold, in aggregate, no more than a stated percentage of the equity interests of Titan;

(ii) that the Equity Representative of the Dealer acting on the trade and the associates of the Equity Representative, in aggregate, hold no more than a stated percentage of the equity interests of Titan; and

(iii) that the client may go to Titan's website or call a specified toll-free number, which will be disclosed in such disclosure document, to obtain additional information about the holdings of the Dealer and its Equity Representatives in Titan,

(b) the stated percentage that must be disclosed pursuant to (a)(i) above, will be that number determined by the Dealer that reasonably and accurately represents the maximum amount that it expects its Equity Representatives will from time to time hold in Titan. The stated percentage that must be disclosed pursuant to (a)(ii) above, will be that number determined by the Equity Representative that reasonably and accurately represents the maximum amount that he or she expects to hold from time to time in Titan and shall not be more than five percent;

(c) the Dealer will, following the delivery of the disclosure document described above, comply with the requirements of section 8.2(4) of NI 81-105 unless section 8.2(5) of NI 81-105 applies in respect of that trade; and

(d) in the event an Equity Representative assumes a position of authority or supervision over other Sales Representatives of the Dealer, before completing a trade in a unit of a Portfolio that is acted on by one of those other Sales Representatives, the Dealer and the other Sales Representatives will comply with the requirements of 2(a), (b) and (c) above, to disclose the amount held by the specific Equity Representative in that position of authority.

3. The Dealer will not be required to comply with the requirements described in condition 2 if the Dealer has already delivered the disclosure document and obtained the purchaser's consent on a previous trade and the Dealer is satisfied that the equity interests held by the Equity Representatives at the time of the trade have not increased above the maximum amounts disclosed in the previously delivered disclosure document.

4. Titan will update its website to provide the aggregate interests held by Equity Representatives and the names of the applicable Dealers on a monthly basis as Class B Non-Voting Shares are issued to Equity Representatives.

5. Prior to a Dealer relying on this Exemption Sought, Titan will provide the Dealer with a copy of this decision together with a disclosure statement informing the Dealer of the ramifications of the Exemption Sought.

6. Any Dealer wishing to rely on this Exemption Sought, will:

(a) send a written consent to Titan agreeing to comply with the conditions of this decision as it relates to the Dealer and its Equity Representatives; and

(b) have in place written policies and procedures to ensure that there is compliance with the conditions of this decision.

"Blaine Young"
Associate Director, Corporate Finance

2.1.3 Scotiamocatta Physical Copper Fund

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from National Instrument 81-106 Investment Fund Continuous Disclosure to permit investment fund that uses specified derivatives to calculate its NAV weekly and not on a daily basis, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 14.2(3)(b), 17.1.

April 7, 2010

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
SCOTIAMOCATTA PHYSICAL COPPER FUND
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for relief from Section 14.2(3)(b) of National Instrument 81-106 – *Investment Fund Continuous Disclosure* ("**NI 81-106**"), which requires that the net asset value of an investment fund that uses specified derivatives (as defined in National Instrument 81-102 – *Mutual Funds*) be calculated at least once every business day (the "**Exemption Sought**").

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

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

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

Interpretation

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

(a) **"Units"** means the Class A Units and Class F Units of the Filer.

Representations

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

1. The Filer is an investment fund to be established under the laws of the Province of Ontario.

2. SMCA Copper Holding Corp. is the trustee of the Filer.

3. Scotia Managed Companies Administration Inc. (the "**Administrator**"), a wholly-owned subsidiary of Scotia Capital Inc., is the administrator of the Filer and is responsible for administering the ongoing operations of the Filer. The head office of the Administrator is located at 40 King Street West, 26th Floor, P.O. Box 4085, Station A, Toronto, Ontario M5W 2X6. The Administrator is also the promoter of the Filer.

4. The Filer is authorized to issue an unlimited number of Units.

5. The Filer filed a preliminary prospectus dated July 28, 2009, and an amended and restated preliminary prospectus dated March 16, 2010 (the "**Preliminary Prospectus**"), with respect to a public offering of Units of the Filer, in each of the provinces and territories of Canada (SEDAR Project No. 1452758).

6. The Filer has been created to provide holders of Units ("**Unitholders**") with direct exposure to the price performance of physical copper ("**Physical Copper**"). The Physical Copper purchased by the Filer will be high grade quality cathode of an approved brand or producer and will meet the chemical and physical specifications prescribed by the contract rules governing one or more of the London Metal Exchange, New York Mercantile Exchange (COMEX Division) and Shanghai Futures Exchange (collectively, the "**Metal Exchanges**").

7. The net proceeds of the offering of Units will be used by the Filer to purchase and hold the Filer's investment portfolio, which will consist of Physical Copper acquired from various sources including primary copper producers, the Metal Exchanges and through standardized futures markets in order

to acquire and take delivery of Physical Copper, together with cash and cash equivalents (the "**Portfolio**"). Prior to the acquisition of the Physical Copper, the Filer may obtain some or all of its exposure to Physical Copper through forward contracts and standardized futures.

8. Although the Filer will be a mutual fund trust for the purposes of the *Income Tax Act* (Canada), it will not be a mutual fund for the purposes of Canadian securities legislation.

9. The operations of the Filer will differ in some respects from those of a conventional mutual fund, including the following:

   (a) unlike a conventional mutual fund, in which the fund's securities are offered to the public on a continuous basis, the Filer does not intend to continuously offer its Units once it is out of primary distribution; and

   (b) the Class A Units are expected to be listed and posted for trading on the Toronto Stock Exchange ("**TSX**"). This is unlike securities of a conventional mutual fund where there is normally no such market and where, as a result, holders of securities who wish to liquidate their holdings must cause the fund to redeem them. In the present case, because the Class A Units will be listed for trading on the TSX, holders of the Class A Units will not have to rely solely on the retraction features of the Class A Units to provide liquidity for their investment.

10. The Class F Units are intended for fee-based accounts. The Class F Units will not be listed on a stock exchange, but will be convertible into Class A Units. It is expected that liquidity for the Class F Units will be obtained by means of conversion into Class A Units and the sale of those Class A Units through the facilities of the TSX.

11. Commencing in 2011, Units may be surrendered annually for retraction at the option of the Unitholder for a price per Unit equal to the net realized value of their pro rata interest of Physical Copper in the Filer per Unit, plus their share of any other net assets or liabilities.

12. Class A Units may be retracted monthly at the option of a Unitholder at a price determined by reference to the market price of the Class A Units (the "**Class A Monthly Retraction Amount**"). Class F Units may be retracted monthly at the option of a Unitholder at a price equal to the product of: (i) the Class A Monthly Retraction Amount and (ii) a fraction, the numerator of which is the most recently calculated NAV per Class F Unit, and the denominator of which is the most recently calculated NAV per Class A Unit.

13. The Filer will calculate and publish the NAV of each class of Units of the Filer and NAV per Unit of each class on a weekly basis.

14. As disclosed in the Preliminary Prospectus, the NAV of each class of Units of the Filer and NAV per Unit of each class will be provided to Unitholders at no cost on a weekly basis on the Filer's website or on request by contacting the Administrator.

15. The Filer is not in default of any of its obligations under securities legislation in any of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Northwest Territories, Yukon Territory and Nunavut.

Decision

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

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

   (a) the Class A Units are listed on the TSX; and

   (b) the Filer calculates the NAV per Unit of each class of Units at least weekly.

"Rhonda Goldberg"
Manager
Ontario Securities Commission

2.1.4 BlackWatch Energy Services Corp.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings – An issuer wants relief from the requirement in Part 5 of NI 52-109 to file interim certificates – The issuer is an SEC foreign issuer under NI 71-102 and files its US continuous disclosure documents to satisfy Canadian requirements; the issuer furnishes to the SEC interim financial information on Form 6-K, which differs in several material respects from interim financial statements and interim MD&A filed on Form 10-Q and required to be certified under SOX 404.

Applicable Legislative Provisions

National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, Part 5, s. 8.6.

Citation: BlackWatch Energy Services Corp., Re, 2010 ABASC 167

April 12, 2010

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

AND

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

AND

IN THE MATTER OF
BLACKWATCH ENERGY SERVICES CORP.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) to grant an exemption from the continuous disclosure obligation to include the financial statements in a business acquisition report (**BAR**) in connection with the Acquisition (as defined below) as required by Section 8.4 of National Instrument 51-102 Continuous Disclosure Obligations (**NI 51-102**) (the **Exemption Sought**).

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

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

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

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

Interpretation

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

Representations

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

1. The Filer, a corporation formed under the *Business Corporations Act* (Alberta) with its head office in Alberta, is a reporting issuer in each of the provinces and territories of Canada, except Québec. To its knowledge, the Filer is not in default of securities legislation in any jurisdiction of Canada.

2. The Filer's common shares are listed on the Toronto Stock Exchange.

3. The Filer has entered into an agreement (the **Acquisition Agreement**) with a petroleum services entity (**Libya Co**) in Libya and another petroleum services entity (collectively, the **Sellers**) to acquire two drilling rigs (the **Rigs**), related equipment, associated contracts and operating infrastructure in Libya (collectively, the **Acquired Assets**), which will be acquired through the purchase from the Sellers of all of the issued and outstanding shares of a newly formed company (the **Libya Drilling Co**), being a company incorporated under the laws of Libya and whose registered office is located in Tripoli (the **Acquisition**).

4. The Acquisition was announced by press release of the Filer dated March 3, 2010 and is expected to close in April 2010.

5. The Acquired Assets are currently located and are operating in the Middle East North Africa region.

6. The Acquisition constituted a significant acquisition by the Filer for the purposes of NI 51-102, which requires the Filer to file a BAR.

7. Section 8.4 of NI 51-102 would require the Filer to include the following financial statements of the Acquired Assets in the BAR:

   (a) an income statement, a statement of retained earnings, and a cash flow statement of the Acquired Assets for the financial year ended December 31, 2009 (audited) and December 31, 2008 (unaudited);

   (b) a balance sheet for the Acquired Assets as at December 31, 2009 (audited) and December 31, 2008 (unaudited);

   (c) a balance sheet for Libya Drilling Co as at December 31, 2009 (audited);

   (d) a *pro forma* income statement for the Filer for the year ended December 31, 2009 giving effect to the Acquisition; and

   (e) *pro forma* earnings per share based on the pro forma income statements.

8. In its examination of the records of the Sellers relating to the Acquired Assets (pursuant to the Acquisition Agreement) the Filer has become aware of the following facts:

   (a) Libya Co is a private company operating in the energy services business in the Middle East and North Africa. In addition to owning and operating the Acquired Assets, Libya Co's operations include a substantial well servicing business;

   (b) Libya Co did not maintain administrative support functions (such as accounting, treasury, tax and legal functions) dedicated to the Acquired Assets. Rather, these functions were provided by Libya Co at the corporate level and the related administration costs were not allocated to the Acquired Assets;

   (c) Libya Co's systems and procedures do not provide sufficient information for the preparation of stand-alone income tax and interest provisions for the Acquired Assets. The Filer further notes that neither Libya Co nor Libya Drilling Co is subject to income tax under Libyan law in respect of the operation of the Acquired Assets;

   (d) accounts receivable and accounts payable are maintained for Libya Co's operations in aggregate and it is not practicable to identify specifically those accounts receivable and accounts payable attributable to the Acquired Assets;

   (e) separate cash balances were not maintained for the Acquired Assets. Cash receipts and disbursements relating to the operations of the Acquired Assets were aggregated with the cash activity for Libya Co's aggregate business operations;

   (f) equity and other capital balance items were not maintained for the Acquired Assets. Such items were aggregated with Libya Co's aggregate business operations; and

   (g) the Rigs were not commissioned and put into service by Libya Co until 2009, accordingly no financial information respecting the Acquired Assets is available from Libya Co for any periods prior to 2009.

9. Libya Co has indicated to the Filer that since it did not operate the Acquired Assets as a stand-alone division, it did not maintain separate financial statements or records for the Acquired Assets. Therefore "divisional" financial statements for the Acquired Assets were not available. Based on the examination of the records relating to the Acquired Assets by the Filer, "carve-out" financial statements for the Acquired Assets cannot be prepared as the financial records were not sufficiently detailed to extract information specific to the Acquired Assets.

10. Accordingly, the Filer submits that it is impracticable to prepare the financial statements required by Section 8.4 of NI 51-102 relating to the Acquired Assets.

11. The Filer will provide the following financial information in lieu of the financial statements required by Section 8.4 of NI 51-102 (collectively, the **Alternative Financial Statements**):

   (a) a statement of operations of the Acquired Assets for the financial year ended December 31, 2009 (audited) which will include revenues generated by the Acquired Assets less expenses directly attributable to the Acquired Assets (expenses will include sales and marketing, depreciation and other expenses directly attributable to the Acquired Assets but will not include any allocation of general costs incurred for administrative support (such as accounting, treasury, tax and legal support) nor an allocation of interest or income taxes);

   (b) a statement of assets acquired and liabilities assumed as at December 31, 2009 (audited) which will consist only of

the Acquired Assets and liabilities specifically assumed;

(c) a presentation note including a description of the significant accounting policies followed in the preparation of the financial statements;

(d) a *pro forma* operating statement for the year ended December 31, 2009 which will include the Filer's income statements and the statement of operations for the Acquired Assets for the same periods and any necessary pro forma adjustments; and

(e) a *pro forma* balance sheet as at December 31, 2009 which will include the Acquired Assets, the assumed liabilities and the method of financing the Acquisition.

12. It is expected that the value of the Acquired Assets will not have changed materially between December 31, 2009 and the date of acquisition.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that the Filer includes the Alternative Financial Statements in its BAR.

“Cheryl McGillivray”
Manager, Corporate Finance

2.1.5 Randgold Resources Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Jersey-based issuer (Issuer) listed on the London Stock Exchange and the NASDAQ Global Select Market – Issuer is a foreign private issuer under the Securities and Exchange Act of 1934 – As a foreign private issuer, Issuer is exempt from the requirement to file quarterly financial statements on Form 10-Q with the SEC – Instead, Issuer furnishes, but does not file, financial information to the SEC on Form 6-K – Issuer is an SEC foreign issuer under National Instrument 71-102 – Issuer intends to satisfy its ongoing disclosure obligations in Canada by filing the documents that it prepares and files or furnishes in the United States with the SEC as contemplated by NI 71-102 – Issuer seeking relief from the requirement to file interim certificates – Exemption granted from the reporting issuer eligibility requirement subject to conditions – As a foreign private issuer, Issuer not currently required to file quarterly CEO and CFO certifications in the U.S. – Issuer exempt from the requirement to prepare and file interim financial statements in Canada under National Instrument 71-102 – Relief granted so long as the Filer is not required to prepare, file and deliver interim financial statements under the Legislation, subject to conditions.

Applicable Legislative Provisions

Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.2.
National Instrument 71-102 Continuous Disclosure and Other Exemptions Relating to Foreign Issuers, ss. 4.3, 4.4.

April 1, 2010

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

AND

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

AND

IN THE MATTER OF
Randgold Resources Limited
(the Filer)

DECISION

Background

1. The securities regulatory authority or regulator in each of the Jurisdictions (collectively, the Decision Makers) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption (the Exemption Sought) from the requirements of Part 5 of National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* (NI 52-109), relating to certification of interim filings.

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

   (a) the British Columbia Securities Commission is the principal regulator for this application;

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

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

Interpretation

2. 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

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

    1. the Filer is a limited liability company incorporated under the laws of Jersey, Channel Islands and is organized pursuant to the *Companies (Jersey) Law 1991*;

    2. the registered office of the Filer is located at La Motte Chambers, La Motte Street, St. Helier, Jersey, JE1 1BJ, Channel Islands;

    3. the financial year end of the Filer is December 31;

    4. the ordinary shares of the Filer (the Ordinary Shares) have been registered under section 12(b) of the U.S. Securities Exchange Act of 1934, as amended (the 1934 Act), and the Filer is subject to continuing reporting requirements with the U.S. Securities and Exchange Commission (the SEC) under sections 13 and 15(d) of the 1934 Act;

    5. the Ordinary Shares are listed on the London Stock Exchange (LSE). The American Depositary Shares of the Filer (ADSs) trade in the United States on the NASDAQ Global Select Market in the form of American Depositary Receipts (ADRs);each ADR represents one ADS, and each ADS represents one Ordinary Share;

    6. the Filer is included in the FTSE100 Index, a market capitalization-weighted index representing the top 100 blue chip companies on the LSE, with a market capitalization of approximately $7 billion;

    7. as a December 31, 2009, approximately 90,102,919 Ordinary Shares (including ADRs) are issued and outstanding, of which approximately 7.08% are held by Canadian residents; the Filer estimates that approximately 5.65% of its beneficial shareholders are Canadian residents;

    8. the Filer became a "reporting issuer" in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island (collectively, the Provinces) on October 15, 2009 solely because it issued its securities as partial consideration in connection with its acquisition of Moto Goldmines Limited (which had been a reporting issuer) by way of plan of arrangement; the Filer is currently a reporting issuer in such jurisdictions; the Filer's securities are not listed on any stock exchange in Canada and the Filer has no intention to publicly offer any of its securities in Canada;

    9. the Filer is not in default of securities legislation in any of the Provinces;

    10. the Filer is a foreign issuer but is not a designated foreign issuer under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102) because neither Jersey nor the Channel Islands is listed as a "designated foreign jurisdiction" under NI 71-102;under NI 71-102, the Filer is instead classified as an "SEC foreign issuer";

    11. since the Filer is classified as an SEC foreign issuer under NI 71-102 and not a designated foreign issuer, the certification exemption for designated foreign issuers in section 8.3 of NI 52-109 is not available to the Filer;

    12. under subsection 8.2(2) of NI 52-109, an issuer is exempt from the requirement to file interim certificates in the Canadian form if:

        (a) the issuer files with or furnishes to the SEC a report on Form 6-K containing the issuer's quarterly financial statements and management's discussion and analysis in respect thereof;

        (b) the Form 6-K is accompanied by signed certificates that are filed with or furnished to the SEC in the same form require by the U.S. federal securities laws implementing the annual report certification requirement in section 302(a) of the U.S. Sarbanes-Oxley Act of 2002, as amended (SOX); and

        (c) the issuer files signed certificates relating to the quarterly report filed or furnished under cover of the Form 6-K as soon as practicable after they are filed with or furnished to the SEC;

13. as a "foreign private issuer" under the 1934 Act, the Filer furnishes its quarterly financial information to the SEC on Form 6-K;

14. no form of certification under SOX is required from, or provided by, the Filer for interim financial information furnished under Form 6-K;

15. the quarterly financial information that the Filer furnishes to the SEC on Form 6-K differs in several material respects from the quarterly financial statements that are ordinarily filed on Form 10-Q, the material difference being that the information furnished on Form 6-K, with the exception of certain technical differences, complies with the requirements applicable to interim financial statements to be incorporated by reference into a Form F-3 prepared by a foreign private issuer, rather than the SEC requirements applicable to financial statements included in Form 10-Q;

16. Management's Discussion and Analysis (MD&A) is not a required item of Form 6-K; accordingly, for foreign private issuers furnishing interim reports on Form 6-K, the discussion of results does not necessarily technically adhere to all of the requirements applicable to MD&A in a quarterly report on Form 10-Q;

17. the Filer intends to satisfy its ongoing disclosure obligations in the Provinces by filing the documents that it prepares and files or furnishes in the United States with the SEC as contemplated by NI 71-102;

18. accordingly, the Filer intends to satisfy its requirement to file interim financial statements and related MD&A in the Provinces by filing quarterly financial information on Form 6-K.

Decision

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

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

(a) the Filer relies on section 4.3 of NI 71-102 in relation to interim financial statements required by securities legislation;

(b) the Filer is in compliance with U.S. federal securities laws implementing the certification requirements in section 302(a) of SOX applicable to the Filer;

(c) the Filer is in compliance with its disclosure obligations under the 1934 Act;

(d) the signed certificates of the Filer's certifying officers filed with the SEC relating to its annual reports for each financial year are filed with the securities regulatory authorities in the Provinces as soon as reasonably practicable after they are filed with the SEC; and

(e) to the extent that any signed certificates of the Filer's certifying officers are filed with the SEC relating to its interim financial statements, such certificates are filed with the securities regulatory authorities in the Provinces as soon as reasonably practicable after they are filed with the SEC.

"Martin Eady"
Director, Corporate Finance
British Columbia Securities Commission

2.1.6 Research In Motion Limited

Headnote

Clause 104(2)(c) – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, approximately 2,500,000 of its common shares from one shareholder – due to discounted purchase price, proposed purchases cannot be made through NASDAQ – but for the fact that the proposed purchases cannot be made through NASDAQ, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2(2) of the Act – no adverse economic impact on or prejudice to issuer or public shareholders – proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions.

Applicable Legislative Provisions

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

April 13, 2010

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(THE JURISDICTION)

AND

IN THE MATTER OF
RESEARCH IN MOTION LIMITED
(THE FILER)

DECISION

UPON the application ("**Application**") of Research in Motion Limited (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for a decision under section 104(2)(c) of the *Securities Act* (Ontario), as amended (the "**Act**") exempting the Issuer from the requirements of sections 94 to 94.8, inclusive, and 97 to 98.7, inclusive, of the Act (the "**Issuer Bid Requirements**") in connection with the proposed purchases (the "**Proposed Purchases**") by the Issuer of up to 2,500,000 Common Shares of the Issuer (the "**Subject Shares**") from BMO Nesbitt Burns Inc. (the "**Selling Shareholder**");

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

AND UPON the Issuer having represented to the Commission that:

1. The Issuer is a corporation amalgamated under the *Business Corporations Act* (Ontario).

2. The registered and principal business office of the Issuer is 295 Phillip Street, Waterloo, Ontario, N2L 3W8.

3. The Issuer is a reporting issuer in each of the provinces of Canada and its Common Shares are listed for trading on the Toronto Stock Exchange ("**TSX**") and the NASDAQ Global Select Market ("**NASDAQ**"). The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The authorized share capital of the Issuer consists of an unlimited number of Common Shares, of which 557,436,744 were issued and outstanding as of April 5, 2010.

5. Pursuant to a press release dated November 5, 2009, the Issuer has commenced a share repurchase program (the "**Share Repurchase Program**") pursuant to which it is authorized to purchase for cancellation through the facilities of the NASDAQ Common Shares having an aggregate purchase price of up to US$1.2 billion. The Share Repurchase Program was authorized to commence on November 9, 2009 and will remain in place for up to 12 months from that date or until the purchases are completed or the program is terminated by the Issuer. As at April 7, 2010, 14,800,000 Common Shares have been purchased under the Share Repurchase Program for an aggregate purchase price of approximately US$949.0 million.

6. The Issuer does not have a normal course issuer bid currently outstanding on the TSX.

7. The Issuer intends to enter into one or more agreements of purchase and sale (the "**Agreements**") with the Selling Shareholder, pursuant to which the Issuer will agree to purchase the Subject Shares from the Selling Shareholder in one or more private transactions for a purchase price (the "**Purchase Price**") that will be negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price will be at a discount to the prevailing market price on the NASDAQ and below the prevailing bid-ask price for the Common Shares on the NASDAQ.

8. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder, the Issuer will be satisfied after reasonable inquiry that the Selling Shareholder is not the direct or indirect beneficial owner of more than 5% of the issued and outstanding Common Shares of the Issuer.

9. The corporate headquarters of the Selling Shareholder is located in Toronto, Ontario.

10. To the knowledge of the Issuer after reasonable inquiry, the Selling Shareholder owns the Subject Shares and the Subject Shares were not acquired in anticipation of resale pursuant to the Proposed Purchases.

11. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

12. The purchase of any of the Subject Shares by the Issuer pursuant to the Agreements will constitute an "issuer bid" for purposes of the Act to which the Issuer Bid Requirements would apply.

13. Except for the fact that the Purchase Price will be at a discount to the prevailing market price on the NASDAQ and below the bid-ask price for the Common Shares on the NASDAQ, the Issuer could otherwise acquire the Subject Shares constituting each Proposed Purchase on the NASDAQ within the allowable daily purchase volume of not more than 25% of the average daily trading volume reported for the Issuer's Common Shares in the four weeks preceding the day on which each such Proposed Purchase is to be made or as a block purchase in accordance with Rule 10b-18 under the U.S. Securities Exchange Act of 1934 and section 101.2(2) of the Act. The Proposed Purchases will not occur on a "published market" and accordingly the Issuer can not rely upon the exemption from the Issuer Bid Requirements that would otherwise be available pursuant to section 101.2(2) of the Act.

14. Because the Issuer does not have a normal course issuer bid currently outstanding on the TSX and because the Purchase Price will be at a discount to the prevailing market price on the TSX and below the bid-ask price for the Common Shares on the TSX at the time of the Proposed Purchases, the Proposed Purchases cannot be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholder in reliance on the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.

15. The Selling Shareholder is at arms' length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. In addition, the Issuer will be satisfied after reasonable inquiry that the Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions*.

16. The Selling Shareholder is a registered dealer under the Act and as a result, no exemption from the dealer registration requirements of the Act is required.

17. Management is of the view that through the Proposed Purchases, the Issuer will be able to purchase the Subject Shares at a lower price than the price at which the Issuer will otherwise be able to purchase the Common Shares under the Share Repurchase Program and management is of the view that this is an appropriate use of the Issuer's funds.

18. The purchase of the Subject Shares will not adversely affect the Issuer or the right of any of the Issuer's security holders. The Proposed Purchases will not affect control of the Issuer. The Proposed Purchases will be carried out with a minimum cost to the Issuer.

19. The market for the Shares is a "liquid market" within the meaning of section 1.2 of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions.

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

21. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor the Trading Products Group of the Selling Shareholder, nor personnel of the Selling Shareholder that have negotiated such Agreement or have made or participated in the making of or provided advice in connection with the decision to enter into such Agreement and sell the Subject Shares will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

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

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

(a) the Proposed Purchases will reduce the aggregate number of Common Shares that may otherwise be purchased under the Issuer's Share Repurchase Program;

(b) the Proposed Purchase on a given day must not exceed the number of Common Shares equal to 25% of the average daily trading volume (as that term is defined in Rule 10b-18 under the U.S. Securities Exchange Act of 1934) reported for the Issuer's Common Shares in the four weeks preceding the day on which such Proposed Purchase is to be made unless such Proposed Purchase is a "block" (as that term is defined in Rule 10b-18 under the U.S. Securities Exchange Act of 1934) purchase;

(c) the Issuer may not make any further purchases under the Share Repurchase Program for the remainder of the calendar day in which it completes a Proposed Purchase;

(d) if a Proposed Purchase is a "block" (as that term is defined in Rule 10b-18 under the U.S. Securities Exchange Act of 1934) that exceeds the 25% threshold referred to in clause (b) above, the Issuer may not make any further "block" purchases that exceed the 25% threshold referred to in clause (b) above during the calendar week in which it completes such Proposed Purchase;

(e) the Purchase Price is not higher than the highest independent bid quotation or the last independent sale price, whichever is higher, quoted or reported in the consolidated system (as that term is defined in Rule 10b-18 under the U.S. Securities Exchange Act of 1934) at the time of each Proposed Purchase;

(f) the Proposed Purchases are excluded from the calculation of the four-week average daily trading volume of the Common Shares of the Issuer;

(g) immediately following its purchase of any of the Subject Shares from a Selling Shareholder, the Issuer will issue and file a news release disclosing the purchase of such Subject Shares; and

(h) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor the Trading Products Group of the Selling Shareholder, nor personnel of the Selling Shareholder that have negotiated such Agreement or have made or participated in the making of or provided advice in connection with the decision to enter into such Agreement and sell the Subject Shares will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

"James Turner"
Commissioner
Ontario Securities Commission

"Mary Condon"
Commissioner
Ontario Securities Commission

2.1.7 Diamedica Inc. – s. 9.1

Headnote

Related party transaction – issuer to acquire another issuer through issuance of its own shares – four related parties of the issuer are shareholders of the target issuer – the issuance of shares by the issuer to existing related parties of the issuer constitutes a "related party transaction" under MI 61-101 and is subject to minority approval requirements – issuer has disclosed details of the transaction in a material change report and in a disclosure document filed on SEDAR – outside shareholders who are not "interested parties" intend to provide written consents to the proposed related party transaction, representing approximately 64.7% of the common shares held by all minority shareholders – approval of the transaction by majority of minority shareholders at a shareholders' meeting would be foregone conclusion – issuer provided a copy to all outside shareholders considering the transaction and will send a copy to any shareholder who requests it – exemption from holding shareholders' meeting and formal delivery of information circular granted, provided written consent is obtained.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.6, 8.1, 9.1.
Companion Policy 61-101CP to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, s. 3.1.

March 25, 2010

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
DIAMEDICA INC.
(the Filer)

DECISION
(Section 9.1)

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision pursuant to section 9.1 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") for discretionary relief from the requirements that the

Filer call a shareholders' meeting to consider a proposed related party transaction, and to send an information circular to shareholders in connection with such meeting (the "**Requested Relief**").

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

(a) the Ontario Securities Commission (the "**Decision Maker**") is the principal regulator for this application, and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in Québec.

Interpretation

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

Representations

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

1. The Filer is a corporation existing under the laws of the Province of Manitoba. The principal executive offices of the Filer are located at 8-1250 Waverley Street, Winnipeg, Manitoba, R3T 6C6.

2. The Filer is a reporting issuer in the provinces of British Columbia, Alberta, Manitoba, Ontario and Québec and is not in default of securities legislation in any such jurisdiction.

3. The authorized capital of the Filer consists of an unlimited number of common shares (the "**Common Shares**"). Each Common Share carries the right to one vote at all meetings of shareholders of the Filer. As of the date hereof, a total of 19,209,566 Common Shares are issued and outstanding. The Common Shares are listed and posted for trading on the TSX Venture Exchange under the symbol "DMA".

4. Pursuant to a share exchange agreement (the "**Share Exchange Agreement**") entered into effective February 18, 2010 among the Filer, Sanomune Inc., a private corporation ("**Sanomune**"), and each of the shareholders of Sanomune, the Filer is proposing to acquire all of the issued and outstanding shares of Sanomune (the "**Transaction**"), being approximately 3,751,463 common shares (each a "**Sanomune Common Share**") and 20,998,317 preference shares (each a "**Sanomune Preference Share**"), from the current Sanomune shareholders in exchange for the issuance of Common Shares.

5. The material terms of the Transaction were disclosed in the material change report (the "**Material Change Report**") of the Filer dated February 23, 2010, which was publicly filed on SEDAR on February 23, 2010.

6. As consideration for their shares, Sanomune shareholders will receive 0.517 of a Common Share for each Sanomune Common Share acquired, and 0.517 of a Common Share for each Sanomune Preference Share acquired.

7. As a result of the Transaction, it is expected that a total of 12,806,377 Common Shares will be issued to the current shareholders of Sanomune, representing approximately 40% of the Filer's issued and outstanding Common Shares post-Transaction.

8. The Filer's board of directors consists of a total of four directors, three of whom are "independent directors" as defined in MI 61-101. Approval of the Share Exchange Agreement and the terms of the Transaction from the Filer's board of directors, including unanimous approval of the independent directors, was received on February 18, 2010.

9. Pursuant to the terms of the Share Exchange Agreement, completion of the Transaction is subject to certain conditions, including receipt of necessary TSX-V and regulatory approvals (including the exemptive relief hereby granted) and approval of the Filer's shareholders (including the disinterested minority shareholder approval required by Section 5.6 of MI 61-101), among others. Subject to the satisfaction of such conditions, the Transaction is scheduled to close on or about April 15, 2010.

10. The Transaction falls within the definition of "related party transaction", as set out in MI 61-101, as, at the date that the Transaction was agreed to, the following parties were "related parties" of the Filer and Sanomune for the reasons set out below:

    (a) CentreStone Ventures Limited Partnership ("**CentreStone LP**"), a shareholder of both the Filer and Sanomune, is a "control person" of both the Filer and Sanomune;

    (b) CentreStone Ventures Inc. ("**CentreStone GP**"), as the general partner of CentreStone LP, is also a "control person" of both the Filer and Sanomune, and is a shareholder of Sanomune;

    (c) Genesys Ventures Inc. ("**GVI**"), a shareholder of both the Filer and Sanomune, is a promoter of both the Filer and Sanomune; and

(d) Mr. Eric Johnstone, the Filer's Vice-President, Finance, is also a shareholder of Sanomune.

11. Assuming completion of the Transaction, CentreStone LP, CentreStone GP, GVI and Mr. Johnstone will each receive a portion of the Common Shares to be issued to Sanomune shareholders as consideration for their Sanomune shares. Mr. Rick Pauls, the interim President, Chief Executive Officer and a director of the Filer, is also the President of Sanomune, and until January 31, 2010, was also the Chairman and Managing Director of CentreStone GP. Mr. Pauls does not own any shares of Sanomune, and will not receive any Common Shares as a result of the Transaction.

12. The Transaction is exempt from the requirement to obtain a formal valuation set out in Section 5.4 of MI 61-101 pursuant to Section 5.5(b) thereof, however there are no exemptions available in respect of the Transaction from the disinterested minority approval requirement of Section 5.6 of MI 61-101.

13. The Filer has sought minority approval for the Transaction, as that term is defined in MI 61-101, and calculated in accordance with the terms of Part 8 of MI 61-101 ("**Minority Approval**"), albeit not a shareholder's meeting, but by way of written consent.

14. None of the shareholders of DiaMedica from whom written consent for the Transaction was sought are (i) the Filer, (ii) an "interested party", as such term is defined in MI 61-101, (iii) a related party of an interested party, unless the related party meets that description solely in its capacity as a director or senior officer of one or more entities that are neither interested parties nor issuer insiders of the Filer, or (iv) a joint actor with a person or company referred to in (ii) or (iii) in respect of the Transaction.

15. The Filer provided each shareholder from whom written consent for the Transaction was sought a disclosure document pertaining to the Transaction (the "**Disclosure Document**"), the contents of which comply with the disclosure requirements set out in Section 5.3(3) of MI 61-101, along with a form of written consent (the "**Consent**") seeking approval of the Transaction. The Disclosure Document and Consent provide all relevant details of the Transaction and include an acknowledgement that the Disclosure Document describes the Transaction in sufficient detail to allow shareholders to make an informed decision regarding approval of such transaction.

16. The Filer has received signed Consents from shareholders representing approximately 64.72% of Common Shares held by shareholders eligible to provide the Minority Approval required for the Transaction under Part 8 of MI 61-101, which exceeds the simple majority requirement set out in MI 61-101 for such approval.

17. The form of Consent and Disclosure Document were filed publicly on SEDAR on March 2, 2010.

18. The contents of the Material Change Report comply with the disclosure requirements contained in Section 5.2 of MI 61-101.

19. A copy of the Disclosure Document will be sent to any shareholder of the Filer who requests a copy.

Decision

The Decision Maker is satisfied that decision meets the test set out in MI 61-101 for the Requested Relief.

The decision of the Decision Maker is that the Requested Relief is granted provided that:

(a) the Filer has obtained Minority Approval by way of the written Consent;

(b) each Disinterested Shareholder from whom consent for the Transaction was sought received a copy of the Disclosure Document and Consent;

(c) the Disclosure Document and form of Consent were publicly filed on SEDAR no less than 14 days prior to the closing of the Transaction;

(d) the Material Change Report was publicly filed on SEDAR on or before closing of the Transaction; and

(e) the Filer has complied with the other applicable provisions of MI 61-101.

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

2.1.8 TD Asset Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from unitholder approval requirement in clause 5.1(c) of NI 81-102 – mutual fund permitted to change its investment objective without seeking unitholder approval – all unitholders of the fund have entered into discretionary investment management agreements giving full discretionary authority to portfolio manager – relief from securityholder approval not to be considered a precedent – relief granted based on specific facts in application for one-time non-recurring change to investment objective of fund.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.1(c), 19.1.

April 14, 2010

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
TD ASSET MANAGEMENT INC. AND
TD WATERHOUSE PRIVATE INVESTMENT COUNSEL INC.
(the Filers)

AND

IN THE MATTER OF
TD PRIVATE SMALL/MID-CAP EQUITY FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction received an application (the **Application**) from the Filers on behalf of the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Fund from clause 5.1(c) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) requiring a mutual fund to obtain the prior approval of its securityholders before the fundamental investment objective of the mutual fund is changed (the **Exemption Sought**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions:

(a) the Ontario Securities Commission is the principal regulator for the 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 British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut.

Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102 or NI 81-102 have the same meanings if used in this decision, unless otherwise defined.

Representations

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

1. TD Asset Management Inc. (**TDAM**) is a corporation amalgamated under the *Business Corporations Act* (Ontario). It is a wholly-owned subsidiary of The Toronto-Dominion Bank, a bank listed in Schedule I to the *Bank Act* (Canada). Its head office is located in Toronto, Ontario.

2. TDAM is registered as:

   (a) a portfolio manager, or their equivalent, under the securities legislation of all provinces and territories of Canada;

   (b) a mutual fund dealer under the *Securities Act* (Nova Scotia);

   (c) an exempt market dealer under the *Securities Act* (Ontario) (the **OSA**) and the *Securities Act (*Newfoundland and Labrador) (the **NLSA**); and

   (d) a commodity trading manager under the *Commodity Futures Act* (Ontario).

3. TDAM conducts an investment management business offering passive, quantitative, enhanced and active portfolio management services to a large and diversified client base. As at December 31, 2009 TDAM and its affiliates had assets under management in excess of $14 billion. As part of its portfolio management business, TDAM is the trustee, manager and promoter of the Fund which is part of the TD Private Funds. The TD Private Funds are qualified for sale by means of a simplified prospectus and an annual information form that have been prepared and filed in accordance with the securities legislation of all provinces and territories of Canada. The Fund is a

no-load mutual fund within the meaning of NI 81-102.

4. TD Waterhouse Private Investment Counsel Inc. (**TDW PIC**) is a corporation incorporated under the *Canada Business Corporations Act*. It is a wholly-owned subsidiary of TDAM. Its head office is located in Toronto, Ontario.

5. TDW PIC is registered as a portfolio manager or their equivalent under the Legislation of all provinces and territories of Canada and as an exempt market dealer under the OSA and the NLSA.

6. TDW PIC utilizes model portfolios, which include mutual funds managed by TDAM, to provide customized investment strategies to clients (**PIC Clients**) who have $1,000,000 or more of investable assets and have entered into an investment management agreement with TDW PIC (the **PIC Agreement**) to manage their assets on a discretionary basis. PIC Client accounts are charged an annual fee that is based upon a percentage of assets under management.

7. TDW PIC uses, among other things, the TD Private Funds, as an investment vehicle for the assets of many PIC Client accounts in order to reduce the cost of administering such accounts so that TDAM's individually managed account services can be offered to individuals who could not otherwise gain access to such services.

8. As the Fund is a connected issuer to TDAM and TDW PIC, each PIC Client has consented to TDW PIC investing client monies held in an account with TDW PIC in units of the Fund.

9. All of the Fund's unitholders are PIC Clients and have entered into PIC Agreements giving TDW PIC full discretionary authority to invest assets held in their accounts.

10. TDAM and TDW PIC have determined that it is appropriate to change the fundamental investment objective of the Fund from:

> The fundamental investment objective is to achieve rates of total return that, over the longer term, exceed those of a blended broad market index, net of withholding tax, of U.S. and Canadian small to medium capitalization stocks.
>
> With the main focus on growth through capital appreciation, the Fund invests primarily in publicly traded and readily marketable stocks of U.S. and Canadian corporations which are listed on stock exchanges or trading on quotation systems in the U.S. or Canada.

to:

> The fundamental investment objective is to seek to achieve long-term capital growth by investing the majority of its assets in, or obtaining exposure to, equity securities of medium capitalization issuers in the United States. The Fund may also invest in, or obtain exposure to, equity securities of small capitalization issuers in the United States.

11. TDAM and TDW PIC also propose to change the name of the Fund to "TD Private US. Mid-Cap Equity Fund".

12. Connor, Clark & Lunn Investment Management Ltd. will no longer be a sub-advisor to the Fund.

13. These changes in the Fund's fundamental investment objective are being proposed as TDAM and TDW PIC believe the investment opportunities in securities of mid-capitalization issuers are significantly higher in the U.S. than in Canada due to the size of the U.S. market, which may also provide better opportunities for diversification across industry sectors. Consequently, TDAM and TDW PIC seek to broaden the current investment objective to enable the Fund to better achieve its growth objectives. TDAM and TDW PIC believe that this change is in the best interests of the Fund's unitholders.

14. Section 5.1(c) of NI 81-102 requires that the prior approval of the Fund's unitholders be obtained for any change to the fundamental investment objective of the Fund. TDAM and TDW PIC believe that, in the circumstances, a unitholder meeting convened for the purpose of obtaining unitholder approval to change the fundamental investment objective of the Fund is not desirable and represents an unnecessary expense and inconvenience to TDAM, TDW PIC, the Fund and the Fund's unitholders.

15. Unlike an investor that holds units outside of a discretionary managed account, the unitholders of the Fund have not participated in the investment decision to acquire units of the Fund apart from the consent requirements mentioned in paragraph 8 above. Instead, the unitholders of the Fund are relying entirely on TDW PIC to make investment decisions for them and, in those circumstances, the change of a fundamental investment objective is analogous to the unitholder changing from one TD Private Fund to another, which change does not require unitholder approval but which change would, for tax purposes, be a disposition.

16. Provided the Exemption Sought is granted, the Fund's Trust Indenture does not require unitholder approval in order for TDAM to change the

fundamental investment objective of the Fund, provided TDAM believes the change is not materially adverse to unitholders. TDAM believes the change of the fundamental investment objective is in the best interests of the Fund's unitholders.

17. If the Exemption Sought is granted, TDAM proposes to amend the Fund's investment objective in the simplified prospectus as part of its upcoming renewal of the TD Private Funds' simplified prospectus and annual information form, issue a press release and file a material change report announcing the change.

18. The proposed change of the fundamental investment objective is neutral to the unitholders of the Fund from a fee and expense perspective.

Decision

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

The decision of the principal regulator is that the Exemption Sought is granted.

“Rhonda Goldberg”
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.9 Invesco Trimark Ltd.

Headnote

NP 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from s. 13.5(2)(b) of NI 31-103 to permit inter-fund trades between public mutual funds, pooled funds and managed accounts – inter-fund trades will comply with conditions in s. 6.1(2) of NI 81-107 including IRC approval or client consent – trades involving exchange-traded securities are permitted to occur at last sale price as defined in the Universal Market Integrity Rules – relief also subject to pricing and transparency conditions.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements and Exemptions, ss. 13.5, 15.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, ss. 6.1(2), 6.1(4).

April 15, 2010

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
INVESCO TRIMARK LTD.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for a decision providing an exemption from the requirement in section 13.5(2)(b) of National Instrument 31-103 – *Registration Requirements and Exemptions* (**NI 31-103**) (the **Trading Prohibition**) that prohibits an adviser from knowingly causing an investment portfolio managed by it (including an investment fund for which it acts as an adviser) to purchase or sell the securities of any issuer from or to the investment portfolio of a responsible person, any associate of a responsible person or any investment fund for which a responsible person acts as an adviser, such that the following purchases and sales (each purchase or sale, an **Inter-Fund Trade**) are permitted:

(i) existing mutual funds and future mutual funds of which the Filer is the manager and to which National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) applies (each, an **NI 81-102 Fund** and collectively, the **NI 81-102 Funds**) are permitted to enter into Inter-Fund Trades of securities with any NI 81-102 Fund or any existing Canadian mutual funds and future Canadian mutual funds managed by the Filer to which NI 81-102 does not apply (each, a **Pooled Fund** and, collectively, the **Pooled Funds**);

(ii) a Pooled Fund is permitted to enter into Inter-Fund Trades of securities with another Pooled Fund or an NI 81-102 Fund; and

(iii) a fully managed account managed by the Filer (each, a **Managed Account** and, collectively, the **Managed Accounts**) is permitted to enter into Inter-Fund Trades of securities with a Pooled Fund or an NI 81-102 Fund; and

(iv) the transactions listed in (i) to (iii) are permitted to be executed at the last sale price, as defined in the Market Integrity Rules of the Investment Industry Regulatory Organization of Canada, prior to the execution of the trade (the **Last Sale Price**) in lieu of the closing sale price (the **Closing Sale Price**) contemplated by the definition of "current market price of the security" in section 6.1(1)(a)(i) of National Instrument 81-107 – *Independent Review Committee for Investment*

Funds (**NI 81-107**) on that trading day where the securities involved in the Inter-Fund Trade are exchange-traded securities (which term shall include Canadian and foreign exchange-traded securities),

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

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in the all of the provinces and territories of Canada other than Ontario (the **Passport Jurisdictions**).

Interpretation

Terms defined in MI 11-102 and National Instrument 14-101 – *Definitions*, NI 81-102, NI 81-107 and NI 31-103 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is registered as an adviser in the category of portfolio manager in Ontario and in each of the Passport Jurisdictions.

3. Each of the NI 81-102 Funds and Pooled Funds (each, a **Fund** and collectively, the **Funds**) is, or will be, an open-ended mutual fund trust or mutual fund corporation that is established under the laws of the Province of Ontario.

4. The securities of each of the NI 81-102 Funds are, or will be, qualified for distribution pursuant to simplified prospectuses and annual information forms that have been, or will be, prepared and filed in accordance with the securities legislation of each of Ontario and the Passport Jurisdictions.

5. Each of the NI 81-102 Funds is, or will be, a reporting issuer in one or more of Ontario and the Passport Jurisdictions.

6. The securities of the Pooled Funds are, or will be, qualified for distribution on a private placement basis pursuant to the Legislation and will not be reporting issuers.

7. The Filer is, or will be, the manager and/or adviser of each of the Funds.

8. The Filer is, or will be, the adviser of a Managed Account.

9. A Fund may be an associate of the Filer that is a responsible person in respect of another Fund or a Managed Account.

10. The Filer and each of the Funds are not in default of securities legislation in any jurisdiction of Canada.

11. The Filer has established, or will establish, an independent review committee (**IRC**) in respect of each NI 81-102 Fund in accordance with the requirements of NI 81-107.

12. The Filer has established, or will establish, an IRC (which may also be the IRC in respect of the NI 81-102 Funds) in respect of each Pooled Fund. The mandate of the IRC of a Pooled Fund will include the approval of Inter-Fund Trades.

13. The IRC of the Pooled Funds was, or will be, composed by the Filer in accordance with section 3.7 of NI 81-107 and the IRC complies, or will comply, with the standard of care set out in section 3.9 of NI 81-107. Further, the IRC of the Pooled Funds will not approve Inter-Fund Trades unless it has made the determination set out in section 5.2(2) of NI 81-107. Inter-Fund Trades involving an NI 81-102 Fund will be referred to the relevant IRC of such NI 81-102 Fund under section 5.2(1) of NI 81-107.

14. The investment management agreement or other documentation in respect of a Managed Account will contain the authorization of the client for the Filer on behalf of the Managed Account to engage in Inter-Fund Trades with the Funds.

15. At the time of an Inter-Fund Trade, the Filer will have in place policies and procedures to enable the Funds to engage in Inter-Fund Trades with other Funds and Managed Accounts.

16. The Filer will comply with the following procedures when entering into Inter-Fund Trades between Funds and between Managed Accounts and Funds:

    (a) The portfolio manager will deliver the trade instructions in respect of a purchase or a sale of a security by a Fund or a Managed Account (**Fund A**) to a trader on the trading desk of the Filer;

    (b) The portfolio manager will deliver the trade instructions in respect of a sale or purchase of a security by a Fund (**Fund B**) to a trader on the trading desk of the Filer;

    (c) The trader on the trading desk will execute the trade as an Inter-Fund Trade between Fund A and Fund B in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 provided that for exchange-traded securities the Inter-Fund Trade may be executed at the Last Sale Price of the security, prior to the execution of the trade;

    (d) The policies applicable to the trading desk will require that all orders are to be executed on a timely basis; and

    (e) The trader on the trading desk will advise the portfolio manager of Fund A and Fund B of the price at which the Inter-Fund Trade occurs.

17. The Filer cannot rely on the exemption from the Trading Prohibition in subsection 6.1(4) of NI 81-107 unless the parties to the Inter-Fund Trade are both reporting issuers and the Inter-Fund Trade occurs at the current market price which, in the case of exchange-traded securities, includes the Closing Sale Price but not the Last Sale Price.

18. The Filer has determined that it would be in the best interests of the Funds and the Managed Accounts to receive the Exemption Sought.

Decision

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

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

(a) the Inter-Fund Trade is consistent with the investment objective of the Fund or the Managed Account;

(b) the Filer refers the Inter-Fund Trade to the IRC in the manner contemplated by section 5.1 of NI 81-107 and the Filer and the IRC of the Fund comply with section 5.4 of NI 81-107 in respect of any standing instructions an IRC provides in connection with the Inter-Fund Trade;

(c) in the case of an Inter-Fund Trade between Funds:

    (i) the IRC of each Fund has approved the Inter-Fund Trade in respect of the Fund in accordance with the terms of section 5.2(2) of NI 81-107; and

    (ii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 except that for purposes of paragraph (e) of subsection 6.1(2) in respect of exchange-traded securities, the current market price of the security may be the Last Sale Price.

(d) in the case of an Inter-Fund Trade between a Managed Account and a Fund:

    (i) the IRC of the Fund has approved the Inter-Fund Trade in respect of such Fund in accordance with the terms of section 5.2(2) of NI 81-107;

    (ii) the investment management agreement or other documentation in respect of the Managed Account authorizes the transaction; and

    (iii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107 except that for purposes of paragraph (e) of subsection 6.1(2) in respect of exchange-traded securities, the current market price of the security may be the Last Sale Price.

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

2.1.10 Invesco Trimark Ltd.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from self-dealing provisions in s. 4.2 of NI 81-102 to permit inter-fund trades of debt securities between mutual funds and pooled funds managed by the same manager – inter-fund transfers will comply with conditions in s. 6.1(2) of NI 81-107 including the requirement for independent review committee approval.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 4.2(1), 4.3(1), 4.3(2), 19.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.1(2).

April 15, 2010

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
INVESCO TRIMARK LTD.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of existing mutual funds and future mutual funds of which the Filer is the manager and to which National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) applies (each, an **NI 81-102 Fund** and collectively, the **NI 81-102 Funds**) for a decision (the **Exemption Sought**) under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the NI 81-102 Funds from the prohibition in subsection 4.2(1) of NI 81-102 to permit an NI 81-102 Fund to purchase or sell debt securities from or to existing Canadian mutual funds and future Canadian mutual funds managed by the Filer to which NI 81-102 does not apply (each, a **Pooled Fund** and, collectively, the **Pooled Funds**) (each purchase or sale, an **Inter-Fund Trade**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in the all of the provinces and territories of Canada other than Ontario (the **Passport Jurisdictions**).

Interpretation

Terms defined in MI 11-102 and National Instrument 14-101 – *Definitions*, NI 81-102, National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**) and National Instrument 31-103 – *Registration Requirements and Exemptions* have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The head office of the Filer is located in Toronto, Ontario.

2. The Filer is registered as an adviser in the category of portfolio manager in Ontario and in each of the Passport Jurisdictions.

3. Each of the NI 81-102 Funds and Pooled Funds (each, a **Fund** and collectively, the **Funds**) is, or will be, an open-ended mutual fund trust or mutual fund corporation that is established under the laws of the Province of Ontario.

4. The securities of each of the NI 81-102 Funds are, or will be, qualified for distribution pursuant to simplified prospectuses and annual information forms that have been, or will be, prepared and filed in accordance with the securities legislation of each of Ontario and the Passport Jurisdictions.

5. Each of the NI 81-102 Funds is, or will be, a reporting issuer in one or more of Ontario and the Passport Jurisdictions.

6. The securities of the Pooled Funds are, or will be, qualified for distribution on a private placement basis pursuant to the Legislation and will not be reporting issuers.

7. The Filer is, or will be, the manager and/or adviser of each of the Funds.

8. A Pooled Fund may be an associate or an affiliate of the Filer that is the manager, portfolio adviser or trustee of an NI 81-102 Fund.

9. The Filer and each of the Funds are not in default of securities legislation in any jurisdiction of Canada.

10. The Filer has established, or will establish, an independent review committee (**IRC**) in respect of each NI 81-102 Fund in accordance with the requirements of NI 81-107.

11. The Filer has established, or will establish, an IRC (which may also be the IRC in respect of the NI 81-102 Funds) in respect of each Pooled Fund. The mandate of the IRC of a Pooled Fund will include the approval of Inter-Fund Trades.

12. The IRC of the Pooled Funds was, or will be, composed by the Filer in accordance with section 3.7 of NI 81-107 and the IRC complies, or will comply, with the standard of care set out in section 3.9 of NI 81-107. Further, the IRC of the Pooled Funds will not approve Inter-Fund Trades unless it has made the determination set out in subsection 5.2(2) of NI 81-107. Inter-Fund Trades involving an NI 81-102 Fund will be referred to the relevant IRC of such NI 81-102 Fund under subsection 5.2(1) of NI 81-107.

13. At the time of an Inter-Fund Trade, the Filer will have in place policies and procedures to enable the Funds to engage in Inter-Fund Trades with other Funds.

14. Each Inter-Fund Trade will be consistent with the investment objective of the NI 81-102 Fund.

15. The Filer will refer each Inter-Fund Trade to the IRC in the manner contemplated by section 5.1 of NI 81-107 and the Filer and the IRC of the Fund will comply with section 5.4 of NI 81-107 in respect of any standing instructions an IRC provides in connection with the Inter-Fund Trade.

16. The Filer will comply with the following procedures when entering into Inter-Fund Trades between Funds:

    (a) The portfolio manager will deliver the trade instructions in respect of a purchase or a sale of a security by a Fund (**Fund A**) to a trader on the trading desk of the Filer;

    (b) The portfolio manager will deliver the trade instructions in respect of a sale or purchase of a security by a Fund (**Fund B**) to a trader on the trading desk of the Filer;

    (c) The trader on the trading desk will execute the trade as an Inter-Fund Trade between Fund A and Fund B in accordance with the requirements of paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107;

    (d) The policies applicable to the trading desk will require that all orders are to be executed on a timely basis; and

    (e) The trader on the trading desk will advise the portfolio manager of Fund A and Fund B of the price at which the Inter-Fund Trade occurs.

17. The Filer has determined that it would be in the best interests of the Funds to receive the Exemption Sought.

18. The Filer is unable to rely upon the exemption for inter-fund trading in debt securities codified in subsection 4.3(2) of NI 81-102 because NI 81-107 does not apply to the Pooled Funds since the Pooled Funds are not reporting issuers.

Decision

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

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

(i) the IRC of each Fund has approved the Inter-Fund Trade in respect of the Fund in accordance with the terms of section 5.2(2) of NI 81-107; and

(ii) the Inter-Fund Trade complies with paragraphs (c) to (g) of subsection 6.1(2) of NI 81-107.

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

2.1.11 Citigroup Inc. et al.

Headnote

National Policy 11-203 – Process of Exemptive Relief Applications in Multiple Jurisdictions – approval granted for indirect change of control of mutual fund manager under s 5.5(2) of NI 81-102 and approval for abridgement of the related 60 day notice requirement to 50 days – approval conditional on at least 50 days notice to unitholders and no changes being made to the management and administration of the funds for at least 60 days after notice delivered.

Applicable Legislative Provisions

NI 81-102, s. 5.5(2), 5.8(1)(a).

March 16, 2010

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
CITIGROUP INC.
(the Filer)

AND

IN THE MATTER OF
PFSL INVESTMENTS CANADA LIMITED
(the Manager)

AND

THE MUTUAL FUNDS LISTED IN SCHEDULE A
(collectively, the Primerica Concert Funds)

DECISION

Background

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

(a) to approve an indirect change of control of the Manager, the manager of the Primerica Concert Funds (the **Manager Change of Control**), in accordance with subsection 5.5(2) of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**); and

(b) to abridge to 50 days the requirement of section 5.8(1)(a) of NI 81-102 that at least 60 days prior notice of the Manager Change of Control be given to the unitholders of the Primerica Concert Funds.

(Items (a) and (b) are collectively, the **Approval Sought**)

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

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

(b) the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in 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 Filer:

The Manager

1. The Manager is a corporation incorporated under the *Canada Business Corporations Act* with its head office in Mississauga, Ontario.

2. The Manager is the investment fund manager, trustee, registrar and distributor of the Canadian-domiciled Primerica Concert™ Allocation Series of Funds, which are listed in Schedule A (the **Primerica Concert Funds**).

3. The Manager is registered with the applicable securities regulators as a mutual fund dealer in all of the provinces and territories of Canada, and is a member of the Mutual Fund Dealers Association of Canada.

4. The Primerica Concert Funds are reporting issuers in all of the provinces and territories of Canada and distribute their securities pursuant to a simplified prospectus pursuant to applicable securities legislation.

5. Each Primerica Concert Fund allocates its assets amongst equities and income by investing primarily in one or more specified mutual funds (the **Underlying Funds**) in the AGF Group of Funds. AGF Investments Inc. is the manager, principal distributor and trustee, as applicable, of the Underlying Funds.

6. Legg Mason Canada Inc. provides advice to the Manager in establishing the appropriate investment policy for each Primerica Concert Fund and makes recommendations to the Manager on the specific underlying funds to be invested in by each Primerica Concert Fund. The Manager maintains responsibility for the overall management of the investment portfolio of the Primerica Concert Funds.

7. Neither the Filer, Manager nor any of the Primerica Concert Funds is in default of applicable securities legislation in any province or territory of Canada.

8. The Manager is a leading provider of mutual funds. As at February 3, 2010, the Manager had $2.6 billion of assets under management and over 4,700 agents across Canada.

The Reorganization

9. The Filer, the ultimate parent of the Manager, is considering an initial public offering (**IPO**) of a portion of its Primerica business and announced this via a press release in the United States dated November 5, 2009. Primerica is one of North America's largest financial services marketing organizations, with more than 2 million investment clients, with more than $25 billion in asset values in their Primerica investment accounts and more than 100,000 licensed representatives (as of June 30, 2009).

10. A number of preliminary ancillary transactions are proposed leading up to and in conjunction with the IPO. Among other things, these transactions will include an internal corporate group reorganization (the **Reorganization**), which will result in Primerica Financial Services (Canada) Ltd., the immediate parent and sole shareholder of the Manager, becoming a direct subsidiary of Primerica, Inc. (**Newco**).

11. Following the Reorganization, while Newco would become the new ultimate (indirect) parent company of the Manager, there would be no change in the immediate legal parent of the Manager.

The Manager Change of Control

12. Following the Reorganization, the Filer intends to sell less than a majority of Newco to a private equity investor (the **Private Sale**) on the following terms:

    (a) Committed Purchase. At closing of the transaction, Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P. (collectively, the **WP X Fund**) will acquire from Citigroup Insurance Holdings Corporation (**CIHC**), the direct parent of Newco and a wholly owned indirect subsidiary of Citi, 23.9% of the fully diluted common shares of Newco (**Newco Shares**), at a price per share (**Purchase Price**) based on a 0.95x multiple of Newco's December 31, 2009, unaudited pro forma book value, after certain adjustments (**Committed Purchase**). If, however, the purchase of 23.9% of the fully diluted Newco Shares at the Purchase Price would result in an aggregate purchase price in excess of US$230 million, then the WP X Fund would purchase the maximum number of Newco Shares at the Purchase Price that it could purchase with US$230 million. In connection with the Committed Purchase, the WP X Fund will also acquire from CIHC a warrant to be issued by Newco. The warrant will be exercisable for a number Newco Shares equal to 25% of the number of Newco Shares that the WP X Fund will acquire pursuant to the Committed Purchase, will have a term of seven years, and will be exercisable for Newco Shares at a price equal to 120% of the per-share price for Newco's IPO.

    (b) Additional Purchase. The WP X Fund will also have the right, but not the obligation, to purchase from CIHC up to US$100 million of additional Newco Shares, at a price equal to the IPO price. No additional warrant would be issued in connection with this additional purchase.

    (c) The WP X Fund will become entitled to appoint two directors to Newco's board of directors. The WP X Fund will receive other consent rights that are customary for minority investors.

13. The Filer will also launch an IPO of a portion of Newco, expected to be less than a majority of Newco Shares. The terms of the IPO remain to be determined and negotiated with the underwriters. These terms include the number of Newco Shares to be sold by the Filer. Accordingly, it is not possible at this time to specify the exact shareholding of Newco which the Filer will continue to retain following the IPO.

14. Depending on the result of the IPO, the Filer anticipates that after the closing of the Private Sale and IPO, the Filer may no longer be the indirect majority owner of Newco, and Newco may not have any single shareholder beneficially owning a majority of Newco Shares.

15. The IPO is expected to close on or about April 7, 2010, following receipt of all necessary regulatory approvals and subject to market conditions, and

the Private Sale is scheduled to close shortly thereafter.

16. Following the Private Sale and IPO, Newco's officers and employees will continue to run substantially the same business as before, so Newco will have considerable experience in the asset management and mutual funds industry.

17. As a result of the combined impact of the IPO and the Private Sale, the Manager may no longer be an indirect subsidiary company of the Filer upon the consummation of the proposed transactions, since the Filer may no longer be the majority beneficial owner of Newco. Under these circumstances, there would be an indirect change of control of the Manager of the Primerica Concert Funds for the purposes of subsection 5.5(2) of NI 81-102.

18. Unitholders of the Primerica Concert Funds were advised of the potential Manager Change of Control, in accordance with the requirement in subsection 5.8(1) of NI 81-102, by notice (the **Notice**) mailed on or about February 9, 2010 (the **Notice Date**). The Notice Date was the day after the Private Sale was agreed to, and 56 days before the expected closing of the IPO and 64 days before the expected closing of the Private Sale.

19. In respect of the impact of the Manager Change of Control on the management and administration of the Primerica Concert Funds, the Filer has represented that:

    (a) the Manager Change of Control is not expected to have any material impact on the Primerica Concert Funds or on the unitholders of the Primerica Concert Funds;

    (b) there are no current plans to change, as a result of the Manager Change of Control, the current directors, officers and portfolio managers of the Manager, nor the investment policy adviser of the Primerica Concert Funds, Legg Mason Canada Inc. and the Filer represents that no such changes to the management and administration of the Primerica Concert Funds will be made for at least 60 days following the Notice Date;

    (c) the Manager Change of Control will not affect the Underlying Funds;

    (d) the Manager Change of Control is not expected to affect the management and administration of the Primerica Concert Funds, including their investment objectives or strategies;

    (e) Upon the Manager Change of Control, the members of the independent review committee (**IRC**) for the Primerica Concert Funds will cease to be IRC members by operation of subsection 3.10(1)(c) of National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**). It is expected that immediately following the Manager Change of Control, the IRC will be reconstituted with all the existing members as contemplated in the commentary to Sections 3.3(5) and 3.10 of NI 81-107; and

    (f) the proposed transactions will not impact the financial stability of the Manager.

20. Until the Private Sale was agreed to, there was no possibility of a Manager Change of Control, since the IPO by itself would not have resulted in a Manager Change of Control. Accordingly, the Notice was delivered as soon as was reasonably possible in the circumstances.

21. However, as the Manager Change of Control is expected to have little impact on the management and administration of the Manager and the Primerica Concert Funds, the Filer believes that abridging the period prescribed by section 5.8(1)(a) of NI 81-102 to 50 days will not be prejudicial to the unitholders of the Primerica Concert Funds.

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 provided that:

    (a) The unitholders of the Primerica Concert Fund are given at least 50 days notice of the Manager Change of Control; and

    (b) No changes are made to the management, administration or portfolio management of the Primerica Concert Funds for at least 60 days following the Notice Date.

"Rhonda Goldberg"
Manager, Investment Funds Branch
Ontario Securities Commission

Schedule A

The Primerica Concert Funds

Primerica Aggressive Growth Fund
Primerica Growth Fund
Primerica Moderate Growth Fund
Primerica Conservative Growth Fund
Primerica Income Fund
Primerica Canadian Money Market Fund

2.1.12 AGF Investments Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption from section 4.4 of NI 81-106 and Items 3.1(1), 3.1(7), 3.1(8), 4.1(1), 4.1(2), 4.2(1), 4.2(2) and 4.3(1)(a) of Part B of Form 81-106F1 and Items 3(1) and 4 of Part C of Form 81-106F1 to permit continuing funds further to an amalgamation to include in their annual and interim management reports of fund performance the financial highlights and past performance of the corresponding existing funds – Upon amalgamation, portfolio assets of existing funds to continue as portfolio assets referable to the continuing funds – Continuing funds to have same investment objectives, investment strategies, management fees, portfolio investment manager, and, at effective date of amalgamation, same portfolio assets as the existing funds – Financial data of existing funds is significant information that can assist investors in making decision to purchase or hold shares of continuing funds.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 4.4, 17.1.
Form 81-106F1 Contents of Annual and Interim Management Report of Fund Performance , Items 3.1(1), 3.1(7), 3.1(8), 4.1(1), 4.1(2), 4.2(1), 4.2(2) and 4.3(1)(a) of Part B and Items 3(1) and 4 of Part C.

March 17, 2010

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
AGF INVESTMENTS INC. (the Manager),
AGF ALL WORLD TAX ADVANTAGE GROUP
LIMITED (AWTAG), AGF CANADIAN GROWTH
EQUITY FUND LIMITED (AGF Growth),
AGF CANADIAN RESOURCES FUND LIMITED
(AGF Resources), AGF CANADIAN GROWTH
EQUITY CLASS, AND AGF CANADIAN
RESOURCES CLASS (collectively, Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) granting an exemption from the following provisions of the Legislation to enable the AGF Canadian Growth Equity Class and AGF Canadian Resources Class (collectively, the **Continuing Funds**) to include in their annual and interim management reports of fund performance (**MRFPs**) the performance data and information derived from the financial statements (collectively, the Financial Data) of AGF Growth and AGF Resources (collectively, the **Existing Funds**) that are presented in the Existing Funds' annual MRFPs for the year ended September 30, 2010 (the **Existing Funds' 2010 annual MRFPs**"):

(a) Section 4.4 of NI 81-106 for the purposes of the relief requested from Form 81-106F1 – *Contents of Annual and Interim Management Report of Fund Performance* ("**Form 81-106F1**") for the Continuing Funds;

(b) Items 3.1(1), 3.1(7), 3.1(8), 4.1(1) in respect of the requirement to comply with subsections 15.3(2) and 15.9(2)(d) of National Instrument 81-102 – *Mutual Funds* ("**N1 81-102**"), 4.1(2), 4.2(1), 4.2(2) and 4.3(1)(a) of Part B of Form 81-106F1 for the Continuing Funds; and

(c) Items 3(1) and 4 of Part C of Form 81-106F1 for the Continuing Funds,

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

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

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

(b) the 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 British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, The Northwest Territories, Yukon and Nunavut.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, NI 81-102 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:

The Filers

1. The head office of each of the Filers is located in Toronto, Ontario. The Filers are not in default of securities legislation in any jurisdiction of Canada.

2. The Manager, a corporation incorporated under the laws of Ontario, is the manager of AGF Growth, AGF Resources and all of the classes of AWTAG.

3. Each of AWTAG, AGF Growth and AGF Resources (collectively, the **Corporations**) is a mutual fund corporation incorporated under the laws of Ontario. Each of AGF Growth and AGF Resources offer only one class of shares. AWTAG offers currently 20 classes of shares. Each class of shares is issuable in more than one series.

4. All of the directors and officers of the Corporations are the same.

5. Each of the Corporations is a reporting issuer as defined in the securities legislation of each province and territory of Canada, operates in accordance with NI 81-102, and distributes its shares to the public pursuant to a simplified prospectus (**SP**) and annual information form (**AIF**).

6. For securities law purposes, each mutual fund is a separate share class.

The Amalgamation

7. On April 13, 2010, each of the Corporations will seek shareholder approval to amalgamate (the **Amalgamation**) to continue as a single mutual fund corporation known as AGF All World Tax Advantage Group Limited (**Amalco**).

8. On or about October 1, 2010 (the **Effective Date**), subject to having obtained the required shareholder and regulatory approvals for the Amalgamation, AGF Growth and AGF Resources will amalgamate with AWTAG.

9. The Amalgamation is intended to benefit investors by giving them a broader choice of mutual funds between which they may switch their investments on a tax-deferred basis.

10. Pursuant to the Amalgamation, each existing class and series of AWTAG will be an identical class with identical series, identical assets referable to such class and series, identical portfolio managers, identical fees and identical net asset values per class and per series in Amalco.

11. Pursuant to the Amalgamation, shareholders of the Existing Funds will become shareholders of two new classes (continuing funds) of Amalco to be known as AGF Canadian Growth Equity Class

and AGF Canadian Resources Class. The Existing Funds and the corresponding Continuing Funds will be substantially similar, with the Continuing Funds having the same investment objectives, investment strategies, management fees, portfolio investment manager, and, at the Effective Date of the Amalgamation, the same portfolio assets as the Existing Funds.

12. Upon the Amalgamation, the portfolio assets of the Existing Funds will continue as portfolio assets referable to the Continuing Funds. The portfolio assets of the Continuing Funds will be maintained as a separate portfolio by Amalco for the exclusive benefit of the shareholders of the Continuing Funds, as they are for the other classes of Amalco.

13. Upon the Amalgamation, the portfolio assets referable to each series of shares of the Existing Funds will become referable to a corresponding series of shares of the Continuing Funds (each such series, a **Replacement Series**). The rights associated with each Replacement Series will be identical in all respects to the rights formerly associated with the corresponding series of shares of the Existing Funds. Upon the Amalgamation, for each share they held of an Existing Fund, shareholders will receive a share of the Replacement Series. The net asset value (**NAV**) of each such share of the Replacement Series will be equal to the NAV per share of the corresponding series of shares of the Existing Fund.

14. As a result, notwithstanding the merger by way of Amalgamation, the Continuing Funds will be managed substantially similarly to the Existing Funds.

15. The Continuing Funds will be new funds and do not have any assets or liabilities and do not have their own Financial Data as at the Effective Date. In order for the merger by way of Amalgamation to be as seamless as possible for investors in the Existing Funds and the Continuing Funds, the Manager proposes that the Continuing Funds MRFPs' include the Financial Data presented in the Existing Fund's 2009 annual MRFPs.

16. Prior to the Amalgamation, the Existing Funds were operated in accordance with the requirements of National Instrument 81-102 and distributed their shares to the public pursuant to a prospectus and had been reporting issuers for at least 12 months.

17. Immediately prior to the Amalgamation, an amendment to AWTAG's SP and AIF will be filed relating to the Amalgamation and the new AGF Canadian Growth Equity Class and AGF Canadian Resources Class.

18. The Existing Funds will file and deliver annual financial statements and an annual MRFP for its financial year ended September 30, 2010 within 90 days as required under NI 81-106.

19. The Continuing Funds' financial year-end going forward will be September 30.

20. The Continuing Funds will prepare comparative interim and annual financial statements for 2011 under section 2.1 of NI 81-106 using the Existing Funds' annual financial statements for the year ended September 30, 2010. The Continuing Funds will file their first comparative interim financial statements within 60 days of March 31, 2011 as required under NI 81-106.

21. The Financial Data of each series of the Existing Funds is significant information which can assist investors in determining whether to purchase or hold shares of the corresponding Replacement Series.

22. The Filers have filed a separate application for exemptive relief from certain provisions of (a) NI 81-102 to permit the Continuing Funds to use performance data of the Existing Funds in sales communications and reports to securityholders (the **Fund Communications**) and (b) National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* and Form 81-101F1 – *Contents of Simplified Prospectus* to permit the Continuing Funds to disclose the start dates of the Existing Funds as their respective start dates (**NI 81-102 and NI 81-101 Relief**).

Decision

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

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

(a) The Existing Funds prepare annual financial statements under section 2.1 of NI 81-106 for the year ended September 30, 2010.

(b) The MRFP for each Replacement Series includes the Financial Data of the corresponding series of the Existing Funds and discloses the merger by way of Amalgamation for the relevant time periods.

(c) The Continuing Funds prepare their simplified prospectuses and other Fund Communications in accordance with the NI 81-102 and NI 81-101 Relief.

"Rhonda Goldberg"
Manager, Investment Funds
Ontario Securities Commissions

2.1.13 SMC Man AHL Alpha Fund et al.

Headnote

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

Applicable Legislative Provisions

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

March 5, 2010

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
SMC MAN AHL ALPHA FUND
(the "Filer")

AND

IN THE MATTER OF
SMC AHL HOLDINGS LTD.
(the "Trustee")

AND

IN THE MATTER OF
SCOTIA MANAGED COMPANIES
ADMINISTRATION INC. (the "Administrator")

DECISION

Background

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

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

(b) paragraph 14.2(3)(b) of National Instrument 81-106 – *Investment Fund Continuous Disclosure* ("**NI 81-106**"), which requires the net asset value ("**NAV**") of an investment fund that uses specified derivatives to be calculated at least once every business day ("**NAV Relief**"),

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

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

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

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

Interpretation

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

Representations

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

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

2. The Trustee is the trustee of the Filer. The Trustee is responsible for, among other things, managing and supervising the business, operations and affairs of the Filer. The Trustee has retained the Administrator to perform the functions of an investment fund manager and to administer the ongoing business, operations and affairs of the Fund. The principal office of each of the Trustee and the Administrator is located at 40 King Street West, 26th Floor, P.O. Box 4085, Station A, Toronto, Ontario M5W 2X6.

3. The Filer filed the Preliminary Prospectus on SEDAR (the System for Electronic Document Analysis and Retrieval, found at www.sedar.com) with respect to the proposed offering (the

"Offering") of Class A Units and Class F Units (together, the "**Units**") of the Filer, a receipt for which was issued by the Commission on December 23, 2009.

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

5. The Filer is subject to National Instrument 81-102 – *Mutual Funds* ("**NI 81-102**"), NI 81-104 and the *Securities Act* (Ontario) (the "**Ontario Act**"), subject to any exemptions therefrom that may be granted by securities regulatory authorities. NI 81-104 also grants exemptions from certain investment restrictions of NI 81-102 to commodity pools.

6. The Filer's investment objective is to provide holders of Units (the "**Unitholders**") with the opportunity to realize capital appreciation through investment returns that have a low correlation to traditional forms of stock and bond securities. The investment objective of the Filer, as well as its investment strategy, are disclosed in the Preliminary Prospectus.

7. To pursue its investment objective, the Filer will obtain exposure to a diversified portfolio of financial instruments across a range of global markets including currencies, bonds, stocks, agriculturals, energy, metals and short-term interest rates (the "**AHL Portfolio**") using a multi-strategy and predominantly trend-following trading program (the "**AHL Alpha Programme**") that employs futures, options, forward contracts, swaps and other financial derivative instruments.

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

9. The return to the Filer, and consequently to Unitholders, will by virtue of the Forward Agreement be referable to the return of Canadian dollar denominated redeemable Class C Man AHL Alpha CAD notes (the "**AHL SPC Notes**") proposed to be issued by the AHL SPC Class C in respect of the AHL Portfolio. The aggregate value at any time of the outstanding AHL SPC Notes will equal the aggregate net asset value of the AHL Portfolio.

10. The maximum exposure of a Unitholder to the AHL SPC Notes will be the amount invested by the Unitholder in the Filer. However, investment exposure to the AHL SPC Notes does not constitute a direct investment in the AHL Portfolio. Unitholders will not own the assets held by the AHL Portfolio.

11. The AHL SPC Class C will establish and maintain the AHL Portfolio. The AHL SPC Class C is a segregated portfolio established by AHL Investment Strategies SPC (the "**AHL SPC**"), a segregated portfolio company incorporated with limited liability in the Cayman Islands and registered as a segregated portfolio company under the *Companies Law* (2007 Revision). The assets of the AHL Portfolio will be managed by Man Investments Limited (the "Investment Manager").

12. The Investment Manager is a company incorporated in England and Wales with limited liability (No. 2093429) whose registered address is Sugar Quay, Lower Thames Street, London EC3R 6DU, and is regulated in the conduct of regulated activities in the United Kingdom by the Financial Services Authority of the United Kingdom.

13. The AHL SPC Class C has filed and obtained a receipt for a final prospectus dated April 29, 2009 from the Commission and the Autorité des marchés financiers, pursuant to which it became a reporting issuer under the Ontario Act and the *Securities Act* (Québec). Accordingly, the financial statements and other reports required to be filed by the AHL SPC Class C are available through SEDAR.

14. The AHL SPC Class C is a commodity pool as such term is defined in section 1.1 of NI 81-104. The AHL SPC Class C is subject to the investment restrictions and practices contained in applicable Canadian securities legislation, including NI 81-102 and NI 81-104, and the AHL Portfolio will be managed in accordance with these restrictions and practices, subject to any exemptions therefrom that may be granted by securities regulatory authorities; however, the AHL SPC Class C is a mutual fund that is not subject to National Instrument 81-101 – *Mutual Fund Distributions* and its securities are not qualified for distribution in the local jurisdiction, as required by the provisions of paragraphs 2.5(2)(a) and (c) of NI 81-102.

15. The exposure of the Filer to securities of the AHL SPC Class C will be made in accordance with the provisions of section 2.5 of NI 81-102, except for the Requested Relief.

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

Units, subject to the Filer's right to suspend redemptions in certain circumstances.

17. Under paragraph 14.2(3)(b) of NI 81-106, an investment fund that is a reporting issuer that uses or holds specified derivatives, such as the Filer intends to do, must calculate its NAV on a daily basis. The Filer proposes to calculate its NAV as at the Monday of each week (the "**Valuation Date**") or such other day or days of each week as determined from time to time by the Administrator.

18. The Preliminary Prospectus discloses, and the final prospectus of the Filer will disclose, that the NAV per Unit of each class of Units will be calculated as at each Valuation Date and made available through FundSERV, Fundata Canada Inc. and to the financial press for publication on a weekly basis. The Filer will post the NAV per Unit of each class of Units on its website at www.scotiamanagedcompanies.com.

19. None of the Trustee, the Administrator, the Filer or the AHL SPC Class C is in default of any securities legislation in any of the Jurisdictions.

Decision

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

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

Seed Capital Relief

(a) the Trustee may not redeem any of its initial investment of $50,000 in the Filer until $5,000,000 has been received by the Filer from persons or companies other than the persons and companies referred to in paragraph 3.2(1)(a) of NI 81-104;

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

(c) if, after the Trustee redeems its initial investment of $50,000 in the Filer in accordance with condition (a) above, the value of the Units subscribed for by investors other than the persons and companies referred to in paragraph 3.2(1)(a) of NI 81-104 drops below $5,000,000 for more than 30 consecutive days, the Trustee will, unless the Filer is in the process of being dissolved or terminated, reinvest $50,000 in the Filer and maintain that investment until condition (a) is again satisfied; and

(d) the Administrator or such other person or company performing the functions of an investment fund manager on behalf of the Filer will at all times comply with the applicable requirements of registration as an investment fund manager under National Instrument 31-103 – *Registration Requirements and Exemptions*;

NAV Relief

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

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

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

2.2 Orders

2.2.1 Axcess Automation LLC 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
AXCESS AUTOMATION LLC,
AXCESS FUND MANAGEMENT, LLC,
AXCESS FUND, L.P., GORDON ALAN DRIVER,
DAVID RUTLEDGE, STEVEN M. TAYLOR AND
INTERNATIONAL COMMUNICATION STRATEGIES

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

WHEREAS on April 15, 2009, the Ontario Securities Commission (the "Commission") made an order pursuant to sections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5., as amended (the "*Securities Act*") in respect of Axcess Automation LLC ("Axcess Automation"), Axcess Fund Management, LLC ("Axcess Fund Management"), Axcess Fund, L.P. ("Axcess Fund"), Gordon Alan Driver ("Driver") and David Rutledge ("Rutledge") that all trading in securities by them cease, and that any exemptions contained in Ontario securities law do not apply to them;

AND WHEREAS on April 29, 2009, with the consent of Axcess Automation, Axcess Fund Management, Axcess Fund, Driver and Rutledge, the Commission continued the April 15, 2009 order until October 15, 2009, and ordered that the matter return before the Commission on October 14, 2009 at 10:00 a.m. or such other time as set by the Secretary's Office;

AND WHEREAS on October 2, 2009, the Commission made an order pursuant to sections 127(1) and (5) of the *Securities Act* in respect of Steven M. Taylor ("Taylor") and International Communication Strategies ("ICS") that all trading in securities by Taylor and ICS cease, and that any exemptions contained in Ontario securities law do not apply to Taylor and ICS;

AND WHEREAS on October 14, 2009, with the consent of Axcess Automation, Axcess Fund Management, Axcess Fund, Driver and Rutledge, and upon hearing submissions from Staff of the Commission ("Staff"), Taylor on his own behalf and on behalf of ICS, no one appearing for Axcess Automation, Axcess Fund Management, Axcess Fund, Driver and Rutledge, the Commission continued the April 29 and October 2, 2009 orders until April 14, 2010 and ordered that this matter return before the Commission on April 13, 2010 at 10:00 a.m. or such other time as set by the Secretary's Office;

AND WHEREAS the Commission held a Hearing on April 13, 2010, where Taylor attended in person on his behalf and on behalf of ICS, where counsel for Staff attended in person, and where no one appeared for Axcess Automation, Axcess Fund Management, Axcess Fund, Driver and Rutledge;

AND WHEREAS Staff advised that Axcess Automation, Axcess Fund Management, Axcess Fund, Driver and Rutledge consent to a continuation of the order dated October 14, 2009 until August 16, 2010;

AND WHEREAS Taylor opposed the continuation of the order dated October 14, 2009;

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

IT IS ORDERED THAT:

1. the October 14, 2009 order is continued until August 16, 2010 or until further order of the Commission;
2. this matter shall return before the Commission on August 13, 2010 at 10:00 a.m. or such other time as set by the Secretary's Office.

DATED at Toronto this 13th day of April 2010.

"Carol S. Perry"

2.2.2 BCE Inc. – s. 104(2)(c)

Headnote

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

Statutes Cited

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

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

AND

IN THE MATTER OF
BCE INC.

ORDER
(clause 104(2)(c))

UPON the application (the "**Application**") of BCE Inc. (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to clause 104(2)(c) of the Act exempting the Issuer from the requirements of sections 94 to 94.8 and 97 to 98.7 of the Act (the "**Issuer Bid Requirements**") in respect of the proposed purchases by the Issuer of up to 4,000,000 (collectively, the "**Subject Shares**") of its common shares (the "**Common Shares**") in one or more trades from Royal Bank of Canada and/or its affiliates (collectively, the "**Selling Shareholder**");

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

AND UPON the Issuer having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.

2. The head office and registered office of the Issuer are located at 1 Carrefour Alexander-Graham-Bell, Building A, 8th Floor, Verdun, Québec H3E 3B3.

3. The Issuer is a reporting issuer in each of the provinces of Canada and the Common Shares of the Issuer are listed for trading on the Toronto Stock Exchange ("**TSX**") and the New York Stock Exchange under the symbol "BCE". The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The authorized common share capital of the Issuer consists of an unlimited number of Common Shares, of which approximately 764,530,319 were issued and outstanding as of March 7, 2010.

5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario.

6. The Selling Shareholder has advised the Issuer that it does not directly or indirectly own more than 5% of the issued and outstanding Common Shares.

7. The Selling Shareholder has advised the Issuer that it is the beneficial owner of at least 4,000,000 Common Shares.

8. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer or "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**").

9. On December 29, 2009, the Issuer commenced a normal course issuer bid (its "**Normal Course Issuer Bid**") for up to 20,000,000 Common Shares through the facilities of the TSX in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"). As at March 7, 2010, 2,695,500 Common Shares have been purchased under the Issuer's Normal Course Issuer Bid.

10. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an "**Agreement**") pursuant to which the Issuer will agree to acquire the Subject Shares from the Selling Shareholder by one or more purchases each occurring prior to May 31, 2010 (each such purchase, a "**Proposed Purchase**") for a purchase price (the "**Purchase Price**") that will be negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Issuer's Common Shares at the time of each Proposed Purchase.

11. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX NCIB Rules.

12. The purchase of the Subject Shares by the Issuer pursuant to each Agreement will constitute an "issuer bid" for purposes of the Act, to which the applicable Issuer Bid Requirements would apply.

13. Because the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Issuer's Common Shares at the time of each Proposed Purchase, each Proposed Purchase cannot be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.

14. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Issuer's Common Shares at the time of each Proposed Purchase, the Issuer could otherwise acquire the Subject Shares as a "block purchase" (a "**Block Purchase**") in accordance with the block purchase exception in section 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act. The notice of intention to make a normal course issuer bid filed with the TSX by the Issuer contemplates that purchases under the bid may be made by such other means as may be permitted by the TSX, including by private agreements pursuant to an issuer bid exemption order issued by a securities regulatory authority.

15. For each Proposed Purchase, the Issuer will be able to acquire the Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

16. The Issuer is of the view that it will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase the Shares under the Bid through the facilities of the TSX and the Issuer is of the view that this is an appropriate use of the Issuer's funds.

17. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's securityholders and it will not materially affect the control of the Issuer. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.

18. To the best of the Issuer's knowledge, as of March 7, 2010, the "public float" for the Common Shares represented more than 99% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

19. The market for the Common Shares is a "liquid market" within the meaning of section 1.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

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

21. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder, neither the Issuer nor the Selling Shareholder will be aware of any undisclosed "material change" or any undisclosed "material fact" in respect of the Issuer (each as defined in the Act).

22. The Selling Shareholder owns the Subject Shares and the Subject Shares were not acquired in anticipation of resale pursuant to the Proposed Purchases.

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

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

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

(b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX NCIB Rules during the calendar week that it completes each Proposed Purchase and may not make any further purchases under its Normal Course Issuer Bid for the remainder of that calendar day;

(c) the Purchase Price is not higher than the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of each Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Common Shares pursuant to its Normal Course Issuer Bid and in accordance with the TSX NCIB Rules, including by means of open market transactions and by other means as may be permitted by the TSX, including

private agreements under an issuer bid exemption issued by a securities regulatory authority;

(e) immediately following each Proposed Purchase of the Subject Shares from the Selling Shareholder, the Issuer will report the purchase of the Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder, neither the Issuer nor the Selling Shareholder will be aware of any undisclosed "material change" or any undisclosed "material fact" in respect of the Issuer (each as defined in the Act); and

(g) the Issuer will issue a press release in connection with the Proposed Purchases.

DATED at Toronto this 26th day of March, 2010.

"Carol S. Perry"
Commissioner
Ontario Securities Commission

"Kevin J. Kelly"
Commissioner
Ontario Securities Commission

2.2.3 Ameron Oil and Gas Ltd. and MX-IV, Ltd. – 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
AMERON OIL AND GAS LTD. AND MX-IV, LTD.

ORDER
(Subsections 127(7) and 127(8))

WHEREAS on April 6, 2010, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering: that all trading in the securities of MX-IV, Ltd. shall cease; that Ameron Oil and Gas Ltd., MX-IV, Ltd. and their representatives, cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to Ameron Oil and Gas Ltd. and MX-IV, Ltd. (the "Temporary Order");

AND WHEREAS, on April 6, 2010, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 8, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 20, 2010 at 2:00 p.m.;

AND WHEREAS the Notice of Hearing set out that the Hearing is to consider, inter alia, whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127 (7) and (8) of the Act, to extend the Temporary Order until the conclusion of the hearing, or until such further time as considered necessary by the Commission;

AND WHEREAS on April 20, 2010, a hearing was held before the Commission and Ameron Oil and Gas Ltd. and MX-IV, Ltd. did not appear before the Commission to oppose Staff of the Commission's ("Staff") request for the extension of the Temporary Order;

AND WHEREAS on April 20, 2010, the Commission was satisfied that Staff had served each of the respondents with copies of the Temporary Order, the Notice of Hearing, and the Evidence Brief of Staff as evidenced by the Affidavit of Kathleen McMillan, sworn on April 19, 2010, and filed with the Commission;

AND WHEREAS on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to

the public interest; and, it was in the public interest to extend the Temporary Order;

IT IS HEREBY ORDERED, pursuant to subsections 127 (7) and (8) of the Act that the Temporary Order is extended to October 14, 2010; and,

IT IS FURTHER ORDERED that the hearing in this matter is adjourned to October 13, 2010, at 10:00 a.m.

DATED at Toronto this 20th day of April, 2010.

"Mary G. Condon"

2.2.4 Christina Harper et al. – s.. 127(7), 127(8)

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

AND

IN THE MATTER
CHRISTINA HARPER, HOWARD RASH,
MICHAEL SCHAUMER, ELLIOT FEDER,
VADIM TSATSKIN, ODED PASTERNAK,
ALAN SILVERSTEIN, HERBERT GROBERMAN,
ALLAN WALKER, PETER ROBINSON,
VYACHESLAV BRIKMAN, NIKOLA BAJOVSKI,
BRUCE COHEN AND ANDREW SHIFF

ORDER
(Subsections 127(7) and 127(8))

WHEREAS on April 7, 2010, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering the following (the "Temporary Order"):

i) Christina Harper ("Harper"), Howard Rash ("Rash"), Michael Schaumer ("Schaumer"), Elliot Feder ("Feder"), Vadim Tsatskin ("Tsatskin"), Oded Pasternak ("Pasternak"), Alan Silverstein ("Silverstein"), Herbert Groberman ("Groberman"), Allan Walker ("Walker"), Peter Robinson ("Robinson"), Vyacheslav Brikman ("Brikman"), Nikola Bajovski ("Bajovski"), Bruce Cohen ("Cohen") and Andrew Shiff ("Shiff"), collectively, the "Respondents", shall cease trading in all securities;

ii) that any exemptions contained in Ontario securities law do not apply to the Respondents.

AND WHEREAS, on April 7, 2010, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 14, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 20, 2010 at 3:00 p.m;

AND WHEREAS the Notice of Hearing set out that the Hearing is to consider, amongst other things whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127 (7) and (8) of the Act, to extend the Temporary Order until the conclusion of the hearing, or until such further time as considered necessary by the Commission;

AND WHEREAS on April 20, 2010, a hearing was held before the Commission and none of the Respondents appeared before the Commission to oppose Staff of the Commission's ("Staff") request for the extension of the Temporary Order;

AND WHEREAS on April 20, 2010, the Commission was satisfied that Staff had served or made reasonable attempts to serve each of the Respondents with copies of the Temporary Order, the Notice of Hearing, and the Evidence Brief of Staff as evidenced by the Affidavit of Kathleen McMillan, sworn on April 20, 2010, and filed with the Commission;

AND WHEREAS on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest; and, it was in the public interest to extend the Temporary Order;

IT IS HEREBY ORDERED, pursuant to subsections 127 (7) and (8) of the Act that the Temporary Order is extended to June 15, 2010; and,

IT IS FURTHER ORDERED that the hearing in this matter is adjourned to June 14, 2010, at 10:00 a.m.

DATED at Toronto this 20th day of April, 2010.

"Mary G. Condon"

2.2.5 Merrill Lynch Canada Inc. – s. 80 of the CFA

Headnote

Application for an order, pursuant to pursuant to section 80 of the Commodity Futures Act (CFA) granting relief from sections 42, 43, 44 and 45 of the CFA 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 in the context of trade "give-ups".

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, ss. 42, 43, 44, 45, 80.

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

AND

IN THE MATTER OF
MERRILL LYNCH CANADA INC.

ORDER
(Section 80 of the CFA)

UPON the application (the Application) by Merrill Lynch Canada Inc. (the Applicant) to the Ontario Securities Commission (the Commission) for an order pursuant to section 80 of the CFA granting relief from sections 42, 43, 44 and 45 of the CFA, which contain the requirements to deliver certain confirmations and statements of trade to customers in respect of trades in commodity futures contracts and commodity futures options in the context of trade "give-ups" where the Applicant acts as executing broker;

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

AND UPON the Applicant having represented to the Commission that:

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

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

3. The Applicant is a dealer member of the Investment Industry Regulatory Organization of Canada (IIROC). The Applicant is registered as an investment dealer in Alberta, British Columbia, Manitoba, New Brunswick, the Northwest Territories, Nova Scotia, Prince Edward Island, Saskatchewan and Yukon, an investment dealer and a futures commission merchant in Ontario, an investment dealer and a portfolio manager in Newfoundland and Labrador and an investment

dealer and derivatives dealer in Quebec. The Applicant is a participating organization or member of the Toronto Stock Exchange (TSX), TSX Venture Exchange and Montreal Exchange and other electronic markets. The Applicant is a member of the Canadian Derivatives Clearing Corporation.

4. The Applicant acts as executing broker in give-up transactions involving commodity futures contracts and commodity futures options. The Applicant also acts as a clearing broker for customers.

5. The Applicant only provides trading services to "institutional customers" as defined in IIROC Dealer Member Rule 1.1. (the Customers).

6. In the typical give-up transaction, 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 the Applicant is captured in the Applicant's books and records and accounting system. A daily control performed by the Applicant's back-office identifies 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 the Applicant. Consequently, upon payment of any invoice sent by the 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 not in default of securities, futures or derivatives legislation in any jurisdiction.

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. The clearing broker has the primary relationship with the Customers and is contractually responsible for trade and risk monitoring as well as reporting, trade confirmations and sending out monthly statements.

14. Without the requested relief, the Customers will receive multiple copies of trade confirmations and monthly statements which is confusing and unnecessary.

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

IT IS ORDERED, pursuant to section 80 of the CFA that the Applicant is exempt from the requirements of sections 42, 43, 44 and 45 of the CFA 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.

April 20, 2010

"Margot C. Howard"
Commissioner
Ontario Securities Commission

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

2.3 Rulings

2.3.1 JC Clark Ltd. et al. – s. 74(1)

Headnote

Relief from the prospectus requirement of the Act to permit the distribution of pooled fund securities to managed accounts held by non-accredited investors on an exempt basis – NI 45-106 containing carve-out for managed accounts in Ontario prohibiting portfolio manager from making exempt distributions of securities of its proprietary pooled funds to its managed account clients in Ontario unless managed account client qualifies as accredited investor or invests $150,000 – portfolio manager providing bona fide portfolio management services to high net worth clients – Not all managed account clients are accredited investors – portfolio manager permitted to make exempt distributions of proprietary pooled funds to its managed accounts provided written notice is delivered to clients advising them of the relief granted – portfolio manager is restricted from distributing proprietary pooled fund securities to parties other than its managed account clients.

Applicable Legislative Provisions

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

Rules Cited

National Instrument 45-106 Prospectus and Registration Exemptions.
National Instrument 31-103 Registration Requirements and Exemptions.

April 13, 2010

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

AND

IN THE MATTER OF
JC CLARK LTD.

AND

JC CLARK INC.
(Each a "Filer" and collectively the "Co-Filers")

AND

IN THE MATTER OF
THE JC CLARK PRESERVATION TRUST
THE JC CLARK FOCUSED OPPORTUNITIES FUND
THE JC CLARK COMMONWEALTH PATRIOT TRUST

RULING
(Subsection 74(1) of the Act)

Background

The Ontario Securities Commission (the "**Commission**") has received an application (the "**Application**") from the Co-Filers and any pooled fund established and managed by either of the Co-Filers in the future (each a "**Fund**", and together the "**Funds**") for a ruling, pursuant to subsection 74(1) of the Act, that trades in units of the Funds to Secondary Managed Accounts (as defined below) will not be subject to the prospectus requirements under section 53 of the Act (the "**Prospectus Requirements**") (the "**Requested Relief**").

Representations

This Ruling is based on the following facts represented by the Co-Filers:

1. JC Clark Ltd. is a corporation established under the *Business Corporations Act* (Ontario) with its head office in Toronto, Ontario. It is registered as a broker and investment dealer (or equivalent category) under the applicable securities laws in all provinces. JC Clark Ltd. has been managing money for high net worth individuals and institutional clients on a fully discretionary basis since 2001 and currently acts as a co-manager of and portfolio adviser for each Fund, along with JC Clark Inc.

2. JC Clark Inc. is a corporation established under the *Business Corporations Act* (Ontario) and is currently registered in Ontario as an adviser in the category of Portfolio Manager. JC Clark Inc. is able to rely on the exemption from investment dealer registration requirements contained in section 8.6 of National Instrument 31-103 *Registration Requirements and Exemptions* ("**NI 31-103**").

3. Each of the Funds is an open-ended unincorporated mutual fund trust organized under the laws of Ontario. The Funds are not reporting issuers and are only sold under applicable prospectus exemptions under the applicable securities laws of each Province.

4. The Co-Filers primarily offer discretionary portfolio management services to individuals, corporations and other entities (each, a "**Client**") seeking wealth management or related services ("**Managed Services**") through a managed account ("**Managed Account**"). Pursuant to a written agreement ("**Managed Account Agreement**") between a Filer and the Client, the applicable Filer makes investment decisions for the Managed Account and has full discretionary authority to trade in securities for the Managed Account without obtaining the specific consent of the Client to the trade.

5. The Managed Services are provided by employees of the Co-Filers who meet the

proficiency requirements of an advising officer or advising representative (or associate advising officer or associate advising representative) under National Instrument 31-103 *Registration Requirements and Exemptions*.

6. Managed Accounts are typically held with JC Clark Ltd., but may in some cases be held with JC Clark Inc.. In either case, the scope of Managed Services provided to a Client are and will continue to be consistent between the Co-Filers.

7. The Managed Services consist of the following:

   i. each Client who accepts Managed Services executes a New Client Account Form which details the client's investment objectives, risk tolerance and other pertinent information. The Client also executes a Managed Account Agreement whereby the Client authorizes the applicable Filer to supervise, manage and direct purchases and sales at the Filer's full discretion on a continuing basis;

   ii. the Co-Filers' qualified employees perform investment research, securities selection and management functions with respect to all securities, investments, cash equivalents or other assets included in the Funds;

   iii. each Managed Account will invest in units of one or more of the Funds or in some cases individual securities as selected by the applicable Filer according to a Client's stated investment objectives and risk tolerance. The Managed Accounts invest primarily in the Funds, but may, from time to time, as appropriate invest a portion of the Managed Account assets in funds managed by third parties which are offered under prospectus;

   iv. Managed Account holders are provided quarterly performance information and the applicable Filer meets with its Clients at least annually to review investment performance and to assess a Client's investment goals; and

   v. the appropriate Filer retains overall responsibility for the Managed Services provided to its Clients and has designated a senior officer to oversee and supervise the Managed Services.

8. The publicly stated minimum assets a Client is required to have in one or more Managed Accounts is $2,000,000. From time to time, the Co-Filers will accept a Client who does not meet this minimum threshold of $2,000,000, but qualifies as an accredited investor under National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**"), if there are other factors that have persuaded the Co-Filers for business reasons to accept such persons as Clients. A "**Primary Managed Account**" is defined as a Client that meets the $2,000,000 minimum threshold or qualifies as a accredited investor under NI 45-106.

9. The Co-Filers seek to accept certain Clients who may not ordinarily qualify as a Primary Managed Account Client. Such Clients consist primarily of family members of Primary Managed Account Clients; Clients who, due to a change in circumstances are no longer accredited investors; or persons who have a relationship with:

   i. the holder of a Primary Managed Account;

   ii. an existing client of the Co-Filers but who is not a holder of a Primary Managed Account; or

   iii. the Co-Filers;

   and for which there are exceptional factors which have persuaded the Co-Filers for business reasons to accept such persons as Clients. Each such Client would be served through a Managed Account, the above hereinafter referred to as "Secondary Managed Accounts". Secondary Managed Accounts are expected to be incidental to the Co-Filers' business and assets under management.

10. While the holders of the Primary Managed Accounts each qualify as accredited investors under NI 45-106, the holders of the Secondary Managed Accounts do not always themselves qualify as accredited investors, nor will the $150,000 minimum investment exemption in NI 45-106 be available in all cases.

11. While a Managed Account qualifies as an "accredited investor" in each province and territory outside Ontario, NI 45-106 contains a carve out for Managed Accounts in Ontario when the securities being purchased by the Managed Account are those of an investment fund. Accordingly, in the absence of relief from the Prospectus Requirements, the Funds will be available only to Clients that are accredited investors in their own right or are able to invest a minimum of $150,000 in a Fund.

12. The Co-Filers wish to distribute securities of the Funds to Secondary Managed Accounts. The Secondary Managed Account Client would thereby be able to receive the benefit of the Co-Filer's investment management expertise.

13. Managed Services provided by a Filer are not subject to a management fee. Rather, a Filer invests in the Funds which pay a management fee and may pay a performance fee to the Co-Filers in their capacity as co-managers of and portfolio advisers to the Funds. Accordingly, there is no duplication of fees between a Managed Account and the Funds.

14. In some instances, the Co-Filers may pay referral fees in respect of Clients referred to it. The Co-Filers' referral fees and referral arrangement practices are in compliance with the referral arrangements requirements of NI 31-103.

Ruling

The Commission being satisfied that the relevant test contained in subsection 74(1) of the Act has been met, the Commission rules that the Requested Relief is granted provided that:

(a) securities of the Funds distributed pursuant to the relief from the Prospectus Requirements contained in this ruling shall only be distributed to Managed Accounts;

(b) for each Client that becomes a Client of a Filer after the date of this ruling that will invest in securities of one or more Funds through a Managed Account pursuant to this ruling, such Filer shall deliver to such Client prior to effecting a trade in securities of a Fund in reliance on this ruling, written disclosure advising of:

(i) the nature of the relief granted under this ruling, and

(ii) the fact that the ruling permits the Client to invest in an investment fund product which the Client otherwise would not be allowed to invest in on an exempt basis through their Managed Account; and

(c) this ruling will terminate upon the coming into force of any legislation or rule of the Commission exempting a trade by a fully managed account in Ontario in securities of investment funds from the Prospectus Requirement.

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

"Paulette L. Kennedy"
Commissioner
Ontario Securities Commission

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Bearcat Explorations Ltd.	06 Apr 10	19 Apr 10	19 Apr 10	
Goldstake Explorations Inc.	08 Apr 10	20 Apr 10	20 Apr 10	
Toptent inc.	09 Apr 10	21 Apr 10	21 Apr 10	
ConjuChem Biotechnologies Inc.	09 Apr 10	21 Apr 10	21 Apr 10	
Petroflow Energy Ltd.	21 Apr 10	03 May 10		

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
Frontera Copper Corporation	06 April 10	19 Apr 10		20 Apr 10	
Genesis Worldwide Inc.	06 April 10	19 Apr 10	19 Apr 10		
Homeland Energy Group Ltd.	06 April 10	19 Apr 10	19 Apr 10		
Virgin Metal Inc.	07 April 10	20 Apr 10	20 Apr 10		
High River Gold Mines Ltd.	07 April 10	20 Apr 10		21 Apr 10	
Redline Communications Group Inc.	07 April 10	19 Apr 10	19 Apr 10		
Synergex Corporation	08 Apr 10	20 Apr 10	20 Apr 10		
Copper Reef Mining Corporation	09 Apr 10	21 Apr 10		23 Apr 10	

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.	07 Oct 09	19 Oct 09	19 Oct 09		
Axiotron Corp.	12 Feb 10	24 Feb 10	24 Feb 10		
RoaDor Industries Ltd.	—	24 Feb 10	24 Feb 10		
Frontera Copper Corporation	06 April 10	19 Apr 10		20 Apr 10	
Genesis Worldwide Inc.	06 April 10	19 Apr 10	19 Apr 10		
Homeland Energy Group Ltd.	06 April 10	19 Apr 10	19 Apr 10		

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Virgin Metal Inc.	07 April 10	20 Apr 10	20 Apr 10		
High River Gold Mines Ltd.	07 April 10	20 Apr 10		21 Apr 10	
Redline Communications Group Inc.	07 April 10	19 Apr 10	19 Apr 10		
Synergex Corporation	08 Apr 10	20 Apr 10	20 Apr 10		
Copper Reef Mining Corporation	09 Apr 10	21 Apr 10		23 Apr 10	

Chapter 5

Rules and Policies

5.1.1 NI 55-104 Insider Reporting Requirements and Exemptions and Consequential Amendments to Related Instruments and Repeal Instruments for Certain Predecessor Instruments

NATIONAL INSTRUMENT 55-104
INSIDER REPORTING REQUIREMENTS AND EXEMPTIONS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 **Definitions and interpretation**

(1) In this Instrument

"acceptable summary form" means, in relation to the alternative form of insider report described in sections 5.4 and 6.4, an insider report that discloses as a single transaction, with December 31 of the relevant year as the date of the transaction, using an average unit price of the securities,

(a) the total number of securities of the same type acquired under an automatic securities purchase plan or compensation arrangement, or under all such plans or arrangements, for the calendar year; and

(b) the total number of securities of the same type disposed of under all specified dispositions of securities under an automatic securities purchase plan or compensation arrangement, or under all such plans or arrangements, for the calendar year;

"automatic securities purchase plan" means a dividend or interest reinvestment plan, a stock dividend plan, or any other plan established by an issuer or by a subsidiary of an issuer to facilitate the acquisition of securities of the issuer if the timing of acquisitions of securities, the number of securities which may be acquired under the plan by a director or officer of the issuer or of the subsidiary of the issuer, and the price payable for the securities are established in advance by written formula or criteria set out in a plan document and not subject to a subsequent exercise of discretion;

"cash payment option" means a provision in a dividend or interest reinvestment plan under which a participant is permitted to make cash payments to purchase from the issuer, or from an administrator of the plan, securities of the issuer's own issue;

"CEO" means a chief executive officer and any other individual who acts as chief executive officer for an issuer or acts in a similar capacity for the issuer;

"CFO" means a chief financial officer and any other individual who acts as chief financial officer for an issuer or acts in a similar capacity for the issuer;

"compensation arrangement" includes, but is not limited to, an arrangement, whether or not set out in any formal document and whether or not applicable to only one individual, under which cash, securities or related financial instruments, including, for greater certainty, options, stock appreciation rights, phantom shares, restricted shares or restricted share units, deferred share units, performance units or performance shares, stock, stock dividends, warrants, convertible securities, or similar instruments, may be received or purchased as compensation for services rendered, or otherwise in connection with holding an office or employment with a reporting issuer or a subsidiary of a reporting issuer;

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

"COO" means a chief operating officer and any other individual who acts as chief operating officer for an issuer or acts in a similar capacity for the issuer;

"credit derivative" means a derivative in respect of which the underlying security, interest, benchmark or formula is, or is related to or derived from, in whole or in part, a debt or other financial obligation of an issuer;

"derivative"

(a) means, other than in New Brunswick, the Northwest Territories, Nunavut, Ontario, Prince Edward Island, Québec and the Yukon Territory, an instrument, agreement, security or exchange contract, the market price, value or payment obligations of which is derived from, referenced to, or based on an underlying security, interest, benchmark or formula;

(b) in New Brunswick, the Northwest Territories, Nunavut, Ontario, Prince Edward Island and the Yukon Territory, has the same meaning as in securities legislation; and

(c) in Québec, has the same meaning as in *The Derivatives Act*;

"dividend or interest reinvestment plan" means an arrangement under which a holder of securities of an issuer is permitted to direct that the dividends, interest or distributions paid on the securities be applied to the purchase, from the issuer or an administrator of the issuer, of securities of the issuer's own issue;

"economic exposure" in relation to an issuer

(a) means, other than in Ontario, the extent to which the economic or financial interests of a person or company are aligned with the trading price of securities of the issuer or the economic or financial interests of the issuer;

(b) in Ontario, has the same meaning as in securities legislation;

"economic interest" in a security or an exchange contract

(a) means, other than in British Columbia, New Brunswick, the Northwest Territories, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and the Yukon Territory,

(i) a right to receive or the opportunity to participate in a reward, benefit or return from a security or an exchange contract, or

(ii) exposure to a risk of a financial loss in respect of a security or an exchange contract;

(b) in British Columbia, New Brunswick, the Northwest Territories, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and the Yukon Territory, has the same meaning as in securities legislation;

"exchange contract"

(a) means, other than in Alberta, British Columbia, New Brunswick and Saskatchewan, a futures contract or an option that meets both of the following requirements:

(i) its performance is guaranteed by a clearing agency; and

(ii) it is traded on an exchange pursuant to standardized terms and conditions set out in that exchange's by-laws, rules or regulatory instruments, at a price agreed on when the futures contract or option is entered into on the exchange;

(b) in Alberta, British Columbia, New Brunswick and Saskatchewan, has the same meaning as in securities legislation;

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

"income trust" means a trust or an entity, including corporate and non-corporate entities, the securities of which entitle the holder to net cash flows generated by an underlying business or income-producing properties owned through the trust or by the entity;

"insider report" means a report to be filed by an insider under securities legislation;

"insider reporting requirement" means

(a) a requirement to file insider reports under Parts 3 and 4;

(b) a requirement to file insider reports under any provisions of Canadian securities legislation substantially similar to Parts 3 and 4; and

(c) a requirement to file an insider profile under NI 55-102;

"investment issuer" means, in relation to an issuer, another issuer in respect of which the issuer is an insider;

"issuer event" means a stock dividend, stock split, consolidation, amalgamation, reorganization, merger or other similar event that affects all holdings of a class of securities of an issuer in the same manner, on a per share basis;

"lump-sum provision" means a provision of an automatic securities purchase plan that allows a director or officer to acquire securities in consideration of an additional lump-sum payment, and includes a cash payment option;

"major subsidiary" means a subsidiary of an issuer if

(a) the assets of the subsidiary, as included in the issuer's most recent annual audited or interim balance sheet, or, for a period relating to a financial year beginning on or after January 1, 2011, a statement of financial position, are 30 per cent or more of the consolidated assets of the issuer reported on that balance sheet or statement of financial position, as the case may be, or

(b) the revenue of the subsidiary, as included in the issuer's most recent annual audited or interim income statement, or, for a period relating to a financial year beginning on or after January 1, 2011, a statement of comprehensive income, is 30 per cent or more of the consolidated revenue of the issuer reported on that statement;

"management company" means a person or company established or contracted to provide significant management or administrative services to an issuer or a subsidiary of the issuer;

"NI 55-102" means National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*;

"normal course issuer bid" means

(a) an issuer bid that is made in reliance on the exemption, contained in securities legislation from requirements relating to issuer bids, that is available if the number of securities acquired by the issuer within a period of twelve months does not exceed 5 per cent of the securities of that class issued and outstanding at the commencement of the period, or

(b) a normal course issuer bid as defined in the rules or policies of the Toronto Stock Exchange, the TSX Venture Exchange or an exchange that is a recognized exchange, as defined in National Instrument 21-101 *Marketplace Operation*, and that is conducted in accordance with the rules or policies of that exchange;

"operating entity" means a person or company with an underlying business or with assets owned in whole or in part by an income trust for the purposes of generating cash flow;

"principal operating entity" means an operating entity that is a major subsidiary of an income trust;

"related financial instrument"

(a) means, other than in British Columbia, New Brunswick, the Northwest Territories, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and the Yukon Territory,

  (i) an instrument, agreement, security or exchange contract the value, market price or payment obligations of which are derived from, referenced to or based on the value, market price or payment obligations of a security, or,

  (ii) any other instrument, agreement, or understanding that affects, directly or indirectly, a person or company's economic interest in a security or an exchange contract;

(b) in British Columbia, New Brunswick, the Northwest Territories, Nunavut, Ontario, Prince Edward Island, Québec, Saskatchewan and the Yukon Territory, has the same meaning as in securities legislation;

"reporting insider" means an insider of a reporting issuer if the insider is

(a) the CEO, CFO or COO of the reporting issuer, of a significant shareholder of the reporting issuer or of a major subsidiary of the reporting issuer;

(b) a director of the reporting issuer, of a significant shareholder of the reporting issuer or of a major subsidiary of the reporting issuer;

(c) a person or company responsible for a principal business unit, division or function of the reporting issuer;

(d) a significant shareholder of the reporting issuer;

(e) a significant shareholder based on post-conversion beneficial ownership of the reporting issuer's securities and the CEO, CFO, COO and every director of the significant shareholder based on post-conversion beneficial ownership;

(f) a management company that provides significant management or administrative services to the reporting issuer or a major subsidiary of the reporting issuer, every director of the management company, every CEO, CFO and COO of the management company, and every significant shareholder of the management company;

(g) an individual performing functions similar to the functions performed by any of the insiders described in paragraphs (a) to (f);

(h) the reporting issuer itself, if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; or

(i) any other insider that

(i) in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and

(ii) directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the reporting issuer;

"significant shareholder" means a person or company that has beneficial ownership of, or control or direction over, whether direct or indirect, or a combination of beneficial ownership of, and control or direction over, whether direct or indirect, securities of an issuer carrying more than 10 per cent of the voting rights attached to all the issuer's outstanding voting securities, excluding, for the purpose of the calculation of the percentage held, any securities held by the person or company as underwriter in the course of a distribution;

"stock dividend plan" means an arrangement under which securities of an issuer are issued by the issuer to holders of securities of the issuer as a stock dividend or other distribution out of earnings, retained earnings or capital; and

"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.

(2) **Affiliate** – In this Instrument, an issuer is an affiliate of another issuer if

(a) one of them is the subsidiary of the other, or

(b) each of them is controlled by the same person or company.

(3) **Control** – In this Instrument, a person or company (first person or company) is considered to control another person or company (second person or company) if

(a) the first person or company beneficially owns or has control or direction over, whether direct or indirect, securities of the second person or company carrying votes which, if exercised, would entitle the first person or company to elect a majority of the directors of the second person or company, unless that first person or company holds the voting securities only to secure an obligation,

(b) the second person or company is a partnership, other than a limited partnership, and the first person or company holds more than 50 per cent of the interests of the partnership, or

(c) the second person or company is a limited partnership and the general partner of the limited partnership is the first person or company.

(4) **Post-conversion beneficial ownership** – In this Instrument, a person or company is considered to have, as of a given date, post-conversion beneficial ownership of a security, including an unissued security, if the person or company is the beneficial owner of a security convertible into the security within 60 days following that date or has a right or obligation permitting or requiring the person or company, whether or not on conditions, to acquire beneficial ownership of the security within 60 days, by a single transaction or a series of linked transactions.

(5) **Significant shareholder based on post-conversion beneficial ownership** – In this Instrument, a person or company is a significant shareholder based on post-conversion beneficial ownership if the person or company is not a significant shareholder but the person or company has beneficial ownership of, post-conversion beneficial ownership of, control or direction over, whether direct or indirect, or any combination of beneficial ownership of, post-conversion beneficial ownership of, or control or direction over, whether direct or indirect, securities of an issuer carrying more than 10 per cent of the voting rights attached to all the issuer's outstanding voting securities, calculated in accordance with subsections (6) and (7).

(6) For the purposes of the calculation in subsection (5), an issuer's outstanding voting securities include securities in respect of which a person or company has post-conversion beneficial ownership.

(7) For the purposes of the calculation in subsections (4) and (5), a person or company may exclude any securities held by the person or company as underwriter in the course of a distribution.

1.2 **Persons and companies designated or determined to be insiders for the purposes of this Instrument**

(1) The following persons and companies are designated or determined to be insiders of an issuer:

(a) a significant shareholder of the issuer based on post-conversion beneficial ownership of the issuer's securities;

(b) a management company that provides significant management or administrative services to the issuer or a major subsidiary of the issuer, and every director, officer and significant shareholder of the management company; and

(c) if the issuer is an income trust, every director, officer and significant shareholder of a principal operating entity of the issuer.

(2) **Issuer as insider of reporting issuer** – If an issuer (the first issuer) becomes an insider of a reporting issuer (the second issuer), the CEO, CFO, COO and every director of the first issuer are designated or determined to be an insider of the second issuer and must file insider reports in accordance with section 3.5 in respect of transactions relating to the second issuer that occurred in the previous six months or for such shorter period that the individual was a CEO, CFO, COO or director of the first issuer.

(3) **Reporting issuer as insider of other issuer** – If a reporting issuer (the first issuer) becomes an insider of another issuer (the second issuer), the CEO, CFO, COO and every director of the second issuer is designated or determined to be an insider of the first issuer and must file insider reports in accordance with section 3.5 in respect of transactions relating to the first issuer that occurred in the previous six months or for such shorter period that the individual was a CEO, CFO, COO or director of the second issuer.

1.3 **Reliance on Reported Outstanding Shares**

(1) In determining the securityholding percentage of a person or company in a class of securities for the purposes of the definition "significant shareholder" and in determining if the person or company is a significant shareholder based on post-conversion beneficial ownership, the person or company may rely upon information most recently filed by the issuer of the securities in a material change report or under section 5.4 of National Instrument 51-102 *Continuous Disclosure Obligations*, whichever contains the most recent relevant information.

(2) Subsection (1) does not apply if the person or company has knowledge both

(a) that the information filed is inaccurate or has changed; and

(b) of the correct information.

PART 2 APPLICATION

2.1 **Insider reporting requirements (insiders of Ontario reporting issuers)** – In Ontario, the insider reporting requirements in sections 3.2 and 3.3 do not apply to an insider of a reporting issuer under the *Securities Act* (Ontario).

> **Note:** In Ontario, requirements similar to the insider reporting requirements in sections 3.2 and 3.3 of this Instrument are contained in section 107 of the *Securities Act* (Ontario).

2.2 **Reporting deadline** – In Ontario, for the purposes of subsection 107(2) of the *Securities Act* (Ontario), in the case of a transaction occurring after October 31, 2010, the prescribed period is within five days of any change in the beneficial ownership of, or control or direction over, whether direct or indirect, securities of the reporting issuer or any interest in, or right or obligation associated with, a related financial instrument.

PART 3 PRIMARY INSIDER REPORTING REQUIREMENT

3.1 **Reporting requirement** – An insider must file insider reports under this Part and Part 4 in respect of a reporting issuer if the insider is a reporting insider of the reporting issuer.

3.2 **Initial report** – A reporting insider must file an insider report in respect of a reporting issuer, within 10 days of becoming a reporting insider, disclosing the reporting insider's

(a) beneficial ownership of, or control or direction over, whether direct or indirect, securities of the reporting issuer, and

(b) interest in, or right or obligation associated with, a related financial instrument involving a security of the reporting issuer.

3.3 **Subsequent report** – A reporting insider must within five days of any of the following changes file an insider report in respect of a reporting issuer disclosing a change in the reporting insider's

(a) beneficial ownership of, or control or direction over, whether direct or indirect, securities of the reporting issuer, or

(b) interest in, or right or obligation associated with, a related financial instrument involving a security of the reporting issuer.

3.4 **Reporting requirements in connection with convertible or exchangeable securities** – For greater certainty, a reporting insider who exercises an option, warrant or other convertible or exchangeable security must file, within five days of the exercise, separate insider reports in accordance with section 3.3 disclosing the resulting change in the reporting insider's beneficial ownership of, or control or direction over, whether direct or indirect, each of

(a) the option, warrant or other convertible or exchangeable security, and

(b) the common shares or other underlying securities.

3.5 **Report by certain designated insiders for certain historical transactions** – A CEO, CFO, COO or director of an issuer (the first issuer) who is designated or determined to be an insider of another issuer (the second issuer) under subsection 1.2(2) or 1.2(3) must file, within 10 days of being designated or determined to be an insider of the second issuer, the insider reports that a reporting insider of the second issuer would have been required to file under Part 3 and Part 4 for all transactions involving securities of the second issuer or related financial instruments involving securities of the second issuer, that occurred in the previous six months or for such shorter period that the individual was a CEO, CFO, COO or director of the first issuer.

PART 4 SUPPLEMENTAL INSIDER REPORTING REQUIREMENT

4.1 **Other agreements, arrangements or understandings**

(1) If a reporting insider of a reporting issuer enters into, materially amends, or terminates an agreement, arrangement or understanding described in subsection (2), the reporting insider must, within five days of this event, file an insider report in respect of the reporting issuer in accordance with section 4.3.

(2) An agreement, arrangement or understanding must be reported under subsection (1) in an insider report in respect of a reporting issuer if

(a) the agreement, arrangement or understanding has the effect of altering, directly or indirectly, the reporting insider's economic exposure to the reporting issuer;

(b) the agreement, arrangement or understanding involves, directly or indirectly, a security of the reporting issuer or a related financial instrument involving a security of the reporting issuer; and

(c) the reporting insider is not otherwise required to file an insider report in respect of this event under Part 3 or any corresponding provision of Canadian securities legislation.

4.2 **Report of prior agreements, arrangements or understandings** – A reporting insider must, within 10 days of becoming a reporting insider of a reporting issuer, file an insider report in accordance with section 4.3 in respect of the reporting issuer if

(a) the reporting insider, prior to the date the reporting insider most recently became a reporting insider, entered into an agreement, arrangement or understanding in respect of which the reporting insider would have been required to file an insider report under section 4.1 if the agreement, arrangement or understanding had been entered into on or after the date the reporting insider most recently became a reporting insider, and

(b) the agreement, arrangement or understanding remains in effect on or after the date the reporting insider most recently became a reporting insider.

4.3 **Contents of report** – An insider report required to be filed under section 4.1 or 4.2 must disclose the existence and material terms of the agreement, arrangement or understanding.

PART 5 EXEMPTION FOR AUTOMATIC SECURITIES PURCHASE PLANS

5.1 **Interpretation**

(1) In this Part, a reference to a director or officer means a director or officer who is

(a) a director or officer of a reporting issuer and a reporting insider of the reporting issuer, or

(b) a director or officer of a subsidiary of a reporting issuer and a reporting insider of the reporting issuer.

(2) In this Part, a reference to a security of a reporting issuer includes a related financial instrument involving a security of the reporting issuer.

(3) In this Part, a disposition or transfer of securities acquired under an automatic securities purchase plan is a specified disposition of securities if

(a) the disposition or transfer is incidental to the operation of the automatic securities purchase plan and does not involve a discrete investment decision by the director or officer; or

(b) the disposition or transfer is made to satisfy a tax withholding obligation arising from the distribution of securities under the automatic securities purchase plan and either

(i) the director or officer has elected that the tax withholding obligation will be satisfied through a disposition of securities, has communicated this election to the reporting issuer or the plan administrator at least 30 days before the disposition and this election is irrevocable as of the 30th day before the disposition; or

(ii) the director or officer has not communicated an election to the reporting issuer or the plan administrator and, in accordance with the terms of the plan, the reporting issuer or the plan administrator is required to sell securities automatically to satisfy the tax withholding obligation.

5.2 **Reporting exemption**

(1) The insider reporting requirement does not apply to a director or officer for an acquisition or disposition of securities described in subsection (2) if the director or officer complies with the alternative reporting requirement in section 5.4.

(2) The exemption in subsection (1) applies to

(a) an acquisition of securities of the reporting issuer under an automatic securities purchase plan, other than an acquisition of securities under a lump-sum provision of the plan; or

(b) a specified disposition of securities of the reporting issuer under an automatic securities purchase plan.

5.3 **Acquisition of options or similar securities** – The exemption in section 5.2 does not apply to an acquisition of options or similar securities granted to a director or officer.

5.4 **Alternative reporting requirement**

(1) A director or officer is exempt under section 5.2 from the insider reporting requirement if the insider files an insider report within the time period described in subsection (2) disclosing, on a transaction-by-transaction basis or in acceptable summary form, each acquisition and each specified disposition of a security under an automatic securities purchase plan that has not previously been disclosed by or on behalf of the director or officer.

(2) The deadline for filing the insider report under subsection (1) is,

(a) in the case of any securities acquired under the automatic securities purchase plan that have been disposed of or transferred, other than securities that have been disposed of or transferred as part of a specified disposition of securities, within five days of the disposition or transfer; and

(b) in the case of any securities acquired under the automatic securities purchase plan during a calendar year that have not been disposed of or transferred, and any securities that have been disposed of or transferred as part of a specified disposition of securities, on or before March 31 of the next calendar year.

(3) Subsection (1) does not apply to a director or officer if, at the time the insider report described in subsection (1) is due,

(a) the director or officer is not a reporting insider; or

(b) the director or officer is exempt from the insider reporting requirement.

PART 6 EXEMPTION FOR CERTAIN ISSUER GRANTS

6.1 **Interpretation**

(1) In this Part, a reference to a director or officer means a director or officer who is

(a) a director or officer of a reporting issuer and a reporting insider of the reporting issuer, or

(b) a director or officer of a subsidiary of a reporting issuer and a reporting insider of the reporting issuer.

(2) In this Part, a reference to a security of a reporting issuer includes a related financial instrument involving a security of the reporting issuer.

(3) In this Part, a disposition or transfer of a security acquired under a compensation arrangement is a specified disposition of a security if

(a) the disposition or transfer is incidental to the operation of the compensation arrangement and does not involve a discrete investment decision by the director or officer; or

(b) the disposition or transfer is made to satisfy a tax withholding obligation arising from the distribution of a security under the compensation arrangement and either

(i) the director or officer has elected that the tax withholding obligation will be satisfied through a disposition of securities, has communicated this election to the reporting issuer or the administrator of the compensation arrangement at least 30 days before the disposition and this election is irrevocable as of the 30th day before the disposition; or

(ii) the director or officer has not communicated an election to the reporting issuer or the administrator of the compensation arrangement and, in accordance with the terms of the arrangement, the reporting issuer or the administrator is required to sell securities automatically to satisfy the tax withholding obligation.

6.2 **Reporting exemption** – The insider reporting requirement does not apply to a director or officer for the acquisition of a security of the reporting issuer, or a specified disposition of a security of the reporting issuer, under a compensation arrangement established by the reporting issuer or by a subsidiary of the reporting issuer, if

(a) the reporting issuer has previously disclosed the existence and material terms of the compensation arrangement in an information circular or other public document filed on SEDAR;

(b) in the case of an acquisition of securities, the reporting issuer has previously filed in respect of the acquisition an issuer grant report on SEDI in accordance with section 6.3; and

(c) the director or officer complies with the alternative reporting requirement in section 6.4.

6.3 **Issuer grant report** – An issuer grant report filed under this Part in respect of a compensation arrangement must include

(a) the date the option or other security was issued or granted;

(b) the number of options or other securities issued or granted to each director or officer;

(c) the price at which the option or other security was issued or granted and the exercise price;

(d) the number and type of securities issuable on the exercise of the option or other security; and

(e) any other material terms that have not been previously disclosed or filed in a public filing on SEDAR.

6.4 **Alternative reporting requirement**

(1) A director or officer is exempt under section 6.2 from the insider reporting requirement if the insider files an insider report within the time period described in subsection (2) disclosing, on a transaction-by-transaction basis or in acceptable summary form, each acquisition and each specified disposition of a security under a compensation arrangement that has not previously been disclosed by or on behalf of the director or officer.

(2) The deadline for filing the insider report under subsection (1) is

(a) in the case of any security acquired under the compensation arrangement that has been disposed of or transferred, other than a security that has been disposed of or transferred as part of a specified disposition of a security, within five days of the disposition or transfer; and

(b) in the case of any security acquired under the compensation arrangement during a calendar year that has not been disposed of or transferred, and any security that has been disposed of or transferred as part of a specified disposition of a security, on or before March 31 of the next calendar year.

(3) Subsection (1) does not apply to a director or officer if, at the time the insider report described in subsection (1) is due,

(a) the director or officer is not a reporting insider; or

(b) the director or officer is exempt from the insider reporting requirement.

PART 7 EXEMPTIONS FOR NORMAL COURSE ISSUER BIDS AND PUBLICLY DISCLOSED TRANSACTIONS

7.1 **Reporting exemption for normal course issuer bids** – The insider reporting requirement does not apply to an issuer for an acquisition of a security of its own issue by the issuer under a normal course issuer bid if the issuer complies with the alternative reporting requirement in section 7.2.

7.2 **Reporting requirement** – An issuer who relies on the exemption in section 7.1 must file an insider report disclosing each acquisition of securities by it under a normal course issuer bid within 10 days of the end of the month in which the acquisition occurred.

7.3 **General exemption for other transactions that have been otherwise disclosed** – The insider reporting requirement does not apply to an issuer in connection with a transaction, other than a normal course issuer bid, involving a security of its own issue if the existence and material terms of the transaction have been generally disclosed in a public filing on SEDAR.

PART 8 EXEMPTION FOR CERTAIN ISSUER EVENTS

8.1 **Reporting exemption** – The insider reporting requirement in respect of a reporting issuer does not apply to a reporting insider whose beneficial ownership of, or control or direction over, whether direct or indirect, a security of the reporting issuer changes as a result of an issuer event of the reporting issuer.

8.2 **Reporting requirement** – A reporting insider who relies on the exemption in section 8.1 in respect of a reporting issuer must file an insider report, disclosing all changes in beneficial ownership of, or control or direction over, whether direct or indirect, a security of the reporting issuer as a result of an issuer event if those changes have not previously been reported by or on behalf of the insider, within the time required by securities legislation for the insider to report any other subsequent change in beneficial ownership of, or control or direction over, whether direct or indirect, a security of the reporting issuer.

PART 9 GENERAL EXEMPTIONS

9.1 **Reporting exemption (mutual funds)** – The insider reporting requirement does not apply to an insider of an issuer that is a mutual fund.

9.2 **Reporting exemption (non-reporting insiders)** – The insider reporting requirement does not apply to an insider of an issuer if the insider is not a reporting insider of that issuer.

9.3 **Reporting exemption (certain insiders of investment issuers)** – The insider reporting requirement does not apply to a director or officer of a significant shareholder, or a director or officer of a subsidiary of a significant shareholder, in respect of securities of an investment issuer or a related financial instrument involving a security of the investment issuer if the director or officer

(a) does not in the ordinary course receive or have access to information as to material facts or material changes concerning the investment issuer before the material facts or material changes are generally disclosed; and

(b) is not a reporting insider of the investment issuer in any capacity other than as a director or officer of the significant shareholder or a subsidiary of the significant shareholder.

9.4 **Reporting exemption (nil report)** – The insider reporting requirement does not apply to a reporting insider if the reporting insider

(a) does not have any beneficial ownership of, or control or direction over, whether direct or indirect, a security of the issuer;

(b) does not have any interest in, or right or obligation associated with, a related financial instrument involving a security of the issuer;

(c) has not entered into any agreement, arrangement or understanding as described in section 4.1; and

(d) is not a significant shareholder based on post-conversion beneficial ownership.

9.5 **Reporting exemption (corporate group**) – The insider reporting requirement does not apply to a reporting insider if

(a) the reporting insider is a subsidiary or other affiliate of another reporting insider (the affiliated reporting insider); and

(b) the affiliated reporting insider has filed an insider report in respect of the reporting issuer that discloses substantially the same information as would be contained in an insider report filed by the reporting insider, including details of the reporting insider's

(i) beneficial ownership of, or control or direction over, whether direct or indirect, securities of the reporting issuer; and

(ii) interest in, or right or obligation associated with, any related financial instrument involving a security of the reporting issuer.

9.6 **Reporting exemption (executor and co-executor)** – The insider reporting requirement does not apply to a reporting insider for a security of an issuer beneficially owned or controlled, directly or indirectly, by an estate if

(a) the reporting insider is an executor, administrator or other person or company who is a representative of the estate (referred to in this section as an executor of the estate), or a director or officer of an executor of the estate;

(b) the reporting insider is subject to the insider reporting requirement solely because of the reporting insider being an executor or a director or officer of an executor of the estate; and

(c) another executor or director or officer of an executor of the estate has filed an insider report that discloses substantially the same information as would be contained in an insider report filed by the reporting insider for securities of an issuer beneficially owned or controlled, directly or indirectly, by the estate.

9.7 **Exempt persons and transactions** – The insider reporting requirement does not apply to

(a) an agreement, arrangement or understanding which does not involve, directly or indirectly,

(i) a security of the reporting issuer;

(ii) a related financial instrument involving a security of the reporting issuer; or

(iii) any other derivative in respect of which the underlying security, interest, benchmark or formula is or includes as a material component a security of the reporting issuer or a related financial instrument involving a security of the reporting issuer;

(b) a transfer, pledge or encumbrance of a security by a reporting insider for the purpose of giving collateral for a debt made in good faith so long as there is no limitation on the recourse available against the insider for any amount payable under such debt;

(c) the receipt by a reporting insider of a transfer, pledge or encumbrance of a security of an issuer if the security is transferred, pledged or encumbered as collateral for a debt under a written agreement and in the ordinary course of business of the insider;

(d) a reporting insider, other than a reporting insider that is an individual, that enters into, materially amends or terminates an agreement, arrangement or understanding which is in the nature of a credit derivative;

(e) a reporting insider who did not know and, in the exercise of reasonable diligence, could not have known of the alteration to economic exposure described in section 4.1;

(f) the acquisition or disposition of a security, or an interest in a security, of an investment fund, provided that securities of the reporting issuer do not form a material component of the investment fund's market value; or

(g) the acquisition or disposition of a security, or an interest in a security, of an issuer that holds directly or indirectly securities of the reporting issuer, if

(i) the reporting insider is not a control person of the issuer; and

(ii) the reporting insider does not have or share investment control over the securities of the reporting issuer.

PART 10 DISCRETIONARY EXEMPTIONS

10.1 **Exemptions from this Instrument**

(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 such 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.

PART 11 EFFECTIVE DATE AND TRANSITION

11.1 Effective Date

(1) Except in Ontario, this Instrument comes into force on April 30, 2010.

(2) In Ontario, this Instrument comes into force on the later of the following:

(a) April 30, 2010; and

(b) the day on which subsection 1(8) and sections 9 and 10 of Schedule Z.5 to Bill 151, *Budget Measures Act, 2006 (No. 2)* are proclaimed in force.

11.2 Transition

(1) Despite sections 3.3 and 3.4, a reporting insider may file an insider report required by either of those sections within 10 days of a change described in those sections if the change relates to a transaction that occurred on or before October 31, 2010.

(2) Despite section 4.1, a reporting insider may file an insider report required under that section within 10 days of an event described in that section if the event relates to a transaction that occurred on or before October 31, 2010.

(3) Despite paragraph 5.4(2)(a), a reporting insider may file an insider report required under that paragraph within 10 days of a disposition or transfer described in that paragraph if the disposition or transfer occurred on or before October 31, 2010.

(4) Despite paragraph 6.4(2)(a), a reporting insider may file an insider report required under that paragraph within 10 days of a disposition or transfer described in that paragraph if the disposition or transfer occurred on or before October 31, 2010.

COMPANION POLICY 55-104CP
INSIDER REPORTING REQUIREMENTS AND EXEMPTIONS

PART 1 INTRODUCTION AND DEFINITIONS

1.1 Introduction and Purpose

(1) National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (the Instrument) sets out the principal insider reporting requirements and exemptions for insiders of reporting issuers.[1]

(2) The purpose of this Policy is to help you understand how the Canadian Securities Administrators (the CSA or we) interpret or apply certain provisions of the Instrument.

1.2 Background to the Instrument

(1) The Instrument consolidates the principal insider reporting requirements and most exemptions in one location. This will make it easier for issuers and insiders to locate and understand their obligations and will help promote timely and effective compliance.

(2) The focus of the Instrument is on the substantive legal insider reporting requirements rather than the procedural requirements relating to the filing of insider reports. Issuers and insiders should review National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)* (NI 55-102) in order to determine their obligations for the filing of insider reports.

(3) Although the Instrument sets out the principal insider reporting requirements and exemptions for issuers and insiders in Canada, a number of other CSA instruments also contain exemptions from the insider reporting requirements, including

(a) National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102);

(b) National Instrument 62-103 *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* (NI 62-103);

(c) National Instrument 71-101 *The Multijurisdictional Disclosure System* (NI 71-101); and

(d) National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (NI 71-102).

We have not included the insider reporting exemptions from these instruments in the Instrument because we think these exemptions are better situated within the context of these other instruments. Issuers and insiders therefore may wish to review these instruments in determining whether any additional exemptions from the insider reporting requirements are available.

1.3 Policy Rationale for Insider Reporting in Canada

(1) The insider reporting requirements serve a number of functions. These include deterring improper insider trading based on material undisclosed information and increasing market efficiency by providing investors with information concerning the trading activities of insiders of an issuer, and, by inference, the insiders' views of their issuer's prospects.

(2) Insider reporting also helps prevent illegal or otherwise improper activities involving stock options and similar equity-based instruments, including stock option backdating, option repricing, and the opportunistic timing of option grants (spring-loading or bullet-dodging). This is because the requirement for timely disclosure of option grants and public scrutiny of such disclosure will generally limit opportunities for issuers and insiders to engage in improper dating practices.

(3) Insiders should interpret the insider reporting requirements in the Instrument with these policy rationales in mind and comply with the requirements in a manner that gives priority to substance over form.

1.4 Definitions used in the Instrument

(1) **General** – The Instrument provides definitions of many terms that are defined in the securities legislation of some local jurisdictions but not others. A term used in the Instrument and defined in the securities statute of a local jurisdiction has

[1] In Ontario, the principal insider reporting requirements are set out in Part XXI of the *Securities Act* (Ontario) (the Ontario Act). See Part 2 of this Policy.

the meaning given to it in the local securities statute unless: (a) the definition in that statute is restricted to a specific portion of the statute that does not govern insider reporting; or (b) the context otherwise requires.

This means that, in the jurisdictions specifically excluded from the definition, the definition in the local securities statute applies. However, in the jurisdictions not specifically excluded from the definition, the definition in the Instrument applies.

The provincial and territorial regulatory authorities consider the meanings given to these terms in securities legislation to be substantially similar to the definitions set out in the Instrument.

(2) **Directors and Officers** – Where the Instrument uses the term "directors" or "officers", insiders of an issuer that is not a corporation must refer to the definitions in securities legislation of "director" and "officer". The definitions of "director" and "officer" typically include persons acting in capacities similar to those of a director or an officer of a company or individuals who perform similar functions. Corporate and non-corporate issuers and their insiders must determine, in light of the particular circumstances, which individuals or persons are acting in such capacities for the purposes of complying with the Instrument.

Similarly, the terms "CEO", "CFO" and "COO" include the individuals that have the responsibilities normally associated with these positions or act in a similar capacity. This determination is to be made irrespective of an individual's corporate title or whether that individual is employed directly or acts pursuant to an agreement or understanding.

(3) **Economic Interest** – The term "economic interest" in a security is a core component of the definition of "related financial instrument" which is part of the primary insider reporting requirement in Part 3 of the Instrument. We intend the term to have broad application and to refer to the economic attributes ordinarily associated in common law with beneficial ownership of a security, including

- the potential for gain in the nature of interest, dividends or other forms of distributions or reinvestments of income on the security;
- the potential for gain in the nature of a capital gain realized on a disposition of the security, to the extent that the proceeds of disposition exceed the tax cost (that is, gains associated with an appreciation in the security's value); and
- the potential for loss in the nature of a capital loss on a disposition of the security, to the extent that the proceeds of disposition are less than the tax cost (that is, losses associated with a fall in the security's value).

For example, a reporting insider who owns securities of his or her reporting issuer could reduce or eliminate the risk associated with a fall in the value of the securities while retaining ownership of the securities by entering into a derivative transaction such as an equity swap. The equity swap would represent a "related financial instrument" since, among other things, the agreement would affect the reporting insider's economic interest in a security of the reporting issuer.

(4) **Economic Exposure** – The term "economic exposure" is used in Part 4 of the Instrument and is part of the supplemental insider reporting requirement. The term generally refers to the link between a person's economic or financial interests and the economic or financial interests of the reporting issuer of which the person is an insider.

For example, an insider with a substantial proportion of his or her personal wealth invested in securities of his or her reporting issuer will be highly exposed to changes in the fortunes of the reporting issuer. By contrast, an insider who does not hold securities of a reporting issuer (and does not participate in a compensation arrangement involving securities of the reporting issuer) will generally be exposed only to the extent of their salary and any other compensation arrangements provided by the issuer that do not involve securities of the reporting issuer.

All other things being equal, if an insider changes his or her ownership interest in a reporting issuer (either directly, through a purchase or sale of securities of the reporting issuer, or indirectly, through a derivative transaction involving securities of the reporting issuer), the insider will generally be changing his or her economic exposure to the reporting issuer. Similarly, if an insider enters into a hedging transaction that has the effect of reducing the sensitivity of the insider to changes in the reporting issuer's share price or performance, the insider will generally be changing his or her economic exposure to the reporting issuer.

(5) **Major Subsidiary** – The definition of "major subsidiary" is a key element of the definition of "reporting insider". The determination of whether a subsidiary is a major subsidiary will generally require a backward-looking determination based on the issuer's most recent financial statements.

If an issuer acquires a subsidiary or undertakes a reorganization, with the result that a subsidiary will come within the definition of major subsidiary once the issuer next files its financial statements, the subsidiary will not be a major subsidiary until such filing, and directors and the CEO, CFO and COO of the subsidiary will not be reporting insiders until such filing.

Although not required to do so, insiders may choose to file insider reports upon completion of the acquisition or reorganization rather than wait for the issuer to file its next set of financial statements. Similarly, if a subsidiary ceases to be a major subsidiary because of an acquisition or other reorganization by the parent issuer, but the subsidiary continues to be a major subsidiary based on information contained within the issuer's most recently filed financial statements, the issuer or reporting insiders may wish to consider applying for an exemption from the insider reporting requirement as the reporting obligation will continue until the issuer next files its financials statements.

(6) **Related Financial Instrument** – Historically, there has been some uncertainty as to whether, as a matter of law, certain derivative instruments involving securities are themselves securities. This uncertainty has resulted in questions as to whether a reporting obligation existed or how insiders should report a derivative instrument. The Instrument resolves this uncertainty by including derivative instruments in the definition of "related financial instrument". Under the Instrument, it is not necessary to determine whether a particular derivative instrument is a security or a related financial instrument since the insider reporting requirement in Part 3 of the Instrument applies to both securities and related financial instruments.

To the extent the following derivative instruments do not, as a matter of law, constitute securities, they will generally be related financial instruments:

- a forward contract, futures contract, stock purchase contract or similar contract involving securities of the insider's reporting issuer;
- options issued by an issuer other than the insider's reporting issuer;
- stock-based compensation instruments, including phantom stock units, deferred share units (DSUs), restricted share awards (RSAs), performance share units (PSUs), stock appreciation rights (SARs) and similar instruments;
- a debt instrument or evidence of deposit issued by a bank or other financial institution for which part or all of the amount payable is determined by reference to the price, value or level of a security of the insider's reporting issuer (a linked note); and
- most other agreements, arrangements or understandings that were previously subject to an insider reporting requirement under former Multilateral Instrument 55-103 *Insider Reporting for Certain Derivative Transactions (Equity Monetization)* (MI 55-103).

(7) **Reporting insider** – We developed the term "reporting insider" specifically for the purposes of the insider reporting requirements and exemptions in the Instrument. It allows us to focus the insider reporting requirement on a core group of persons and companies who in some cases are not "insiders" as defined in securities legislation. There are additional obligations and prohibitions on 'insiders' as defined in our Acts, such as the important prohibition on illegal insider trading. The concept of reporting insider is discussed in section 3.1 of this Policy.

1.5 References to the term "day" in the Instrument – References in the Instrument to the term "day" mean calendar day (as opposed to business day). This is consistent with how we use this term elsewhere in securities legislation and the statutory interpretation of the term "day" in each of the CSA jurisdictions.

1.6 Persons and companies designated or determined to be insiders – Section 1.2 of the Instrument designates or determines certain persons and companies to be insiders of a reporting issuer. The Instrument uses the terms "designate" and "determine" since these are the terms used in securities legislation in different jurisdictions. The designation or determination is for the purposes of the insider reporting requirements in the Instrument only. However, in many cases, persons and companies designated or determined to be insiders will also be insiders in another capacity. For example, section 1.2 designates or determines officers and directors of a management company that provides significant management or administrative services to a reporting issuer to be insiders of that reporting issuer. These individuals may also be officers and directors of the reporting issuer under the extended definitions of "officer" and "director" which typically include persons acting in capacities similar to those of a director or an officer or individuals who perform similar functions. The purpose of designating or determining these individuals to be insiders is to clarify these individuals' insider reporting obligations and to avoid uncertainty.

PART 2 APPLICATION

2.1 **Application in Ontario** – In Ontario, the insider reporting requirements are set out in Part XXI of the Ontario Act. For this reason, sections 3.2 and 3.3 of the Instrument do not apply in Ontario. However, the insider reporting requirements set out in the Instrument and in Part XXI of the Ontario Act are substantially harmonized. Accordingly, in this Policy, we omit separate references to the requirements of the Ontario Act except where it is necessary to highlight a difference between the requirements of the Instrument and the Ontario Act.

PART 3 PRIMARY INSIDER REPORTING REQUIREMENT

3.1 Concept of reporting insider

(1) **General** – Subsection 1.1(1) of the Instrument contains the definition of "reporting insider". The definition represents a principles-based approach to determining which insiders should file insider reports and enumerates a list of insiders whom we think generally satisfy both of the following criteria:

(i) the insider in the ordinary course receives or has access to information as to material facts or material changes concerning the reporting issuer before the material facts or material changes are generally disclosed; and

(ii) the insider directly or indirectly, exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the reporting issuer.

In addition to enumerating a list of insiders, the definition also includes, in paragraph (i), a "basket" provision that explicitly states these two criteria. The basket provision articulates the fundamental principle that an insider who satisfies the criteria of routine access to material undisclosed information concerning a reporting issuer and significant influence over the reporting issuer should file insider reports.

(2) **Interpreting the basket criteria** – The CSA consider that insiders who come within the enumerated list of positions in the definition of reporting insider will generally satisfy the criteria of routine access to material undisclosed information and significant influence over the reporting issuer. We recognize that this may not always be the case for certain positions in the definition and have therefore included an exemption in section 9.3 of the Instrument for directors and officers of significant shareholders based on lack of routine access to material undisclosed information.

If an insider does not fall within any of the enumerated positions, the insider should consider whether the insider has access to material undisclosed information and has influence over the reporting issuer that is reasonably commensurate with that of one or more of the enumerated positions. If the insider satisfies both of these criteria, the insider will fall within the basket provision of the reporting insider definition.

(3) **Meaning of significant power or influence** – In determining whether an insider satisfies the significant influence criterion, the insider should consider whether the insider exercises, or has the ability to exercise, significant influence over the business, operations, capital or development of the issuer that is reasonably comparable to that exercised by one or more of the enumerated positions in the definition.

Certain positions or relationships with the issuer may give rise to reporting insider status in the case of certain issuers but not others, depending on the importance of the position or relationship to the business, operations, capital or development of the particular issuer. Similarly, the importance of a position or relationship to an issuer may change over time. For example, the directors and the CEO, CFO and COO of a 20 per cent subsidiary (i.e. not a "major subsidiary", as defined in the Instrument) who are not reporting insiders for any other reason may be reporting insiders prior to and during a significant business acquisition or reorganization, or a market moving announcement.

(4) **Exercise of reasonable judgment** – The determination of whether an insider is a reporting insider based on the criteria in the basket provision will generally be a question of reasonable judgment. The CSA expect insiders to make reasonable determinations after careful consideration of all relevant facts but recognize that a reasonable determination may not always be a correct determination. The CSA recommend that insiders consult with their issuers when making this determination since confirming that the insider's conclusion is consistent with the issuer's view may help establish that a determination was reasonable. Insiders may also wish to seek professional advice or consider the reporting status of individuals in similar positions with the issuer or other similarly situated issuers.

3.2 Meaning of beneficial ownership

(1) **General** – The term "beneficial ownership" is not defined in securities legislation. Accordingly, beneficial ownership must be determined in accordance with the ordinary principles of property and trust law of a local jurisdiction. In

Québec, due to the fact that the concept of beneficial ownership does not exist in civil law, the meaning of beneficial ownership has the meaning ascribed to it in section 1.4 of Regulation 14-501Q. The concept of beneficial ownership in Québec legislation is often used in conjunction with the concept of control and direction, which allows for a similar interpretation of the concept of common law beneficial ownership in most jurisdictions.

(2) **Deemed beneficial ownership** – Although securities legislation does not define beneficial ownership, securities legislation in certain jurisdictions may deem a person to beneficially own securities in certain circumstances. For example, in some jurisdictions, a person is deemed to beneficially own securities that are beneficially owned by a company controlled by that person or by an affiliate of such company.

(3) **Post-conversion beneficial ownership** – Under the Instrument, a person has "post-conversion beneficial ownership" of a security, including an unissued security, if the person is the beneficial owner of a security convertible into the security within 60 days. For example, a person who owns special warrants convertible at any time and without payment of additional consideration into common shares will be considered to have post-conversion beneficial ownership of the underlying common shares. Under the Instrument, a person who has post-conversion beneficial ownership of securities may in certain circumstances be designated or determined to be an insider and may be a reporting insider. For example, if a person owns 9.9% of an issuer's common shares and then acquires special warrants convertible into an additional 5% of the issuer's common shares, the person will be designated or determined to be an insider under section 1.2 of the Instrument and will be a reporting insider under subsection 1.1(1) of the Instrument.

The concept of post-conversion beneficial ownership of the underlying securities into which securities are convertible within 60 days is consistent with similar provisions for determining beneficial ownership of securities for the purposes of the early warning requirements in section 1.8 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* and in Ontario, subsection 90(1) of the Ontario Act.

(4) **Beneficial ownership of securities held in a trust** – Under common law trust law, legal ownership is commonly distinguished from beneficial ownership. A trustee is generally considered to be the legal owner of the trust property; a beneficiary, the beneficial owner. Under the Québec civil law, a trust is governed by the Québec Civil Code.

A reporting insider who has a beneficial interest in securities held in a trust may have or share beneficial ownership of the securities for insider reporting purposes, depending on the particular facts of the arrangement and upon the governing law of the trust, whether common law or civil law. We will generally consider a person to have or share beneficial ownership of securities held in a trust if the person has or shares

(a) a beneficial interest in the securities held in the trust and has or shares voting or investment power over the securities held in the trust; or

(b) legal ownership of the securities held in the trust and has or shares voting or investment power over the securities held in the trust.

(5) **Disclaimers of beneficial ownership** – The CSA generally will not regard a purported disclaimer of a beneficial interest in, or beneficial ownership of, securities as being effective for the purposes of determining beneficial ownership under securities legislation unless such disclaimer is irrevocable and has been generally disclosed to the public.

(6) **When ownership passes** – Securities legislation of certain local jurisdictions provides that ownership is deemed to pass at the time an offer to sell is accepted by the purchaser or the purchaser's agent or an offer to buy is accepted by the vendor or the vendor's agent. The CSA is of the view that, for the purposes of the insider reporting requirement beneficial ownership passes at the same time.

3.3 Meaning of control or direction

(1) The term "control or direction" is not defined in Canadian securities legislation except in Québec, where the *Securities Act* (Québec), in sections 90, 91 and 92, defines the concept of control and deems situations where a person has control over securities. For purposes of the Instrument, a person will generally have control or direction over securities if the person, directly or indirectly, through any contract, arrangement, understanding or relationship or otherwise has or shares

(a) voting power, which includes the power to vote, or to direct the voting of, such securities and/or

(b) investment power, which includes the power to acquire or dispose, or to direct the acquisition or disposition of such securities.

(2) A reporting insider may have or share control or direction over securities through a power of attorney, a grant of limited trading authority, or a management agreement. This would also include a situation where a reporting insider acts as a trustee for an estate (or in Québec as a liquidator) or other trust in which securities of the reporting insider's issuer are included within the assets of the trust. This may also be the case if a spouse (or any other person related to the reporting insider) owns the securities or acts as trustee, but the reporting insider has or shares control or direction over the securities held in trust. In addition, this may be the case where the reporting insider is an officer or director of another issuer that owns securities of the reporting insider's issuer and the reporting insider is able to influence the investment or voting decisions of the issuer.

PART 4 SUPPLEMENTAL INSIDER REPORTING REQUIREMENT

4.1 Supplemental insider reporting requirement

(1) Part 4 of the Instrument contains the supplemental insider reporting requirement. The supplemental insider reporting requirement is consistent with the predecessor insider reporting requirement for derivatives that previously existed in some jurisdictions under former MI 55-103. However, because Part 3 of the Instrument requires insiders, as part of the primary insider reporting requirement, to file insider reports about transactions involving "related financial instruments", most transactions that were previously subject to a reporting requirement under former MI 55-103 will be subject to the primary insider reporting requirement under Part 3 of the Instrument.

(2) If a reporting insider enters into an equity monetization transaction or other derivative-based transaction that falls outside of the primary insider reporting requirement in Part 3 of the Instrument, the reporting insider must report the transaction under Part 4. For example, certain types of monetization transactions may be found to alter an insider's "economic exposure" to the insider's issuer but not alter the insider's "economic interest in a security". If a reporting insider enters into, materially amends or terminates this type of transaction, the insider must report the transaction under Part 4.

4.2 Insider reporting of equity monetization transactions

(1) **What are equity monetization transactions?** There are a variety of sophisticated derivative-based strategies that permit investors to dispose of, in economic terms, an equity position in a public company without attracting certain tax and non-tax consequences associated with a conventional disposition of such position. These strategies, which are sometimes referred to as "equity monetization" strategies, allow an investor to receive a cash amount similar to proceeds of disposition, and transfer part or all of the economic risk and/or return associated with securities of an issuer, without actually transferring ownership of or control over such securities. (The term "monetization" generally refers to the conversion of an asset (such as securities) into cash.)

(2) **What are the concerns with equity monetization transactions?** Where a reporting insider enters into a monetization transaction, and does not disclose the existence or material terms of that transaction, there is potential for harm to investors and the integrity of the insider reporting regime because

- an insider in possession of material undisclosed information, although prohibited from trading in securities of the issuer, may be able to profit improperly from such information by entering into derivative-based transactions that mimic trades in securities of the reporting issuer;
- market efficiency will be impaired since the market is deprived of important information relating to the market activities of the insider; and
- since the insider's publicly reported holdings no longer reflect the insider's true economic position in the issuer, the public reporting of such holdings (e.g., in an insider report or a proxy circular) may in fact materially mislead investors.

If a reporting insider enters into a transaction which satisfies one or more of the policy rationales for insider reporting, but for technical reasons it may be argued that the transaction falls outside of the primary insider reporting requirement in Part 3 of the Instrument, the insider will be required to file an insider report under Part 4 unless an exemption is available. In this way, the market can make its own determination as to the significance, if any, of the transaction in question.

PART 5 AUTOMATIC SECURITIES PURCHASE PLANS

5.1 Automatic Securities Purchase Plans

(1) Section 5.1 of the Instrument contains an interpretation provision that applies to Part 5. Because of this provision, directors and officers of a reporting issuer and of a major subsidiary of a reporting issuer can use the exemption in this Part for both acquisitions and specified dispositions of securities and related financial instruments under an automatic securities purchase plan (ASPP).

(2) The exemption does not apply to securities acquired under a cash payment option of a dividend or interest reinvestment plan or a lump-sum provision of a share purchase plan.

(3) The exemption does not apply to an "automatic securities disposition plan" (sometimes referred to as a "pre-arranged structured sales plan") (an ASDP) established between a reporting insider and a broker, since an ASDP is designed to facilitate dispositions not acquisitions. However, if a reporting insider can demonstrate that an ASDP is genuinely an automatic plan and that the insider cannot make discrete investment decisions through the plan, we may consider granting exemptive relief on an application basis to permit the insider to file reports on an annual basis.

(4) The exemption is not available for a grant of options or similar securities to reporting insiders, since, in many cases, the reporting insider will be able to make an investment decision in respect of the grant. If an insider is an executive officer or a director of the reporting issuer or a major subsidiary, the insider may be participating in the decision to grant the options or other securities. Even if the insider does not participate in the decision, we think information about options or similar securities granted to this group of insiders is important to the market and the insider should disclose this information in a timely manner.

5.2 Specified Dispositions of Securities

(1) Paragraph 5.1(3)(a) of the Instrument provides that a disposition or transfer of securities is a specified disposition if, among other things, it does not involve a "discrete investment decision" by the director or officer. The term "discrete investment decision" generally refers to the exercise of discretion involved in a specific decision to purchase, hold or sell a security. The purchase of a security as a result of the application of a pre-determined, mechanical formula does not generally represent a discrete investment decision (other than the initial decision to enter into the plan). For example, for an individual who holds stock options in a reporting issuer, the decision to exercise the stock options will generally represent a discrete investment decision. If the individual is a reporting insider, we think the individual should report this information in a timely fashion, since this decision may convey information that other market participants may consider relevant to their own investing decisions.

(2) The definition of "specified disposition of securities" contemplates, among other things, a disposition made to satisfy a tax withholding obligation arising from the acquisition of securities under an ASPP in certain circumstances. Under some types of ASPPs, an issuer or plan administrator may sell, on behalf of a plan participant, a portion of the securities that would otherwise be distributed to the plan participant in order to satisfy a tax withholding obligation. In such plans, the participant typically may elect either to provide the issuer or the plan administrator with a cheque to cover this liability or to direct the issuer or plan administrator to sell a sufficient number of the securities that would otherwise be distributed to cover this liability. In many cases, for reasons of convenience, a plan participant will simply direct the issuer or the plan administrator to sell a portion of the securities.

Although we think that the election as to how a tax withholding obligation will be funded contains an element of a discrete investment decision, we are satisfied that, where the election occurs sufficiently in advance of the actual disposition of securities, it is acceptable for a report of a disposition made to satisfy a tax withholding obligation to be made on an annual basis. Accordingly, a disposition made to satisfy a tax withholding obligation will be a specified disposition of securities if it meets the criteria contained in paragraph 5.1(3)(b) of the Instrument.

5.3 Alternative Reporting Requirements – If securities acquired under an ASPP are disposed of or transferred, other than through a specified disposition of securities, and the insider has not previously disclosed the acquisition of these securities, the insider report should disclose, for each acquisition of securities which the insider is now disposing of or transferring, information about the date of acquisition of the securities, the number of securities acquired and the acquisition price of such securities. The report should also disclose, for each disposition or transfer, information about each disposition or transfer of securities.

5.4 Exemption from the Alternative Reporting Requirement – The rationale underlying the alternative reporting requirement is the need for reporting insiders to periodically update their publicly disclosed holdings to ensure that their publicly disclosed holdings convey an accurate picture of their holdings. If an individual has ceased to be subject to the insider reporting requirements at the time the alternative report becomes due, the market generally would not benefit

from the information in the alternative report. Accordingly, we provided an exemption in subsection 5.4(3) of the Instrument in these circumstances.

5.5 Design and Administration of Plans

(1) Part 5 of the Instrument provides a limited exemption from the insider reporting requirement only in circumstances in which an insider, by virtue of participation in an ASPP, is not making discrete investment decisions for acquisitions under such plan. Accordingly, if it is intended that insiders of an issuer rely on this exemption for a particular plan of an issuer, the issuer should design and administer the plan in a manner that is consistent with this limitation.

(2) To fit within the definition of an ASPP, the plan must set out a written formula or criteria for establishing the timing of the acquisitions, the number of securities that the insider can acquire and the price payable. If a plan participant is able to exercise discretion in relation to these matters either in the capacity of a recipient of the securities or through participating in the decision-making process of the issuer making the grant, he or she may be able to make a discrete investment decision in respect of the grant or acquisition. We think a reporting insider in these circumstances should disclose information about the grant within the normal timeframe and not on a deferred basis.

PART 6 ISSUER GRANT REPORTS

6.1 Overview

(1) Section 6.1 of the Instrument contains an interpretation provision that applies to Part 6. Because of this provision, directors and officers of a reporting issuer or a major subsidiary of a reporting issuer who are reporting insiders of the reporting issuer can use the exemption in this Part for grants of securities and related financial instruments.

(2) A reporting insider who intends to rely on the exemption in Part 6 for a grant of stock options or similar securities must first confirm that the issuer has made the public disclosure required by section 6.3 of the Instrument. If the issuer has not made the required disclosure within the required time, the reporting insider must report the grant within the required time and in accordance with the normal reporting requirements under Part 3 of the Instrument.

6.2 Policy rationale for the issuer grant report exemption

(1) The issuer grant report exemption reduces the regulatory burden on insiders that is associated with insider reporting of stock options and similar instruments since it allows an issuer to make a single filing on SEDI. This filing provides the market with timely information about the existence and material terms of the grant, making it unnecessary for each of the affected reporting insiders to file an insider report about the grant within the ordinary time periods.

(2) The concept of an issuer grant report is generally similar to the concept of an issuer event report in that the decision to make the grant originates with the issuer. Accordingly, at the time of the grant, the issuer will generally be in a better position than the reporting insiders who are the recipients of the grant to communicate information about the grant to the market in a timely manner.

(3) There is no obligation for an issuer to file an issuer grant report for a grant of stock options or similar instruments. An issuer may choose to do so to assist its reporting insiders with their reporting obligations and to communicate material information about its compensation practices to the market in a timely manner.

(4) If an issuer chooses not to file an issuer grant report, the issuer should take all reasonable steps to notify reporting insiders of their grants in a timely manner to allow reporting insiders to comply with their reporting obligations.

(5) The concept of an issuer grant report is different from the issuer event report that an issuer is required to make under Part 2 of NI 55-102 in that an issuer is not required to file an issuer grant report.

6.3 Format of an issuer grant report – There is no required format for an issuer grant report. However, an issuer grant report must include the information required by section 6.3 of the Instrument.

PART 7 EXEMPTIONS FOR NORMAL COURSE ISSUER BIDS AND PUBLICLY DISCLOSED TRANSACTIONS

7.1 Introduction – Under securities legislation, a reporting issuer may become an insider of itself in certain circumstances and therefore subject to an insider reporting requirement in relation to transactions involving its own securities. Under the definition of “insider” in securities legislation, a reporting issuer becomes an insider of itself if it “has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security”. In certain jurisdictions, a reporting issuer may also become an insider of itself if it acquires and holds securities of its own issue through an affiliate, because in certain jurisdictions a person is deemed to beneficially own securities beneficially

owned by affiliates. Where a reporting issuer is an insider of itself, the reporting issuer will also be a reporting insider under the Instrument.

7.2 **General exemption for transactions that have been generally disclosed** –Section 7.3 of the Instrument provides that the insider reporting requirement does not apply to an issuer in connection with a transaction, other than a normal course issuer bid, involving securities of its own issue if the existence and material terms of the transaction have been generally disclosed in a public filing made on SEDAR. Because of this exemption and the exemption for normal course issuer bids in section 7.1, a reporting issuer that is an insider of itself will not generally need to file insider reports under Part 3 or Part 4 provided the issuer complies with the alternative reporting requirement in section 7.2 of the Instrument.

PART 8 EXEMPTION FOR CERTAIN ISSUER EVENTS

8.1 [Intentionally left blank]

PART 9 EXEMPTIONS

9.1 **Scope of exemptions** – The exemptions under the Instrument are only exemptions from the insider reporting requirements contained in the Instrument and are not exemptions or defences from the provisions in Canadian securities legislation imposing liability for improper insider trading.

9.2 **Reporting Exemption** – The definition of "reporting insider" includes certain enumerated persons or companies that generally satisfy the criteria contained in subsection (i) of the definition of reporting insider, namely, routine access to material undisclosed information and significant power or influence over the reporting issuer. Although there is no general exemption for the enumerated persons or companies based on lack of routine access to material undisclosed information or lack of power or influence, we will consider applications for exemptive relief where the issuer or reporting insider can demonstrate that the reporting insider does not satisfy these criteria. This might include, for example, a situation where a foreign subsidiary may appoint a locally resident individual as a director to meet residency requirements under applicable corporate legislation, but remove the individual's powers and liabilities through a unanimous shareholder declaration.

9.3 **Reporting Exemption (certain directors and officers of insider issuers)** – The reference to "material facts or material changes concerning the investment issuer" in section 9.3 of the Instrument is intended to include information that originates at the insider issuer level but which concerns or is otherwise relevant to the investment issuer. For example, in the case of an issuer that has a subsidiary investment issuer, a decision at the parent issuer level that the subsidiary investment issuer will commence or discontinue a line of business would generally represent a "material fact or material change concerning the investment issuer". Similarly, a decision at the parent issuer level that the parent issuer will seek to sell its holding in the subsidiary investment issuer would also generally represent a "material fact or material change concerning the investment issuer." Accordingly, a director or officer of the parent issuer who routinely had access to such information concerning the investment issuer would not be entitled to rely on the exemption for trades in securities of the investment issuer.

9.4 **Exemption for a pledge where there is no limitation on recourse** – The exemption in paragraph 9.7(b) of the Instrument is limited to pledges of securities in which there is no limitation on recourse since a limitation on recourse may effectively allow the borrower to "put" the securities to the lender to satisfy the debt. The limitation on recourse may effectively represent a transfer of the risk that the securities may fall in value from the insider to the lender. In these circumstances, the transaction should be transparent to the market.

A loan secured by a pledge of securities may contain a term limiting recourse against the borrower to the pledged securities (a legal limitation on recourse). Similarly, a loan secured by a pledge of securities may be structured as a limited recourse loan if the loan is made to a limited liability entity (such as a holding corporation) owned or controlled by the insider (a structural limitation on recourse). If there is a limitation on recourse as against the insider either legally or structurally, the exemption would not be available.

9.5. **Exemption for certain investment funds** – The exemption in paragraph 9.7(f) of the Instrument is limited to situations where securities of the reporting issuer do not form a material component of the investment fund's market value. In determining materiality, similar considerations to those involved in the concepts of material fact and material change would apply.

PART 10 CONTRAVENTION OF INSIDER REPORTING REQUIREMENTS

10.1 Contravention of insider reporting requirements

(1) It is an offence to fail to file an insider report in accordance with the filing deadlines prescribed by the Instrument or to submit information in an insider report that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

(2) A failure to file an insider report in a timely manner or the filing of an insider report that contains information that is materially misleading may result in one or more of the following

- the imposition of a late filing fee;
- the reporting insider being identified as a late filer on a public database of late filers maintained by certain securities regulators;
- the issuance of a cease trade order that prohibits the reporting insider from directly or indirectly trading in or acquiring securities or related financial instruments of the applicable reporting issuer or any reporting issuer until the failure to file is corrected or a specified period of time has elapsed; or
- in appropriate circumstances, enforcement proceedings.

(3) Members of the CSA may also consider information relating to wilful or repeated non-compliance by directors and executive officers of a reporting issuer with their insider reporting obligations in the context of a prospectus review or continuous disclosure review, since this may raise questions relating to the integrity of the insiders and the adequacy of the issuer's policies and procedures relating to insider reporting and insider trading.

PART 11 INSIDER TRADING

11.1 Non-reporting insiders – Insiders who are not reporting insiders are still subject to the provisions in Canadian securities legislation prohibiting improper insider trading.

11.2 Written disclosure policies – National Policy 51-201 *Disclosure Standards* outlines detailed best practices for issuers for disclosure and information containment and provides interpretative guidance of insider trading laws. We recommend that issuers adopt written disclosure policies to assist directors, officers, employees and other representatives in discharging timely disclosure obligations. Written disclosure policies also should provide guidance on how to maintain the confidentiality of corporate information and to prevent improper trading based on inside information. Adopting the CSA best practices may assist issuers to ensure that they take all reasonable steps to contain inside information.

11.3 Insider Lists – Reporting issuers may also wish to consider preparing and periodically updating a list of the persons working for them or their affiliates who have access to material facts or material changes concerning the reporting issuer before those facts or changes are generally disclosed. This type of list may allow reporting issuers to control the flow of undisclosed information. The CSA may request additional information from time to time, including asking the reporting issuer to prepare and provide a list of insiders and reporting insiders, in the context of an insider reporting review.

AMENDING INSTRUMENT FOR
NATIONAL INSTRUMENT 14-101 *DEFINITIONS*

1. National Instrument 14-101 Definitions is amended by this Instrument.

2. Subsection 1.1(3) is amended by striking out the definition of "insider reporting requirement***" and substituting the following:***

"insider reporting requirement" means

(a) a requirement to file insider reports under Parts 3 and 4 of National Instrument 55-104 *Insider Reporting Requirements and Exemptions*;

(b) a requirement to file insider reports under any provisions of Canadian securities legislation substantially similar to Parts 3 and 4 of National Instrument 55-104 *Insider Reporting Requirements and Exemptions*; and

(c) a requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure by Insiders (SEDI)*.

3. Except in Ontario, this Instrument comes into force on April 30, 2010. In Ontario, this Instrument comes into force on the later of the following: (a) April 30, 2010; and (b) the day on which subsection 1(8) and sections 9 and 10 of Schedule Z.5 to Bill 151, Budget Measures Act, 2006 (No. 2) are proclaimed in force.

REPEAL OF
NATIONAL INSTRUMENT 55-101 *INSIDER REPORTING EXEMPTIONS*

1. National Instrument 55-101 Insider Reporting Exemptions is repealed.

2. Except in Ontario, this Instrument comes into force on April 30, 2010. In Ontario, this Instrument comes into force on the later of the following: (a) April 30, 2010; and (b) the day on which subsection 1(8) and sections 9 and 10 of Schedule Z.5 to Bill 151, Budget Measures Act, 2006 (No. 2) are proclaimed in force.

REPEAL OF
COMPANION POLICY 55-101CP *TO NATIONAL INSTRUMENT 55-101 INSIDER REPORTING EXEMPTIONS*

1. Companion Policy 55-101CP to National Instrument 55-101 Insider Reporting Exemptions is repealed.

2. Except in Ontario, this Instrument comes into force on April 30, 2010. In Ontario, this Instrument comes into force on the later of the following: (a) April 30, 2010; and (b) the day on which subsection 1(8) and sections 9 and 10 of Schedule Z.5 to Bill 151, Budget Measures Act, 2006 (No. 2) are proclaimed in force.

REPEAL OF
MULTILATERAL INSTRUMENT 55-103 *INSIDER REPORTING*
FOR CERTAIN DERIVATIVE TRANSACTIONS (EQUITY MONETIZATION)

1. Multilateral Instrument 55-103 Insider Reporting for Certain Derivative Transactions (Equity Monetization) is repealed.

2. Except in Ontario, this Instrument comes into force on April 30, 2010. In Ontario, this Instrument comes into force on the later of the following: (a) April 30, 2010; and (b) the day on which subsection 1(8) and sections 9 and 10 of Schedule Z.5 to Bill 151, Budget Measures Act, 2006 (No. 2) are proclaimed in force.

REPEAL OF
COMPANION POLICY 55-103CP *TO MULTILATERAL INSTRUMENT 55-103 INSIDER REPORTING FOR CERTAIN DERIVATIVE TRANSACTIONS (EQUITY MONETIZATION)*

1. Companion Policy 55-103CP to Multilateral Instrument 55-103 Insider Reporting for Certain Derivative Transactions (Equity Monetization) is repealed.

2. Except in Ontario, this Instrument comes into force on April 30, 2010. In Ontario, this Instrument comes into force on the later of the following: (a) April 30, 2010; and (b) the day on which subsection 1(8) and sections 9 and 10 of Schedule Z.5 to Bill 151, Budget Measures Act, 2006 (No. 2) are proclaimed in force.

AMENDMENT INSTRUMENT FOR
NATIONAL INSTRUMENT 62-103
THE EARLY WARNING SYSTEM AND RELATED TAKE-OVER BID AND INSIDER REPORTING ISSUES

1. National Instrument 62-103 The Early Warning System and Related Take-Over Bid and Insider Reporting Issues is amended by this Instrument.

2. Subsection 1.1(1) is amended by

(a) after the definition of "news release***" adding the following definition:***

"NI 55-104" means National Instrument 55-104 *Insider Reporting Requirements and Exemptions*;

(b) after the definition of "private mutual fund***" adding the following definition:***

"related financial instrument" has the meaning ascribed to that term in NI 55-104;

(c) after the definition of "securityholding percentage***" adding the following definition:***

"significant change in a related financial instrument position" means, in relation to an entity and a related financial instrument that involves, directly or indirectly, a security of a reporting issuer, any change in the entity's interest in, or rights or obligations associated with, the related financial instrument if the change has a similar economic effect to an increase or decrease in the entity's securityholding percentage in a class of voting or equity securities of the reporting issuer by 2.5 percent or more;

3. Section 9.1 is amended by

(a) in subsection (1),

(i) striking out "Subject to subsections (3) and (4),***" and substituting "***Subject to subsections (3), (3.1) and (4),***"; and***

(ii) after paragraph (a) adding the following paragraph:

(a.1) the report referred to in paragraph (a) discloses, in addition to any other required disclosure,

(i) the eligible institutional investor's interest in any related financial instrument involving a security of the reporting issuer that is not otherwise reflected in the current securityholding percentage of the eligible institutional investor; and

(ii) the material terms of the related financial instrument;

(b) after subsection (3) adding the following subsection:

(3.1) Despite subsection (1), an eligible institutional investor that is filing reports under the early warning requirements or Part 4 for a reporting issuer may rely upon the exemption contained in subsection (1) only if the eligible institutional investor treats a significant change in a related financial instrument position as a change in a material fact for the purposes of securities legislation pertaining to the early warning requirements or section 4.6 of this Instrument.

4. Appendix A is amended by

(a) adding the following row immediately under the row that begins with "NEWFOUNDLAND***":***

NORTHWEST TERRITORIES	Paragraph (c) of the definition of "distribution" contained in subsection 1(1) of the *Securities Act* (Northwest Territories)*,*

(b) striking out "Clause 1(b.1)(iii) of the *Securities Act* (Prince Edward Island)***" and substituting "***Subclause (iii) of the definition of "distribution" contained in clause 1(k) of the *Securities Act* (Prince Edward Island)***", and***

(c) adding the following row immediately under the row that begins with "SASKATCHEWAN***":***

YUKON TERRITORY	Paragraph (c) of the definition of "distribution" contained in subsection 1(1) of the *Securities Act* (Yukon Territory)*.*

5. Appendix D is amended by

(a) opposite "NORTHWEST TERRITORIES***", striking out "***Sections 1.8 and 1.9 of MI 62-104***" and substituting "***Section 11 of the *Securities Act* (Northwest Territories) and sections 1.8 and 1.9 of MI 62-104***",***

(b) opposite "PRINCE EDWARD ISLAND***", striking out "***Sections 1.8 and 1.9 of MI 62-104***" and substituting "***Section 11 of the *Securities Act* (Prince Edward Island) and sections 1.8 and 1.9 of MI 62-104***", and***

(c) opposite "YUKON TERRITORY***", striking out "***Sections 1.8 and 1.9 of MI 62-104***" and substituting "***Section 11 of the *Securities Act* (Yukon Territory) and sections 1.8 and 1.9 of MI 62-104***".***

6. Except in Ontario, this Instrument comes into force on April 30, 2010. In Ontario, this Instrument comes into force on the later of the following: (a) April 30, 2010; and (b) the day on which subsection 1(8) and sections 9 and 10 of Schedule Z.5 to Bill 151, Budget Measures Act, 2006 (No. 2) are proclaimed in force.

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Chapter 6

Request for Comments

6.1.1 CSA Notice and Request for Comment – Proposed Repeal and Replacement of NI 43-101 *Standards of Disclosure for Mineral Projects,* Form 43-101F1 *Technical Report*, and Companion Policy 43-101CP

NOTICE AND REQUEST FOR COMMENT

PROPOSED REPEAL AND REPLACEMENT OF
NATIONAL INSTRUMENT 43-101 *STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS,*
FORM 43-101F1 *TECHNICAL REPORT*, AND
COMPANION POLICY 43-101CP

Introduction

We, the Canadian Securities Administrators (CSA), are publishing for a 90-day comment period the following proposed documents:

- National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (the Amended Instrument)
- Form 43-101F1 *Technical Report* (the Amended Form)
- Companion Policy 43-101CP (the Amended Companion Policy)

(together, the Amended Mining Rule), and

consequential amendments to

- National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101)
- Form 51-102F1 *Management's Discussion and Analysis* (MD&A)
- Form 51-102F2 *Annual Information Form*
- National Instrument 45-106 *Prospectus and Registration Exemptions*
- National Instrument 45-101 *Rights Offerings*

(together, the Consequential Amendments).

The Amended Mining Rule would replace current National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (the Current Instrument), current Form 43-101F1 (the Current Form), and current Companion Policy 43-101CP (the Current Companion Policy) (together, the Current Mining Rule), which came into effect in all CSA jurisdictions on December 30, 2005.

Concurrently with this Notice, we are publishing the Amended Mining Rule, blacklines showing all changes from the Current Instrument and the Current Form, and the Consequential Amendments. These documents are also available on the websites of CSA members, including the following:

- www.bcsc.bc.ca
- www.albertasecurities.com
- www.sfsc.gov.sk.ca
- www.osc.gov.on.ca
- www.lautorite.qc.ca
- www.nbsc-cvmnb.ca

Substance and Purpose of the Amended Mining Rule

We have been monitoring the Current Mining Rule since we adopted it. In the spring of 2009, CSA members in British Columbia, Ontario, and Quebec carried out focus group discussions with market participants from various sectors, and consulted with their advisory committees, concerning a range of issues related to the Current Mining Rule. These CSA members, as well as CSA members in Alberta and Saskatchewan, also solicited written comments from market participants. The proposed changes in the Amended Mining Rule reflect our analysis of the results of these consultations and our own experiences with the Current Mining Rule.

The proposed changes in the Amended Mining Rule and the Consequential Amendments

- eliminate or reduce the scope of certain requirements
- provide more flexibility to mining issuers and qualified persons in certain areas
- provide more flexibility to accept new foreign professional associations, professional designations, and reporting codes as they arise or evolve
- reflect changes that have occurred in the mining industry, and
- clarify or correct areas where the Current Mining Rule is not having the effect we intended

Summary of Key Proposed Changes

This section describes the key changes in the Amended Mining Rule. It is not a complete list of all the changes.

Amended Instrument

Part 1 Definitions and Interpretation

We have:

- added a definition of “acceptable foreign code”, and amended the definitions of “professional association” and “qualified person”, to replace prescriptive lists with objective tests that will accommodate changes without formal amendment
- amended the definition of “historical estimate” to permit disclosure of third party estimates made after 2001
- expanded the definition of “preliminary economic assessment” to include preliminary economic analyses after the completion of a pre-feasibility or feasibility study

Part 2 Requirements Applicable to All Disclosure

We have:

- clarified restricted disclosure in paragraphs 2.3(1)(b), (c), and (d) to reflect our interpretation of the current provisions
- added paragraph 2.3(3)(c) to require disclosure of the impact of a preliminary economic assessment completed after a pre-feasibility or feasibility study
- expanded section 2.4 to consolidate the existing disclosure requirements for historical estimates (sections 3.4 and 4.2(2) of the Current Instrument) and to require comment on the work needed to verify the historical estimates

Part 3 Additional Requirements for Written Disclosure

We have expanded section 3.1 to allow an issuer to name the qualified person who approved the disclosure of the scientific and technical information, as an alternative to naming the qualified person who prepared or supervised the preparation of the information.

Part 4 Obligation to File a Technical Report

We are requesting specific comment on whether to keep or eliminate the technical report trigger in paragraph 4.2(1)(b) for a short form prospectus (see the discussion below under **Request for Comment on the Amended Mining Rule and Consequential Amendments**).

In addition, we have:

- expanded the technical report trigger in paragraph 4.2(1)(j) to include any first time written disclosure of mineral resources, mineral reserves, or preliminary economic assessments
- amended subsection 4.2(5) to require the issuance of a news release disclosing the filing of the technical report in all circumstances where the filing delay applies, to alert the market that the technical report has been filed
- added a new exemption in subsection 4.2(7) that allows a conditional 6-month filing delay for a technical report supporting mineral resources, mineral reserves, or a preliminary economic assessment, if these estimates are supported by a current technical report filed by another issuer
- removed the requirement in subsection 4.2(8) to file updated certificates and consents of qualified persons, and clarified that the previously filed technical report must meet any independence requirements for the subsequent trigger

Part 5 Author of Technical Report

Subsection 5.3(2) provides a new exemption for producing issuers whose securities trade on a specified exchange, from the independence requirement in relation to a technical report filed only as a result of the producing issuer becoming a reporting issuer in Canada.

In subsection 5.3(3), we have expanded the current exemption for producing issuers from the independence requirement in relation to a technical report filed under section 4.2, to include all triggers under section 4.2.

Part 6 Preparation of Technical Report

Although the limitation on disclaimers in section 6.4 is unchanged, we have amended the permitted disclaimers in Item 3 of the Amended Form (see the discussion below under **Amended Form)**.

Part 7 Use of Foreign Code

We have removed the prescriptive list of acceptable foreign codes and the requirement for issuers to reconcile foreign resource and reserve categories to current categories as defined by the Canadian Institute of Mining, Metallurgy and Petroleum.

Part 8 Certificates and Consents of Qualified Persons for Technical Reports

We have provided a new exemption, in subsections 8.3(2) and (3), from including certain statements in the consents of qualified persons for technical reports filed only as a result of the issuer becoming a reporting issuer in Canada.

Part 9 Exemptions

Subsection 9.2(1) provides a new exemption to royalty holders from the requirement to file a technical report, if the operator of the mineral project is subject to the Amended Instrument or its securities trade on a specified exchange and certain other conditions are met.

Amended Form

We developed the Amended Form with the assistance of a subcommittee of CSA's Mining Technical Advisory and Monitoring Committee.

We have substantially amended the Current Form to make it less prescriptive and more adaptable for advanced stage and producing properties. These changes will allow the qualified person more discretion regarding the amount of information and level of detail required under each section, based on their assessment of the relevance and significance of the information in the overall context and stage of development of the property.

In addition, we have:

- broadened Item 25 of the Current Form to apply to all advanced stage properties and replaced it with eight new items that reflect the major components or topics of a preliminary economic assessment, pre-feasibility study, or feasibility study
- amended *Reliance on Other Experts* to allow the qualified person to rely on and disclaim responsibility for certain information provided by the issuer and certain pricing and valuation information provided by experts who are not qualified persons
- amended Instruction (5) to allow qualified persons to refer to any information in previously filed technical reports, to the extent that it is still current, but require them to summarize or quote this information in the current technical report so the reader does not have to find and read multiple reports
- under *Data Verification*, added a requirement for the qualified person to comment on the adequacy of the data
- amended *Mineral Processing and Metallurgical Testing* to be more specific about the information required and to add a requirement to discuss any potential processing factors or deleterious elements
- exempted producing issuers from the requirement to include information under *Economic Analysis* for their producing properties

Amended Companion Policy

We have structured the Amended Companion Policy so that it tracks the sections of the Amended Instrument to which the guidance applies. We have also updated and streamlined much of the guidance in the Current Companion Policy, and eliminated guidance that is no longer useful.

In addition, we have:

- under General Guidance, added guidance on forward-looking information, and a property material to the issuer
- in section 1.1, added guidance on certain definitions in the Amended Instrument, including the new definition of “acceptable foreign code”, the revised definitions of “professional association” and “qualified person”, and our interpretation of “property”
- incorporated and updated Appendix A as guidance on recognized acceptable foreign associations (now in the Current Instrument)
- in subsections 2.3(3) and 2.4(1), expanded the guidance on the use of cautionary language, including our interpretation of “equal prominence”
- in section 4.2, added guidance on certain technical report triggers in the Amended Instrument, and on related issues including property acquisitions, production decisions, shelf life of technical reports, preliminary economic assessments, and the filing of technical reports not required by the Amended Instrument
- in subsection 4.2(13), proposed guidance on the impact of removing the short form prospectus trigger for a technical report, which will only be adopted if we decide to eliminate the trigger (see the discussion below under **Request for Comment on the Amended Mining Rule and Consequential Amendments**)
- in Part 5, clarified certain issues regarding qualified persons, including relevant experience requirements for supervising qualified persons, the involvement of non-independent qualified persons in preparing independent technical reports, and taking responsibility for information incorporated from other reports
- in section 5.3, added guidance on the independence requirement and what constitutes a 100 percent or greater change to a mineral resource or mineral reserve
- in Part 8, added guidance on certificates and consents, including consents for technical reports not required by the Amended Instrument

Consequential Amendments

The Consequential Amendments, as summarized below, are contained in Appendices A to D of this Notice.

NI 44-101 amendment

This proposed amendment permits an issuer that is required to obtain an expert consent from a qualified person, in connection with a previously filed technical report, to obtain the expert consent from the firm that employed the qualified person at the date of signing the technical report, rather than from the qualified person. This would ease the situation faced by an issuer filing a short form prospectus when the qualified person who authored the technical report is no longer available or able to provide the required consent.

Two conditions apply. First, the firm's principal business must be providing engineering or geoscientific services. Second, the person signing the consent on behalf of the firm must be both an authorized signatory of the firm and a person who satisfies the conditions in paragraphs (a) and (c) of the definition of qualified person.

MD&A amendment

This proposed amendment requires a resource issuer to disclose in its MD&A whether a significant milestone such as a production decision is based on a technical report filed under the Amended Instrument.

During our public consultations in the spring of 2009, participants generally agreed that an issuer should fully disclose the associated risks if its production decision is not based on a feasibility study or on mineral reserves. The proposed MD&A amendment, in conjunction with new guidance provided in subsection 4.2(5) of the Amended Companion Policy, would elicit this disclosure.

Other consequential amendments

The other proposed amendments eliminate outdated cross-references to the Current or Amended Instrument.

Anticipated Costs and Benefits

We are proposing the Amended Mining Rule and the Consequential Amendments because of issues identified through regulatory reviews, applications for exemptive relief, and public comment and consultation. We think the proposed changes represent more efficient and effective regulation that will reduce issuers' costs to comply with the Amended Mining Rule without compromising investor protection.

Some of the proposed changes codify current disclosure practices or improve drafting in the Current Mining Rule. In addition, we have identified the following specific changes for which we considered the anticipated costs and benefits to various stakeholders.

Updated certificates and consents (subsection 4.2(8) of the Amended Instrument)

The Amended Instrument eliminates the requirement to provide updated certificates and consents for a previously filed technical report that is still current. There is no requirement in the Current Instrument to provide updated certificates and consents related to annual information forms or short form prospectuses and this change treats other filings in the same manner.

Qualified persons often work in remote locations and can be unreachable on short notice. Alternatively, at the time an issuer is seeking an updated certificate and consent, the qualified person might not work for the same firm as when they wrote the technical report. For these reasons, it can be difficult or impossible for an issuer to obtain an updated certificate and consent. In addition, unless the qualified person recently worked on the mineral property, the issuer is in the best position to determine if there is new material scientific or technical information about the property. We think investors are still protected without this requirement due to the transparency of the issuer's determination that there is no material scientific or technical information about the property that is not contained in an existing technical report.

NI 44-101 amendment

As is the case with updated consents under the Current Instrument, issuers can have difficulties contacting qualified persons to provide expert consents necessary to complete a short form prospectus offering under NI 44-101. Issuers can therefore face an unpredictable delay or inability to obtain a prospectus consent, which might jeopardize completion of their offering.

The NI 44-101 amendment allows the consulting firm that employed the qualified person who prepared the issuer's technical report to consent, in place of the qualified person, to the use of the technical report in a short form prospectus. Allowing the

consulting firm to provide a prospectus consent will eliminate this delay while ensuring a technically proficient person has reviewed the prospectus disclosure and consents to the use of the technical report. Moreover, the NI 44-101 amendment maintains the same liability regime for investors against the consulting firm in the event the prospectus contains materially misleading scientific or technical disclosure.

Comparable foreign standards

The Amended Instrument recognizes foreign standards for qualified persons and mining disclosure that are more consistent and comparable to standards in Canada and other international mining jurisdictions. For example, the Amended Instrument exempts a foreign producing issuer listed on a specified exchange from the requirement to have an independent qualified person prepare its technical report when it first becomes a reporting issuer. This exemption should facilitate additional Canadian listings by foreign producing issuers by recognizing that they already satisfy comparable foreign standards for scientific or technical disclosure.

Royalty holders (subsection 9.2(1) of the Amended Instrument)

The Current Instrument applies to issuers holding a royalty interest in a mineral project. Often the scientific or technical information on the mineral project underlying a royalty interest is material information about the issuer holding the royalty interest. However, because royalty holders have limited access to project data, their technical reports are often based on the scientific and technical information disclosed by the owner of the mineral project. This results in duplicative disclosure with no additional benefit to the users of the royalty holder's technical report.

The Amended Instrument exempts the royalty holder from the requirement to prepare a technical report if the information concerning the project is publicly available, and was prepared by an issuer that is subject to the Amended Instrument or a producing issuer listed on a specified exchange. This exemption will reduce the regulatory burden for royalty holders while providing investors with access to the same information currently available.

Property acquisitions (subsection 4.2(7) of the Amended Instrument)

We understand that in some cases when an issuer acquires a material property, the issuer's due diligence does not provide the necessary scientific and technical information to prepare a new independent technical report within the 45-day filing period. The Amended Instrument extends the deadline to file a technical report on a newly acquired property to six months if another issuer previously filed a technical report on the acquired property and that report is still current. We do not think this extension would compromise investor protection because investors would still have access to a current technical report on the acquired property.

Request for Comment on the Amended Mining Rule and Consequential Amendments

We invite comment on the Amended Mining Rule and the Consequential Amendments generally. In addition, we have the following specific questions for your consideration.

Short form prospectus trigger

We are considering whether to keep, modify or eliminate the short form prospectus trigger for a technical report (paragraph 4.2(1)(b) of the Amended Instrument). As well as soliciting comments, we are surveying certain issuers directly to assess the regulatory impact and costs associated with this requirement. Specifically, we are surveying issuers that filed a technical report solely to support disclosure in a preliminary short form prospectus, where the receipt was issued during the period March 2006 until December 2009. In addition, we are surveying a representative sample of issuers that were eligible to file a short form prospectus in 2009. We are not making these issuer surveys generally available because they are targeted at specific groups of issuers. However, you can view the questions in the surveys by **clicking here** [www.osc.gov.on.ca].

We understand that the requirement to prepare a new technical report imposes extra costs and limits an issuer's ability to complete these offerings on a timely basis. Feedback should confirm whether the extra costs and delays are a significant concern to industry and whether investors think they will be disadvantaged if the scientific or technical disclosure in a short form prospectus is not supported by a technical report. Comments and survey responses will help us determine if the reduced costs to issuers of eliminating this requirement would outweigh the benefit to investors of keeping it.

The table below illustrates the effect of eliminating the short form prospectus trigger in three situations. In each situation, there is new material scientific or technical information about a property material to the issuer that is not supported by a previously filed technical report. (An issuer can rely on a previously filed technical report if there is no new material scientific or technical information.)

	Case 1 New information **is not** a material change in the affairs of the issuer	**Case 2** New information **is** a material change in the affairs of the issuer **but not** first disclosure of, or a material change to, mineral resources, mineral reserves, or a preliminary assessment	**Case 3** New information **is** a material change in the affairs of the issuer **and also** first disclosure of, or a material change to, mineral resources, mineral reserves, or a preliminary assessment
Short form trigger	New technical report required	New technical report required	New technical report required
Delete short form trigger	No new technical report required	No new technical report required	No new technical report required with short form prospectus, but will be required under para. 4.2(1)(j) and filed after the offering is completed.

Examples of Case 2 are

- an issuer acquires a property that is material to the issuer, but which does not have a mineral resource or mineral reserve
- an issuer completes a significant amount of drilling on a material property

Whether we keep or eliminate the short form prospectus trigger:

- Under section 3.1 of the Amended Instrument, the issuer would be required to name in its preliminary and final short form prospectus the qualified person who prepared or supervised the preparation of the new scientific or technical information, or approved the written disclosure.
- The qualified person would likely be considered an expert named in the prospectus and so would be required to provide an expert consent under NI 44-101 to the disclosure of the new scientific or technical information in the final short form prospectus.

In making our decision, it would be helpful to have feedback from both issuers and those on the buy side of short form prospectus offerings. We therefore encourage input from all stakeholders on this important issue.

Questions

1. Do you rely on technical reports when making, or advising on, investment decisions in a short form prospectus offering? If yes, please explain how the content of a technical report, or the certification of a technical report by a qualified person, could influence your investment decisions or your recommendations.
2. Do you think we should keep, or eliminate, the short form prospectus trigger? Please explain your reasoning.
3. Please discuss how your answers to questions 1 and 2 might change in each of the three cases described in the table.
4. If we decide to eliminate the short form prospectus trigger, is the proposed guidance in subsection 4.2(13) of the Amended Companion Policy useful? Do you have any suggestions concerning this guidance?

Depending on the comments received, we might consider removing the short form trigger for one of the three cases or for a combination of the three cases described in the table above.

New exemption for property acquisition with current technical report

The new exemption in subsection 4.2(7) of the Amended Instrument allows a conditional 6-month filing delay for a technical report supporting mineral resources, mineral reserves, or a preliminary economic assessment, if the estimates are supported by a current technical report filed by a previous owner. The 6-month period would permit the new owner additional time to have a new technical report prepared. This exemption is intended to provide the issuer with an additional option to disclosing the information as a historical estimate, or having the previous technical report re-addressed to it.

Question

5. Is the proposed new exemption relating to an acquired property helpful? Is it reasonable to expect that issuers will use the new exemption in light of the attached conditions?

Existing exemption from site visit requirement

Subsections 6.2(2) and (3) of the Amended Instrument carry forward an exemption from the requirement for a current personal inspection of a property that is the subject of a technical report.

Question

6. Do market participants use this exemption? Should we keep it in the Amended Instrument?

Alternatives Considered

We considered maintaining the status quo. However, in recent years we have received considerable feedback from market participants on how the Current Mining Rule is working. Market participants have identified some problems they are having with the requirements and we have identified certain areas of concern. Since we adopted the original mining rule in February 2001, we have made only one set of relatively minor amendments, in 2005. Given that the rule has now been in force for nine years, during all phases of the economic cycle, we felt that it was an appropriate time to consult industry on the rule and contemplate more substantive amendments.

We considered no other alternatives.

Unpublished Materials

In developing the Amended Mining Rule, we did not rely upon any significant unpublished study, report, or other written materials, except the results of the public consultations referred to above.

Local Notices

Certain jurisdictions will publish other information required by local securities legislation in Appendix E to this Notice.

Publishing Jurisdictions

The Amended Mining Rule and the Consequential Amendments are initiatives of all CSA members. Each CSA member would replace the Current Mining Rule with the Amended Mining Rule. Each CSA member would adopt the Amended Instrument, the Amended Form, and the Consequential Amendments, as a rule, commission regulation, or regulation, and the Amended Companion Policy as a policy.

How to Provide Your Comments

Please provide your comments by **July 23, 2010**.

Please address your submission to all the CSA member commissions, as follows:

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission – Securities Division
Manitoba Securities Commission
Ontario Securities Commission

Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Nunavut

You do not need to deliver your comments to all CSA members. Please deliver your comments **only** to the following addresses, and CSA members' staff will distribute your comments to all other jurisdictions.

Sheryl Thomson
Senior Legal Counsel, Corporate Finance
British Columbia Securities Commission
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Tel: (604) 899-6778
Fax: (604) 899-6581
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Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22e étage
C.P. 246, tour de la Bourse
Montréal, Québec H4Z 1G3
Fax: (514) 864-6381
E-mail: consultation-en-cours@lautorite.qc.ca

If you are not sending your comments by e-mail, please send a CD-ROM containing your comments in MS Word format.

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

Questions

If you have any questions, please refer them to any of the following:

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April 23, 2010

Appendix A

Amendments to
National Instrument 44-101 *Short Form Prospectus Distributions*

1. National Instrument 44-101 *Short Form Prospectus Distributions* is amended by this Instrument.

2. Part 4 is amended by adding the following new section:

"**4.2.1 Alternative Consent** – (1) Despite subparagraph 4.2(a)(vii), the issuer may file the consent of the firm that employed the qualified person at the date of signing the technical report, rather than the consent of the qualified person if

(a) the person named in the short form prospectus is a qualified person as defined in NI 43-101,

(b) the person's consent is required in connection with a technical report that was not required to be filed with the preliminary short form prospectus, and

(c) the principal business of the firm is providing engineering or geoscientific services.

(2) A consent filed under subsection (1) must be signed by an individual who is an authorized signatory of the firm and who satisfies the conditions in paragraphs (a) and (c) of the definition of "qualified person" in NI 43-101."

3. This Instrument comes into force on ●.

Appendix B

Amendments to
Form 51-102F1 *Management's Discussion and Analysis* and Form 51-102F2 *Annual Information Form*

1. Form 51-102F1 *Management's Discussion and Analysis* ("F1") and Form 51-102F2 *Annual Information Form* ("F2") are amended by this Instrument.

2. F1 is amended by repealing paragraph (e) of section 1.4 and substituting the following:

   "(e) for resource issuers with producing mines or mines under development, identify milestones such as mine expansion plans, productivity improvements, plans to develop a new deposit, or production decisions, and whether the milestones are based on a technical report filed under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*;"

3. F2 is amended by repealing Instruction (i) to Item 16 Interests of Experts.

4. This Instrument comes into force on ●.

Appendix C

Amendments to
National Instrument 45-106 *Prospectus and Registration Exemptions*

1. National Instrument 45-106 *Prospectus and Registration Exemptions* is amended by this Instrument.

2. Section 2.9 is amended by repealing subsection (18).

3. This Instrument comes into force on ●.

Appendix D

Amendments to
National Instrument 45-101 *Rights Offerings*

1. National Instrument 45-101 *Rights Offerings* is amended by this Instrument.

2. Subsection 3.1(1) is amended by repealing item 4 and substituting the following:

   "4. A copy of the technical reports, certificates, and consents prepared under National Instrument 43-101 *Standards of Disclosure for Mineral Projects*."

3. This Instrument comes into force on ●.

Appendix E

Ontario Securities Commission Notice and Request for Comment

Proposed Repeal and Replacement of
National Instrument 43-101 *Standards of Disclosure for Mineral Projects*,
Form 43-101F1 *Technical Reports*, and
Companion Policy 43-101CP *To National Instrument 43-101 Standards of Disclosure for Mineral Projects*

Authority

The following provisions of the *Securities Act* (Ontario) (the **Act**) provide the Ontario Securities Commission (the **OSC**) with authority to adopt the Amended Instrument, the Amended Form, and the Consequential Amendments, as described in the CSA Notice and Request for Comment.

- Paragraph 143(1)13 of the Act authorizes the OSC to make rules regulating trading or advising in securities to prevent trading or advising that is fraudulent, manipulative, deceptive or unfairly detrimental to investors.
- Paragraph 143(1)16 authorizes the OSC to make rules regulating in respect of, or varying the Act to facilitate, expedite or regulate in respect of, the distribution of securities, or the issuing of receipts.
- Paragraph 143(1)18 authorizes the OSC to make rules designating activities, including the use of documents or advertising, in which registrants or issuers are permitted to engage or are prohibited from engaging in connection with distributions.
- Paragraph 143(1)20 of the Act authorizes the OSC to make rules providing for exemptions from the prospectus requirements under the Act and for the removal of exemptions from those requirements.
- Paragraph 143(1)22 of the Act authorizes the OSC to make rules prescribing requirements in respect of the preparation and dissemination and other use, by reporting issuers, of documents providing for continuous disclosure that are in addition to the requirements under this Act.
- Paragraph 143(1)24 of the Act authorizes the OSC to make rules requiring issuers or other persons to comply, in whole or in part, with Part XVIII (Continuous Disclosure), or rules made under paragraph 22.
- Paragraph 143(1)26 of the Act authorizes the OSC to make rules prescribing requirements for the validity and solicitation of proxies.
- Paragraph 143(1)28 of the Act authorizes the OSC to make rules regulating take-over bids, issuer bids, insider bids, going-private transactions, business combinations and related party transactions, including providing for the matters that, under Part XX, may be specified by regulation or required by the regulations or that, under Part XX must or may be determined or done in accordance with the regulations.
- Paragraph 143(1)29 of the Act authorizes the OSC to make rules providing for exemptions from any requirement of section 76 or from liability under section 134 and prescribing standards or criteria for determining when a material fact or material change has been generally disclosed.
- Paragraph 143(1)39 of the Act authorizes the OSC 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.

NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

Table of Contents

NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions – In this Instrument

"acceptable foreign code" means the JORC Code, the PERC Code, the SAMREC Code, SEC Industry Guide 7, the Certification Code, or any other code, generally accepted in a foreign jurisdiction, that defines mineral resources and mineral reserves in a manner that is consistent with mineral resource and mineral reserve definitions and categories set out in sections 1.2 and 1.3;

"adjacent property" means a property

(a) in which the issuer does not have an interest;

(b) that has a boundary reasonably proximate to the property being reported on; and

(c) that has geological characteristics similar to those of the property being reported on;

"advanced property" means a property for which

(a) the potential economic viability of its mineral resources is supported by a preliminary economic assessment, or

(b) the economic viability of its mineral reserves is supported by a pre-feasibility study or a feasibility study;

"Certification Code" means the Certification Code for Exploration Prospects, Mineral Resources and Ore Reserves prepared by the Mineral Resources Committee of the Institution of Mining Engineers of Chile, and the Chilean Ministry of Mining, as amended;

"data verification" means the process of confirming that data has been generated with proper procedures, has been accurately transcribed from the original source and is suitable to be used;

"development property" means a property that is being prepared for mineral production or a material expansion of current production, and for which economic viability has been demonstrated by a pre-feasibility or feasibility study;

"disclosure" means any oral statement or written disclosure made by or on behalf of an issuer and intended to be, or reasonably likely to be, made available to the public in a jurisdiction of Canada, whether or not filed under securities legislation, but does not include written disclosure that is made available to the public only by reason of having been filed with a government or agency of government pursuant to a requirement of law other than securities legislation;

"early stage exploration property" means a property for which the technical report being filed has

(a) no current mineral resources or mineral reserves defined; and

(b) no drilling or trenching proposed;

"effective date" means, with reference to a technical report, the date of the most recent scientific or technical information included in the technical report;

"exploration information" means geological, geophysical, geochemical, sampling, drilling, trenching, analytical testing, assaying, mineralogical, metallurgical, and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define, or delineate a mineral prospect or mineral deposit;

"feasibility study" means a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental, and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production;

"historical estimate" means an estimate of the quantity, grade, or metal or mineral content of a deposit that an issuer has not verified as a current mineral resource or mineral reserve, and which was prepared before the issuer acquiring, or entering into an agreement to acquire, an interest in the property that contains the deposit;

"JORC Code" means the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia, as amended;

"mineral project" means any exploration, development or production activity, including a royalty interest in these activities, in respect of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals;

"NI 44-101" means National Instrument 44-101 *Short Form Prospectus Distributions*;

"PERC Code" means the Reporting Code for Mineral Reserves and Mineral Resources prepared by the Pan-European Reserves and Resources Reporting Committee, as amended;

"preliminary economic assessment" means a study, other than a pre-feasibility or feasibility study, that includes an economic analysis of the potential viability of mineral resources;

"preliminary feasibility study" and "pre-feasibility study" each mean a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve;

"producing issuer" means an issuer with annual audited financial statements that disclose

(a) gross revenues, derived from mining operations, of at least $30 million Canadian for the issuer's most recently completed financial year; and

(b) gross revenues, derived from mining operations, of at least $90 million Canadian in the aggregate for the issuer's three most recently completed financial years;

"professional association" means a self-regulatory organization of engineers, geoscientists or both engineers and geoscientists that

(a) is

(i) given authority or recognition by statute in a jurisdiction of Canada, or

(ii) a foreign association that is generally accepted within the international mining community as a reputable professional association;

(b) admits individuals on the basis of their academic qualifications, experience, and ethical fitness;

(c) requires compliance with the professional standards of competence and ethics established by the organization; and

(d) has and applies disciplinary powers, including the power to suspend or expel a member regardless of where the member practises or resides;

"qualified person" means an individual who

(a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation, or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice;

(b) has experience relevant to the subject matter of the mineral project and the technical report; and

(c) is in good standing with a professional association and, in the case of a professional association in a foreign jurisdiction, has a membership designation that

(i) requires a university degree or equivalent accreditation in an area of geoscience, or engineering, relating to mineral exploration or mining;

(ii) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment;

(iii) requires or encourages continuing professional development; and

(iv) requires

A. a favourable confidential peer evaluation of the individual's character, professional judgement, experience, and ethical fitness; or

B. a recommendation for membership by at least three peers, and at least ten years of post-degree practical experience or demonstrated prominence in the field of mineral exploration or mining;

"quantity" means either tonnage or volume, depending on which term is the standard in the mining industry for the type of mineral;

"SAMREC Code" means the South African Code for Reporting of Mineral Resources and Mineral Reserves prepared by the South African Mineral Committee (SAMREC) under the auspices of the South African Institute of Mining and Metallurgy (SAIMM), as amended;

"SEC Industry Guide 7" means the mining industry guide entitled "Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations" contained in the Securities Act Industry Guides published by the United States Securities and Exchange Commission, as amended;

"specified exchange" means the Australian Stock Exchange, the Johannesburg Stock Exchange, the London Stock Exchange Main Market, the Nasdaq Stock Market, the New York Stock Exchange, or the Hong Kong Stock Exchange;

"technical report" means a report prepared and filed in accordance with this Instrument and Form 43-101F1 Technical Report that includes, in summary form, all material scientific and technical information in respect of the subject property as of the effective date of the technical report; and

"written disclosure" includes any writing, picture, map, or other printed representation whether produced, stored or disseminated on paper or electronically, including websites.

1.2 Mineral Resource – In this Instrument, the terms "mineral resource", "inferred mineral resource", "indicated mineral resource" and "measured mineral resource" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council on December 11, 2005, as amended.

1.3 Mineral Reserve – In this Instrument, the terms "mineral reserve", "probable mineral reserve" and "proven mineral reserve" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council on December 11, 2005, as amended.

1.4 Independence – In this Instrument, a qualified person is independent of an issuer if there is no circumstance that, in the opinion of a reasonable person aware of all relevant facts, could interfere with the qualified person's judgment regarding the preparation of the technical report.

PART 2 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

2.1 Requirements Applicable to All Disclosure – All disclosure of scientific or technical information made by an issuer, including disclosure of a mineral resource or mineral reserve, concerning a mineral project on a property material to the issuer must be

(a) based upon information prepared by or under the supervision of a qualified person; or

(b) approved by a qualified person.

2.2 All Disclosure of Mineral Resources or Mineral Reserves – An issuer must not disclose any information about a mineral resource or mineral reserve unless the disclosure

(a) uses only the applicable mineral resource and mineral reserve categories set out in sections 1.2 and 1.3;

(b) reports each category of mineral resources and mineral reserves separately, and states the extent, if any, to which mineral reserves are included in total mineral resources;

(c) does not add inferred mineral resources to the other categories of mineral resources; and

(d) states the grade or quality and the quantity for each category of the mineral resources and mineral reserves if the quantity of contained metal or mineral is included in the disclosure.

2.3 Restricted Disclosure

(1) An issuer must not disclose

(a) the quantity, grade, or metal or mineral content of a deposit that has not been categorized as an inferred mineral resource, an indicated mineral resource, a measured mineral resource, a probable mineral reserve, or a proven mineral reserve;

(b) the results of an economic analysis that includes or is based on inferred mineral resources or an estimate permitted under subsection 2.3(2) or section 2.4;

(c) the gross contained metal or mineral value of a deposit or a sampled interval or drill intersection; or

(d) a metal or mineral equivalent grade for a multiple commodity deposit, sampled interval, or drill intersection, unless it also discloses the grade of each metal or mineral used to establish the metal or mineral equivalent grade.

(2) Despite paragraph (1)(a), an issuer may disclose in writing the potential quantity and grade, expressed as ranges, of a target for further exploration if the disclosure

(a) states with equal prominence that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource; and

(b) states the basis on which the disclosed potential quantity and grade has been determined.

(3) Despite paragraph (1)(b), an issuer may disclose a preliminary economic assessment that includes or is based on inferred mineral resources if the disclosure

(a) states with equal prominence that the preliminary economic assessment is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized;

(b) states the basis for the preliminary economic assessment and any qualifications and assumptions made by the qualified person; and

(c) describes the impact of the preliminary economic assessment on the results of any pre-feasibility or feasibility study in respect of the subject property.

(4) An issuer must not use the term preliminary feasibility study, pre-feasibility study, or feasibility study when referring to a study unless the study satisfies the criteria set out in the definition of the applicable term in section 1.1.

2.4 Disclosure of Historical Estimates – Despite section 2.2, an issuer may disclose an historical estimate, using the original terminology, if the disclosure

(a) identifies the source and date of the historical estimate, including any existing technical report;

(b) comments on the relevance and reliability of the historical estimate;

(c) to the extent known, provides the key assumptions, parameters, and methods used to prepare the historical estimate;

(d) states whether the historical estimate uses categories other than the ones set out in sections 1.2 and 1.3 and, if so, includes an explanation of the differences;

(e) includes any more recent estimates or data available to the issuer;

(f) comments on what work needs to be done to upgrade or verify the historical estimate as current mineral resources or mineral reserves; and

(g) states with equal prominence that

(i) a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves; and

(ii) the issuer is not treating the historical estimate as current mineral resources or mineral reserves.

PART 3 ADDITIONAL REQUIREMENTS FOR WRITTEN DISCLOSURE

3.1 Written Disclosure to Include Name of Qualified Person – If an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure the name and the relationship to the issuer of the qualified person who

(a) prepared or supervised the preparation of the information that forms the basis for the written disclosure; or

(b) approved the written disclosure.

3.2 Written Disclosure to Include Data Verification – If an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure

(a) a statement whether a qualified person has verified the data disclosed, including sampling, analytical, and test data underlying the information or opinions contained in the written disclosure;

(b) a description of how the data was verified and any limitations on the verification process; and

(c) an explanation of any failure to verify the data.

3.3 Requirements Applicable to Written Disclosure of Exploration Information

(1) If an issuer discloses in writing exploration information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure a summary of

(a) the material results of surveys and investigations regarding the property;

(b) the interpretation of the exploration information; and

(c) the quality assurance program and quality control measures applied during the execution of the work being reported on.

(2) If an issuer discloses in writing sample or analytical or testing results on a property material to the issuer, the issuer must include in the written disclosure

(a) the location and type of the samples collected;

(b) the location, azimuth, and dip of any drill holes and the depth of the sample intervals;

(c) a summary of the relevant analytical values, widths, and to the extent known, the true widths of the mineralized zone;

(d) the results of any significantly higher grade intervals within a lower grade intersection;

(e) any drilling, sampling, recovery, or other factors that could materially affect the accuracy or reliability of the data referred to in this subsection; and

(f) a summary description of the type of analytical or testing procedures utilized, sample size, the name and location of each analytical or testing laboratory used, and any relationship of the laboratory to the issuer.

3.4 Requirements Applicable to Written Disclosure of Mineral Resources and Mineral Reserves – If an issuer discloses in writing mineral resources or mineral reserves on a property material to the issuer, the issuer must include in the written disclosure

(a) the effective date of each estimate of mineral resources and mineral reserves;

(b) the quantity and grade or quality of each category of mineral resources and mineral reserves;

(c) the key assumptions, parameters, and methods used to estimate the mineral resources and mineral reserves;

(d) the identification of any known legal, political, environmental, or other risks that could materially affect the potential development of the mineral resources or mineral reserves; and

(e) if the disclosure includes the results of an economic analysis of mineral resources, an equally prominent statement that mineral resources that are not mineral reserves do not have demonstrated economic viability.

3.5 Exception for Written Disclosure Already Filed – Sections 3.2 and 3.3 and paragraphs (a), (c), and (d) of section 3.4 do not apply if the issuer includes in the written disclosure a reference to the title and date of a previously filed document that complies with those requirements.

PART 4 OBLIGATION TO FILE A TECHNICAL REPORT

4.1 Obligation to File a Technical Report Upon Becoming a Reporting Issuer

(1) Upon becoming a reporting issuer in a jurisdiction of Canada an issuer must file in that jurisdiction a technical report for each mineral property material to the issuer.

(2) Subsection (1) does not apply if the issuer is a reporting issuer in a jurisdiction of Canada and subsequently becomes a reporting issuer in another jurisdiction of Canada.

(3) Subsection (1) does not apply if

(a) the issuer previously filed a technical report for the property;

(b) at the date the issuer becomes a reporting issuer, there is no new material scientific or technical information concerning the subject property not included in the previously filed technical report; and

(c) the previously filed technical report meets any independence requirements under section 5.3.

4.2 Obligation to File a Technical Report in Connection with Certain Written Disclosure about Mineral Projects on Material Properties

NOTE TO READER: The CSA is seeking comment on whether to keep or eliminate the short form prospectus trigger in (1)(b), therefore all references to the short form prospectus trigger in this draft Instrument are square-bracketed. Please see the discussion in the CSA Notice and Request for Comment dated April 23, 2010.

(1) An issuer must file a technical report to support scientific or technical information in any of the following documents filed or made available to the public in a jurisdiction of Canada that describes a mineral project on a property material to the issuer, or in the case of paragraph (c), the resulting issuer:

(a) a preliminary prospectus, other than a preliminary short form prospectus filed in accordance with NI 44-101;

(b) [a preliminary short form prospectus filed in accordance with NI 44-101];

(c) an information or proxy circular concerning a direct or indirect acquisition of a mineral property where the issuer or resulting issuer issues securities as consideration;

(d) an offering memorandum, other than an offering memorandum delivered solely to accredited investors as defined under securities legislation;

(e) for a reporting issuer, a rights offering circular;

(f) an annual information form;

(g) a valuation required to be prepared and filed under securities legislation;

(h) an offering document that complies with and is filed in accordance with Policy 4.6 – *Public Offering by Short Form Offering Document* and Exchange Form 4H – *Short Form Offering Document,* of the TSX Venture Exchange, as amended;

(i) a take-over bid circular that discloses a preliminary economic assessment, mineral resources, or mineral reserves on a property material to the offeror if securities of the offeror are being offered in exchange on the take-over bid; and

(j) any written disclosure made by or on behalf of an issuer, other than in a document described in paragraphs (a) to (i), that discloses for the first time

(i) a preliminary economic assessment, mineral resources, or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer; or

(ii) a change in a preliminary economic assessment, mineral resources, or mineral reserves from the most recently filed technical report that constitutes a material change in respect of the affairs of the issuer.

(2) Subsection (1) does not apply for disclosure of an historical estimate in a document referred to in paragraph (1)(j) if the disclosure is made in accordance with subsection 2.4.

(3) If a technical report is filed under paragraph (1)(a) [or (b)], and new material scientific or technical information concerning the subject property becomes available before the filing of the final version of the prospectus [or short form prospectus], the issuer must file an updated technical report or an addendum to the technical report with the final version of the prospectus [or short form prospectus].

(4) The issuer must file the technical report referred to in subsection (1) not later than the time it files or makes available to the public the document listed in subsection (1) that the technical report supports.

(5) Despite subsection (4), an issuer must

(a) file a technical report supporting disclosure under paragraph (1)(j) not later than 45 days after the date of the disclosure or, if the disclosure is in a directors' circular, by the earlier of 45 days after the date of the disclosure and 3 business days before expiry of the take-over bid; and

(b) issue a news release at the time it files the technical report disclosing the filing of the technical report and reconciling any material differences in the preliminary economic assessment, mineral resources, or mineral reserves between the technical report and the issuer's disclosure under paragraph (1)(j).

(6) Despite subsection (4), if a property referred to in an annual information form first becomes material to the issuer less than 30 days before the filing deadline for the annual information form, the issuer must file the technical report within 45 days of the date that the property first became material to the issuer.

(7) Despite subsections (4) and (5), an issuer is not required to file a technical report within 45 days to support disclosure under subparagraph (1)(j)(i), if

(a) the preliminary economic assessment, mineral resources, or mineral reserves

(i) were prepared by or on behalf of another issuer who holds or previously held an interest in the property;

(ii) were disclosed by the other issuer in a document listed in subsection (1); and

(iii) are supported by a technical report filed by the other issuer;

(b) the issuer, in its disclosure under subparagraph (1)(j)(i),

(i) identifies the title and effective date of the previous technical report and the name of the other issuer that filed it;

(ii) names the qualified person who reviewed the technical report on behalf of the issuer; and

(iii) states with equal prominence that, to the best of the issuer's knowledge, information, and belief, there is no new material scientific or technical information that would make the disclosure of the preliminary economic assessment, mineral resources, or mineral reserves inaccurate or misleading;

(c) the issuer files a technical report supporting its disclosure of the preliminary economic assessment, mineral resources, or mineral reserves within 6 months of the date of its disclosure; and

(d) the issuer issues a news release at the time it files the technical report disclosing the filing of the technical report and reconciling any material differences in the preliminary economic assessment, mineral resources, or mineral reserves between the technical report and the issuer's disclosure under subparagraph (1)(j)(i).

(8) Subsection (1) does not apply if

(a) the issuer previously filed a technical report that supports the scientific or technical information in the document;

(b) at the date of filing the document, there is no new material scientific or technical information concerning the subject property not included in the previously filed technical report; and

(c) the previously filed technical report meets any independence requirements under section 5.3.

4.3 Required Form of Technical Report – A technical report that is required to be filed under this Part must be prepared

(a) in English or French; and

(b) in accordance with Form 43-101F1.

PART 5 AUTHOR OF TECHNICAL REPORT

5.1 Prepared by a Qualified Person – A technical report must be prepared by or under the supervision of one or more qualified persons.

5.2 Execution of Technical Report – A technical report must be dated, signed and, if the qualified person has a seal, sealed by

(a) each qualified person who is responsible for preparing or supervising the preparation of all or part of the report; or

(b) a person or company whose principal business is providing engineering or geoscientific services if each qualified person responsible for preparing or supervising the preparation of all or part of the report is an employee, officer, or director of that person or company.

5.3 Independent Technical Report

(1) A technical report required under any of the following provisions of this Instrument must be prepared by or under the supervision of one or more qualified persons that are, at the effective and filing dates of the technical report, all independent of the issuer:

(a) section 4.1;

(b) paragraphs (a) and (g) of subsection 4.2(1); or

(c) paragraphs (b), (c), (d), (e), (f), (h), (i), and (j) of subsection 4.2(1), if the document discloses

(i) for the first time a preliminary economic assessment, mineral resources, or mineral reserves on a property material to the issuer, or

(ii) a 100 percent or greater change in the total mineral resources or total mineral reserves on a property material to the issuer, since the issuer's most recently filed independent technical report in respect of the property.

(2) Despite subsection (1), a technical report required to be filed by a producing issuer under paragraph (1)(a) is not required to be prepared by or under the supervision of an independent qualified person if the securities of the issuer trade on a specified exchange.

(3) Despite subsection (1), a technical report required to be filed by a producing issuer under paragraph (1)(b) or (c) is not required to be prepared by or under the supervision of an independent qualified person.

(4) Despite subsection (1), a technical report required to be filed by an issuer concerning a property which is or will be the subject of a joint venture with a producing issuer is not required to be prepared by or under the supervision of an independent qualified person, if the qualified person preparing or supervising the preparation of the report relies on scientific and technical information prepared by or under the supervision of a qualified person that is an employee or consultant of the producing issuer.

PART 6 PREPARATION OF TECHNICAL REPORT

6.1 The Technical Report – A technical report must be based on all available data relevant to the disclosure that it supports.

6.2 Current Personal Inspection

(1) Before an issuer files a technical report, the issuer must have at least one qualified person who is responsible for preparing or supervising the preparation of all or part of the technical report complete a current inspection on the property that is the subject of the technical report.

(2) Subsection (1) does not apply to an issuer provided that

(a) the property that is the subject of the technical report is an early stage exploration property;

(b) seasonal weather conditions prevent a qualified person from accessing any part of the property or obtaining beneficial information from it; and

(c) the issuer discloses in the technical report, and in the disclosure that the technical report supports, that a personal inspection by a qualified person was not conducted, the reasons why, and the intended time frame to complete the personal inspection.

(3) If an issuer relies on subsection (2), the issuer must

(a) as soon as practical, have at least one qualified person who is responsible for preparing or supervising the preparation of all or part of the technical report complete a current inspection on the property that is the subject of the technical report; and

(b) promptly file a technical report and the certificates and consents required under Part 8 of this Instrument.

6.3 Maintenance of Records – An issuer must keep for 7 years copies of assay and other analytical certificates, drill logs, and other information referenced in the technical report or used as a basis for the technical report.

6.4 Limitation on Disclaimers

(1) An issuer must not file a technical report that contains a disclaimer by any qualified person responsible for preparing or supervising the preparation of all or part of the report that

(a) disclaims responsibility for, or reliance by another party on, any information in the part of the report the qualified person prepared or supervised the preparation of; or

(b) limits the use or publication of the report in a manner that interferes with the issuer's obligation to reproduce the report by filing it on SEDAR.

(2) Despite subsection (1), an issuer may file a technical report that includes a disclaimer in accordance with Item 3 of Form 43-101F1.

PART 7 USE OF FOREIGN CODE

7.1 Use of Foreign Code – Despite section 2.2, an issuer may make disclosure and file a technical report that uses the mineral resource and mineral reserve categories of an acceptable foreign code, if the issuer

(a) is incorporated or organized in a foreign jurisdiction; or

(b) is incorporated or organized under the laws of Canada or a jurisdiction of Canada, for its properties located in a foreign jurisdiction.

PART 8 CERTIFICATES AND CONSENTS OF QUALIFIED PERSONS FOR TECHNICAL REPORTS

8.1 Certificates of Qualified Persons

(1) An issuer must, when filing a technical report, file a certificate that is dated, signed, and if the signatory has a seal, sealed, of each qualified person responsible for preparing or supervising the preparation of all or part of the technical report.

(2) A certificate under subsection (1) must state

(a) the name, address, and occupation of the qualified person;

(b) the title and effective date of the technical report to which the certificate applies;

(c) the qualified person's qualifications, including a brief summary of relevant experience, the name of all professional associations to which the qualified person belongs, and that the qualified person is a "qualified person" for purposes of this Instrument;

(d) the date and duration of the qualified person's most recent personal inspection of each property, if applicable;

(e) the item or items of the technical report for which the qualified person is responsible;

(f) whether the qualified person is independent of the issuer as described in section 1.4;

(g) what prior involvement, if any, the qualified person has had with the property that is the subject of the technical report;

(h) that the qualified person has read this Instrument and the technical report, or part that the qualified person is responsible for, has been prepared in compliance with this Instrument; and

(i) that, at the effective date of the technical report, to the best of the qualified person's knowledge, information, and belief, the technical report, or part that the qualified person is responsible for, contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

8.2 Addressed to Issuer – All technical reports must be addressed to the issuer.

8.3 Consents of Qualified Persons

(1) An issuer must, when filing a technical report, file a statement of each qualified person responsible for preparing or supervising the preparation of all or part of the technical report, dated, and signed by the qualified person

(a) consenting to the public filing of the technical report;

(b) identifying the document that the technical report supports;

(c) consenting to the use of extracts from, or a summary of, the technical report in the document; and

(d) confirming that the qualified person has read the document and that it fairly and accurately represents the information in the technical report or part that the qualified person is responsible for.

(2) Paragraphs (1)(b), (c), and (d) do not apply to a consent filed with a technical report filed under section 4.1.

(3) If an issuer relies on subsection (2), the issuer must file an updated consent that includes paragraphs (1)(b), (c), and (d) for any subsequent use of the technical report to support disclosure in a document filed under subsection 4.2(1).

PART 9 EXEMPTIONS

9.1 Authority to Grant Exemptions

(1) The regulator or the securities regulatory authority may, on application, grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption in response to an application.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B to National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

9.2 Exemptions for Royalty Interests

(1) An issuer whose interest in a mineral project is only a royalty interest is not required to file a technical report to support disclosure in a document under subsection 4.2(1) if

(a) the operator of the mineral project is

(i) subject to the requirements of this Instrument, or

(ii) a producing issuer whose securities trade on a specified exchange and that discloses mineral resources and mineral reserves under an acceptable foreign code;

(b) the issuer identifies in its document under subsection 4.2(1) the source of the scientific and technical information; and

(c) the operator of the mineral project has disclosed the scientific and technical information.

(2) An issuer whose interest in a mineral project is only a royalty interest and that does not qualify to use the exemption in subsection (1) is not required to

(a) comply with section 6.2; and

(b) complete those items under Form 43-101F1 that require data verification, inspection of documents, or personal inspection of the property to complete those items.

(3) Paragraphs (2)(a) and (b) only apply if the issuer

(a) has requested but has not received access to the necessary data from the operating company and is not able to obtain the necessary information from the public domain;

(b) under Item 3 of Form 43-101F1, states the issuer has requested but has not received access to the necessary data from the operating company and is not able to obtain the necessary information from the public domain and describes the content referred to under each item of Form 43-101F1 that the issuer did not complete; and

(c) includes in all scientific and technical disclosure a statement that the issuer has an exemption from completing certain items under Form 43-101F1 in the technical report required to be filed and includes a reference to the title and effective date of that technical report.

9.3 Exemption for Certain Types of Filings – This Instrument does not apply if the only reason an issuer files written disclosure of scientific or technical information is to comply with the requirement under securities legislation to file a copy of a record or disclosure material that was filed with a securities commission, exchange, or regulatory authority in another jurisdiction.

PART 10 EFFECTIVE DATE AND REPEAL

10.1 Effective Date – This Instrument comes into force on *.

10.2 Repeal – National Instrument 43-101 *Standards of Disclosure for Mineral Projects,* which came into force on December 31, 2005, is repealed.

FORM 43-101F1
TECHNICAL REPORT

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TITLE

CONTENTS OF THE TECHNICAL REPORT

FORM 43-101F1
TECHNICAL REPORT

INSTRUCTIONS:

(1) The objective of the technical report is to provide a summary of material scientific and technical information concerning mineral exploration, development, and production activities on a mineral property that is material to an issuer. This Form sets out the requirements for the preparation and content of a technical report.

(2) Terms used in this Form that are defined or interpreted in National Instrument 43-101 Standards of Disclosure for Mineral Projects (the "Instrument") will have that definition or interpretation. In addition, a general definition instrument has been adopted as National Instrument 14-101 Definitions that contains definitions of certain terms used in more than one national instrument. Readers of this Form should review both these national instruments for defined terms.

(3) The qualified person preparing the technical report should keep in mind that the intended audience is the investing public and their advisors who, in most cases, will not be mining experts. Therefore, to the extent possible, technical reports should be simplified, summarized, and written in plain language. However, the technical report should include sufficient context and cautionary language to allow a reasonable investor to understand the nature, importance, and limitations of the data, interpretations, and conclusions summarized in the technical report.

(4) The qualified person preparing the technical report must use all of the headings of Items 1 to 14 and 23 to 27 in this Form and provide the information specified under each heading. For advanced properties, the qualified person must also use the headings of Items 15 to 22 and include the information required under each of these headings. The qualified person may create sub-headings. Disclosure included under one heading is not required to be repeated under another heading.

(5) The qualified person preparing the technical report may refer to information in a technical report previously filed by the issuer for the subject property if the information is still current and the technical report identifies the title, date and author of the previously filed technical report. However, the qualified person must still summarize or quote the referenced information in the current technical report and may not disclaim responsibility for the referenced information. Except as permitted by subsection 4.2(3) of the Instrument, an issuer may not update or revise a previously filed technical report by filing an addendum.

(6) While the Form mandates the headings and general format of the technical report, the qualified person preparing the technical report is responsible for determining the level of detail required under each Item based on the qualified person's assessment of the relevance and significance of the information.

(7) The technical report may only contain disclaimers that are in accordance with section 6.4 of the Instrument and Item 3 of this Form.

(8) Since a technical report is a summary document the inclusion and filing of comprehensive appendices is not generally necessary to comply with the requirements of the Form.

(9) The Instrument requires certificates and consents of qualified persons, prepared in accordance with sections 8.1 and 8.3 respectively, to be filed at the same time as the technical report. The Instrument does not specifically require the issuer to file the certificate of qualified person as a separate document. It is generally acceptable for the qualified person to include the certificate in the technical report and to use the certificate as the date and signature page.

CONTENTS OF THE TECHNICAL REPORT

Title Page – Include a title page setting out the title of the technical report, the general location of the mineral project, the name and professional designation of each qualified person, and the effective date of the technical report.

Date and Signature Page – The technical report must have a signature page, at either the beginning or end of the technical report, signed in accordance with section 5.2 of the Instrument. The effective date of the technical report and date of signing must be on the signature page.

Table of Contents – Provide a table of contents listing the contents of the technical report, including figures and tables.

Illustrations – Technical reports must be illustrated by legible maps, plans and sections, all prepared at an appropriate scale to distinguish important features. Maps must be dated and include a legend, author or information source, a scale in bar or grid form, and an arrow indicating north. All technical reports must be accompanied by a location or index map and a compilation map outlining the general geology of the property. In addition, all technical reports must include more detailed maps showing all important features described in the text, relative to the property boundaries, including but not limited to

(a) for exploration projects, areas of previous or historical exploration, and the location of known mineralization, geochemical or geophysical anomalies, drilling, and mineral deposits;

(b) for advanced properties other than development and production properties, the location and surficial outline of mineral resources, mineral reserves, and, to the extent known, areas for potential access and infrastructure; and

(c) for development and production properties, the location of pit limits or underground development, plant sites, tailings storage areas, waste disposal areas, and all other significant infrastructure features.

If information is used from other sources in preparing maps, drawings, or diagrams, disclose the source of the information. If adjacent or nearby properties have an important bearing on the potential of the subject property, the location of the properties and any relevant mineralized structures discussed in the report must be shown in relationship to the subject property.

INSTRUCTION: *Summarize and simplify the illustrations so that they are legible and suitable for electronic filing. For ease of reference, consider inserting the illustration in the text of the report in relative proximity to the text they illustrate.*

Requirements for All Technical Reports

Item 1: **Summary** – Briefly summarize important information in the technical report, including property description and ownership, geology and mineralization, the status of exploration, development and operations, mineral resource and mineral reserve estimates, and the qualified person's conclusions and recommendations.

Item 2: **Introduction** – Include a description of

(a) the issuer for whom the technical report is prepared;

(b) the terms of reference and purpose for which the technical report was prepared;

(c) the sources of information and data contained in the technical report or used in its preparation, with citations if applicable; and

(d) the details of the personal inspection on the property by each qualified person or, if applicable, the reason why a personal inspection has not been completed.

Item 3: **Reliance on Other Experts –** A qualified person who prepares or supervises the preparation of all or part of a technical report may include a limited disclaimer of responsibility if:

(a) The qualified person is relying on a report, opinion, or statement of another expert who is not a qualified person, or on information provided by the issuer, concerning legal, political, environmental, or tax matters relevant to the technical report, and the qualified person identifies

(i) the source of the information relied upon, including the date, title, and author of any report, opinion, or statement;

(ii) the extent of reliance; and

(iii) the portions of the technical report to which the disclaimer applies.

(b) The qualified person is relying on a report, opinion, or statement of another expert who is not a qualified person, concerning diamond or other gemstone valuations, or the pricing of commodities for which pricing is not publicly available, and the qualified person discloses

(i) the date, title, and author of the report, opinion, or statement;

(ii) the qualifications of the other expert and why it is reasonable for the qualified person to rely on the other expert;

(iii) any significant risks associated with the valuation or pricing; and

(iv) any steps the qualified person took to verify the information provided.

Item 4: Property Description and Location – To the extent applicable, describe

(a) the area of the property in hectares or other appropriate units;

(b) the location, reported by an easily recognizable geographic and grid location system;

(c) the type of mineral tenure (claim, license, lease, etc.) and the identifying name or number of each;

(d) the nature and extent of the issuer's title to, or interest in, the property including surface rights, legal access, the obligations that must be met to retain the property, and the expiration date of claims, licences, or other property tenure rights;

(e) to the extent known, the terms of any royalties, back-in rights, payments, or other agreements and encumbrances to which the property is subject;

(f) to the extent known, all environmental liabilities to which the property is subject;

(g) to the extent known, the permits that must be acquired to conduct the work proposed for the property, and if the permits have been obtained; and

(h) to the extent known, any other significant factors and risks that may affect access, title, or the right or ability to perform work on the property.

Item 5: Accessibility, Climate, Local Resources, Infrastructure and Physiography – Describe

(a) topography, elevation, and vegetation;

(b) the means of access to the property;

(c) the proximity of the property to a population centre, and the nature of transport;

(d) to the extent relevant to the mineral project, the climate and the length of the operating season; and

(e) to the extent relevant to the mineral project, the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pad areas, and potential processing plant sites.

Item 6: History – To the extent known, describe

(a) the prior ownership of the property and ownership changes;

(b) the type, amount, quantity, and general results of exploration and development work undertaken by any previous owners or operators;

(c) historical mineral resource and mineral reserve estimates in accordance with section 2.4 of the Instrument; and

(d) any production from the property.

Item 7: Geological Setting and Mineralization – Describe

(a) the regional, local, and property geology; and

(b) the significant mineralized zones encountered on the property, including a summary of the surrounding rock types, relevant geological controls, and the length, width, depth, and continuity of the mineralization, together with a description of the type, character, and distribution of the mineralization.

Item 8: **Deposit Types** – Describe the mineral deposit type(s) being investigated or being explored for and the geological model or concepts being applied in the investigation and on the basis of which the exploration program is planned.

Item 9: **Exploration** – Briefly describe the nature and extent of all relevant exploration work other than drilling, conducted by or on behalf of, the issuer, including

(a) the procedures and parameters relating to the surveys and investigations;

(b) the sampling methods and sample quality, including whether the samples are representative, and any factors that may have resulted in sample biases;

(c) relevant information of location, number, type, nature, and spacing or density of samples collected, and the size of the area covered; and

(d) the significant results and interpretation of the exploration information.

INSTRUCTION: *If exploration results from previous operators are included, clearly identify the work conducted by or on behalf of the issuer.*

Item 10: **Drilling** – Describe

(a) the type and extent of drilling including the procedures followed and a summary and interpretation of all relevant results;

(b) any drilling, sampling, or recovery factors that could materially impact the accuracy and reliability of the results;

(c) for a property other than an advanced property

(i) the location, azimuth, and dip of any drill hole, and the depth of the relevant sample intervals;

(ii) the relationship between the sample length and the true thickness of the mineralization, if known, and if the orientation of the mineralization is unknown, state this; and

(iii) the results of any significantly higher grade intervals within a lower grade intersection.

INSTRUCTION: *For properties with mineral resource estimates, the qualified person may meet the requirements under Item 10 (c) by providing a drill plan and representative examples of drill sections through the mineral deposit.*

Item 11: **Sample Preparation, Analyses, and Security** – Describe

(a) sample preparation methods and quality control measures employed before dispatch of samples to an analytical or testing laboratory, the method or process of sample splitting and reduction, and the security measures taken to ensure the validity and integrity of samples taken;

(b) relevant information regarding sample preparation, assaying and analytical procedures used, the name and location of the analytical or testing laboratories, the relationship of the laboratory to the issuer, and whether the laboratories are certified by any standards association and the particulars of any certification;

(c) a summary of the nature, extent, and results of quality control procedures employed and quality assurance actions taken or recommended to provide adequate confidence in the data collection and estimation process; and

(d) the author's opinion on the adequacy of sample preparation, security, and analytical procedures.

Item 12: **Data Verification** – Describe the steps taken by the qualified person to verify the data being reported on, including

(a) the data verification procedures applied by the qualified person;

(b) any limitations on or failure to conduct such verification, and the reasons for any such limitations or failure; and

(c) the qualified person’s opinion on the adequacy of the data for the purposes used in the technical report.

Item 13: Mineral Processing and Metallurgical Testing – If mineral processing or metallurgical testing analyses have been carried out, discuss

(a) the nature and extent of the testing and analytical procedures, and provide a summary of the relevant results;

(b) the basis for any assumptions or predictions regarding recovery estimates;

(c) to the extent known, the degree to which the test samples are representative of the various types and styles of mineralization and the mineral deposit as a whole; and

(d) to the extent known, any processing factors or deleterious elements that could have a significant effect on potential economic extraction.

Item 14: Mineral Resource Estimates – A technical report disclosing mineral resources must

(a) provide sufficient discussion of the key assumptions, parameters, and methods used to estimate the mineral resources, for a reasonably informed reader to understand the basis for the estimate and how it was generated;

(b) comply with all disclosure requirements for mineral resources set out in the Instrument, including sections 2.2, 2.3, and 3.4;

(c) when the grade for a multiple commodity mineral resource is reported as metal or mineral equivalent, report the individual grade of each metal or mineral and the metal prices, recoveries, and any other relevant conversion factors used to estimate the metal or mineral equivalent grade; and

(d) include a general discussion on the extent to which the mineral resource estimates could be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors.

INSTRUCTIONS:

(1) A statement of quantity and grade or quality is an estimate and should be rounded to reflect the fact that it is an approximation.

(2) Where multiple cut-off grade scenarios are presented, the qualified person must identify and highlight the base case, or preferred scenario. All mineral resources reported under the cut-off grade scenarios must meet the test of reasonable prospect of economic extraction.

Additional Requirements for Advanced Property Technical Reports

Item 15: Mineral Reserve Estimates – A technical report disclosing mineral reserves must

(a) provide sufficient discussion and detail of the key assumptions, parameters, and methods used in the preliminary feasibility or feasibility study, for a reasonably informed reader to understand how the qualified person converted the mineral resources to mineral reserves;

(b) comply with all disclosure requirements for mineral reserves set out in the Instrument, including sections 2.2, 2.3, and 3.4;

(c) when the grade for a multiple commodity mineral reserve is reported as metal or mineral equivalent, report the individual grade of each metal or mineral and the metal prices, recoveries, and any other relevant conversion factors used to estimate the metal or mineral equivalent grade; and

(d) discuss the extent to which the mineral reserve estimates could be materially affected by mining, metallurgical, infrastructure, permitting, and other relevant factors.

Item 16: Mining Methods – Discuss the current or proposed mining methods and provide a summary of the relevant information used to establish the amenability or potential amenability of the mineral resources or mineral reserves to the proposed mining methods. Consider and, where relevant, include

(a) geotechnical, hydrological, and other parameters relevant to mine or pit designs and plans;

(b) production rates, expected mine life, mining unit dimensions, and mining dilution factors used;

(c) requirements for stripping, underground development, and backfilling; and

(d) required mining fleet and machinery.

INSTRUCTION: *Preliminary economic assessments, pre-feasibility studies, and feasibility studies generally analyse and assess the same geological, engineering, and economic factors with increasing detail and precision. Therefore, the criteria for Items 16 to 22 can be used as a framework for reporting the results of all three studies.*

Item 17: **Recovery Methods** – Discuss reasonably available information on test or operating results relating to the recoverability of the valuable component or commodity and amenability of the mineralization to the proposed processing methods. Consider and, where relevant, include

(a) a description or flow sheet of any current or proposed process plant;

(b) plant design, equipment characteristics and specifications, as applicable; and

(c) current or projected requirements for energy, water, and process materials.

Item 18: **Infrastructure** – Provide a summary of infrastructure and logistic requirements for the project, which could include roads, rail, port facilities, dams, dumps and leach pads, tailings disposal, power and pipelines, as applicable.

Item 19: **Market Studies and Contracts**

(a) Provide a summary of reasonably available information concerning markets for the issuer's production, including the nature and material terms of any agency relationships and the results of any relevant market studies, commodity price projections, product valuation, market entry strategies, and product specification requirements.

(b) Identify any contracts material to the issuer that are required for property development, including mining, concentrating, smelting, refining, transportation, handling, sales and hedging, and forward sales contracts or arrangements. State which contracts are in place and which are still under negotiation. For contracts that are in place, discuss whether the terms, rates or charges are within industry norms.

Item 20: **Environmental Studies, Permitting, and Social or Community Impact** – Discuss reasonably available information on environmental, permitting, and social or community factors related to the project. Consider and, where relevant, include

(a) a summary of the results of any environmental studies and a discussion of any known environmental issues that could materially impact the issuer's ability to extract the mineral resources or mineral reserves;

(b) requirements and plans for waste and tailings disposal, site monitoring, and water management both during operations and post mine closure;

(c) project permitting requirements, the status of any permit applications, and any known requirements to post performance or reclamation bonds;

(d) a discussion of any potential social or community related requirements and plans for the project and the status of any negotiations or agreements with local communities; and

(e) a discussion of mine closure (remediation and reclamation) requirements and costs.

Item 21: **Capital and Operating Costs** – Provide a summary of capital and operating cost estimates, with the major components set out in tabular form. Explain and justify the basis for the cost estimates.

Item 22: Economic Analysis – Provide an economic analysis for the project that includes

(a) a clear statement of and justification for the principal assumptions;

(b) cash flow forecasts on an annual basis using mineral reserves or mineral resources and an annual production schedule for the life of project;

(c) a discussion of net present value (NPV), internal rate of return (IRR), and payback period of capital with imputed or actual interest;

(d) a summary of the taxes, royalties, and other government levies or interests applicable to the mineral project or to production, and to revenues or income from the mineral project; and

(e) sensitivity or other analysis using variants in commodity price, grade, capital and operating costs, or other significant parameters, as appropriate, and discuss the impact of the results.

INSTRUCTIONS:

(1) Producing issuers may exclude the information required under Item 22 for technical reports on properties currently in production unless the technical report includes a material expansion of current production.

(2) The economic analysis in technical reports must comply with paragraphs 2.3(1)(b) and (c), subsections 2.3(3) and (4), and paragraph 3.4(e), of the Instrument, including any required cautionary language.

Requirements for All Technical Reports

Item 23: Adjacent Properties – A technical report may include relevant information concerning an adjacent property if

(a) such information was publicly disclosed by the owner or operator of the adjacent property;

(b) the source of the information is identified;

(c) the technical report states that its qualified person has been unable to verify the information and that the information is not necessarily indicative of the mineralization on the property that is the subject of the technical report;

(d) the technical report clearly distinguishes between the information from the adjacent property and the information from the property that is the subject of the technical report; and

(e) any historical estimates of mineral resources or mineral reserves are disclosed in accordance with section 2.4 of the Instrument.

Item 24: Other Relevant Data and Information – Include any additional information or explanation necessary to make the technical report understandable and not misleading.

Item 25: Interpretation and Conclusions – Summarize the relevant results and interpretations of the information and analysis being reported on. Discuss any significant risks and uncertainties that could reasonably be expected to affect the reliability or confidence in the exploration information, mineral resource or mineral reserve estimates, or projected economic outcomes. Discuss any reasonably foreseeable impacts of these risks and uncertainties to the project's potential economic viability or continued viability. A technical report concerning exploration information must include the conclusions of the qualified person.

Item 26: Recommendations – Provide particulars of recommended work programs and a breakdown of costs for each phase. If successive phases of work are recommended, each phase must culminate in a decision point. The recommendations must not apply to more than two phases of work. The recommendations must state whether advancing to a subsequent phase is contingent on positive results in the previous phase.

INSTRUCTION: *In some specific cases, the qualified person may not be in a position to make meaningful recommendations for further work. Generally, these situations will be limited to producing or development properties where material exploration activities and engineering studies have largely concluded. In such cases, the qualified person should explain why they are not making further recommendations.*

Item 27: References – Include a detailed list of all references cited in the technical report.

COMPANION POLICY 43-101CP
TO NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

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COMPANION POLICY 43-101CP
TO NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

This companion policy (the "Policy") sets out the views of the Canadian securities regulatory authorities (the "securities regulatory authorities" or "we") as to how we interpret and apply certain provisions of National Instrument 43-101 and Form 43-101F1 (the "Instrument").

GENERAL GUIDANCE

(1) **Application of the Instrument** – The definition of "disclosure" in the Instrument includes oral and written disclosure. The Instrument establishes standards for disclosure of scientific and technical information regarding mineral projects and requires that the disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. The Instrument does not apply to disclosure concerning petroleum, natural gas, bituminous sands or shales, groundwater, coal bed methane, or other substances that do not fall within the meaning of the term "mineral project" in section 1.1 of the Instrument.

(2) **Supplements Other Requirements** – The Instrument supplements other continuous disclosure requirements of securities legislation that apply to reporting issuers in all business sectors.

(3) **Forward-Looking Information** – Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) sets out the requirements for disclosing forward-looking information. Frequently scientific and technical information about a mineral project includes or is based on forward-looking information. A mining issuer must comply with the requirements of Part 4A of NI 51-102, including identifying forward-looking information, stating material factors and assumptions used, and providing the required cautions. Examples of forward-looking information include metal price assumptions, cash flow forecasts, projected capital and operating costs, metal or mineral recoveries, mine life and production rates, and other assumptions used in preliminary economic assessments, pre-feasibility studies, and feasibility studies.

(4) **Materiality** – An issuer should determine materiality in the context of the issuer's overall business and financial condition taking into account qualitative and quantitative factors, assessed in respect of the issuer as a whole**.**

In making materiality judgements, an issuer should consider a number of factors that cannot be captured in a simple bright-line standard or test, including the potential effect on both the market price and value of the issuer's securities in light of the current market activity. An assessment of materiality depends on the context. Information that is immaterial today could be material tomorrow; an item of information that is immaterial alone could be material if it is aggregated with other items.

(5) **Property Material to the Issuer** – An actively trading mining issuer, in most circumstances, will have at least one material property. We will generally assess an issuer's view of the materiality of a property based on the issuer's disclosure record, its deployment of resources, and other indicators. For example, we will likely conclude that a property is material if

(a) the issuer's disclosure record is focused on the property;

(b) the issuer's disclosure indicates or suggests the results are significant or important;

(c) the cumulative and projected acquisition costs or proposed exploration expenditures are significant compared to the issuer's other material properties; or

(d) the issuer is raising significant money or devoting significant resources to the exploration and development of the property.

In determining if a property is material, the issuer should consider how important or significant the property is to the issuer's overall business and in comparison to its other properties. For example

(a) more advanced stage properties will, in most cases, be more material than earlier stage properties;

(b) historical expenditures or book value might not be a good indicator of materiality for an inactive property if the issuer is focussing its resources on new properties;

(c) a small interest in a sizeable property might, in the circumstances, not be material to the issuer;

(d) a royalty interest in an advanced property could be material to the issuer in comparison to its active projects; or

(e) several non-material properties in an area or region, when taken as a whole, could be material to the issuer.

(6) **Industry Best Practices Guidelines** – While the Instrument sets standards for disclosure of scientific and technical information about a mineral project, the standards and methodologies for collecting, analysing, and verifying this information are the responsibility of the qualified person. The Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") has published and adopted several industry best practice guidelines to assist qualified persons and other industry practitioners. These guidelines, as amended and supplemented, are posted on www.cim.org, and include

(a) Exploration Best Practice Guidelines – adopted August 20, 2000;

(b) Guidelines for Reporting of Diamond Exploration Results – adopted March 9, 2003;

(c) Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines – adopted November 23, 2003; and

(d) Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines – Guidelines Specific to Particular Commodities – Rock Hosted Diamonds – adopted May 4, 2008.

The Instrument does not specifically require the qualified person to follow the CIM best practices guidelines. However, we think that a qualified person, acting in compliance with the professional standards of competence and ethics established by their professional association, will generally use procedures and methodologies that are consistent with industry standard practices, as established by CIM or similar organizations in other jurisdictions. Issuers that disclose scientific and technical information that does not conform to industry standard practices could be making misleading disclosure, which is an offence under securities legislation.

(7) **Objective Standard of Reasonableness** – Where a determination about the definitions or application of a requirement in the Instrument turns on reasonableness, the test is objective not subjective. It is not sufficient for an officer of an issuer or a qualified person to determine that they personally believe the matter under consideration. The individual must form an opinion as to what a reasonable person would believe in the circumstances.

(8) **Improper Use of Terms in the French Language** – For an issuer preparing its disclosure using the French language, the words "gisement" and "gîte" have different meaning and using them interchangeably or in the wrong context may be misleading. The word "gisement" means a mineral deposit that is a continuous, well-defined mass of material containing a sufficient volume of mineralized material that can be or has been mined legally and economically. The word "gîte" means a mineral deposit that is a continuous, defined mass of material, containing a volume of mineralized material that has had no demonstration of economic viability.

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

(1) **"acceptable foreign code"** – The definition of "acceptable foreign code" in the Instrument lists five internationally recognized foreign codes that govern the estimation and disclosure of mineral resources and mineral reserves. The JORC Code, PERC Code, SAMREC Code, and Certification Code use mineral resource and mineral reserve definitions and categories that are substantially the same as the CIM definitions mandated in the Instrument. These codes also use mineral resource and mineral reserve categories that are based on or consistent with the International Reporting Template, published in July 2006 by the Committee for Mineral Reserves International Reporting Standards ("the CRIRSCO Template"), as amended.

We think other foreign codes will generally meet the test in the definition if they

(a) have been adopted or recognized by appropriate government authorities or professional organizations in the foreign jurisdiction; and

(b) use mineral resource and mineral reserve categories that are based on the CRIRSCO Template, and are substantially the same as the CIM definitions mandated in the Instrument, the JORC Code, the PERC Code, the SAMREC Code, and the Certification Code, as amended and supplemented.

(2) **"mineral project"** – The definition of "mineral project" in the Instrument includes a royalty interest. Scientific and technical disclosure regarding all types of royalty interests in a mineral project is subject to the Instrument. We consider a 'royalty interest' to include gross overriding royalty, net smelter return, net profit interest, free carried interest, and a product tonnage royalty.

(3) **"preliminary economic assessment"** – The term "preliminary economic assessment", commonly referred to as a scoping study, is defined in the Instrument. A preliminary economic assessment might be based on measured, indicated, or inferred mineral resources, or a combination of any of these. We consider these types of economic analyses to include disclosure of forecast mine production rates that might contain capital costs to develop and sustain the mining operation, operating costs, and projected cash flows.

(4) **"professional association"** – Paragraph (a)(ii) of the definition of "professional association" in the Instrument includes a test for determining what constitutes an acceptable foreign association. Appendix A to the Policy provides a list of the foreign associations that we think meet this test as of the effective date of the Instrument. We anticipate updating the list periodically. In assessing whether we think other foreign professional associations meet the test, we will consider the reputation of the association, the degree to which the association satisfies paragraphs (b), (c) and (d) of the definition, and whether it is substantially similar to a professional association in a jurisdiction of Canada.

The listing of a professional association on Appendix A is only for purposes of the Instrument and does not supersede or alter local requirements where geoscience or engineering is a regulated profession.

(5) **definitions that include "property"** – The Instrument defines different types of properties (early stage exploration, development, advanced) and requires a technical report to summarize material information about the subject property. We consider a property, in the context of the Instrument, to include multiple mineral claims or other documents of title that are contiguous or in such close proximity that any underlying mineral deposits would likely be developed using common infrastructure.

(6) **"qualified person"** – The definition of "qualified person" in the Instrument does not include engineering and geoscience technicians, engineers and geoscientists in training, and equivalent designations that restrict the individual's scope of practice or require the individual to practise under the supervision of another professional engineer, professional geoscientist, or equivalent**.**

Canadian provincial and territorial legislation requires a qualified person to be registered if practising in a jurisdiction of Canada. It is the responsibility of the qualified person, in compliance with their professional association's code of ethics, to comply with laws requiring licensure of geoscientists and engineers.

Paragraph (c) of the definition includes a test for what constitutes an acceptable membership designation in a foreign professional association. Appendix A to the Policy provides a list of the membership designations that we think meet this test as of the effective date of the Instrument. We anticipate updating the list periodically. In assessing whether we think a membership designation meets the test, we will consider whether it is substantially similar to a membership designation in a professional association in a jurisdiction of Canada.

(7) **"technical report"** – A report may constitute a "technical report" as defined in the Instrument, even if prepared considerably before the date the technical report is required to be filed, provided the information in the technical report remains accurate and complete as at the required filing date. However, a report that an issuer files that is not required under the Instrument will not be considered a technical report until the Instrument requires the issuer to file it and the issuer has filed the required certificates and consents of qualified persons.

The definition requires the technical report to include a summary of all material information about the subject property. The qualified person is responsible for preparing the technical report. Therefore, it is the qualified person, not the issuer, who has the responsibility of determining the materiality of the scientific or technical information to be included in the technical report.

1.4 Independence

(1) **Guidance on Independence** – Section 1.4 of the Instrument provides the test an issuer and a qualified person must apply to determine whether a qualified person is independent of the issuer. When an

independent qualified person is required, an issuer must always apply the test in section 1.4 to confirm that the requirement is met.

Applying this test, the following are examples of when we would consider that a qualified person is not independent. These examples are not a complete list of non-independence situations.

We consider a qualified person is not independent when the qualified person

(a) is an employee, insider, or director of the issuer;

(b) is an employee, insider, or director of a related party of the issuer;

(c) is a partner of any person or company in paragraph (a) or (b);

(d) holds or expects to hold securities, either directly or indirectly, of the issuer or a related party of the issuer;

(e) holds or expects to hold securities, either directly or indirectly, in another issuer that has a direct or indirect interest in the property that is the subject of the technical report or in an adjacent property;

(f) is an employee, insider, or director of another issuer that has a direct or indirect interest in the property that is the subject of the technical report or in an adjacent property;

(g) has or expects to have, directly or indirectly, an ownership, royalty, or other interest in the property that is the subject of the technical report or an adjacent property; or

(h) has received the majority of their income, either directly or indirectly, in the three years preceding the date of the technical report from the issuer or a related party of the issuer.

For the purposes of (d) above, a related party of the issuer means an affiliate, associate, subsidiary, or control person of the issuer as those terms are defined in securities legislation.

(2) **Independence Not Compromised** – In some cases, it might be reasonable to consider the qualified person's independence is not compromised even though the qualified person holds an interest in the issuer's securities, the securities of another issuer with an interest in the subject property, or in an adjacent property. The issuer needs to determine whether a reasonable person would consider such interest would interfere with the qualified person's judgement regarding the preparation of the technical report.

PART 2 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

2.1 Requirements Applicable to All Disclosure

(1) **Disclosure is the Responsibility of the Issuer** – Primary responsibility for public disclosure remains with the issuer and its directors and officers. The qualified person is responsible for preparing or supervising the preparation of the technical report and providing scientific and technical advice in accordance with applicable professional standards. The proper use, by or on behalf of the issuer, of the technical report and other scientific and technical information provided by the qualified person is the responsibility of the issuer and its directors and officers.

The onus is on the issuer and its directors and officers and, in the case of a document filed with a securities regulatory authority, each signatory to the document, to ensure that disclosure in the document is consistent with the related technical report or advice. An issuer should consider having the qualified person review disclosure that summarizes or restates the technical report or the technical advice or opinion to ensure that the disclosure is accurate.

(2) **Material Information not yet Confirmed by a Qualified Person** – Securities legislation requires an issuer to disclose material facts and to make timely disclosure of material changes. We recognize that there can be circumstances in which an issuer expects that certain information concerning a mineral project may be material notwithstanding the fact that a qualified person has not prepared or supervised the preparation of the information. In this situation, the issuer may file a confidential material change report concerning this information while a qualified person reviews the information. Once a qualified person has confirmed the information, the issuer can issue a news release and the basis of confidentiality will end.

During the period of confidentiality, persons in a special relationship to the issuer are prohibited from tipping or trading until the information is disclosed to the public. National Policy 51-201 *Disclosure Standards* provides further guidance about materiality and timely disclosure obligations.

(3) **Use of Plain Language** – An issuer should apply plain language principles when preparing disclosure regarding mineral projects on its material properties, keeping in mind that the investing public are often not mining experts. An issuer should present written disclosure in an easy to read format using clear and unambiguous language and, wherever possible, should present data in table format. This includes information in the technical report, to the extent possible. We recognize that the technical report does not always lend itself well to plain language and therefore the issuer might want to consult the responsible qualified person when restating the data and conclusions from a technical report in its public disclosure.

2.2 All Disclosure of Mineral Resources or Mineral Reserves – Use of GSC Paper 88-21 – A qualified person estimating mineral resources or mineral reserves for coal may follow the guidelines of Paper 88-21 of the Geological Survey of Canada: A Standardized Coal Resource/Reserve Reporting System for Canada, as amended ("Paper 88-21"). However, for all disclosure of mineral resources or mineral reserves for coal, section 2.2 of the Instrument requires an issuer to use the equivalent mineral resource or mineral reserve categories set out in the CIM Definition Standards and not the categories set out in Paper 88-21.

2.3 Restricted Disclosure

(1) **Economic Analysis** – Paragraph 2.3(1)(b) of the Instrument prohibits the disclosure of the results of an economic analysis (including a preliminary economic assessment, a pre-feasibility study, and a feasibility study) that includes or is based on inferred mineral resources, a historical estimate, or an exploration target.

CIM considers the confidence in inferred mineral resources is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. The Instrument extends this prohibition to exploration targets because such targets are conceptual and have even less confidence than inferred mineral resources. The Instrument also extends the prohibition to historical estimates because they have not been demonstrated or verified to the standards required for mineral resources or mineral reserves and, therefore, cannot be used in an economic analysis suitable for public disclosure.

(2) **Exceptions** – The Instrument permits an issuer to disclose the results of an economic analysis that uses inferred mineral resources, provided the issuer complies with the requirements of subsection 2.3(3). The issuer must also include the cautionary statement under paragraph 3.4(e) of the Instrument, which applies to disclosure of all economic analyses of mineral resources, to further alert investors to the limitations of the information. The exception under subsection 2.3(3) does not allow an issuer to disclose the results of an economic analysis using an exploration target or an historical estimate.

(3) **Cautionary Language and Explanations** – The requirements of subsections 2.3(2), 2.3(3), and 3.4(e) of the Instrument mean the issuer must include the required cautionary statements and explanations each time it makes the disclosure permitted by these exceptions. These subsections also require the cautionary statements to have equal prominence with the rest of the disclosure. We interpret this to mean equal size type and proximate location. The issuer should consider including the cautionary language and explanations in the same paragraph as, or immediately following, the disclosure permitted by these exceptions.

2.4 Disclosure of Historical Estimates

(1) **Required Disclosure** – An issuer may disclose an estimate of resources or reserves made before it entered into an agreement to acquire an interest in the property, provided the issuer complies with the conditions set out in section 2.4 of the Instrument. Under this requirement, the issuer must provide the required disclosure each time it discloses the historical estimate, until the issuer has verified the historical estimate as a current mineral resource or mineral reserve. The required cautionary statements must also have equal prominence (see the discussion in subsection 2.3(3) of the Policy).

(2) **Source and Date** – Under paragraph 2.4(a) of the Instrument, the issuer must disclose the source and date of the historical estimate. This means the original source and date of the estimate, not third party documents, databases or other sources, including government databases, which may also report the historical estimate.

(3) **Suitability for Public Disclosure** – Under paragraph 2.4(b) of the Instrument, an issuer that discloses a historical estimate must comment on its relevance and reliability. In determining whether to disclose a historical estimate, an issuer should consider whether the historical estimate is suitable for public disclosure.

(4) **Technical Report Trigger** – The disclosure of an historical estimate will not trigger the requirement to file a technical report under paragraph 4.2(1)(j) of the Instrument if the issuer discloses the historical estimate in accordance with section 2.4 of the Instrument, including the cautionary statements required under paragraph 2.4(g).

An issuer could trigger the filing of a technical report under paragraph 4.2(1)(j) if it discloses the historical estimate in a manner that suggests or treats the historical estimate as a current mineral resource or mineral reserve. We will consider an issuer is treating the historical estimate as a current mineral resource or mineral reserve in its disclosure if, for example, it

(a) uses the historical estimate in an economic analysis or as the basis for a production decision;

(b) states it will be adding on or building on the historical estimate; or

(c) adds the historical estimate to current mineral resource or mineral reserve estimates.

If the issuer discloses the historical estimate as a current mineral resource or mineral reserve, it will trigger the requirement to file a current technical report within the 45-day period set out in subsection 4.2(5) of the Instrument if

(a) the property is material to the issuer; and

(b) the property acquisition or determination of the mineral resources or mineral reserves is a material change in the affairs of the issuer.

PART 3 ADDITIONAL REQUIREMENTS FOR WRITTEN DISCLOSURE

3.3 Requirements Applicable to Written Disclosure of Exploration Information – Adjacent Property Information – It is an offence under securities legislation to make misleading disclosure. An issuer may disclose in writing scientific and technical information about an adjacent property. However, in order for the disclosure not to be misleading, the issuer should clearly distinguish between the information from the adjacent property and its own property and not state or infer the issuer will obtain similar information from its own property.

3.5 Exception for Written Disclosure Already Filed – Section 3.5 of the Instrument provides that the disclosure requirements of sections 3.2 and 3.3 and paragraphs 3.4(a) and (c) of the Instrument may be satisfied by referring to a previously filed document that includes the required disclosure. However, the disclosure as a whole must be factual, complete, and balanced and not present or omit information in a manner that is misleading.

PART 4 OBLIGATION TO FILE A TECHNICAL REPORT

4.2 Obligation to File a Technical Report in Connection with Certain Written Disclosure about Mineral Projects on Material Properties

(1) **Information Circular Trigger (4.2(1)(c))**

(a) The requirement for "prospectus-level disclosure" in an information circular does not make this document a "prospectus" such that the prospectus trigger applies. The information circular is a separate trigger that applies only in certain situations specified in the Instrument.

(b) Paragraph 4.2(1)(c) of the Instrument requires the issuer to file technical reports for properties that will be material to the resulting issuer. Often the resulting issuer is not the issuer filing the information circular. In determining if it must file a technical report on a particular property, the issuer should consider if the property will be material to the resulting issuer after the completion of the proposed transaction.

(c) Our view is that the issuer filing the information circular does not need to file a technical report on its SEDAR profile if

(i) the other party to the transaction has filed the technical report;

(ii) the information circular refers to the other party's SEDAR profile; and

(iii) on completion of the transaction, technical reports for all material properties are filed on the resulting issuer's SEDAR profile or the SEDAR profile of a wholly-owned subsidiary.

(2) **First Time Disclosure Trigger (4.2(1)(j)(i))** – In most cases, we think that first time disclosure of a preliminary economic assessment, mineral resources, or mineral reserves on a property material to the issuer will constitute a material change in the affairs of the issuer.

(3) **Property Acquisitions – 45-Day Filing Requirement** – Subsection 4.2(5) of the Instrument requires an issuer in certain cases to file a technical report within 45 days to support first time disclosure of a preliminary economic assessment, mineral resources, or mineral reserves on a property material to the issuer. Property materiality is not contingent on the issuer having acquired an actual interest in the property or having formal agreements in place. In many cases, the property will become material at the letter of intent stage, even if subject to conditions such as the approval of a third party or completion of a due diligence review. In such cases, the 45-day period will begin to run from the time the issuer first discloses the mineral resource, mineral reserve, or preliminary economic assessment.

(4) **Property Acquisitions – Other Alternatives for Disclosure of Previous Estimates** – If an issuer options or agrees to buy a property material to the issuer, any previous estimates of mineral resources or mineral reserves on the property will be in many cases material information that the issuer must disclose.

The issuer has a number of options available for disclosing the previous estimate without triggering a technical report within 45 days. If the previous estimate is not well-documented, the issuer may choose to disclose this information as an exploration target, in compliance with subsection 2.3(2) of the Instrument. Alternatively, the issuer may be able to disclose the previous estimate as a historical estimate, in compliance with section 2.4 of the Instrument. Both these options require the issuer to include certain cautionary language and prohibit the issuer from using the previous estimates in an economic analysis.

In circumstances where the previous estimate is supported by a technical report prepared for another issuer, the issuer may be able to disclose the previous estimate as a mineral resource or mineral reserve, in compliance with subsection 4.2(7) of the Instrument. In this case, the issuer will still be required to file a technical report. However, it will have up to six months to do so.

(5) **Production Decision** – The Instrument does not require an issuer to file a technical report to support a production decision because the decision to put a mineral project into production is the responsibility of the issuer, based on information provided by qualified persons. The development of a mining operation typically involves large capital expenditures and a high degree of risk and uncertainty. To reduce this risk and uncertainty, the issuer typically makes its production decision based on a comprehensive feasibility study of established mineral reserves.

We recognize that there might be situations where the issuer decides to put a mineral project into production without first establishing mineral reserves supported by a technical report and completing a feasibility study. Historically, such projects have a much higher risk of economic or technical failure. To avoid making misleading disclosure, the issuer should disclose that it is not basing its production decision on a feasibility study of mineral reserves demonstrating economic and technical viability and should provide adequate disclosure of the increased uncertainty and the specific economic and technical risks of failure associated with its production decision.

Under paragraph 1.4(e) of Form 51-102F1, an issuer must also disclose in its MD&A whether a production decision or other significant development is based on a technical report.

(6) **Shelf life of Technical Reports** – Economic analyses in technical reports are based on commodity prices, costs, sales, revenue, and other assumptions and projections that can change significantly over short periods of time. As a result, economic information in a technical report can quickly become outdated. Continued reference to outdated technical reports or economic projections without appropriate context and cautionary language could result in misleading disclosure. An issuer should consider the current validity of economic assumptions in its technical reports to determine if the technical reports are still current. An issuer might be able to extend the life of a technical report by having a qualified person include appropriate sensitivity analyses of the key economic variables.

(7) **Technical Reports Must be Current and Complete** – A "technical report" as defined in the Instrument must include in summary form all material scientific and technical information about the property. Any time an issuer is required to file a technical report, that report must be complete and current. There should only be one current technical report on a property at any point in time. When an issuer files a new technical report, it will

replace any previously filed technical report as the current technical report on that property. This means the new technical report must include any material information documented in a previously filed technical report, to the extent that this information is still current and relevant.

If an issuer gets a new qualified person to update a previously filed technical report prepared by a different qualified person, the new qualified person must take responsibility for the entire technical report, including any information referenced or summarized from a previous technical report.

(8) **Limited Provision for Addendums** – The only exception to the requirement to file a complete technical report is under subsection 4.2(3) of the Instrument. An issuer may file an addendum if it is for a technical report that it originally filed with a [preliminary short form prospectus or] preliminary long form prospectus and new material scientific or technical information becomes available before the issuance of the final receipt.

(9) **Impact of Preliminary Economic Assessment on Previous Feasibility or Pre-Feasibility Studies** – An issuer may disclose the results of a preliminary economic assessment that includes inferred mineral resources, after it has completed a feasibility study (or pre-feasibility study) that establishes mineral reserves, if the disclosure complies with subsection 2.3(3) of the Instrument. Under paragraph 2.3(3)(c), the issuer must discuss the impact of the preliminary economic assessment on the mineral reserves and feasibility study. This means considering and disclosing whether the existing mineral reserves and feasibility study are still current and valid in light of the key assumptions and parameters used in the preliminary economic assessment.

For example, if the preliminary economic assessment considers the potential economic viability of developing a satellite deposit in conjunction with the main development project, then the existing mineral reserves, feasibility study, and production scenario could still be current. However, if the preliminary economic assessment significantly modifies the key variables in the feasibility study, including metal prices, mine plan, and costs, the feasibility study and mineral reserves might no longer be current.

(10) **Exception from Requirement to File Technical Report if Information Included in a Previously Filed Technical Report** – Subsection 4.2(8) of the Instrument provides an exemption from the technical report filing requirement if the disclosure document does not contain any new material scientific or technical information about a property that is the subject of a previously filed technical report.

In our view, a change to mineral resources or reserves due to mining depletion from a producing property generally will not constitute new material scientific or technical information as the change should be reasonably predictable based on an issuer's continuous disclosure record.

(11) **Filing on SEDAR** – If an issuer is required under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* to be an electronic filer, then all technical reports must be prepared so that the issuer can file them on SEDAR. Figures required in the technical report must be included in the technical report filed on SEDAR and therefore should be prepared in electronic format.

(12) **Technical Reports Not Required by the Instrument** – The securities regulatory authorities in most Canadian jurisdictions require an issuer to file, if not already filed with them, any record or disclosure material that the issuer files with any other securities regulator including stock exchanges. In other cases, an issuer might wish to file a technical report voluntarily for general public information. The Instrument does not prohibit an issuer from filing a technical report in these situations. However, any document purporting to be a technical report must comply with the Instrument.

When an issuer files a technical report that is not required to be filed by the Instrument, the issuer might not be able to file a consent of qualified person that complies with subsection 8.3(1) of the Instrument. The issuer should consider filing a cover letter with the technical report explaining why the issuer is filing the technical report and indicating that it is not filing the technical report as a requirement of the Instrument. Alternatively, the issuer should consider filing a modified consent with the technical report that provides the same information.

NOTE TO READER: The CSA is seeking comment on whether to keep or eliminate the short form prospectus trigger in paragraph 4.2(1)(b) of the draft Instrument. The following section of the Policy is square-bracketed as it will only be included if CSA decides to eliminate the short form prospectus trigger. Please see the discussion in the CSA Notice and Request for Comment dated April 23, 2010.

[(13) **Preliminary Short Form Prospectus** – The Instrument does not require an issuer to file a technical report to support disclosure in a preliminary short form prospectus because an issuer qualified to file a short form prospectus must, among other things, have filed all periodic and timely disclosure documents that it is

required to have filed. These documents would include all required technical reports filed under subsection 4.2(1) of the Instrument, including technical reports supporting the issuer's disclosure in its current AIF.

If an issuer's preliminary short form prospectus or final short form prospectus includes or incorporates by reference new material scientific or technical information about a property material to the issuer that is not supported by a previously filed technical report, there could be additional risk associated with this information. To help ensure that it is making full, true, and plain disclosure in its prospectus, the issuer should clearly identify the new information and state that this new information is not supported by the previously filed technical report. Also, to comply with section 3.1 of the Instrument, the issuer must include in its prospectus the name and relationship to the issuer of the qualified person who is responsible for the new material scientific or technical information. Although this qualified person is not required under subsection 8.2(1) of the Instrument to provide a consent in respect of the new material scientific and technical information, the qualified person could be required to provide an expert consent under section 4.1 of NI 44-101.

In addition, if the disclosure of the new material scientific or technical information triggers the filing of a technical report under paragraph 4.2(1)(j) of the Instrument, the issuer could file its preliminary short form prospectus before expiry of the 45-day period, or the 6-month period if the issuer is relying on subsection 4.2(7) of the Instrument, for filing the technical report. An issuer that elects to do this should consider the potential risk that the technical report, when filed, might not support the new mineral resource, mineral reserve, or preliminary assessment information in the prospectus. To help ensure that it is making full, true, and plain disclosure in its prospectus, the issuer should clearly identify with equal prominence any significant risks that could result from material deviations in the information. See the discussion on equal prominence in subsection 2.3(3) of the Policy.

If, before the issuer files its final short form prospectus, the issuer files a technical report that does not support the new material scientific or technical information in the preliminary short form prospectus, the issuer should consider whether the unsupported information constitutes an adverse material change to the issuer under section 6.5 of National Instrument 41-101 *General Prospectus Requirements* (NI 41-101) or, in Ontario, subsection 57(1) of the *Securities Act* (Ontario). If so, the issuer is required to file an amended preliminary short form prospectus.]

4.3 Required Form of Technical Report

(1) **Review** – Disclosure and technical reports filed under the Instrument may be subject to review by the securities regulatory authorities. If an issuer that is required to file a technical report under the Instrument files a technical report that does not meet the requirements of the Instrument, the issuer has not complied with securities legislation. This includes filing certificates and consents that do not comply with subsections 8.1(2) and 8.3(1) of the Instrument.

(2) **Filing Other Scientific and Technical Reports** – An issuer might have other reports or documents containing scientific or technical information, prepared by or under the supervision of a qualified person, which are not in the form of a technical report. We consider that filing such information on SEDAR as a technical report could be misleading. An issuer wishing to provide public access to these documents should consider posting them on its website.

PART 5 AUTHOR OF THE TECHNICAL REPORT

5.1 Prepared by a Qualified Person

(1) **Selection of Qualified Person** – It is the responsibility of the issuer and its directors and officers to retain a qualified person who meets the criteria listed under the definition of qualified person in the Instrument, including having the relevant experience and competence for the subject matter of the technical report.

(2) **Assistance of non-Qualified Persons** – A person who is not a qualified person may work on a project. If a qualified person relies on the work of a non-qualified person to prepare a technical report or to provide information or advice to the issuer, the qualified person must take responsibility for that work, information, or advice. The qualified person must take whatever steps are appropriate, in their professional judgement, to ensure that the work, information, or advice that they rely on is sound.

(3) **Exemption from Qualified Person Requirement** – The securities regulatory authorities will rarely grant requests for exemption from the requirement that the qualified person belong to a professional association.

(4) **More than One Qualified Person** – Section 5.1 of the Instrument provides that one or more qualified persons must prepare or supervise the preparation of a technical report. Some technical reports, particularly for advanced properties, could require the involvement of several qualified persons with different areas of expertise. In that case, each qualified person taking responsibility for a part of the technical report must sign the technical report and provide a certificate and consent under Part 8 of the Instrument.

However, section 5.2 and Part 8 of the Instrument allow qualified persons who supervised the preparation of all or part of the technical report to take overall responsibility for the work conducted under their supervision by other qualified persons. While supervising qualified persons do not need to be experts in all aspects of the work they supervise, they should be sufficiently knowledgeable about the subject matter to understand the information and opinions for which they are accepting responsibility. Where there are supervising qualified persons, only the supervising qualified persons must sign the technical report and provide their certificates and consents.

(5) **A Qualified Person Must Be Responsible for All Items of Technical Report** – Section 5.2 and Part 8 of the Instrument require at least one qualified person to take responsibility for each section or item of the technical report, including any information incorporated from previously filed technical reports. If the qualified person, in response to a particular item, refers to the equivalent item in a previously filed technical report, the qualified person is implicitly saying that the information is still reliable and current and there have been no material changes. This would normally involve the qualified person doing a certain amount of background work and validation.

(6) **Previous Mineral Resources or Mineral Reserves** – When a technical report includes a mineral resource or mineral reserve estimate prepared by another qualified person for a previously filed technical report, under section 5.2 and Part 8 of the Instrument one of the qualified persons preparing the new technical report must take responsibility for those estimates. In doing this, that qualified person should make whatever investigations are necessary to reasonably rely on the estimates.

5.2 Execution of Technical Report – Section 5.2 and subsection 8.1(1) of the Instrument require the qualified person to date, sign, and if the qualified person has a seal, seal the technical report and certificate. Section 8.3 of the Instrument requires the qualified person to date and sign the consent. If a person's name appears in an electronic document with (signed by) or (sealed) next to the person's name or there is a similar indication in the document, the securities regulatory authorities will consider that the person has signed and sealed the document. Although not required, the qualified person may sign or seal maps and drawings in the same manner.

5.3 Independent Technical Report

(1) **Independent Qualified Persons** – Subsection 5.3(1) of the Instrument requires that one or more independent qualified persons prepare or supervise the preparation of the independent technical report. This subsection does not preclude non-independent qualified persons from co-authoring or assisting in the preparation of the technical report. However, to meet the independence requirement, the independent qualified persons must assume overall responsibility for all items of the technical report.

(2) **Hundred Percent or Greater Change** – Subparagraph 5.3(1)(c)(ii) of the Instrument requires the issuer to file an independent technical report to support its disclosure of a 100 percent or greater change in total mineral resources or total mineral reserves. We interpret this to mean a 100 percent or greater change in either the total tonnage or volume, or total contained metal or mineral content, of the mineral resource or mineral reserve. We also interpret the 100 percent or greater change to apply to mineral resources and mineral reserves separately. Therefore, a 100 percent or greater change in mineral resources on a material property will require the issuer to file an independent technical report regardless of any changes to mineral reserves, and vice versa.

(3) **Objectivity of Author** – We could question the objectivity of the author based on our review of a technical report. In order to preserve the requirement for independence of the qualified person, we could ask the issuer to provide further information, additional disclosure, or the opinion or involvement of another qualified person to address concerns about possible bias or partiality on the part of the author of a technical report.

PART 6 PREPARATION OF TECHNICAL REPORT

6.1 The Technical Report

(1) Summary of Material Information – Section 1.1 of the Instrument defines a technical report as a report that provides a summary of all material scientific and technical information about a property. Instruction (1) to Form

43-101F1 includes similar language. The target audience for technical reports are members of the investing public, many of whom have limited geological and mining expertise. To avoid misleading disclosure, technical reports must provide sufficient detail for a reasonably knowledgeable person to understand the nature and significance of the results, interpretation, conclusions, and recommendations presented in the technical report. However, we do not think that technical reports need to be a repository of all technical data and information about a property or include extensive geostatistical analysis, charts, data tables, assay certificate, drill logs, appendices, and other supporting technical information.

In addition, SEDAR might not be able to accommodate large technical report files. An issuer could have difficulty filing, and more importantly, the public could have difficulty accessing and downloading, large technical reports. An issuer should consider limiting the size of its technical reports to facilitate filing and public access to the reports.

6.2 Current Personal Inspection

(1) **Meaning** – The current personal inspection referred to in subsection 6.2(1) of the Instrument is the most recent personal inspection of the property, provided there is no new material scientific or technical information about the property since that personal inspection. A personal inspection may constitute a current personal inspection even if the qualified person conducted the personal inspection considerably before the filing date of the technical report, if there is no new material scientific or technical information about the property at the filing date.

(2) **Importance of Personal Inspection** – We consider current personal inspections under section 6.2 of the Instrument to be particularly important because they enable qualified persons to become familiar with conditions on the property. Qualified persons can observe the geology and mineralization, verify the work done and, on that basis, design or review and recommend to the issuer an appropriate exploration or development program. A current personal inspection is required even for properties with poor exposure. In such cases, it could be relevant for a qualified person to observe the depth and type of the overburden and cultural effects that could interfere with the results of the geophysics.

It is the responsibility of the issuer to arrange its affairs so that a qualified person can carry out a current personal inspection. A qualified person, or where required an independent qualified person, must visit the site and cannot delegate the personal inspection requirement.

(3) **More than One Qualified Person** – Subsection 6.2(1) of the Instrument requires at least one qualified person who is responsible for preparing or supervising the preparation of the technical report to inspect the property. This is the minimum standard for a current personal inspection. There could be cases in advanced mineral projects where the issuer should consider having more than one qualified person conduct current personal inspections of the property, taking into account the nature of the work on the property and the different expertise required to prepare the technical report.

6.3 Maintenance of Records – Section 6.3 of the Instrument requires an issuer to keep copies of underlying or supporting exploration information for at least 7 years. In our view, the issuer could satisfy this requirement by keeping records in any accessible format, not necessarily in hard copies.

6.4 Limitation on Disclaimers – Paragraph 6.4(1)(a) of the Instrument prohibits certain disclaimers in technical reports.

These disclaimers are also potentially misleading disclosure because, in certain circumstances, securities legislation provides investors with a statutory right of action against a qualified person for a misrepresentation in disclosure that is based upon the qualified person's technical report. That right of action exists despite any disclaimer to the contrary that appears in the technical report. The securities regulatory authorities will generally require the issuer to have its qualified person remove any blanket disclaimers in a technical report that the issuer uses to support its public offering document.

Item 3 of Form 43-101F1 permits a qualified person to insert a limited disclaimer of responsibility in certain specified circumstances.

PART 7 USE OF FOREIGN CODE

7.1 Use of Foreign Code – **Use of Foreign Codes other than Acceptable Foreign Codes** – Section 2.2 and Part 7 of the Instrument require an issuer to disclose mineral resources or mineral reserves using either the CIM Definition Standards or an "acceptable foreign code" as defined in the Instrument. If an issuer wishes to announce an acquisition or proposed acquisition of a property that contains estimates of quantity and grade that are not in accordance with the CIM Definition Standards or an acceptable foreign code, the issuer may disclose the estimate as an historical estimate,

provided the issuer complies with the requirements of section 2.4 of the Instrument. However, it might be more appropriate for the issuer to disclose the estimate as an exploration target, in compliance with subsection 2.3(2) of the Instrument, if the supporting information for the estimate is not well-documented or if the estimate is not comparable to a category in the CIM Definition Standards or an acceptable foreign code.

PART 8 CERTIFICATES AND CONSENTS OF QUALIFIED PERSONS FOR TECHNICAL REPORTS

8.1 Certificates of Qualified Persons

(1) **Certificates Apply to the Entire Technical Report** – Section 8.1 of the Instrument requires certificates that apply to the entire technical report, including any sections that refer to information in a previously filed technical report. At least one qualified person must take responsibility for each Item required by Form 43-101F1.

(2) **Deficient Certificates** – Certificates must include all the statements required by subsection 8.1(2) of the Instrument. An issuer that files certificates with required statements that are missing or altered to change the intended meaning has not complied with the Instrument.

8.2 Addressed to Issuer – We consider the technical report is addressed to the issuer if the issuer's name appears on the title page as the party for which the qualified person prepared the technical report. We also consider the technical report is addressed to the issuer filing the technical report if it is addressed to an issuer that is or will become a wholly-owned subsidiary of the issuer filing the technical report.

8.3 Consents of Qualified Persons

(1) **Consent of Experts** – If the technical report supports disclosure in a prospectus, the qualified person will likely have to provide an expert consent under the prospectus rules (section 8.1 of NI 41-101 and section 4.1 of NI 44-101), in addition to the consent of qualified person required under the Instrument.

(2) **Deficient Consents** – Consents must include all the statements required by subsection 8.3(1) of the Instrument. An issuer that files consents with required statements that are missing or altered to change the intended meaning has not complied with the Instrument. Appendix B to the Policy provides an example of an acceptable consent of a qualified person.

(3) **Modified Consents under Subsection 8.3(2**) – Subsection 8.3(1) of the Instrument requires the qualified person to identify and read the disclosure that the technical report supports and certify that the disclosure accurately represents the information in the technical report. We recognize that an issuer can become a reporting issuer in a jurisdiction of Canada without the requirement to file a disclosure document listed in subsection 4.2(1) of the Instrument**.** In these cases, the issuer has the option of filing a modified consent under subsection 8.3(2) of the Instrument that excludes the statements in paragraphs 8.3(1)(b), (c) and (d).

(4) **Filing of Full Consent Required** – If an issuer files a modified consent under subsection 8.3(2) of the Instrument, it must still file a full consent the next time it files a disclosure document that would normally trigger the filing of a technical report under subsection 4.2(1) of the Instrument. This requirement is set out in subsection 8.3(3) of the Instrument.

(5) **Filing of Consent for Technical Reports Not Required by the Instrument** – Where an issuer files a technical report voluntarily or as a requirement of a Canadian stock exchange, and the filing is not also required under the Instrument, the report is not a "technical report" subject to the consent requirements under subsection 8.3(1) of the Instrument. Therefore, when the issuer subsequently files a disclosure document that would normally trigger the filing of a technical report under subsection 4.2(1) of the Instrument, the issuer must file the consents of qualified persons in accordance with subsection 8.3(1).

If an issuer files a Filing Statement or other prospectus-level disclosure document with a Canadian stock exchange, and the filing is not also required under the Instrument, the issuer may choose or be required by the stock exchange to file a full consent that includes paragraphs 8.3(1)(b), (c), and (d) of the Instrument as they relate to the Filing Statement or other disclosure document.

Appendix A

Accepted Foreign Associations and Membership Designations

Foreign Association	Membership Designation
American Institute of Professional Geologists (AIPG)	Certified Professional Geologist (CPG)
The Society for Mining, Metallurgy and Exploration, Inc. (SME)	Registered Member
Mining and Metallurgical Society of America (MMSA)	Qualified Professional (QP)
Any state in the United States of America	Licensed or certified as a professional engineer
European Federation of Geologists (EFG)	European Geologist (EurGeol)
Institute of Geologists of Ireland (IGI)	Professional Member (PGeo)
Institute of Materials, Minerals and Mining (IMMM)	Professional Member (MIMMM), Fellow (FIMMM), Chartered Scientist (CSi MIMMM), or Chartered Engineer (CEng MIMMM)
Geological Society of London (GSL)	Chartered Geologist (CGeol)
Australasian Institute of Mining and Metallurgy (AusIMM)	Fellow (FAusIMM) or Chartered Professional (CP)
Australian Institute of Geoscientists (AIG)	Fellow (FAIG) or Registered Professional Geoscientist (RPGeo)
South African Institute of Mining and Metallurgy (SAIMM)	Fellow (FSAIMM)
South African Council for Natural Scientific Professions (SACNASP)	Professional Natural Scientist (Pr.Sci.Nat.)
Engineering Counsel of South Africa (ECSA)	Professional Engineer (Pr.Eng.) or Professional Certificated Engineer (Pr.Cert.Eng.)
Chilean Comision Calificadora de Competencias en Recursos y Reservas Mineras (Chilean Mining Commission)	Registered Member

Appendix B

Example of Consent of Qualified Person

[QP's Letterhead] or
[Insert name of QP]
[Insert name of QP's company]
[Insert address of QP or QP's company]

CONSENT of QUALIFIED PERSON

I, [name of QP], consent to the public filing of the technical report titled [insert title of report] and dated [insert date of report] (the "Technical Report") by [insert name of company filing the report].

I also consent to any extracts from or a summary of the Technical Report in the [insert date and type of disclosure document (i.e. news release, prospectus, AIF, etc.)] of [insert name of company making disclosure].

I certify that I have read [date and type of document (i.e. news release, prospectus, AIF, etc.) that the report supports] being filed by [insert name of company] and that it fairly and accurately represents the information in the sections of the technical report for which I am responsible.

Dated this [insert date].

_____[Seal or Stamp]
Signature of Qualified Person

_____
Print name of Qualified Person

[Blackline]

NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

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NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions – In this Instrument

"acceptable foreign code" means the JORC Code, the PERC Code, the SAMREC Code, SEC Industry Guide 7, the Certification Code, or any other code, generally accepted in a foreign jurisdiction, that defines mineral resources and mineral reserves in a manner that is consistent with mineral resource and mineral reserve definitions and categories set out in sections 1.2 and 1.3;

"adjacent property" means a property

(a) in which the issuer does not have an interest;

(b) that has a boundary reasonably proximate to the property being reported on; and

(c) that has geological characteristics similar to those of the property being reported on;

"advanced property" means a property for which

(a) the potential economic viability of its mineral resources is supported by a preliminary economic assessment, or

(b) the economic viability of its mineral reserves is supported by a pre-feasibility study or a feasibility study;

"Certification Code" means the Certification Code for Exploration Prospects, Mineral Resources and Ore Reserves prepared by the Mineral Resources Committee of the Institution of Mining Engineers of Chile, and the Chilean Ministry of Mining, as amended;

"data verification" means the process of confirming that data has been generated with proper procedures, has been accurately transcribed from the original source and is suitable to be used;

"development property" means a property that is being prepared for mineral production or a material expansion of current production, and for which economic viability has been demonstrated by a pre-feasibility or feasibility study;

"disclosure" means any oral statement or written disclosure made by or on behalf of an issuer and intended to be, or reasonably likely to be, made available to the public in a jurisdiction of Canada, whether or not filed under securities legislation, but does not include written disclosure that is made available to the public only by reason of having been filed with a government or agency of government pursuant to a requirement of law other than securities legislation;

"early stage exploration property" means a property ~~that~~for which the technical report being filed has

(a) no current mineral resources or mineral reserves defined; and

(b) no drilling or trenching proposed;

~~in a technical report being filed in a local jurisdiction;~~

"effective date" means, with reference to a technical report, the date of the most recent scientific or technical information included in the technical report;

"exploration information" means geological, geophysical, geochemical, sampling, drilling, trenching, analytical testing, assaying, mineralogical, metallurgical, and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define, or delineate a mineral prospect or mineral deposit;

"feasibility study" means a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental, and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production;

"historical estimate" means an estimate of ~~mineral resources or mineral reserves prepared prior to February 1, 2001~~the quantity, grade, or metal or mineral content of a deposit that an issuer has not verified as a current mineral resource or mineral reserve, and which was prepared before the issuer acquiring, or entering into an agreement to acquire, an interest in the property that contains the deposit;

~~"IMMM Reporting Code" means the classification system and definitions of mineral resources and mineral reserves approved by The Institution of Materials, Minerals, and Mining in the United Kingdom, as amended;~~

"JORC Code" means the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia, as amended;

"mineral project" means any exploration, development or production activity, including a royalty ~~interest or similar~~ interest in these activities, in respect of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals;

"NI 44-101" means National Instrument 44-101 *Short Form Prospectus Distributions*;

"PERC Code" means the Reporting Code for Mineral Reserves and Mineral Resources prepared by the Pan-European Reserves and Resources Reporting Committee, as amended;

"preliminary economic assessment" means a study, other than a pre-feasibility or feasibility study, that includes an economic analysis of the potential viability of mineral resources ~~taken at an early stage of the project prior to the completion of a preliminary feasibility study~~;

"preliminary feasibility study" and "pre-feasibility study" each mean a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve;

"producing issuer" means an issuer with annual audited financial statements that disclose

(a) gross revenues, derived from mining operations, of at least $30 million Canadian for the issuer's most recently completed financial year; and

(b) gross revenues, derived from mining operations, of at least $90 million Canadian in the aggregate for the issuer's three most recently completed financial years;

"professional association" means a self-regulatory organization of engineers, geoscientists or both engineers and geoscientists that

(a) is

(i) given authority or recognition by statute in a jurisdiction of Canada, or

(ii) a foreign association ~~listed in Appendix A~~that is generally accepted within the international mining community as a reputable professional association;

(b) admits individuals on the basis of their academic qualifications ~~and~~, experience, and ethical fitness;

(c) requires compliance with the professional standards of competence and ethics established by the organization; and

(d) has and applies disciplinary powers, including the power to suspend or expel a member regardless of where the member practises or resides;

"qualified person" means an individual who

(a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation, or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice;

(b) has experience relevant to the subject matter of the mineral project and the technical report; and

(c) is in good standing with a professional association and, in the case of a ~~foreign~~professional association ~~listed in Appendix A, has the corresponding~~in a foreign jurisdiction, has a membership designation ~~in Appendix A;~~that

(i) requires a university degree or equivalent accreditation in an area of geoscience, or engineering, relating to mineral exploration or mining;

(ii) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment;

(iii) requires or encourages continuing professional development; and

(iv) requires

A. a favourable confidential peer evaluation of the individual's character, professional judgement, experience, and ethical fitness; or

B. a recommendation for membership by at least three peers, and at least ten years of post-degree practical experience or demonstrated prominence in the field of mineral exploration or mining;

"quantity" means either tonnage or volume, depending on which term is the standard in the mining industry for the type of mineral;

"SAMREC Code" means the South African Code for Reporting of Mineral Resources and Mineral Reserves prepared by the South African Mineral Committee (SAMREC) under the auspices of the South African Institute of Mining and Metallurgy (SAIMM), as amended;

"SEC Industry Guide 7" means the mining industry guide entitled "Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations" contained in the Securities Act Industry Guides published by the United States Securities and Exchange Commission, as amended;

"specified exchange" means the Australian Stock Exchange, the Johannesburg Stock Exchange, the London Stock Exchange Main Market, the Nasdaq Stock Market, the New York Stock Exchange, or the Hong Kong Stock Exchange;

"technical report" means a report prepared and filed in accordance with this Instrument and Form 43-101F1 Technical Report that ~~does not omit any~~includes, in summary form, all material scientific and technical information in respect of the subject property as of the effective date of the ~~filing of the~~technical report; and

"written disclosure" includes any writing, picture, map, or other printed representation whether produced, stored or disseminated on paper or electronically, including websites.

1.2 Mineral Resource – In this Instrument, the terms "mineral resource", "inferred mineral resource", "indicated mineral resource" and "measured mineral resource" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council~~, as those definitions may be~~ on December 11, 2005, as amended.

1.3 Mineral Reserve – In this Instrument, the terms "mineral reserve", "probable mineral reserve" and "proven mineral reserve" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council~~, as those definitions may be~~ on December 11, 2005, as amended.

1.4 Independence – In this Instrument, a qualified person is independent of an issuer if there is no circumstance that ~~could~~, in the opinion of a reasonable person aware of all relevant facts, could interfere with the qualified person's judgment regarding the preparation of the technical report.

PART 2 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

2.1 Requirements Applicable to All Disclosure – All disclosure of scientific or technical information made by an issuer, including disclosure of a mineral resource or mineral reserve, concerning a mineral project on a property material to the issuer must be

(a) based upon information prepared by or under the supervision of a qualified person; or

(b) approved by a qualified person.

2.2 All Disclosure of Mineral Resources or Mineral Reserves – An issuer must not disclose any information about a mineral resource or mineral reserve unless the disclosure

(a) uses only the applicable mineral resource and mineral reserve categories set out in sections 1.2 and 1.3;

(b) reports each category of mineral resources and mineral reserves separately, and states the extent, if any, to which mineral reserves are included in total mineral resources;

(c) does not add inferred mineral resources to the other categories of mineral resources; and

(d) states the grade or quality and the quantity for each category of the mineral resources and mineral reserves if the quantity of contained metal or mineral is included in the disclosure.

2.3 Restricted ~~Prohibited~~ Disclosure

(1) An issuer must not ~~make any disclosure of the~~disclose

(a) the quantity, grade, or metal or mineral content of a deposit that has not been categorized as an inferred mineral resource, an indicated mineral resource, a measured mineral resource, a probable mineral reserve, or a proven mineral reserve; ~~or~~

(b) the results of an economic analysis that includes or is based on inferred mineral resources or an estimate permitted under subsection 2.3(2) or section 2.4;

(c) the gross contained metal or mineral value of a deposit or a sampled interval or drill intersection; or

(d) a metal or mineral equivalent grade for a multiple commodity deposit, sampled interval, or drill intersection, unless it also discloses the grade of each metal or mineral used to establish the metal or mineral equivalent grade.

(2) Despite paragraph (1)(a), an issuer may disclose in writing the potential quantity and grade, expressed as ranges, of a ~~potential mineral deposit that is to be the~~ target ~~of~~for further exploration if the disclosure

(a) states with equal prominence ~~includes a statement~~ that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource and that it is uncertain if further exploration will result in the target being delineated as a mineral resource; and

(b) states the basis on which the disclosed potential quantity and grade has been determined.

(3) Despite paragraph (1)(b), an issuer may disclose a preliminary economic assessment that includes or is based on inferred mineral resources if the disclosure

~~(a) the results of the preliminary assessment are a material change or a material fact with respect to the issuer; and~~

~~(b) the disclosure~~

~~(i) includes a statement~~(a) states with equal prominence that the preliminary economic assessment is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized; ~~and~~

~~(ii)~~ (b) states the basis for the preliminary economic assessment and any qualifications and assumptions made by the qualified person~~.~~; and

(c) describes the impact of the preliminary economic assessment on the results of any pre-feasibility or feasibility study in respect of the subject property.

(4) An issuer must not use the term preliminary feasibility study, pre-feasibility study, or feasibility study when referring to a study unless the study satisfies the criteria set out in the definition of the applicable term in section 1.1.

2.4 Disclosure of Historical Estimates – Despite section 2.2, an issuer may disclose an historical estimate, using the ~~historical~~original terminology, if the disclosure

(a) identifies the source and date of the historical estimate, including any existing technical report;

(b) comments on the relevance and reliability of the historical estimate;

(c) to the extent known, provides the key assumptions, parameters, and methods used to prepare the historical estimate;

~~(c)~~ (d) states whether the historical estimate uses categories other than the ones set out in sections 1.2 and 1.3 and, if so, includes an explanation of the differences; ~~and~~

~~(d)~~ (e) includes any more recent estimates or data available to the issuer;

(f) comments on what work needs to be done to upgrade or verify the historical estimate as current mineral resources or mineral reserves; and

(g) states with equal prominence that

(i) a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves; and

(ii) the issuer is not treating the historical estimate as current mineral resources or mineral reserves.

PART 3 ADDITIONAL REQUIREMENTS FOR WRITTEN DISCLOSURE

3.1 Written Disclosure to Include Name of Qualified Person – If an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure the name and the relationship to the issuer of the qualified person who

(a) prepared or supervised the preparation of the information that forms the basis for the written disclosure; or

(b) approved the written disclosure.

~~(a) the name; and~~

~~(b) the relationship to the issuer~~

~~of the qualified person who prepared or supervised the preparation of the information that forms the basis for the written disclosure.~~

3.2 Written Disclosure to Include Data Verification – ~~Subject to section 3.5, if~~ If an issuer discloses in writing scientific or technical information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure

(a) a statement whether a qualified person has verified the data disclosed, including sampling, analytical, and test data underlying the information or opinions contained in the written disclosure;

(b) a description of how the data was verified and any limitations on the verification process; and

(c) an explanation of any failure to verify the data.

3.3 Requirements Applicable to Written Disclosure of Exploration Information

(1) ~~Except as provided in section 3.5, if~~If an issuer discloses in writing exploration information about a mineral project on a property material to the issuer, the issuer must include in the written disclosure a summary of

(a) ~~the results, or a summary of~~ the material results~~,~~ of surveys and investigations regarding the property;

(b) ~~a summary of~~ the interpretation of the exploration information; and

(c) ~~a description of~~ the quality assurance program and quality control measures applied during the execution of the work being reported on.

(2) ~~Except as provided in section 3.5, if~~If an issuer discloses in writing sample~~,~~ or analytical or ~~test~~testing results on a property material to the issuer, the issuer must include in the written disclosure

~~(a) a summary description of the geology, mineral occurrences and nature of mineralization found;~~

(a) the location and type of the samples collected;

(b) the location, azimuth, and dip of any drill holes and the depth of the sample intervals;

(c) a summary of the relevant analytical values, widths, and to the extent known, the true widths of the mineralized zone;

~~(b) a summary description of rock types, geological controls and dimensions of mineralized zones, and the identification~~

(d) the results of any significantly higher grade intervals within a lower grade intersection;

~~(c) the location, number, type, nature and spacing or density of the samples collected and the location and dimensions of the area sampled;~~

~~(d)~~ (e) any drilling, sampling, recovery, or other factors that could materially affect the accuracy or reliability of the data referred to in this subsection; and

~~(e)~~ (f) a summary description of the type of analytical or testing procedures utilized, sample size, the name and location of each analytical or testing laboratory used, and any relationship of the laboratory to the issuer~~; and~~.

~~(f) a summary of the relevant analytical values, widths and, to the extent known to the issuer, the true widths of the mineralized zone.~~

3.4 Requirements Applicable to Written Disclosure of Mineral Resources and Mineral Reserves – If an issuer discloses in writing mineral resources or mineral reserves on a property material to the issuer, the issuer must include in the written disclosure

(a) the effective date of each estimate of mineral resources and mineral reserves;

(b) ~~details of~~the quantity and grade or quality of each category of mineral resources and mineral reserves;

(c) ~~details of~~ the key assumptions, parameters, and methods used to estimate the mineral resources and mineral reserves;

(d) ~~a general discussion of the extent to which the estimate of mineral resources or mineral reserves may be materially affected by any known environmental, permitting,~~the identification of any known legal, ~~title, taxation, socio-political, marketing, or other relevant issues~~political, environmental, or other risks that could materially affect the potential development of the mineral resources or mineral reserves; and

(e) ~~a~~if the disclosure includes the results of an economic analysis of mineral resources, an equally prominent statement that mineral resources that are not mineral reserves do not have demonstrated economic viability~~, if the results of an economic analysis of mineral resources are included in the disclosure~~.

3.5 Exception for Written Disclosure Already Filed – Sections 3.2 and 3.3 and paragraphs ~~3.4~~ (a), (c), and (d) of section 3.4 do not apply if the issuer includes in the written disclosure a reference to the title and date of a previously filed document that complies with those requirements.

PART 4 OBLIGATION TO FILE A TECHNICAL REPORT

4.1 Obligation to File a Technical Report Upon Becoming a Reporting Issuer

(1) Upon becoming a reporting issuer in a jurisdiction of Canada an issuer must file in that jurisdiction a technical report for ~~a~~each mineral ~~project on each~~ property material to the issuer.

(2) Subsection (1) does not apply if the issuer is a reporting issuer in a jurisdiction of Canada and subsequently becomes a reporting issuer in another jurisdiction of Canada.

(3) Subsection (1) does not apply if

(a) the issuer previously filed a technical report for the property;

(b) at the date the issuer becomes a reporting issuer, there is no new material scientific or technical information concerning the subject property not included in the previously filed technical report; and

(c) the previously filed technical report meets any independence requirements under section 5.3.

4.2 Obligation to File a Technical Report in Connection with Certain Written Disclosure ~~About~~about Mineral Projects on Material Properties

NOTE TO READER: The CSA is seeking comment on whether to keep or eliminate the short form prospectus trigger in (1)(b), therefore all references to the short form prospectus trigger in this draft Instrument are square-bracketed. Please see the discussion in the CSA Notice and Request for Comment dated April 23, 2010.

(1) An issuer must file a technical report to support scientific or technical information in any of the following documents filed or made available to the public in a jurisdiction of Canada ~~describing~~that describes a mineral project on a property material to the issuer, or in the case of paragraph (c) ~~below~~, the resulting issuer:

(a) a preliminary prospectus, other than a preliminary short form prospectus filed in accordance with NI 44-101;

(b) [a preliminary short form prospectus filed in accordance with NI 44-101 ~~that includes material scientific or technical information about a mineral project on a property material to the issuer but not contained in~~];

~~(i) an annual information form, prospectus, or material change report filed before February 1, 2001; or~~

~~(ii) a previously filed technical report;~~

(c) an information or proxy circular concerning a direct or indirect acquisition of a mineral property where the issuer or resulting issuer issues securities as consideration;

(d) an offering memorandum, other than an offering memorandum delivered solely to accredited investors as defined under securities legislation;

(e) for a reporting issuer, a rights offering circular;

(f) an annual information form ~~that includes material scientific or technical information about a mineral project on a property material to the issuer but not contained in~~ ;

~~(i) an annual information form, prospectus, or material change report filed before February 1, 2001; or~~

~~(ii) a previously filed technical report;~~

(g) a valuation required to be prepared and filed under securities legislation;

(h) an offering document that complies with and is filed in accordance with Policy 4.6 – *Public Offering by Short Form Offering Document* and Exchange Form 4H – *Short Form Offering Document,* of the TSX Venture Exchange ~~policy;~~, as amended;

(i) a take-over bid circular that discloses a preliminary economic assessment ~~or~~, mineral resources, or mineral reserves on a property material to the offeror if securities of the offeror are being offered in exchange on the take-over bid; and

~~**(j)** a news release or directors' circular that contains~~

~~**(i)** (j) any written disclosure made by or on behalf of an issuer, other than in a document described in paragraphs (a) to (i), that discloses for the first time ~~disclosure of~~

(i) a preliminary economic assessment ~~or~~, mineral resources, or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer; or

(ii) a change in a preliminary economic assessment ~~or in~~, mineral resources, or mineral reserves from the most recently filed technical report that constitutes a material change in respect of the affairs of the issuer.

(2) Subsection (1) does not apply for disclosure of an historical estimate in a document referred to in paragraph (1)(j) ~~of that subsection~~ if the disclosure is made in accordance with subsection 2.4.

~~**(a)** is in accordance with section 2.4; and~~

~~**(b)** includes a statement that~~

~~(i) a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves;~~

~~(ii) the issuer is not treating the historical estimate as current mineral resources or mineral reserves as defined in sections 1.2 and 1.3 of this Instrument; and~~

~~(iii) the historical estimate should not be relied upon.~~

(3) If ~~there has been a material change to the information in the~~a technical report is filed under paragraph (1)(a) ~~or (b) of subsection (1)~~[or (b)], and new material scientific or technical information concerning the subject property becomes available before the filing of the final version of ~~a~~the prospectus [or short form prospectus], the issuer must file an updated technical report or an addendum to the technical report with the final version of the prospectus [or short form prospectus].

(4) ~~Subject to subsections (5), (6), and (7),~~The issuer must file the technical report referred to in subsection (1) ~~must be filed~~ not later than the time it files or makes available to the public the document listed in subsection (1) that ~~it~~the technical report supports ~~is filed or made available to the public~~.

(5) Despite subsection (4), ~~a technical report about mineral resources or mineral reserves that supports a news release must~~ an issuer must

(a) ~~be filed~~file a technical report supporting disclosure under paragraph (1)(j) not later than 45 days after the ~~news release; and~~date of the disclosure or, if the disclosure is in a directors' circular, by the earlier of 45 days after the date of the disclosure and 3 business days before expiry of the take-over bid; and

(b) ~~if there are~~issue a news release at the time it files the technical report disclosing the filing of the technical report and reconciling any material differences in the preliminary economic assessment,

mineral resources, or mineral reserves between the technical report ~~filed and the news release, be accompanied by a news release that reconciles those differences~~and the issuer's disclosure under paragraph (1)(j).

(6) Despite subsection (4), if a property referred to in an annual information form first becomes material to the issuer less than 30 days before the filing deadline for the annual information form, the issuer must file the technical report within 45 days of the date that the property first became material to the issuer.

(7) Despite ~~subsection (4), a technical report that supports a directors' circular must be filed not less than 3 business days prior to the expiry of the take-over bid.~~subsections (4) and (5), an issuer is not required to file a technical report within 45 days to support disclosure under subparagraph (1)(j)(i), if

(a) the preliminary economic assessment, mineral resources, or mineral reserves

(i) were prepared by or on behalf of another issuer who holds or previously held an interest in the property;

(ii) were disclosed by the other issuer in a document listed in subsection (1); and

(iii) are supported by a technical report filed by the other issuer;

(b) the issuer, in its disclosure under subparagraph (1)(j)(i),

(i) identifies the title and effective date of the previous technical report and the name of the other issuer that filed it;

(ii) names the qualified person who reviewed the technical report on behalf of the issuer; and

(iii) states with equal prominence that, to the best of the issuer's knowledge, information, and belief, there is no new material scientific or technical information that would make the disclosure of the preliminary economic assessment, mineral resources, or mineral reserves inaccurate or misleading;

(c) the issuer files a technical report supporting its disclosure of the preliminary economic assessment, mineral resources, or mineral reserves within 6 months of the date of its disclosure; and

(d) the issuer issues a news release at the time it files the technical report disclosing the filing of the technical report and reconciling any material differences in the preliminary economic assessment, mineral resources, or mineral reserves between the technical report and the issuer's disclosure under subparagraph (1)(j)(i).

(8) Subsection (1) does not apply if

(a) the issuer ~~has~~previously filed a technical report ~~filed~~ that supports the scientific or technical information ~~contained in the disclosure and there has been~~in the document;

(b) at the date of filing the document, there is no new material ~~change in the~~ scientific ~~and~~or technical information concerning the subject property ~~since the date of the filing of the~~not included in the previously filed technical report; and

~~(a) the issuer files an updated certificate in accordance with subsection 8.1 and consent in accordance with subsection 8.3 of each qualified person who has been responsible for preparing or supervising the preparation of each portion of the technical report.~~

(c) the previously filed technical report meets any independence requirements under section 5.3.

4.3 Required Form of Technical Report – A technical report that is required to be filed under this Part must be prepared

(a) in English or French; and

(b) in accordance with Form 43-101F1.

PART 5 AUTHOR OF TECHNICAL REPORT

5.1 Prepared by a Qualified Person – A technical report must be prepared by or under the supervision of one or more qualified persons.

5.2 Execution of Technical Report – A technical report must be dated, signed and, if the qualified person has a seal, sealed by

(a) each qualified person who is responsible for preparing or supervising the preparation of all or part of the report; or

(b) a person or company whose principal business is providing engineering or geoscientific services if each qualified person responsible for preparing or supervising the preparation of all or part of the report is an employee, officer, or director of that person or company.

5.3 Independent Technical Report

(1) ~~Subject to subsection (2), a~~A technical report required under any of the following provisions of this Instrument must be prepared by or under the supervision of ~~a~~one or more qualified ~~person~~persons that ~~is~~are, at the ~~date~~effective and filing dates of the technical report, all independent of the issuer:

(a) section 4.1;

(b) paragraphs (a) and (g) of subsection 4.2(1); or

(c) paragraphs (b), (c), (d), (e), (f), (h), (i), and (j) of subsection 4.2(1), if the document discloses

(i) for the first time a preliminary economic assessment ~~or~~, mineral resources, or mineral reserves on a property material to the issuer, or

(ii) a 100 percent or greater change~~, from the most recently filed technical report prepared by a qualified person who is independent of the issuer, in~~ in the total mineral resources or total mineral reserves on a property material to the issuer, since the issuer's most recently filed independent technical report in respect of the property.

(2) Despite subsection (1), a technical report required to be filed by a producing issuer under paragraph (1)(a) is not required to be prepared by or under the supervision of an independent qualified person if the securities of the issuer trade on a specified exchange.

~~**(2)**~~ A(3) Despite subsection (1), a technical report required to be filed by a producing issuer under paragraph (1)(b) or (c~~) of subsection (1~~) is not required to be prepared by or under the supervision of an independent qualified person.

~~**(3)**~~ A(4) Despite subsection (1), a technical report required to be filed by an issuer ~~that is or has contracted to become a joint venture participant,~~ concerning a property which is or will be the subject of ~~the~~a joint venture~~'s activities,~~ with a producing issuer is not required to be prepared by or under the supervision of an independent qualified person, if the qualified person preparing or supervising the preparation of the report relies on scientific and technical information prepared by or under the supervision of a qualified person that is an employee or consultant of ~~a~~the producing issuer ~~that is a participant in the joint venture~~.

PART 6 PREPARATION OF TECHNICAL REPORT

6.1 The Technical Report – A technical report must be ~~prepared~~based on ~~the basis of~~ all available data relevant to the disclosure that it supports.

6.2 Current Personal Inspection

(1) ~~Subject to subsections (2) and (3), before~~Before an issuer files a technical report, the issuer must have at least one qualified person who is responsible for preparing or supervising the preparation of all or part of the technical report complete a current inspection on the property that is the subject of the technical report.

(2) Subsection (1) does not apply to an issuer provided that

(a) the property that is the subject of the technical report is an early stage exploration property;

(b) seasonal weather conditions prevent a qualified person from accessing any part of the property or obtaining beneficial information from it; and

(c) the issuer discloses in the technical report, and in the disclosure that the technical report supports, that a personal inspection by a qualified person was not conducted, the reasons why, and the intended time frame to complete the personal inspection.

(3) If an issuer relies on subsection (2), the issuer must

(a) as soon as practical, have at least one qualified person who is responsible for preparing or supervising the preparation of all or part of the technical report complete a current inspection on the property that is the subject of the technical report; and

(b) promptly file a technical report and the certificates and consents required under Part 8 of this Instrument.

6.3 Maintenance of Records – An issuer must keep for 7 years copies of assay and other analytical certificates, drill logs, and other information referenced in the technical report or used as a basis for the technical report.

6.4 Limitation on Disclaimers –

(1) An issuer must not file a technical report that contains a disclaimer by any qualified person responsible for preparing or supervising the preparation of all or part of the report that

(a) disclaims responsibility for, or reliance ~~on, that portion~~by another party on, any information in the part of the report the qualified person prepared or supervised the preparation of; or

(b) limits the use or publication of the report in a manner that interferes with the issuer's obligation to reproduce the report by filing it on SEDAR.

(2) Despite subsection (1), an issuer may file a technical report that includes a disclaimer in accordance with Item 3 of Form 43-101F1.

PART 7 USE OF FOREIGN CODE

7.1 Use of Foreign Code – ~~-~~ Despite section 2.2, an issuer ~~that~~may make disclosure and file a technical report that uses the mineral resource and mineral reserve categories of an acceptable foreign code, if the issuer

(a) is incorporated or organized in a foreign jurisdiction; or

(b) is incorporated or organized under the laws of Canada or a jurisdiction of Canada, for its properties located in a foreign jurisdiction;~~,~~

~~may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, the SEC Industry Guide 7, the IMMM Reporting Code or the SAMREC Code if a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.2 and 1.3 is disclosed in the technical report.~~

PART 8 CERTIFICATES AND CONSENTS OF QUALIFIED PERSONS FOR TECHNICAL REPORTS

8.1 Certificates of Qualified Persons

(1) An issuer must, when filing a technical report, file a certificate that is dated, signed, and if the signatory has a seal, sealed, of each qualified person responsible for preparing or supervising the preparation of ~~each portion~~all or part of the technical report ~~and the certificate must be dated, signed and, if the signatory has a seal, sealed~~.

(2) A certificate under subsection (1) must state

(a) the name, address, and occupation of the qualified person;

(b) the title and effective date of the technical report to which the certificate applies;

(c) the qualified person's qualifications, including a brief summary of relevant experience, the name of all professional associations to which the qualified person belongs, and that the qualified person is a "qualified person" for purposes of this Instrument;

(d) the date and duration of the qualified person's most recent personal inspection of each property, if applicable;

(e) the item or items of the technical report for which the qualified person is responsible;

(f) whether the qualified person is independent of the issuer as described in section 1.4;

(g) what prior involvement, if any, the qualified person has had with the property that is the subject of the technical report;

(h) that the qualified person has read this Instrument and the technical report, or part that the qualified person is responsible for, has been prepared in compliance with this Instrument; and

(i) that, ~~as of~~at the effective date of the ~~certificate~~technical report, to the best of the qualified person's knowledge, information, and belief, the technical report, or part that the qualified person is responsible for, contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

8.2 Addressed to Issuer – All technical reports must be addressed to the issuer.

8.3 Consents of Qualified Persons ~~–~~

(1) An issuer must, when filing a technical report, file a statement of each qualified person responsible for preparing or supervising the preparation of ~~each portion~~all or part of the technical report~~, addressed to the securities regulatory authority~~, dated, and signed by the qualified person

(a) consenting to the public filing of the technical report ~~and~~;

(b) identifying the document that the technical report supports;

(c) consenting to the use of extracts from, or a summary of, the technical report in the ~~written disclosure being filed~~document; and

~~(b)~~ (d) confirming that the qualified person has read the ~~written disclosure being filed~~document and that it fairly and accurately represents the information in the technical report or part that ~~supports the disclosure.~~ the qualified person is responsible for.

(2) Paragraphs (1)(b), (c), and (d) do not apply to a consent filed with a technical report filed under section 4.1.

(3) If an issuer relies on subsection (2), the issuer must file an updated consent that includes paragraphs (1)(b), (c), and (d) for any subsequent use of the technical report to support disclosure in a document filed under subsection 4.2(1).

PART 9 EXEMPTIONS

9.1 Authority to Grant Exemptions

(1) The regulator or the securities regulatory authority may, on application, grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption in response to an application.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B ~~of~~to National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

9.2 ~~Limited Exemption~~Exemptions for Royalty Interests ~~or Similar Interests~~

(1) ~~Subject to subsection (2), an~~An issuer ~~that has only a royalty interest or similar~~whose interest in a mineral project ~~and~~ is only a royalty interest is not required to file a technical report ~~in accordance with section 4.3~~to support disclosure in a document under subsection 4.2(1) if

(a) the operator of the mineral project is

(i) subject to the requirements of this Instrument, or

(ii) a producing issuer whose securities trade on a specified exchange and that discloses mineral resources and mineral reserves under an acceptable foreign code;

(b) the issuer identifies in its document under subsection 4.2(1) the source of the scientific and technical information; and

(c) the operator of the mineral project has disclosed the scientific and technical information.

(2) An issuer whose interest in a mineral project is only a royalty interest and that does not qualify to use the exemption in subsection (1) is not required to

(a) comply with section 6.2; and

(b) complete those items under Form 43-101F1 that require data verification, inspection of documents, or personal inspection of the property to complete those items.

~~(2)~~ (3) Paragraphs (~~1~~2)(a) and (b) only apply if the issuer

(a) has requested but has not received access to the necessary data from the operating company and is not able to obtain the necessary information from the public domain;

(b) under Item 3 of Form 43-101F1, states the issuer has requested but has not received access to the necessary data from the operating company and is not able to obtain the necessary information from the public domain and describes the content referred to under each item of Form 43-101F1 that the issuer did not complete; and

(c) includes in all scientific and technical disclosure a statement that the issuer has an exemption from completing certain items under Form 43-101F1 in the technical report required to be filed and includes a reference to the title and effective date of that technical report.

9.3 Exemption for Certain Types of Filings – This Instrument does not apply if the only reason an issuer files written disclosure of scientific or technical information is to comply with the requirement under securities legislation to file a copy of a record or disclosure material that was filed with a securities commission, exchange, or regulatory authority in another jurisdiction.

PART 10 EFFECTIVE DATE AND REPEAL

10.1 Effective Date – This Instrument comes into force on ~~December 30, 2005.~~*.

10.2 Repeal – National Instrument 43-101 *Standards of Disclosure for Mineral Projects,* which came into force on December 31, 2005, is repealed.

~~Appendix A~~

~~Recognized Foreign Associations and Designations~~

~~Foreign Association~~	~~Designation~~
~~American Institute of Professional Geologists (AIPG)~~	~~Certified Professional Geologist~~
~~Any state in the United States of America~~	~~Licensed or certified as a professional engineer~~
~~Mining and Metallurgical Society of America (MMSA)~~	~~Qualified Professional~~
~~European Federation of Geologists (EFG)~~	~~European Geologist~~
~~Australasian Institute of Mining and Metallurgy (AusIMM)~~	~~Fellow or member~~
~~Institute of Materials, Minerals and Mining (IMMM)~~	~~Fellow or professional member~~
~~Australian Institute of Geoscientists (AIG)~~	~~Fellow or member~~
~~South African Institute of Mining and Metallurgy (SAIMM)~~	~~Fellow~~
~~South African Council for Natural Scientific Professions (SACNASP)~~	~~Professional Natural Scientist~~
~~Institute of Geologists of Ireland (IGI)~~	~~Professional Member~~
~~Geological Society of London (GSL)~~	~~Chartered Geologist~~
~~National Association of State Boards of Geology (ASBOG)~~	~~Licensed or certified in: Alabama, Arizona, Arkansas, California, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Maine, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire, North Carolina, Oregon, Pennsylvania, Puerto Rico, South Carolina, Texas, Utah, Virginia, Washington, Wisconsin or Wyoming~~

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FORM 43-101F1
TECHNICAL REPORT

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TITLE

CONTENTS OF THE TECHNICAL REPORT

FORM 43-101F1
TECHNICAL REPORT

INSTRUCTIONS:

(1) The objective of the technical report is to provide a summary of material scientific and technical information concerning mineral exploration, development, and production activities on a mineral property that is material to an issuer. This Form sets out ~~specific~~the requirements for the preparation and ~~contents~~content of a technical report.

(2) Terms used in this Form that are defined or interpreted in National Instrument 43-101 Standards of Disclosure for Mineral Projects (the "Instrument") will ~~bear~~have that definition or interpretation. In addition, a general definition instrument has been adopted as National Instrument 14-101 Definitions that contains definitions of certain terms used in more than one national instrument. Readers of this Form should review both these national instruments for defined terms.

(3) The qualified person preparing the technical report should keep in mind that the intended audience is the investing public and their advisors who, in most cases, will not be mining experts. Therefore, to the extent possible, technical reports should be simplified, summarized, and written in plain language. However, the technical report should include sufficient context and cautionary language to allow a reasonable investor to understand the nature, importance, and limitations of the data, interpretations, and conclusions summarized in the technical report.

(4) The qualified person preparing the technical report must use all of the headings of ~~the items in this Form and may create sub-headings. If unique or infrequently used technical terms are required, clear and concise explanations must be included.(4) No disclosure need be given in respect of inapplicable items and, unless otherwise required by this Form, negative answers to items may be omitted~~Items 1 to 14 and 23 to 27 in this Form and provide the information specified under each heading. For advanced properties, the qualified person must also use the headings of Items 15 to 22 and include the information required under each of these headings. The qualified person may create sub-headings. Disclosure included under one heading is not required to be repeated under another heading.

~~(5) The technical report is not required to include the information required in Items 6 through 11 of this Form to the extent that the required information has been previously filed in a technical report for the property being reported on, the previous technical report is referred to in the technical report and there has not been any material change in the information.~~

(5) The qualified person preparing the technical report may refer to information in a technical report previously filed by the issuer for the subject property if the information is still current and the technical report identifies the title, date and author of the previously filed technical report. However, the qualified person must still summarize or quote the referenced information in the current technical report and may not disclaim responsibility for the referenced information. Except as permitted by subsection 4.2(3) of the Instrument, an issuer may not update or revise a previously filed technical report by filing an addendum.

~~(6) The technical report for development properties and production properties may summarize the information required in the items of this Form, except for Item 25, provided that the summary includes the material information necessary to understand the project at its current stage of development or production.~~

(6) While the Form mandates the headings and general format of the technical report, the qualified person preparing the technical report is responsible for determining the level of detail required under each Item based on the qualified person's assessment of the relevance and significance of the information.

(7) The technical report may only contain disclaimers that are in accordance with section 6.4 of the Instrument and Item ~~5~~3 of this Form.

(8) Since a technical report is a summary document the inclusion and filing of comprehensive appendices is not generally necessary to comply with the requirements of the Form.

(9) The Instrument requires certificates and consents of qualified persons, prepared in accordance with sections 8.1 and 8.3 respectively, to be filed at the same time as the technical report. The Instrument does not specifically require the issuer to file the certificate of qualified person as a separate document. It is generally acceptable for the qualified person to include the certificate in the technical report and to use the certificate as the date and signature page.

CONTENTS OF THE TECHNICAL REPORT

~~**Item 1:**~~ **Title Page** – Include a title page setting out the title of the technical report, the general location of the mineral project, the name and professional designation of each qualified person, and the effective date of the technical report.

Date and Signature Page – The technical report must have a signature page, at either the beginning or end of the technical report, signed in accordance with section 5.2 of the Instrument. The effective date of the technical report and date of signing must be on the signature page.

~~**Item 2:**~~ **Table of Contents** – Provide a table of contents listing the contents of the technical report, including figures and tables.

Illustrations – Technical reports must be illustrated by legible maps, plans and sections, all prepared at an appropriate scale to distinguish important features. Maps must be dated and include a legend, author or information source, a scale in bar or grid form, and an arrow indicating north. All technical reports must be accompanied by a location or index map and a compilation map outlining the general geology of the property. In addition, all technical reports must include more detailed maps showing all important features described in the text, relative to the property boundaries, including but not limited to

(a) for exploration projects, areas of previous or historical exploration, and the location of known mineralization, geochemical or geophysical anomalies, drilling, and mineral deposits;

(b) for advanced properties other than development and production properties, the location and surficial outline of mineral resources, mineral reserves, and, to the extent known, areas for potential access and infrastructure; and

(c) for development and production properties, the location of pit limits or underground development, plant sites, tailings storage areas, waste disposal areas, and all other significant infrastructure features.

If information is used from other sources in preparing maps, drawings, or diagrams, disclose the source of the information. If adjacent or nearby properties have an important bearing on the potential of the subject property, the location of the properties and any relevant mineralized structures discussed in the report must be shown in relationship to the subject property.

INSTRUCTION: *Summarize and simplify the illustrations so that they are legible and suitable for electronic filing. For ease of reference, consider inserting the illustration in the text of the report in relative proximity to the text they illustrate.*

Requirements for All Technical Reports

Item 1: ~~**Item 3: Summary – Provide a summary that briefly describes the property, its location,**~~**Summary** – Briefly summarize important information in the technical report, including property description and ownership, geology and mineralization, ~~the exploration concept,~~ the status of exploration, development and operations, mineral resource and mineral reserve estimates, and the qualified person's conclusions and recommendations.

Item 2: ~~**Item 4:**~~ **Introduction** – Include a description of

(a) ~~who~~the issuer for whom the technical report is prepared ~~for~~;

(b) the terms of reference and purpose for which the technical report was prepared;

(c) the sources of information and data contained in the technical report or used in its preparation, with citations if applicable; and

(d) the ~~scope~~details of the personal inspection on the property by each qualified person ~~and author~~ or, if applicable, the reason why a personal inspection has not been completed.

Item 3: ~~**Item 5:**~~ **Reliance on Other Experts** – ~~If a~~A qualified person ~~preparing or supervising~~who prepares or supervises the preparation of all or ~~a portion~~part of ~~the~~a technical report may include a limited disclaimer of responsibility if:

(a) The qualified person is relying on a report, opinion ~~or statement of a legal or other~~, or statement of another expert~~,~~ who is not a qualified person, ~~for~~or on information provided by the issuer, concerning legal~~, environmental, political or other issues and factors~~, political, environmental, or tax matters relevant to the technical report, ~~the qualified person may include a disclaimer of responsibility in which the qualified person identifies the report, opinion or statement relied upon, the maker of that report, opinion or statement, the extent of reliance and the portions of the technical report to which the disclaimer applies~~and the qualified person identifies

(i) the source of the information relied upon, including the date, title, and author of any report, opinion, or statement;

(ii) the extent of reliance; and

(iii) the portions of the technical report to which the disclaimer applies.

(b) The qualified person is relying on a report, opinion, or statement of another expert who is not a qualified person, concerning diamond or other gemstone valuations, or the pricing of commodities for which pricing is not publicly available, and the qualified person discloses

(i) the date, title, and author of the report, opinion, or statement;

(ii) the qualifications of the other expert and why it is reasonable for the qualified person to rely on the other expert;

(iii) any significant risks associated with the valuation or pricing; and

(iv) any steps the qualified person took to verify the information provided.

Item 4: ~~**Item 6:**~~ **Property Description and Location** – To the extent applicable, ~~with respect to each property reported on,~~ describe

(a) the area of the property in hectares or other appropriate units;

(b) the location, reported by an easily recognizable geographic and grid location system;

(c) the type of mineral tenure (~~eg.~~ claim, license, lease, etc.) and the identifying name or number of each;

(d) the nature and extent of the issuer's title to, or interest in, the property including surface rights, legal access, the obligations that must be met to retain the property, and the expiration date of claims, licences, or other property tenure rights;

~~(e) how the property boundaries were located;~~

~~(f) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements, relative to the outside property boundaries;~~

(e) ~~(g)~~ to the extent known, the terms of any royalties, back-in rights, payments, or other agreements and encumbrances to which the property is subject;

(f) ~~(h)~~ to the extent known, all environmental liabilities to which the property is subject; ~~and~~

(g) ~~(i)~~ to the extent known, the permits that must be acquired to conduct the work proposed for the property, and if the permits have been obtained; and

(h) to the extent known, any other significant factors and risks that may affect access, title, or the right or ability to perform work on the property.

Item 5: ~~**Item 7:**~~ **Accessibility, Climate, Local Resources, Infrastructure and Physiography** – ~~With respect to each property reported on, describe~~Describe

(a) topography, elevation, and vegetation;

(b) the means of access to the property;

(c) the proximity of the property to a population centre, and the nature of transport;

(d) to the extent relevant to the mineral project, the climate and the length of the operating season; and

(e) to the extent relevant to the mineral project, the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste

disposal areas, heap leach pad areas, and potential processing plant sites.

Item 6: ~~Item 8:~~ History – To the extent known, ~~with respect to each property reported on,~~ describe

(a) the prior ownership of the property and ownership changes;

(b) the type, amount, quantity, and general results of exploration and development work undertaken by any previous owners or operators;

(c) historical mineral resource and mineral reserve estimates in accordance with section 2.4 ~~of the Instrument, including the reliability of the historical estimates and whether the estimates are in accordance with the categories set out in sections 1.2 and 1.3~~ of the Instrument; and

(d) any production from the property.

Item 7: Geological Setting and Mineralization – Describe

(a) ~~**Item 9: Geological Setting** – Include a concise description of~~ the regional, local, and property geology~~.~~; and

(b) the significant mineralized zones encountered on the property, including a summary of the surrounding rock types, relevant geological controls, and the length, width, depth, and continuity of the mineralization, together with a description of the type, character, and distribution of the mineralization.

Item 8: ~~Item 10:~~ Deposit Types – Describe the mineral deposit type(s) being investigated or being explored for and the geological model or concepts being applied in the investigation and on the basis of which the exploration program is planned.

~~**Item 11: Mineralization** – Describe the mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity, together with a description of the type, character and distribution of the mineralization.~~

Item 9: ~~Item 12:~~ Exploration – ~~Describe~~ Briefly describe the nature and extent of all relevant exploration work other than drilling, conducted by~~,~~ or on behalf of, the issuer ~~on each property being reported on~~, including

(a) ~~results of surveys and investigations, and~~ the procedures and parameters relating to the surveys and investigations;

(b) the sampling methods and sample quality, including whether the samples are representative, and any factors that may have resulted in sample biases;

(c) relevant information of location, number, type, nature, and spacing or density of samples collected, and the size of the area covered; and

(d) ~~(b) an~~the significant results and interpretation of the exploration information~~; and~~.

~~(c) a statement as to whether the surveys and investigations have been carried out by the issuer or by a contractor and, if the latter, identifying the contractor.~~

INSTRUCTION: *If exploration results from previous operators are included, ~~the qualified person or author must~~ clearly identify the work conducted by~~,~~ or on behalf of~~,~~ the issuer.*

Item 10: ~~Item 13: Drilling~~ – ~~Describe~~ **Drilling** – Describe

(a) the type and extent of drilling including the procedures followed and a summary and interpretation of all ~~results. There~~relevant results;

(b) any drilling, sampling, or recovery factors that could materially impact the accuracy and reliability of the results;

(c) for a property other than an advanced property

(i) the location, azimuth, and dip of any drill hole, and the depth of the relevant sample intervals;

(ii) the relationship between the sample length and the true thickness of the mineralization ~~must be stated~~, if known, and if the orientation of the mineralization is unknown, state this.; and

~~**Item 14: Sampling Method and Approach** – Provide~~

~~(a) a brief description of sampling methods and relevant details of location, number, type, nature and spacing or density of samples collected, and the size of the area covered;~~

~~(b) a description of any drilling, sampling or recovery factors that could materially impact the accuracy and reliability of the results;~~

~~(c) a discussion of the sample quality, including whether the samples are representative, and any factors that may have resulted in sample biases;~~

(iii) ~~(d) a description of rock types, geological controls, widths of mineralized zones and other parameters used to establish the sampling interval and identification~~the results of any significantly higher grade intervals within a lower grade intersection~~; and~~.

~~(e) a summary of relevant samples or sample composites with values and estimated true widths.~~

INSTRUCTION: *For properties with mineral resource estimates, the qualified person may meet the requirements under Item 10 (c) by providing a drill plan and representative examples of drill sections through the mineral deposit.*

Item 11: Sample Preparation, Analyses, and Security – Describe

(a) ~~**Item 15: Sample Preparation, Analyses and Security** – Describe~~ sample preparation methods and quality control measures employed before dispatch of samples to an analytical or testing laboratory, the method or process of sample splitting and reduction, and the security measures taken to ensure the validity and integrity of samples taken~~. Include~~;

~~(a) a statement whether any aspect of the sample preparation was conducted by an employee, officer, director or associate of the issuer;~~

(b) ~~details~~relevant information regarding sample preparation, assaying and analytical procedures used, the name and location of the analytical or testing laboratories, the relationship of the laboratory to the issuer, and whether the laboratories are certified by any standards association and the particulars of any certification;

(c) a summary of the nature ~~and~~, extent, and results of ~~all quality control measures employed and check assay and other check analytical and testing procedures utilized, including the results and corrective actions taken~~quality control procedures employed and quality assurance actions taken or recommended to provide adequate confidence in the data collection and estimation process; and

(d) ~~a statement of~~ the author's opinion on the adequacy of sample preparation, security, and analytical procedures.

Item 12: ~~Item 16:~~ Data Verification – ~~Include~~ – Describe the steps taken by the qualified person to verify the data being reported on, including

(a) ~~a discussion of quality control measures and~~the data verification procedures applied by the qualified person;

~~(b) a statement as to whether the qualified person has verified the data referred to or relied upon;~~

(b) ~~(c) a discussion of the nature of and~~ any limitations on or failure to conduct such verification, and the reasons for any such limitations or failure; and

(c) the qualified person's opinion on the adequacy of the data for the purposes used in the technical report.

Item 13: Mineral Processing and Metallurgical Testing – If mineral processing or metallurgical testing analyses have been carried out, discuss

(a) the nature and extent of the testing and analytical procedures, and provide a summary of the relevant results;

(b) the basis for any assumptions or predictions regarding recovery estimates;

(c) to the extent known, the degree to which the test samples are representative of the various types and styles of mineralization and the mineral deposit as a whole; and

(d) to the extent known, any processing factors or deleterious elements that could have a significant effect on potential economic extraction.

Item 14: Mineral Resource Estimates – A technical report disclosing mineral resources must

(a) provide sufficient discussion of the key assumptions, parameters, and methods used to estimate the mineral resources, for a reasonably informed reader to understand the basis for the estimate and how it was generated;

(b) comply with all disclosure requirements for mineral resources set out in the Instrument, including sections 2.2, 2.3, and 3.4;

(c) when the grade for a multiple commodity mineral resource is reported as metal or mineral equivalent, report the individual grade of each metal or mineral and the metal prices, recoveries, and any other relevant conversion factors used to estimate the metal or mineral equivalent grade; and

(d) include a general discussion on the extent to which the mineral resourceestimates could be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors.

INSTRUCTIONS:

(1) A statement of quantity and grade or quality is an estimate and should be rounded to reflect the fact that it is an approximation.

(2) Where multiple cut-off grade scenarios are presented, the qualified person must identify and highlight the base case, or preferred scenario. All mineral resources reported under the cut-off grade scenarios must meet the test of reasonable prospect of economic extraction.

Additional Requirements for Advanced Property Technical Reports

Item 15: Mineral Reserve Estimates – A technical report disclosing mineral reserves must

(a) provide sufficient discussion and detail of the key assumptions, parameters, and methods used in the preliminary feasibility or feasibility study, for a reasonably informed reader to understand how the qualified person converted the mineral resources to mineral reserves;

(b) comply with all disclosure requirements for mineral reserves set out in the Instrument, including sections 2.2, 2.3, and 3.4;

(c) when the grade for a multiple commodity mineral reserve is reported as metal or mineral equivalent, report the individual grade of each metal or mineral and the metal prices, recoveries, and any other relevant conversion factors used to estimate the metal or mineral equivalent grade; and

(d) discuss the extent to which the mineral reserve estimates could be materially affected by mining, metallurgical, infrastructure, permitting, and other relevant factors.

Item 16: Mining Methods – Discuss the current or proposed mining methods and provide a summary of the relevant information used to establish the amenability or potential amenability of the mineral resources or mineral reserves to the proposed mining methods. Consider and, where relevant, include

(a) geotechnical, hydrological, and other parameters relevant to mine or pit designs and plans;

(b) production rates, expected mine life, mining unit dimensions, and mining dilution factors used;

(c) requirements for stripping, underground development, and backfilling; and

(d) required mining fleet and machinery.

INSTRUCTION: *Preliminary economic assessments, pre-feasibility studies, and feasibility studies generally analyse and assess the same geological, engineering, and economic factors with increasing detail and precision. Therefore, the criteria for Items 16 to 22 can be used as a framework for reporting the results of all three studies.*

Item 17: Recovery Methods – Discuss reasonably available information on test or operating results relating to the recoverability of the valuable component or commodity and amenability of the mineralization to the proposed processing methods. Consider and, where relevant, include

(a) a description or flow sheet of any current or proposed process plant;

(b) plant design, equipment characteristics and specifications, as applicable; and

(c) current or projected requirements for energy, water, and process materials.

Item 18: Infrastructure – Provide a summary of infrastructure and logistic requirements for the project, which could include roads, rail, port facilities, dams, dumps and leach pads, tailings disposal, power and pipelines, as applicable.

Item 19: Market Studies and Contracts

(a) Provide a summary of reasonably available information concerning markets for the issuer's production, including the nature and material terms of any agency relationships and the results of any relevant market studies, commodity price projections, product valuation, market entry strategies, and product specification requirements.

(b) Identify any contracts material to the issuer that are required for property development, including mining, concentrating, smelting, refining, transportation, handling, sales and hedging, and forward sales contracts or arrangements. State which contracts are in place and which are still under negotiation. For contracts that are in place, discuss whether the terms, rates or charges are within industry norms.

Item 20: Environmental Studies, Permitting, and Social or Community Impact – Discuss reasonably available information on environmental, permitting, and social or community factors related to the project. Consider and, where relevant, include

(a) a summary of the results of any environmental studies and a discussion of any known environmental issues that could materially impact the issuer's ability to extract the mineral resources or mineral reserves;

(b) requirements and plans for waste and tailings disposal, site monitoring, and water management both during operations and post mine closure;

(c) project permitting requirements, the status of any permit applications, and any known requirements to post performance or reclamation bonds;

(d) a discussion of any potential social or community related requirements and plans for the project and the status of any negotiations or agreements with local communities; and

(e) a discussion of mine closure (remediation and reclamation) requirements and costs.

Item 21: Capital and Operating Costs – Provide a summary of capital and operating cost estimates, with the major components set out in tabular form. Explain and justify the basis for the cost estimates.

Item 22: Economic Analysis – Provide an economic analysis for the project that includes

(a) a clear statement of and justification for the principal assumptions;

(b) cash flow forecasts on an annual basis using mineral reserves or mineral resources and an annual production schedule for the life of project;

(c) a discussion of net present **v**alue (NPV), **i**nternal **r**ate of **r**eturn (IRR), and payback period of capital with imputed or actual interest;

~~(d) the reasons for any failure to verify the data.~~a summary of the taxes, royalties, and other government levies or interests applicable to the mineral project or to production, and to revenues or income from the mineral project; and

(e) sensitivity or other analysis using variants in commodity price, grade, capital and operating costs, or other significant parameters, as appropriate, and discuss the impact of the results.

INSTRUCTIONS:

(1) Producing issuers may exclude the information required under Item 22 for technical reports on properties currently in production unless the technical report includes a material expansion of current production.

(2) The economic analysis in technical reports must comply with paragraphs 2.3(1)(b) and (c), subsections 2.3(3) and (4), and paragraph 3.4(e), of the Instrument, including any required cautionary language.

Requirements for All Technical Reports

Item 23: ~~Item 17:~~ Adjacent Properties – A technical report may include relevant information concerning an adjacent property if

(a) such information was publicly disclosed by the owner or operator of the adjacent property;

(b) the source of the information is identified;

(c) the technical report states that its qualified person has been unable to verify the information and that the information is not necessarily indicative of the mineralization on the property that is the subject of the technical report;

(d) the technical report clearly distinguishes between ~~mineralization on~~the information from the adjacent property and ~~mineralization on~~the information from the property ~~being reported on~~that is the subject of the technical report; and

(e) ~~if~~ any historical estimates of mineral resources or mineral reserves ~~are included in the technical report, they~~ are disclosed in accordance with section 2.4 of the Instrument.

~~**Item 18: Mineral Processing and Metallurgical Testing** – If mineral processing or metallurgical testing analyses have been carried out, include the results of the testing, details of the testing and analytical procedures, and discuss whether the samples are representative.~~

~~**Item 19: Mineral Resource and Mineral Reserve Estimates** – A technical report disclosing mineral resources or mineral reserves must~~

~~(a) use only the applicable mineral resource and mineral reserve categories set out in sections 1.2 and 1.3 of the Instrument;~~

~~(b) report each category of mineral resources and mineral reserves separately and if both mineral resources and mineral reserves are disclosed, state the extent, if any, to which mineral reserves are included in total mineral resources;~~

~~(c) not add inferred mineral resources to the other categories of mineral resources;~~

~~(d) disclose the name, qualifications and relationship, if any, to the issuer of the qualified person who estimated mineral resources and mineral reserves;~~

~~(e) include appropriate details of quantity and grade or quality for each category of mineral resources and mineral reserves;~~

~~(f) include details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;~~

~~(g) include a general discussion on the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues;~~

~~(h) identify the extent to which the estimates of mineral resources and mineral reserves may be materially affected by mining, metallurgical, infrastructure and other relevant factors;~~

(i) use only indicated mineral resources, measured mineral resources, probable mineral reserves and proven mineral reserves when referring to mineral resources or mineral reserves in an economic analysis that is used in a preliminary feasibility study or a feasibility study of a mineral project;

(j) if inferred mineral resources are used in an economic analysis, state the required disclosure set out in subsection 2.3(3) of the Instrument;

(k) when the results of an economic analysis of mineral resources are reported, state "mineral resources that are not mineral reserves do not have demonstrated economic viability";

(l) state the grade or quality, quantity and category of the mineral resources and mineral reserves if the quantity of contained metal or mineral is reported; and

(m) when the grade for a polymetallic mineral resource or mineral reserve is reported as metal equivalent, report the individual grade of each metal, and consider and report the recoveries, refinery costs and all other relevant conversion factors in addition to metal prices and the date and sources of such prices.

INSTRUCTION: *A statement of quantity and grade or quality is an estimate and should be rounded to reflect the fact that it is an approximation.*

Item 24: **Item 20: Other Relevant Data and Information** – Include any additional information or explanation necessary to make the technical report understandable and not misleading.

Item 25: **Item 21: Interpretation and Conclusions** – Summarize the relevant results and interpretations of all field surveys, analytical and testing data and other relevant information. Discuss the adequacy of data density and the data reliability as well as any areas of uncertaintythe information and analysis being reported on. Discuss any significant risks and uncertainties that could reasonably be expected to affect the reliability or confidence in the exploration information, mineral resource or mineral reserve estimates, or projected economic outcomes. Discuss any reasonably foreseeable impacts of these risks and uncertainties to the project's potential economic viability or continued viability. A technical report concerning exploration information must include the conclusions of the qualified person. The qualified person must discuss whether the completed project met its original objectives.

Item 26: **Item 22: Recommendations** – Provide particulars of the recommended work programs and a breakdown of costs for each phase. If successive phases of work are recommended, each phase must culminate in a decision point. The recommendations must not apply to more than two phases of work. The recommendations must state whether advancing to a subsequent phase is contingent on positive results in the previous phase.

INSTRUCTION: *In some specific cases, the qualified person may not be in a position to make meaningful recommendations for further work. Generally, these situations will be limited to producing or development properties where material exploration activities and engineering studies have largely concluded. In such cases, the qualified person should explain why they are not making further recommendations.*

Item 27: **Item 23: References** – Include a detailed list of all references cited in the technical report.

Item 24: Date and Signature Page – The technical report must have a signature page at the end, signed in accordance with section 5.2 of the Instrument. The effective date of the technical report and date of signing must be on the signature page.

Item 25: Additional Requirements for Technical Reports on Development Properties and Production Properties – Technical reports on development properties and production properties must include

(a) Mining Operations – information and assumptions concerning the mining method, metallurgical processes and production forecast;

(b) Recoverability – information concerning all test and operating results relating to the recoverability of the valuable component or commodity and amenability of the mineralization to the proposed processing methods;

(c) Markets – information concerning the markets for the issuer's production and the nature and material terms of any agency relationships;

(d) Contracts – a discussion of whether the terms of mining, concentrating, smelting, refining, transportation, handling, sales and hedging and forward sales contracts or arrangements, rates or charges are within industry norms;

(e) Environmental Considerations – a discussion of bond posting, remediation and reclamation;

(f) Taxes – a description of the nature and rates of taxes, royalties and other government levies or interests applicable to the mineral project or to production, and to revenues or income from the mineral project;

(g) Capital and Operating Cost Estimates – capital and operating cost estimates, with the major components being set out in tabular form;

(h) Economic Analysis – an economic analysis with cash flow forecasts on an annual basis using proven mineral reserves and probable mineral reserves only, and sensitivity analyses with variants in metal prices, grade, capital and operating costs;

(i) Payback – a discussion of the payback period of capital with imputed or actual interest; and

(j) Mine Life – a discussion of the expected mine life and exploration potential.

Item 26: Illustrations

(a) Technical reports must be illustrated by legible maps, plans and sections, which may be located in the appropriate part of the report. All technical reports must be accompanied by a location or index map and more detailed maps showing all important features described in the text. In addition, technical reports must include a compilation map outlining the general geology of the property and areas of historical exploration. The location of all known mineralization, anomalies, deposits, pit limits, plant sites, tailings storage areas, waste disposal areas and all other significant features must be shown relative to property boundaries. If information is used, from other sources, in preparing maps, drawings, or diagrams, disclose the source of the information.

(b) If adjacent or nearby properties have an important bearing on the potential of the property under consideration, their location and any mineralized structures common to two or more such properties must be shown on the maps.

(c) If the potential merit of a property is predicated on geophysical or geochemical results, maps showing the results of surveys and their interpretations must be included in the technical report.

(d) Maps must include a scale in bar form and an arrow indicating north.

INSTRUCTION: *Illustrations should be sufficiently summarized and simplified so that they are not oversized and are suitable for electronic filing.*

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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
03/31/2010	1	ABRY Senior Equity III, L.P. - Limited Partnership Interest	4,826,334.32	1.00
12/31/2008 to 12/30/2009	77	Addenda Bond Pooled Fund - Trust Units	162,856,831.00	13,214,639.00
11/20/2009	3	Addenda Bonds Corporate Core Pooled Fund - Trust Units	32,387,862.00	3,258,205.00
11/20/2009	5	Addenda Bonds Universe Core Pooled Fund - Units	63,058,397.00	6,248,813.00
11/20/2009	2	Addenda Canadian Equity Pooled Fund - Trust Units	6,182,458.00	698,648.00
11/30/2009	8	Addenda Commercial Mortgages Pooled Fund - Trust Units	27,205,124.00	2,635,292.00
09/11/2009	16	Addenda Corporate Bond Pooled Fund - Units	17,029,865.00	1,735,972.00
11/20/2009	11	Addenda International Equity Pooled Fund - Trust Units	78,722,333.00	879,841.00
01/30/2009 to 12/04/2009	14	Addenda Long Term Corporate Bond Pooled Fund - Trust Units	88,740,000.00	9,094,961.00
01/30/2009 to 12/24/2009	16	Addenda Long Term Government Bond Pooled Fund - Trust Units	125,447,945.00	11,770,589.00
11/20/2009 to 12/29/2009	19	Addenda Money Market Liquidity Pooled Fund - Trust Units	54,348,420.00	5,434,842.00
03/02/2009 to 12/18/2009	78	Addenda Money Market Pooled Fund - Trust Units	474,329,728.00	47,432,973.00
11/20/2009	5	Addenda U.S. Equity Pooled Fund - Units	43,128,123.00	4,471,010.00
07/01/2009 to 12/01/2009	1	All Weather Portfolio Limited - Common Shares	218,697,300.00	188,182.00
12/31/2008 to 12/31/2009	17	Aquilon Premium Value Partnership - Units	635,651.67	1,503.00
03/31/2010	2	AutoNation, Inc. - Notes	750,183.10	750.00
01/20/2010	1	Banro Corporation - Options	0.00	50,000.00
04/01/2010	3	Bellzone Mining PLC - Common Shares	2,069,199.44	3,838,960.00
03/25/2010	4	Bioscrypt Inc. - Notes	6,112,800.00	2.00
01/01/2009 to 12/31/2009	4	BlackRock Balanced Conservative Index DC Fund - Units	114,910,465.88	7,811,340.78
03/24/2010	6	BNP Paribas Arbitrage Issuance B.V. - Certificate	566,724.53	552.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
03/29/2010	16	Bombardier Inc. - Notes	1,530,450,000.00	N/A
01/02/2009 to 11/02/2009	3	Bridgewater Pure Alpha Fund II, Ltd. - Common Shares	305,764,379.60	246,757.72
05/01/2009 to 10/01/2009	3	Bridgewater Pure Alpha Funds, Ltd. - Common Shares	185,739,670.00	162,352.83
01/02/2009 to 05/01/2009	2	Bridgewater Short-Term Investment Fund II, LLC - Units	491,440,612.70	33,132,234.59
04/13/2010	7	Brigham Exploration Company - Common Shares	6,120,000.00	340,000.00
02/01/2010	1	Cadillac Ventures Inc. - Common Shares	400,000.00	1,000,000.00
01/25/2010 to 02/01/2010	20	Canadian International Minerals Inc. - Common Shares	209,680.00	500,000.00
03/31/2010	1	Chalice Gold Mines Limited - Common Shares	938,646.60	2,800,000.00
04/07/2010	1	Chimera Investment Corporation - Common Shares	361,000.00	100,000.00
03/30/2010	1	Continental Resources, Inc. - Notes	2,877,592.96	2,850.00
11/01/2009	1	DGAM Mosaic Multi-Strategy Fund - Common Shares	1,079,800.00	1,000.00
04/05/2010	1	eDiets.com, Inc. - Common Shares	1,503,750.00	1,503,750.00
01/28/2010	42	Ethos Capital Corp. - Units	1,000,000.00	N/A
04/03/2010	1	First Leaside Expansion Limited Partnership - Units	150,000.00	150,000.00
03/29/2010	1	Ford Auto Lease Trust - Notes	276,494,500.00	1.00
01/22/2010	1	Ford Auto Securitization Trust - Notes	38,170,000.00	N/A
01/30/2009 to 11/30/2009	57	Formula Growth Hedge Fund - Units	50,859,209.87	N/A
01/01/2009 to 12/31/2009	7	GEM Balanced Pool - Units	1,748,392.05	N/A
01/01/2009 to 12/31/2009	5	GEM Canadian Equity Pool - Units	7,567,711.91	N/A
01/01/2009 to 12/31/2009	5	GEM Fixed Income Pool - Units	11,957,696.26	N/A
01/01/2009 to 12/31/2009	4	GEM Global Equity Pool - Units	671,329.40	N/A
01/31/2010	1	Georgian Capital Partners Corporation - Limited Partnership Units	1,000,000.00	10,000.00
01/01/2009 to 12/31/2009	21	Global Intrepid- Canada Fund - Units	521,259,524.54	6,321,430.99
01/01/2009 to 12/31/2009	2	Global Intrepid- Taxable Canada Fund - Units	85,718,931.64	1,191,737.84
01/01/2009 to 12/31/2009	48	Goodwood Fund - Units	2,490,012.40	289,803.67

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/01/2009 to 12/31/2009	2	Guardian Balanced Fund - Units	26,231,745.43	2,007,564.80
01/01/2009 to 12/31/2009	3	Guardian Canada Plus 130/30 Equity Fund - Units	3,819,473.89	466,649.41
01/01/2009 to 12/31/2009	2	Guardian Canadian 130/30 Equity Fund - Units	83,352.58	11,638.94
01/01/2009 to 12/31/2009	81	Guardian Canadian Bond Fund - Units	26,813,842.15	2,373,651.22
01/01/2009 to 12/31/2009	33	Guardian Canadian Equity Fund - Units	37,554,219.31	332,615.69
01/01/2009 to 12/31/2009	38	Guardian Canadian Growth Equity Fund - Units	736,250.74	35,342.63
01/01/2009 to 12/31/2009	35	Guardian Canadian Maple Equity Fund - Units	1,542,356.83	199,835.92
01/01/2009 to 12/31/2009	143	Guardian Canadian Plus Equity Fund - Units	2,491,693.52	199,835.92
01/01/2009 to 12/31/2009	305	Guardian Canadian Short Term Investment Fund - Units	412,381,081.44	41,238,108.14
01/01/2009 to 12/31/2009	17	Guardian Canadian Small/Mid Cap Equity Fund - Units	89,604.65	5,232.49
01/01/2009 to 12/31/2009	2	Guardian Canadian Value Equity Fund - Units	18,840.78	1,711.47
01/01/2009 to 12/31/2009	25	Guardian Global Equity Fund - Units	10,216,796.93	1,406,177.12
01/01/2009 to 12/31/2009	67	Guardian High Yield Bond Fund - Units	3,883,427.65	1,404,538.01
01/01/2009 to 12/31/2009	24	Guardian Income Trust Fund - Units	1,240,919.47	112,160.20
01/01/2009 to 12/31/2009	2	Guardian Index-Enhanced Bond Fund - Units	54,652.11	5,468.97
01/01/2009 to 12/31/2009	2	Guardian International 130/30 Equity Fund - Units	204,853.36	24,224.80
01/01/2009 to 12/31/2009	57	Guardian International Equity Fund - Units	7,562,173.22	1,117,650.93
01/01/2009 to 12/31/2009	2	Guardian U.S. 130/30 Equity Fund - Units	53,374.22	2,112.35
01/01/2009 to 12/31/2009	58	Guardian U.S. Equity Fund - Units	1,885,594.92	292,576.43
01/27/2010	14	Gulf & Pacific Equities Corp. - Debentures	1,120,500.00	N/A
01/01/2009 to 12/31/2009	1	International Intrepid- Canada Fund - Units	2,000,000.00	26,804.93
01/01/2009 to 12/31/2009	10	International Intrepid Investment Trust - Units	92,044,310.75	82,617.58
03/30/2010	3	International Lease Finance Corporation - Notes	7,702,128.00	7,500.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/26/2010 to 01/28/2010	35	Ivanhoe Energy Inc. - Warrants	125,000,001.00	N/A
02/25/2010	7	Ivanhoe Energy Inc. - Special Warrants	24,999,999.00	8,333,333.00
03/31/2010	3	LaSalle Canadian Income & Growth Fund III Limited Partnership - Units	45,000,000.00	450,000.00
04/08/2010	15	LBI Escrow Corporation - Notes	28,156,200.00	1.00
01/01/2009 to 12/31/2009	11	Lightwater Conservative Long/Short Equity Fund - Units	1,714,865.56	24,945,408.00
04/09/2010	2	MagnaChip Semiconductor S.A. - Notes	1,488,250.60	1,500,000.00
04/08/2010	2	ManTech International Corporation - Notes	4,008,000.00	4,000.00
03/29/2010	1	Merna Reinsurance II Ltd. - Notes	26,527,800.00	26,000.00
04/06/2010	2	Meru Networks, Inc. - Common Shares	450,045.00	4,386,784.00
01/01/2009 to 12/31/2009	6	MFS Global Equity Fund - Units	236,243,348.36	N/A
01/01/2009 to 12/31/2009	2	MFS International Equity Fund - Units	48,952,123.96	N/A
04/09/2010	3	Midwest Gaming Borrower LLC - Notes	1,989,703.50	2,000,000.00
04/01/2010	17	New World Lenders Corp. - Bonds	782,344.00	780.72
01/28/2010 to 02/03/2010	21	Newport Canadian Equity Fund - Units	339,400.00	2,804.16
01/28/2010 to 02/04/2010	21	Newport Fixed Income Fund - Units	1,567,498.73	14,735.86
02/01/2010 to 02/03/2010	3	Newport Global Equity Fund - Units	118,000.00	2,027.38
01/29/2010	7	Newport Strategic Yield Fund - Units	186,000.20	16,333.00
01/28/2010 to 02/05/2010	50	Newport Yield Fund - Units	2,067,246.80	18,535.78
04/08/2010	2	Nexstar Broadcasting, Inc. - Notes	398,250.91	400.00
03/31/2010	2	Orient Paper, Inc. - Common Shares	1,465,510.80	175,000.00
03/31/2010	24	Orocobre Limited - Receipts	20,000,000.00	10,000,000.00
04/01/2009 to 12/01/2009	8	Parkwood Limited Partnership Fund - Limited Partnership Units	1,825,000.00	1,825.00
04/08/2010	2	Pinnacle West Capital Corporation - Common Shares	3,997,980.00	105,000.00
04/07/2010	21	Primerica, Inc. - Common Shares	8,700,000.00	24,564,000.00
02/02/2010	1	Quetzal Energy Ltd. - Common Shares	0.00	2,500,000.00
03/17/2010	1	Royal Bank of Canada - Notes	303,390.00	N/A
03/24/2010	1	Safe Bulkers, Inc. - Common Shares	1,078,500.00	150,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
01/01/2009 to 12/31/2009	14	SciVest Aggressive Market Neutral Equity Fund - Units	1,831,505.90	18,172,753.00
01/01/2009 to 12/31/2009	66	SciVest Commodity Index Plus Fund - Units	3,116,112.48	6,527,418.93
01/01/2009 to 12/31/2009	20	SciVest Market Neutral Equity Fund - Units	4,308,697.79	37,056.23
01/25/2010	20	Sea Green Energy Inc. - Warrants	12,501,500.00	22,730,000.00
02/15/2010	87	Skyline Apartment Real Estate Investment Trust - Units	7,201,167.89	654,651.63
02/05/2010	5	Spot Coffee (Canada) Ltd. - Units	331,500.00	1,657,500.00
04/01/2010	1	SquareTwo Financial Corporation - Notes	2,475,049.69	2,500.00
02/01/2010	1	Stacey Muirhead Limited Partnership - Limited Partnership Units	3,500.00	93.18
02/01/2010	3	Stacey Muirhead RSP Fund - Trust Units	55,627.00	5,559.20
04/01/2010	7	The Dia-ichi Life Insurance Company, Limited. - Common Shares	272,715,545.00	181,200.00
01/01/2009 to 12/01/2009	61	The K2 Principal Fund L.P. - Limited Partnership Units	206,089,239.00	N/A
10/30/2009 to 12/31/2009	97	The K2 Principal Trust - Units	14,908,254.00	N/A
02/03/2010	18	Toro Resources Corp. - Units	300,000.00	6,000,000.00
03/24/2010	1	Trina Solar Limited - American Depository Shares	3,761,407.00	182,500.00
03/19/2010	14	UBS AG, acting through its Jersey Branch - Common Shares	2,050,000.00	2,050.00
03/16/2010	1	UBS AG, Jersey Branch - Notes	2,040,049.50	200.00
03/29/2010	11	UBS AG, London Branch - Certificate	1,519,431.53	1,636.00
03/18/2010	1	UBS AG, London Branch - Units	281,712.65	70.00
01/15/2010	1	United Air Lines Inc. - Notes	514,350.00	N/A
04/09/2010	8	Valcant Pharmaceuticals International - Notes	4,836,455.00	4,810,000.00
04/16/2010	2	Volkswagen Aktiengesellschaft - Common Shares	20,084.50	17,504,879.00
03/31/2010	2	Volkswagen Aktiengesellschaft - Common Shares	1,957,668.68	47,399,619.00
01/01/2009 to 12/31/2009	14	Walter Scott & Partners Global Fund - Units	301,845,723.00	24,236,587.00
04/08/2010	1	Wimberly Fund - Units	100,000.00	100,000.00
04/12/2010	1	Wimberly Fund - Units	5,194.00	5,194.00
01/22/2010 to 01/25/2010	7	Yorbeau Resources Inc. - Common Shares	776,250.00	3,105,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
04/01/2010	3	York Select Units Trust - Units	677,039.00	677,039.00
04/01/2010	1	York Total Return Unit Trust - Trust Units	25,000.00	25,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Alya Ventures Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated April 14, 2010
NP 11-202 Receipt dated
Offering Price and Description:
$550,000.00 - 5,500,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Union Securities Ltd.
Promoter(s):
-
Project #1564025

Issuer Name:
BMO Emerging Markets Bond Hedged to CAD Index ETF
BMO Equal Weight REITs Index ETF
BMO Junior Gas Index ETF
BMO Junior Oil Index ETF
BMO Long Federal Bond Index ETF
BMO Real Return Bond Index ETF
BMO Small Cap Index ETF
BMO US Banks Hedged to CAD Index ETF
BMO US Health Care Hedged to CAD Index ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 13, 2010
NP 11-202 Receipt dated April 14, 2010
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Jones Heward Investment Counsel Inc.
Project #1563445

Issuer Name:
CARDS II Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated April 16, 2010
NP 11-202 Receipt dated April 19, 2010
Offering Price and Description:
Up to $11,000,000,000.00 - Credit Card Receivables Backed Notes
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #1565263

Issuer Name:
Dauntless Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated April 13, 2010
NP 11-202 Receipt dated April 14, 2010
Offering Price and Description:
$272,000.00 - 2,720,000 COMMON SHARES Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Jordon Capital Markets Inc.
Promoter(s):
William Sheriff
John Legg
Project #1563560

Issuer Name:
Dollarama Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated April 14, 2010
NP 11-202 Receipt dated April 14, 2010
Offering Price and Description:
$250,000,000.00 - 10,165,000 Common Shares Price: $24.60 per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Credit Suisse Securities (Canada), Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Barclays Capital Canada Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1563828

Issuer Name:
Exchange Income Corporation
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated April 16, 2010
NP 11-202 Receipt dated April 16, 2010
Offering Price and Description:
$30,000,000.00 - 6.50% SERIES H CONVERTIBLE SENIOR SECURED DEBENTURES
Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
TD Securities Inc.
Wellington West Capital Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1565013

Issuer Name:
IBI Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 14, 2010
NP 11-202 Receipt dated April 14, 2010
Offering Price and Description:
$20,000,000.00 -5.75% Convertible Unsecured Subordinated Debentures Price $1,000 per Debenture
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Macquarie Capital Markets Canada Ltd.
Canaccord Financial Ltd.
Raymond James Ltd.
Desjardins Securities Inc.
Laurentian Bank Securities Inc.
Genuity Capital Markets
Promoter(s):
IBI Group Investment Partnership
Project #1563893

Issuer Name:
K & C Capital Ventures Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated April 20, 2010
NP 11-202 Receipt dated April 20, 2010
Offering Price and Description:
Minimum Offering: $500,000.00 or 2,500,000 Common Shares; Maximum Offering: $1,890,000.00 or 9,450,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Global Maxfin Capital Inc.
Promoter(s):
Bob Leshchyshen
Khalid Usman
Project #1566155

Issuer Name:
Midway Gold Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Base Shelf Prospectus dated April 15, 2010
NP 11-202 Receipt dated April 15, 2010
Offering Price and Description:
US$25,000,000.00:
Common Shares
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1564542

Issuer Name:
Mineral Mountain Resources Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated April 19, 2010
NP 11-202 Receipt dated April 20, 2010
Offering Price and Description:
$2,750,000.00 - 5,000,000 Units at $0.25 per Unit; 5,000,000 Flow-Through Shares at $0.30 per Share
Underwriter(s) or Distributor(s):
Canaccord Financial Ltd.
Promoter(s):
-
Project #1565811

Issuer Name:
Morguard Sunstone Real Estate Income Fund
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated April 20, 2010
NP 11-202 Receipt dated April 20, 2010
Offering Price and Description:
$ * - * Class A Units and * Class F Units Price: $10.00 per Class A Unit and $10.00 per Class F Unit
Minimum Purchase: 200 Class A Units ($2,000) or 1,000 Class F Units ($10,000)
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Financial Ltd.
GMP Securities L.P.
HSBC Securities (Canada) Inc.
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
Desjardins Securities Inc.
Manulife Securities Incorporated
Sora Group Wealth Advisors Inc.
Wellington West Capital Markets Inc.
Promoter(s):
Sunstone Realty Advisers Inc.
Project #1566017

Issuer Name:
NexGen Turtle Canadian Balanced Registered Fund
NexGen Turtle Canadian Balanced Tax Managed Fund
NexGen Turtle Canadian Equity Registered Fund
NexGen Turtle Canadian Equity Tax Managed Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated April 12, 2010
NP 11-202 Receipt dated April 16, 2010
Offering Price and Description:
Mutual Fund Units of the Regular, Regular F, High Net Worth, High Net
Worth F, Ultra High Net Worth, Wrap and Institutional Front End Load
and Deferred Load and Low Load series.

Mutual Fund Shares of the Regular, Regular F, High Net Worth, High Net
Worth F, Ultra High Net Worth, Wrap and Institutional Front End Load
and Deferred Load and Low Load series of Capital Gains Class, Return
of Capital 40 Class, Dividend Tax Credit 40 Class and Compound
Growth Class.
Underwriter(s) or Distributor(s):
NexGen Financial Limited Partnership
Promoter(s):
-
Project #1564266

Issuer Name:
PERSEUS MINING LIMITED
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated April 15, 2010
NP 11-202 Receipt dated April 15, 2010
Offering Price and Description:
$79,200,000.00 - 44,000,000 Ordinary Shares Price: $1.80 per Offered Share
Underwriter(s) or Distributor(s):
Cormark Securities Inc.
Clarus Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Dundee Securities Corporation
Promoter(s):
-
Project #1564549

Issuer Name:
Platmin Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 16, 2010
NP 11-202 Receipt dated April 16, 2010
Offering Price and Description:
US$250,000,000 - * Common Shares Price: $* per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Promoter(s):
-
Project #1564880

Issuer Name:
Porter Aviation Holdings Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 16, 2010
NP 11-202 Receipt dated April 16, 2010
Offering Price and Description:
$* - * Common Voting Shares and Variable Voting Shares (depending on the residency of the purchaser)
Price: $* per Offered Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
GMP Securities L.P.
Credit Suisse Securities (Canada) Inc.
Raymond James Ltd.
Versant Partners Inc.
Promoter(s):
-
Project #1564941

Issuer Name:
Sulliden Gold Corporation Ltd.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated April 16, 2010
NP 11-202 Receipt dated April 16, 2010
Offering Price and Description:
$15,015,000.00 - 23,100,000 Units Price: $0.65 per Unit
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
Cormark Securities Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Macquarie Capital Markets Canada Ltd.
Fraser Mackenzie Limited
Promoter(s):
-
Project #1564947

Issuer Name:
TAG Oil Ltd
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated April 20, 2010
NP 11-202 Receipt dated April 20, 2010
Offering Price and Description:
$* - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
GMP Securities L.P.
Promoter(s):
-
Project #1565955

Issuer Name:
Titan Medical Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 13, 2010
NP 11-202 Receipt dated April 15, 2010
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
Paradigm Capital Inc.
Promoter(s):
-
Project #1564286

Issuer Name:
TransGlobe Apartment Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated April 14, 2010
NP 11-202 Receipt dated April 15, 2010
Offering Price and Description:
$ * - * Units Price: $ * per Unit
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Citigroup Global Markets Canada Inc.
Canaccord Financial Ltd.
Scotia Capital Inc.
National Bank Financial Inc.
Dundee Securities Corporation
Promoter(s):
TransGlobal Investment Management Ltd.
Project #1561659

Issuer Name:
Trican Well Service Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated April 19, 2010
NP 11-202 Receipt dated April 19, 2010
Offering Price and Description:
$200,070,000.00 - 15,390,000 Common Shares Price: $13.00 per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
Merrill Lynch Canada Inc.
Peters & Co. Limited
Thomas Weisel Partners Canada Inc.
Promoter(s):
-
Project #1565675

Issuer Name:
Zapata Energy Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated April 20, 2010
NP 11-202 Receipt dated April 20, 2010
Offering Price and Description:
$50,004,000.00 - 6,945,000 Common Shares Price: $7.20 per Common Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
FirstEnergy Capital Corp.
Macquarie Capital Markets Canada Ltd.
GMP Securities L.P.
CIBC World Markets Inc.
Cormark Securities Inc.
Peters & Co. Limited
Wellington West Capital Markets Inc.
Promoter(s):
-
Project #1566237

Issuer Name:
Artis Real Estate Investment Trust
Principal Regulator - Manitoba
Type and Date:
Final Short Form Prospectus dated April 14, 2010
NP 11-202 Receipt dated April 14, 2010
Offering Price and Description:
$75,000,000.00 - 6.00% Series F Convertible Redeemable Unsecured Subordinated Debentures due June 30, 2020
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
Canaccord Financial Ltd.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
RBC Dominion Securities Inc.
Macquarie Capital Markets Canada Ltd.
Brookfield Financial Corp.
Promoter(s):
-
Project #1561123

Issuer Name:
Baja Mining Corp.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Base Shelf Prospectus dated April 19, 2010
NP 11-202 Receipt dated April 19, 2010
Offering Price and Description:
C$500,000,000.00:
Common Shares
Debt Securities
Warrants
Share Purchase Contracts
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1543509

Issuer Name:
Caisse centrale Desjardins
Principal Regulator - Quebec
Type and Date:
Final Short Form Shelf Prospectus dated April 13, 2010
NP 11-202 Receipt dated April 14, 2010
Offering Price and Description:
$5,000,000,000.00 - Medium Term Deposit Notes
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
BMO Nesbitt Burns Inc.
Casgrain & Company Ltd.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
Laurentian Bank Securities Inc.
Merrill Lynch Canada Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #1559628

Issuer Name:
Canwel Holdings Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated April 15, 2010
NP 11-202 Receipt dated April 15, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Canaccord Financial Ltd.
CIBC World Markets Inc.
GMP Securities L.P.
Raymond James Ltd.
Paradigm Capital Inc.
Promoter(s):
-
Project #1561433

Issuer Name:
Capital Power L.P.
Principal Regulator - Alberta
Type and Date:
Final Shelf Prospectus dated April 14, 2010
NP 11-202 Receipt dated April 14, 2010
Offering Price and Description:
$1,000,000,000.00 - Medium Term Notes (unsecured)
Underwriter(s) or Distributor(s):
TD Securities Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
HSBC Securities (Canada) Inc.
Merrill Lynch Canada Inc.
Desjardins Securities Inc.
Promoter(s):
-
Project #1553473

Issuer Name:
Colabor Group Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated April 20, 2010
NP 11-202 Receipt dated April 20, 2010
Offering Price and Description:
$50,000,000.00 - 5.70% Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
Laurentian Bank Securities Inc.
Promoter(s):
-
Project #1563243

Issuer Name:
Copper Mountain Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated April 16, 2010
NP 11-202 Receipt dated April 16, 2010
Offering Price and Description:
$30,042,500.00 - 9,850,000 Common Shares Price: $3.05 per Common Share
Underwriter(s) or Distributor(s):
Wellington West Capital Markets Inc.
BMO Nesbitt Burns Inc.
Raymond James Ltd.
Canaccord Financial Ltd.
Jennings Capital Inc.
Promoter(s):
-
Project #1562219

Issuer Name:
Dollarama Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated April 20, 2010
NP 11-202 Receipt dated April 20, 2010
Offering Price and Description:
$250,059,000.00 - 10,165,000 Common Shares Price: $24.60 per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Credit Suisse Securities (Canada), Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Barclays Capital Canada Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1563828

Issuer Name:
iShares Dow Jones Canada Select Growth Index Fund, formerly iShares CDN Dow Jones Canada Select Growth Index Fund
iShares S&P®/TSX® SmallCap Index Fund, formerly iShares CDN S&P/TSX SmallCap Index Fund
iShares Dow Jones Canada Select Value Index Fund, formerly iShares CDN Dow Jones Canada Select Value Index Fund
iShares Dow Jones Canada Select Dividend Index Fund, formerly iShares CDN Dow Jones Canada Select Dividend Index Fund
iShares S&P/TSX Capped Energy Index Fund, formerly iShares CDN S&P/TSX Capped Energy Index Fund
iShares Jantzi Social Index Fund, formerly iShares CDN Jantzi Social Index Fund
iShares S&P/TSX Capped Financials Index Fund, formerly iShares CDN S&P/TSX Capped Financials Index Fund
iShares S&P/TSX Capped Composite Index Fund, formerly iShares CDN S&P/TSX Capped Composite Index Fund
iShares S&P/TSX Capped Information Technology Index Fund, formerly iShares CDN S&P/TSX Capped Information Technology Index Fund
iShares S&P/TSX 60 Index Fund, formerly iShares CDN S&P/TSX 60 Index Fund
iShares S&P/TSX Capped Materials Index Fund, formerly iShares CDN S&P/TSX Capped Materials Index Fund
iShares S&P/TSX Completion Index Fund, formerly iShares CDN S&P/TSX Completion Index Fund
iShares S&P/TSX Capped REIT Index Fund, formerly iShares CDN S&P/TSX Capped REIT Index Fund
iShares S&P/TSX Income Trust Index Fund, formerly iShares CDN S&P/TSX Income Trust Index Fund
iShares DEX Universe Bond Index Fund, formerly iShares CDN DEX Universe Bond Index Fund
iShares DEX All Corporate Bond Index Fund, formerly iShares CDN DEX All Corporate Bond Index Fund
iShares DEX All Government Bond Index Fund, formerly iShares CDN DEX All Government Bond Index Fund
iShares DEX Long Term Bond Index Fund, formerly iShares CDN DEX Long Term Bond Index Fund
iShares DEX Real Return Bond Index Fund, formerly iShares CDN DEX Real Return Bond Index Fund
iShares DEX Short Term Bond Index Fund, formerly iShares CDN DEX Short Term Bond Index Fund
iShares MSCI Brazil Index Fund
iShares China Index Fund
iShares MSCI Emerging Markets Index Fund, formerly iShares CDN MSCI Emerging Markets Index Fund
iShares S&P CNX Nifty India Index Fund
iShares S&P Latin America 40 Index Fund

iShares MSCI World Index Fund, formerly iShares CDN MSCI World Index Fund
iShares S&P/TSX Global Gold Index Fund, formerly iShares CDN S&P/TSX Global Gold Index Fund
iShares MSCI EAFE® Index Fund (CAD-Hedged), formerly iShares CDN MSCI EAFE 100% Hedged to CAD Dollars Index Fund
iShares S&P 500 Index Fund (CAD-Hedged), formerly iShares CDN S&P 500 Hedged to Canadian Dollars Index Fund
iShares Russell 2000® Index Fund (CAD-Hedged), formerly iShares CDN Russell 2000 Index – Canadian Dollar Hedged Index Fund
iShares U.S. High Yield Bond Index Fund (CAD-Hedged)
iShares U.S. IG Corporate Bond Index Fund (CAD-Hedged)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 14, 2010
NP 11-202 Receipt dated April 15, 2010
Offering Price and Description:
Trust Units at Net Asset Value
Underwriter(s) or Distributor(s):
Blackrock Asset Management Canada Limited
Promoter(s):
-
Project #1546193

Issuer Name:
JINHUA CAPITAL CORPORATION
Principal Regulator - Alberta
Type and Date:
Final CPC Prospectus dated April 14, 2010
NP 11-202 Receipt dated April 16, 2010
Offering Price and Description:
$400,000.00 - 4,000,000 Common Shares Price: $0.10 Per Common Share
Underwriter(s) or Distributor(s):
PI FINANCIAL CORP.
Promoter(s):
Francis N. S. Leong
Project #1537490

Issuer Name:
LW Capital Pool Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated April 16, 2010
NP 11-202 Receipt dated April 19, 2010
Offering Price and Description:
$500,000.00 - 5,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Investpro Securities Inc.
Promoter(s):
-
Project #1524887

Issuer Name:
Mavrix Explore 2010 - I FT Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 19, 2010
NP 11-202 Receipt dated April 20, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Dundee Securities Corporation
BMO Nesbitt Burns Inc.
Canaccord Financial Ltd.
Scotia Capital Inc.
Raymond James Ltd.
Desjardins Securities Inc.
GMP Securities L.P.
M Partners Inc.
Macquarie Capital Markets Canada Ltd.
Wellington West Capital Markets Inc.
Industrial Alliance Securities Inc.
Queensbury Securities Inc.
Research Capital Corporation
Promoter(s):
Mavrix Explore 2010 - I FT Management Limited
Mavirx Fund Management Inc.
Project #1527360

Issuer Name:
MillenMin Ventures Inc.
Principal Regulator - Ontario
Type and Date:
Final CPC Prospectus dated April 12, 2010
NP 11-202 Receipt dated April 14, 2010
Offering Price and Description:
$200,000.00 - 2,000,000 Common Shares Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
Shunyi Yao
John H. Paterson
Yunkai Cai
Project #1547977

Issuer Name:
PEYTO Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated April 19, 2010
NP 11-202 Receipt dated April 19, 2010
Offering Price and Description:
$65,098,000.00 - 4,840,000 Trust Units Price: $13.45 per Trust Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Peters & Co. Limited
RBC Dominion Securities Inc.
FirstEnergy Capital Corp.
Haywood Securities Inc.
HSBC Securities (Canada) Inc.
Thomas Weisel Partners Canada Inc.
Promoter(s):
-
Project #1562296

Issuer Name:
RBC Phillips, Hager & North Monthly Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated April 14, 2010
NP 11-202 Receipt dated April 15, 2010
Offering Price and Description:
Series A Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Royal Mutual Funds Inc.
Promoter(s):
Royal Asset Management Inc.
Project #1543885

Issuer Name:
Stonegate Agricom Ltd.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 20, 2010
NP 11-202 Receipt dated April 20, 2010
Offering Price and Description:
$45,000,000.00 - 45,000,000 Units Price per Unit: $1.00
Underwriter(s) or Distributor(s):
GMP Securities L.P.
BMO Nesbitt Burns Inc.
Canaccord Financial Ltd.
Wellington West Capital Markets Inc.
CIBC world Markets Inc.
Global Maxifin Capital Inc.
Toll Cross Securities Inc.
Promoter(s):
Sprott Resource Corp.
Project #1546609

Issuer Name:
TD Private Canadian Bond Income Fund
TD Private Canadian Bond Return Fund
TD Private Canadian Corporate Bond Fund
TD Private U.S. Corporate Bond Fund
TD Private Canadian Diversified Yield Fund
(formerly TD Private Canadian Dividend Fund)
TD Private Canadian Blue Chip Dividend Fund
TD Private Canadian Blue Chip Equity Fund
(formerly TD Private Canadian Equity Fund)
TD Private Canadian Value Fund
TD Private Canadian Growth Fund
TD Private Canadian Strategic Opportunities Fund
TD Private U.S. Blue Chip Equity Fund
(formerly TD Private U.S. Equity Fund)
TD Private U.S. Blue Chip Equity Currency Neutral Fund
(formerly TD Private U.S. Large-Cap Currency Neutral Fund)
TD Private U.S. Value Currency Neutral Fund
TD Private U.S. Growth Currency Neutral Fund
TD Private U.S. Mid-Cap Equity Fund
(formerly TD Private Small/Mid-Cap Equity Fund)
TD Private International Equity Fund
TD Private International Stock Fund
TD Private Target Return Fund
TD Private Target Return Plus Fund
(Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated April 14, 2010
NP 11-202 Receipt dated April 15, 2010
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
TD Asset Management Inc.
Project #1541674

Issuer Name:
The Data Group Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated April 16, 2010
NP 11-202 Receipt dated April 16, 2010
Offering Price and Description:
$45,000,000.00 - 6.00% Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Canaccord Financial Ltd.
Industrial Alliance Securities Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #1562271

Issuer Name:
UBS (Canada) High Yield Debt Fund
Type and Date:
Final Simplified Prospectus dated April 15, 2010
Receipted on April 16, 2010
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
UBS Global Asset Management (Canada) Inc.
Project #1546153

Issuer Name:
AAER Inc.
Principal Jurisdiction - Quebec
Type and Date:
Preliminary Short Form Prospectus dated December 29, 2009
Amended and Restated Preliminary Short Form Prospectus dated February 25, 2010
Withdrawn on April 16, 2010
Offering Price and Description:
Minimum Offering: $5,000,000 or * Offered Units (the "Minimum Offering")
Maximum Offering: $6,500,000 or * Offered Units (the "Maximum Offering")
and
Issuance of a Maximum of *● Payment Units in Settlement of Certain Outstanding Debts
Price: $ * per Unit
Underwriter(s) or Distributor(s):
Canaccord Financial Ltd.
Promoter(s):
-
Project #1520191

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Name Change	From: Sandfire Securities Inc./Valeurs Mobilieres Sandfire Inc. To: NCP Northland Capital Partners Inc.	Investment Dealer	March 18, 2010
New Registration	R.J. O'Brien & Associates Canada Inc.	Investment Dealer & Futures Commission Merchant	April 13, 2010
Name Change	From: Fortis Investment Management Canada Ltd. To: BNP Paribas Investment Partners Canada Ltd.	Exempt Market Dealer, Portfolio Manager & Commodity Trading Manager	April 6, 2010
New Registration	Red Sky Capital Management Ltd.	Portfolio Manager, Exempt Market Dealer and Investment Fund Manager	April 14, 2010
Voluntary Surrender of Registration	Harris Associates L.P.	International Adviser	April 15, 2010
Voluntary Surrender of Registration	Citigroup Global Markets Inc.	International Adviser	April 16, 2010

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 Proposed Amendments – Request for Comments – Provisions Respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations

PROVISIONS RESPECTING MARKET MAKER, ODD LOT AND OTHER MARKETPLACE TRADING OBLIGATIONS

Summary

This IIROC Notice provides notice that, on March 24, 2010, the Board of Directors ("Board") of the Investment Industry Regulatory Organization of Canada ("IIROC") approved the publication for comment of proposed amendments ("Proposed Amendments") to the Universal Market Integrity Rules ("UMIR") respecting market maker, odd lot and other marketplace trading obligations ("Marketplace Trading Obligations"). In particular, the Proposed Amendments would:

- replace the definition of "Market Maker Obligations" with a definition of "Marketplace Trading Obligations" which would:
  - include contractual arrangements between a marketplace and a member, user or subscriber to that marketplace to guarantee the execution of orders for purchase or sale of a security that are for less than one standard trading unit by means of orders for the member, user or subscriber being automatically generated by the trading system of the marketplace, and
  - allow Exchanges and QTRSs to have Marketplace Rules that provide for either an obligation to maintain reasonably continuous two-sided market or a guarantee of execution of orders which are less than a minimum number of units of the security as designated by the marketplace; and
- make a number of editorial changes to various Rules to reflect the replacement of the definition of "Market Maker Obligations" with "Marketplace Trading Obligations".

Rule-Making Process

IIROC has been recognized as a self-regulatory organization by each of the Canadian provincial securities regulatory authorities (the "Recognizing Regulators") and, as such, is authorized to be a regulation services provider for the purposes of National Instrument 21-101 ("Marketplace Operation Instrument") and National Instrument 23-101.

As a regulation services provider, IIROC administers and enforces trading rules for the marketplaces that retain the services of IIROC.[1] IIROC has adopted, and the Recognizing Regulators have approved, UMIR as the integrity trading rules that will apply in any marketplace that retains IIROC as its regulation services provider.

The Market Rules Advisory Committee of IIROC reviewed the Proposed Amendments prior to their consideration by the Board. MRAC is an advisory committee comprised of representatives of each of: the marketplaces for which IIROC acts as a regulation services provider; Participants; institutional investors and subscribers; and the legal and compliance community.

The text of the Proposed Amendments is set out in Appendix "A". As the Proposed Amendments reflect developments in responsibilities of certain market participants that have been permitted by applicable securities regulatory authorities, the Board has determined that the Proposed Amendments are in the public interest. Comments are requested on all aspects of the Proposed Amendments, including any policy alternatives that may be available to the Proposed Amendments. Comments should be in writing and delivered by ***June 24, 2010*** to:

[1] Presently, IIROC has been retained to be the regulation services provider for: the Toronto Stock Exchange ("TSX"), TSX Venture Exchange ("TSXV") and Canadian National Stock Exchange ("CNSX"), each as an "exchange" for the purposes of the Marketplace Operation Instrument ("Exchange"); and for Alpha Trading Systems ("Alpha"), Bloomberg Tradebook Canada Company, Chi-X Canada ATS Limited ("Chi-X"), Liquidnet Canada Inc. ("Liquidnet"), Omega ATS Limited ("Omega") and TriAct Canada Marketplace LP (the operator of "MATCH Now"), each as an alternative trading system ("ATS"). CNSX presently operates an "alternative market" known as "Pure Trading" that is entitled to trade securities that are listed on other Exchanges and that presently trades securities listed on the TSX.

James E. Twiss,
Vice President, Market Regulation Policy,
Investment Industry Regulatory Organization of Canada,
Suite 900,
145 King Street West,
Toronto, Ontario. M5H 1J8

Fax: (416) 646-7265
e-mail: jtwiss@iiroc.ca

A copy should also be provided to Recognizing Regulators by forwarding a copy to:

Susan Greenglass
Director, Market Regulation
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario. M5H 3S8

Fax: (416) 595-8940
e-mail: Marketregulation@osc.gov.on.ca

Commentators should be aware that a copy of their comment letter will be made publicly available on the IIROC website (www.iiroc.ca under the heading "Policy" and sub-heading "Market Proposals/Comments") upon receipt. A summary of the comments contained in each submission will also be included in a future IIROC Notice.

After considering the comments on the Proposed Amendments received in response to this Request for Comments together with any comments of the Recognizing Regulators, staff of IIROC may recommend that revisions be made to the Proposed Amendments. If the revisions are not of a material nature, the Board has authorized the President to approve the revisions on behalf of IIROC and the Proposed Amendments as revised will be subject to approval by the Recognizing Regulators. If the revisions are material, the Proposed Amendments as revised will be submitted to the Board for ratification and, if ratified, will be republished for further public comment.

Background to the Proposed Amendments

Current Definition of "Market Maker Obligations"

UMIR currently defines "Market Maker Obligations" as obligations imposed by the rules of a recognized exchange (an "Exchange") or a recognized quotation and trade reporting system (a "QTRS") on a member or user or a person employed by a member or user to guarantee:

- a two-sided market for a particular security on a continuous or reasonably continuous basis; and
- the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as designated by the marketplace.

The Marketplace Operation Instrument provides that an alternative trading system ("ATS") is a marketplace that, among other requirements, does not provide, directly, or through one or more subscribers, a guarantee of a two-sided market for a security on a continuous or reasonably continuous basis.[2] However, the securities regulatory authorities have permitted at least one ATS to introduce an odd-lot arrangement which requires participating subscribers who are Participants to execute at the prevailing market price executable orders for less than one standard trading unit. Other ATSs may introduce similar arrangements and Exchanges may provide for such odd-lot arrangements by contract rather than by Marketplace Rules. In order to accommodate these developments in market structure, IIROC has, on an informal basis, allowed subscribers with "odd lot" obligations to use various exemptions under UMIR which are available to persons with "Market Maker Obligations". The Proposed Amendments are intended to make these informal arrangements transparent and to ensure that the various exemptions and protections under UMIR are consistently available in the appropriate circumstances.

While the term "market making" is used extensively in discussions related to market structure and operation, the term is generally not defined in applicable securities legislation or the rules of exchanges which have "market making" systems. Recently, electronic liquidity providers and high frequency traders have claimed to provide a market making function even though such actions are outside the requirements of any marketplace. The Proposed Amendments seek to avoid any confusion

[2] National Instrument 21-101 - Marketplace Operation Instrument s. 1.1.

over who is entitled to claim the various UMIR protections and exemptions for persons with "Market Maker Obligations" by introducing a new defined term, "Marketplace Trading Obligations".

Protections and Exemptions for Persons with Market Maker Obligations

UMIR provides certain protections to persons with Market Maker Obligations and certain exemptions from the requirements of UMIR. In particular:

Rule 2.1 - Prohibition on the Abuse of Persons with Market Maker Obligations

Rule 2.1 of UMIR requires each Participant and Access Person to transact business openly and fairly when trading on a marketplace. Without limiting the generality of the Rule, Policy 2.1 sets out a number of examples of activities that would be considered to be in violation of requirements to conduct business openly and fairly, including a provision to prevent "abuse of a person with Market Maker Obligations". Under clause (d) of Part 1 of Policy 2.1, a Participant or Access Person may not when trading a security on a marketplace that is subject to Market Maker Obligations, intentionally enter on that marketplace on a particular trading day two or more orders which would impose an obligation on the Market Maker to:

- execute with one or more of the orders, or
- purchase at a higher price or sell at a lower price with one or more of the orders

in accordance with the Market Maker Obligations that would not be imposed on the Market Maker if the orders had been entered on the marketplace as a single order or entered at the same time. In essence, this provision stipulates that an order can not be "shredded" to intentionally trigger a market maker's obligation to fill the "shredded portions" of the order.

IIROC would note that the examples listed in Policy 2.1 are not exclusive. IIROC is of the opinion that the intentional "shredding" of orders through the entry of multiple odd lot orders on a marketplace that has compulsory obligations on members, users or subscribers to execute against "odd-lot" orders is contrary to Rule 2.1.

Rule 2.2 – Manipulative and Deceptive Activities

Rule 2.2 of UMIR provides that a Participant or Access Person shall not, directly or indirectly, engage in or participate in the use of any manipulative or deceptive method, act or practice in connection with any order or trade on a marketplace if the Participant or Access Person knows or ought reasonably to know the nature of the method, act or practice. In addition, a Participant or Access Person shall not, directly or indirectly, enter an order or execute a trade on a marketplace if the Participant or Access Person knows or ought reasonably to know that the entry of the order or the execution of the trade will create or could reasonably be expected to create:

- a false or misleading appearance of trading activity in or interest in the purchase or sale of the security; or
- an artificial ask price, bid price or sale price for the security or a related security.

The Rule also confirms that the entry of an order or the execution of a trade on a marketplace by a person in accordance with the Market Maker Obligations shall not be considered a violation of prohibitions on manipulative and deceptive activities provided such order or trade complies with applicable Marketplace Rules and the order or trade was required to fulfill applicable Market Maker Obligations.

Rule 3.1 - Restrictions on Short Selling

Rule 3.1 provides that a short sale may not be made at a price which is less than the last sale price for that security. A person with Market Maker Obligations is exempt from this restriction in respect of a sale made in furtherance of their Market Maker Obligations. The exemption is necessary to ensure that a person with an obligation to maintain a two-side market is able to do so. In addition, the trading system of the marketplace will automatically generate certain sell orders to match against orders to purchase less than a standard trading unit or other "minimum guaranteed size" and these automatically generated trades could be short sales. In these circumstances, the person with Market Maker Obligations does not have any discretion in undertaking the trade and, as such, the trade is not being undertaken with the intent to negatively affect market prices. However, if a person with Market Maker Obligations enters a short sale for a particular security that is outside their Market Maker Obligations, the order will be subject to any applicable restrictions on the price at which the short sale may be made.

Rule 3.2 – Prohibition on Entry of Orders

Rule 3.2 of UMIR provides that an order may not be entered on a marketplace that would on execution be a short sale unless the order has been marked as a "short sale". The Rule also prohibits the entry of a short sale order if the security has been designated as a "Short Sale Ineligible Security".[3] Persons with Market Maker Obligations are exempted from the marking requirement for orders which are automatically generated by the trading system of a marketplace in respect of the Market Maker Obligations of that marketplace. Persons with Market Maker Obligations are also given an exemption to be able to make a short sale in a security that has been designated as a "Short Sale Ineligible Security" provided such sale is made in furtherance of the Market Maker Obligations.

Rule 5.3 – Client Priority

Rule 5.3 provides that a Participant may not knowingly execute a principal or non-client order in priority to a client order on the same side of the market at the same or better price than the client order. An exemption is provided for orders of a person with Market Maker Obligations if the order is automatically generated by the trading system of a marketplace in respect of the Market Maker Obligations of that marketplace. As the orders are being generated without the intervention of the Participant, such orders are not considered to be an attempt to trade ahead of a client order.

Rule 7.7 – Trading During Certain Securities Transactions

Rule 7.7 restricts the price at which a "dealer-restricted person", generally a Participant involved in certain securities transactions that involve the issuance of treasury securities and for which the Participant acts as an underwriter, adviser or agent, may bid for or purchase a "restricted security" at various times during the transaction. An exemption is provided for persons with Market Maker Obligations to allow them to fulfill their obligations as market makers, including their ability to cover a short position resulting from sales made under their Market Maker Obligations.

Exemption from the Payment of Regulation Fees

IIROC provides an exemption of trades made on a marketplace pursuant to Market Maker Obligations from the payment of the Regulation Fee charged by IIROC (the "Exemption").[4] Since October 1, 2004, the Exemption provides a 70% reduction of the Regulation Fee that would otherwise be payable by market makers in respect of such trades.

The exemption is limited to Market Makers who are:

- obligated to provide both a reasonably continuous two-sided market and to execute trades in amounts less than a specified minimum number; and
- required to perform a regulatory function.

The presence of the obligation to provide a continuous or reasonably continuous two-sided market assists in maintaining a fair and orderly market which is one of the cornerstones of market integrity. The inclusion of the requirement of maintaining a two-sided market as part of the Market Maker Obligation contributes to a reduction of the overall cost of regulating trading on that marketplace and to minimizing the cost of regulation of all marketplaces.

The replacement of the definition of "Market Maker Obligations" with "Marketplace Trading Obligations" will not extend the Exemption to trades involving odd-lot arrangements on an ATS as Participants undertaking odd-lot arrangements on a marketplace are not required to perform a regulatory function. Market Makers who perform a regulatory function and who also have obligations for odd-lot trades will continue to qualify for the Exemption in respect of such odd-lot trades.

Summary of the Proposed Amendments

The following is a summary of the principal components of the Proposed Amendments:

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[3] For more details on Rule 3.2, reference should be made to IIROC Notice 08-0143 – Rules Notice – Notice of Approval – UMIR – *Provisions Respecting Short Sales and Failed Trades* (October 15, 2008).

[4] Market Integrity Notice 2004-028 – Guidance - Revised Exemption of Trades Pursuant to Market Maker Obligations from Payment of Regulation Fees (October 6, 2004).

Definition of "Marketplace Trading Obligations"

The Proposed Amendments would make replace the definition of "Market Maker Obligations" with a definition of "Marketplace Trading Obligations". The new definition would be different from the current definition of "Market Maker Obligations" in two material respects.

Currently, the definition requires that an Exchange or QTRS must require the person to guarantee a two-sided market and guarantee the execution of any order which is less than a minimum number of units of the security as designated by the Exchange or QTRS. The Proposed Amendments would allow an Exchange or a QTRS in their rules to structure their market maker system to provide one or both functions.

The Proposed Amendments would also recognize that a marketplace (be it an Exchange, QTRS or ATS) might introduce elements of a market making system by means of a contract between the marketplace and a member, user or subscriber to guarantee the execution of orders which are less than a minimum number of units as stipulated by the terms of the contract provided such number is less than one standard trading unit[5] and the orders for the member, user or subscriber being automatically generated by the trading system of the marketplace. A Participant, when fulfilling its "best price" obligation under Rule 5.2 of UMIR, does not have to take into account orders for less than one standard trading unit as such orders are considered to be "Special Terms Orders". As a "Special Terms Order", an order for less than one standard trading unit also does not establish the best ask price or the best bid price and, upon execution, does not establish the last sale price.

Consequential Amendments

With the replacement of the definition of "Market Maker Obligations" with "Marketplace Trading Obligations" which includes contractual relationships between a marketplace and a member, user or subscriber for the execution of orders for less than one standard trading unit, there was a need to conform the language used in various provisions of UMIR including:

- Rule 1.1 – Definitions (definition of "dealer-restricted person");
- Policy 2.1 – Just and Equitable Principles;
- Rule 2.2 – Manipulative and Deceptive Activities;
- Rule 3.1 – Restrictions on Short Selling;
- Rule 3.2 – Prohibition on Entry of Orders;
- Rule 5.3 – Client Priority; and
- Rule 7.7 and Policy 7.7 – Trading During Certain Securities Transactions.

In particular, the proposed amendment to Policy 2.1 will specifically clarify the current position of IIROC that the intentional entry of multiple "odd lot" orders (including as a result of the practice of "shredding" orders) on a marketplace that has compulsory obligations on members, users or subscribers to execute against "odd-lot" orders is contrary to the requirement to transact business openly and fairly when trading on a marketplace.

The proposed amendments to Rules 2.2., 3.1, 3.2, 5.3 and 7.7 and Policy 7.7 would recognize that IIROC has, on an informal basis, allowed subscribers with "odd lot" obligations to use various exemptions under UMIR which are available to persons with "Market Maker Obligations". IIROC adopted this position in order to accommodate the fact that the securities regulatory authorities have permitted at least one ATS to introduce an odd-lot arrangement which requires participating subscribers who are Participants to execute at the prevailing market price executable orders for less than one standard trading unit.

Summary of the Impact of the Proposed Amendments

The following is a summary of the most significant impacts of the adoption of the Proposed Amendments:

- confirm that the "abuse" of an odd-lot dealer is a violation of the requirement to conduct trading openly and fairly;

[5] For the purposes of UMIR, a standard trading unit is: 100 units of a security trading at $1.00 or more per unit; 500 units of a security trade at $0.10 or more per unit and less than $1.00 per unit; and 1,000 units of a security trading at less than $0.10 per unit.

- confirm that Participants with contractual odd-lot arrangements are able to rely on various exemptions in UMIR principally related to short selling, client priority and trading during certain securities transactions; and

- provide marketplaces with more flexibility in structuring their market making systems by:

    - allowing Exchanges and QTRSs to have Marketplace Rules that provide for an obligation to maintain reasonably continuous two-sided market and/or a guarantee of execution of orders which are less than a minimum number of units, or

    - allowing marketplaces (including an Exchange or QTRS) to provide for an odd-lot arrangement by a contract.

Technological Implications and Implementation Plan

There are no technological implications of the Proposed Amendments on Participants, marketplaces or service providers. IIROC would expect that, if the Proposed Amendments are approved by the Recognizing Regulators, the amendments would become effective on the date IIROC publishes notice of the approval.

Appendices

- Appendix “A” sets out the text of the Proposed Amendments to UMIR respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations; and

- Appendix “B” contains the text of the relevant provisions of UMIR as they would read on the adoption of the Proposed Amendments.

Appendix "A"

Provisions Respecting Market Maker, Odd Lot and Other Marketplace Trading Obligations

The Universal Market Integrity Rules are hereby amended as follows:

1. Rule 1.1 is amended by:

   (a) in the definition of "dealer-restricted person", deleting the phrase "Market Maker Obligations" and substituting "Marketplace Trading Obligations";

   (b) deleting the definition of "Market Maker Obligations"; and

   (c) inserting the following definition of "Marketplace Trading Obligations":
   "Marketplace Trading Obligations" means obligations imposed by:

      (a) Marketplace Rules on a member or user or a person employed by a member or user to guarantee:

         (i) a two-sided market for a particular security on a continuous or reasonably continuous basis, or

         (ii) the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as designated by the marketplace; or

      (b) contract between a marketplace and a member, user or subscriber to guarantee the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as stipulated by the terms of the contract provided such number is less than one standard trading unit and the orders for the member, user or subscriber are automatically generated by the trading system of the marketplace.

2. Subsection (3) of Rule 2.2 is amended by:

   (a) inserting after the phrase "Marketplace Rules" the phrase "or terms of the contract with the marketplace"; and

   (b) deleting each occurrence of the phrase "Market Maker Obligations" and substituting "Marketplace Trading Obligations".

3. Clause (b) of subsection (2) of Rule 3.1 is deleted and the following substituted:

   (b) made in furtherance of the Marketplace Trading Obligations of that marketplace.

4. Subsection (2) of Rule 3.2 is amended by:

   (a) deleting the phrase "an Exchange or QTRS in accordance with the Marketplace Rules" and inserting "a marketplace"; and

   (b) deleting the phrase "applicable Market Maker Obligations" and substituting "Marketplace Trading Obligations of that marketplace".

5. Clause (a) of subsection (3) of Rule 3.2 is deleted and the following substituted:

   (a) in furtherance of the Marketplace Trading Obligations of that marketplace.

6. Subclause (i) of clause (b) of subsection (2) of Rule 5.3 is deleted and the following substituted:

   (i) automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace.

7. Subsection (7) of Rule 7.7 is deleted and the following substituted:

   (7) **Transactions by Person with Marketplace Trading Obligations -** Despite subsection (1), a dealer-restricted person with Marketplace Trading Obligations for a restricted security may, for their trading account in respect of such Marketplace Trading Obligations:

(a) with the prior approval of a Market Integrity Official, enter a bid to move the calculated opening price of a restricted security to a more reasonable level;

(b) purchase a restricted security pursuant to their Marketplace Trading Obligations; and

(c) bid for or purchase a restricted security:

(i) that is traded on another marketplace or foreign organized regulated market for the purpose of matching a higher-priced bid posted on such marketplace or foreign organized regulated market,

(ii) that is convertible, exchangeable or exercisable into another listed security for the purpose of maintaining an appropriate conversion, exchange or exercise ratio, and

(d) to cover a short position resulting from sales made under their Marketplace Trading Obligations.

The Policies to the Universal Market Integrity Rules are hereby amended as follows:

1. Clause (d) of Part 1 of Policy 2.1 is deleted and the following substituted:

(d) when trading a security on a marketplace that is subject to Marketplace Trading Obligations, intentionally entering on that marketplace on a particular trading day two or more orders which would impose an obligation on the person subject to the Marketplace Trading Obligations:

(i) execute with one or more of the orders, or

(ii) purchase at a higher price or sell at a lower price with one or more of the orders

in accordance with the Marketplace Trading Obligations that would not be imposed if the orders had been entered on the marketplace as a single order or entered at the same time.

2. Policy 7.7 is amended by:

(a) in Part 3, deleting each occurrence of the phrase “Market Maker Obligations” and substituting “Marketplace Trading Obligations”; and

(b) deleting Part 5 and substituting the following:

Part 5 – Trading Pursuant to Marketplace Trading Obligations

Under Rule 7.7(7)(b), a dealer-restricted person with Marketplace Trading Obligations for a restricted security may, for their trading account in connection with such Marketplace Trading Obligations, purchase a restricted security pursuant to their Marketplace Trading Obligations. Not every purchase of a restricted security by a person with Marketplace Trading Obligations will be considered to undertaken pursuant to their Marketplace Trading Obligations. For example, if a market making system of an Exchange or QTRS permits a market maker to voluntarily participate in trades that participation may only result in purchases that are:

- made at prices which are permitted by Rule 7.7(4)(a); or
- to cover a short position resulting from sales made under their Marketplace Trading Obligations.

Use of a voluntary participation feature in other circumstances, may result in the market maker not complying with the prohibitions or restrictions on trading under Rule 7.7.

Appendix "B"

Text of the Rules to Reflect Proposed Amendments Respecting
Market Maker, Odd Lot and Other Marketplace Trading Obligations

Text of Provisions Following Adoption of the Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed Amendments
1.1 Definitions **"dealer-restricted person"** means, in respect of a particular offered security: … (b) a related entity of the Participant referred to in clause (a) but does not include such related entity, or any separate and distinct department or division of the Participant if: (i) the Participant maintains and enforces written policies and procedures in accordance with Rule 7.1 that are reasonably designed to prevent the flow of information from the Participant regarding the offered security and the related transaction, (ii) the Participant has no officers or employees that solicit client orders or recommend transactions in securities in common with the related entity, department or division, and (iii) the related entity, department or division does not during the restricted period in connection with the restricted security: (A) act as a market maker (other than pursuant to Market Maker Obligations), (B) solicit client orders, or (C) enter principal orders or otherwise engage in proprietary trading; …	**1.1 Definitions** **"dealer-restricted person"** means, in respect of a particular offered security: … (b) a related entity of the Participant referred to in clause (a) but does not include such related entity, or any separate and distinct department or division of the Participant if: (i) the Participant maintains and enforces written policies and procedures in accordance with Rule 7.1 that are reasonably designed to prevent the flow of information from the Participant regarding the offered security and the related transaction, (ii) the Participant has no officers or employees that solicit client orders or recommend transactions in securities in common with the related entity, department or division, and (iii) the related entity, department or division does not during the restricted period in connection with the restricted security: (A) act as a market maker (other than pursuant to ~~Market Maker~~ Marketplace Trading Obligations), (B) solicit client orders, or (C) enter principal orders or otherwise engage in proprietary trading; …
1.1 Definitions "Marketplace Trading Obligations" means obligations imposed by: (a) Marketplace Rules on a member or user or a person employed by a member or user to guarantee: (i) a two-sided market for a particular security on a continuous or reasonably continuous basis, or (ii) the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as designated by the marketplace; or (b) contract between a marketplace and a member, user or subscriber to guarantee the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as stipulated by the terms of the contract provided such number is less than one standard trading unit and the	**1.1 Definitions** "~~Market Maker~~ Marketplace Trading Obligations" means obligations imposed by: (a) Marketplace Rules on a member or user or a person employed by a member or user to guarantee: (i~~a~~) a two-sided market for a particular security on a continuous or reasonably continuous basis, or ~~;~~ ~~and~~ (ii~~b~~) the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as designated by the marketplace~~.~~; or (b) contract between a marketplace and a member, user or subscriber to guarantee the execution of orders for the purchase or sale of a particular security which are less than a minimum number of units of the security as stipulated by the terms of the contract provided such number is less than one

Text of Provisions Following Adoption of the Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed Amendments
orders for the member, user or subscriber are automatically generated by the trading system of the marketplace.	standard trading unit and the orders for the member, user or subscriber are automatically generated by the trading system of the marketplace.
2.2 Manipulative and Deceptive Activities (3) For greater certainty, the entry of an order or the execution of a trade on a marketplace by a person in accordance with the Marketplace Trading Obligations shall not be considered a violation of subsection (1) or (2) provided such order or trade complies with applicable Marketplace Rules or terms of the contract with the marketplace and the order or trade was required to fulfill applicable Marketplace Trading Obligations.	**2.2 Manipulative and Deceptive Activities** (3) For greater certainty, the entry of an order or the execution of a trade on a marketplace by a person in accordance with the ~~Market Maker~~ Marketplace Trading Obligations shall not be considered a violation of subsection (1) or (2) provided such order or trade complies with applicable Marketplace Rules or terms of the contract with the marketplace and the order or trade was required to fulfill applicable ~~Market Maker~~ Marketplace Trading Obligations.
3.1 Restrictions on Short Selling (2) A short sale of a security may be made on a marketplace at a price below the last sale price if the sale is: …. (b) made in furtherance of the Marketplace Trading Obligations of that marketplace; ….	**3.1 Restrictions on Short Selling** (2) A short sale of a security may be made on a marketplace at a price below the last sale price if the sale is: …. (b) made in furtherance of the ~~applicable Market Maker~~ Marketplace Trading Obligations ~~in accordance with the Marketplace Rules~~ of that marketplace; ….
3.2 Prohibition on Entry of Orders (1) A Participant or Access Person shall not enter an order to sell a security on a marketplace that on execution would be a short sale: (a) unless the order is marked as a short sale in accordance with subclause 6.2(1)(b)(viii) or subclause 6.2(1)(b)(ix); or (b) if the security is a Short Sale Ineligible Security at the time of the entry of the order. (2) Clause (a) of subsection (1) does not apply to an order automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace. (3) Clause (b) of subsection (1) does not apply to an order entered on a marketplace: (a) in furtherance of the Marketplace Trading Obligations of that marketplace;	**3.2 Prohibition on Entry of Orders** (1) A Participant or Access Person shall not enter an order to sell a security on a marketplace that on execution would be a short sale: (a) unless the order is marked as a short sale in accordance with subclause 6.2(1)(b)(viii) or subclause 6.2(1)(b)(ix); or (b) if the security is a Short Sale Ineligible Security at the time of the entry of the order. (2) Clause (a) of subsection (1) does not apply to an order automatically generated by the trading system of a marketplace ~~an Exchange or QTRS in accordance with the Marketplace Rules~~ in respect of the ~~applicable Market Maker~~ Marketplace Trading Obligations of that marketplace. (3) Clause (b) of subsection (1) does not apply to an order entered on a marketplace:

Text of Provisions Following Adoption of the Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed Amendments
….	(a) in furtherance of the ~~applicable Market Maker~~ Marketplace Trading Obligations ~~in accordance with the Marketplace Rules~~ of that marketplace; ….
5.3 Client Priority (2) Despite subsection (1) but subject to Rule 4.1, a Participant is not required to give priority to a client order if: …. (b) the principal order or non-client order is: (i) automatically generated by the trading system of a marketplace in respect of the Marketplace Trading Obligations of that marketplace, ….	**5.3 Client Priority** (2) Despite subsection (1) but subject to Rule 4.1, a Participant is not required to give priority to a client order if: …. (b) the principal order or non-client order is: (i) automatically generated by the trading system of a marketplace ~~an Exchange or QTRS in accordance with the Marketplace Rules~~ in respect of the ~~applicable Market Maker~~ Marketplace Trading Obligations of that marketplace, ….
7.7 Trading During Certain Securities Transactions (7) **Transactions by Person with Marketplace Trading Obligations -** Despite subsection (1), a dealer-restricted person with Marketplace Trading Obligations for a restricted security may, for their trading account in respect of such Marketplace Trading Obligations: (a) with the prior approval of a Market Integrity Official, enter a bid to move the calculated opening price of a restricted security to a more reasonable level; (b) purchase a restricted security pursuant to their Marketplace Trading Obligations; and (c) bid for or purchase a restricted security: (i) that is traded on another marketplace or foreign organized regulated market for the purpose of matching a higher-priced bid posted on such marketplace or foreign organized regulated market, (ii) that is convertible, exchangeable or exercisable into another listed security for the purpose of maintaining an appropriate conversion, exchange or exercise ratio, and	**7.7 Trading During Certain Securities Transactions** (7) **Transactions by Person with ~~Market Maker~~ Marketplace Trading Obligations -** Despite subsection (1), a dealer-restricted person with ~~Market Maker~~ Marketplace Trading Obligations for a restricted security may, for their ~~market making~~ trading account in respect of such Marketplace Trading Obligations: (a) with the prior approval of a Market Integrity Official, enter a bid to move the calculated opening price of a restricted security to a more reasonable level; (b) purchase a restricted security pursuant to their ~~Market Maker~~ Marketplace Trading Obligations; and (c) bid for or purchase a restricted security: (i) that is traded on another marketplace or foreign organized regulated market for the purpose of matching a higher-priced bid posted on such marketplace or foreign organized regulated market, (ii) that is convertible, exchangeable or exercisable into another listed security for the purpose of maintaining an appropriate conversion, exchange or exercise ratio, and

Text of Provisions Following Adoption of the Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed Amendments
(iii) to cover a short position resulting from sales made under their Marketplace Trading Obligations.	(iii) to cover a short position resulting from sales made under their ~~Market Maker~~ Marketplace Trading Obligations.
Policy 2.1 - Just and Equitable Principles **Part 1 – Examples of Unacceptable Activity** …. Without limiting the generality of the Rule, the following are examples of activities that would be considered to be in violation of requirements to conduct business openly and fairly or in accordance with just and equitable principles of trade: …. (d) when trading a security on a marketplace that is subject to Marketplace Trading Obligations, intentionally entering on that marketplace on a particular trading day two or more orders which would impose an obligation on the person subject to the Marketplace Trading Obligations: (i) execute with one or more of the orders, or (ii) purchase at a higher price or sell at a lower price with one or more of the orders in accordance with the Marketplace Trading Obligations that would not be imposed if the orders had been entered on the marketplace as a single order or entered at the same time.	**Policy 2.1 - Just and Equitable Principles** **Part 1 – Examples of Unacceptable Activity** …. Without limiting the generality of the Rule, the following are examples of activities that would be considered to be in violation of requirements to conduct business openly and fairly or in accordance with just and equitable principles of trade: …. (d) when trading a security on a marketplace that is subject to ~~Market Maker~~ Marketplace Trading Obligations, intentionally entering on that marketplace on a particular trading day two or more orders which would impose an obligation on the person subject to the Marketplace Trading Obligations ~~Market Maker~~ to: (i) execute with one or more of the orders, or (ii) purchase at a higher price or sell at a lower price with one or more of the orders in accordance with the ~~Market Maker~~ Marketplace Trading Obligations that would not be imposed ~~on the Market Maker~~ if the orders had been entered on the marketplace as a single order or entered at the same time.
Policy 7.7- Trading During Certain Securities Transactions **Part 3 – Short Position Exemption** Rule 7.7(4)(h) provides an exemption from the prohibitions in subsection (1) for a dealer-restricted person in connection with a bid for or purchase to cover a short position provided that short position was entered into before the commencement of the restricted period. Short positions entered into during the restricted period may be covered by purchases made in reliance upon the market stabilization exemption in Rule 7.7(4)(a), subject to the price limits set out in that exemption. (See "Part 5 – Trading Pursuant to Market Maker Obligations" for a discussion of the ability of persons with Market Maker Obligations to cover short positions arising during the restricted period pursuant to their Market Maker Obligations.)	**Policy 7.7- Trading During Certain Securities Transactions** **Part 3 – Short Position Exemption** Rule 7.7(4)(h) provides an exemption from the prohibitions in subsection (1) for a dealer-restricted person in connection with a bid for or purchase to cover a short position provided that short position was entered into before the commencement of the restricted period. Short positions entered into during the restricted period may be covered by purchases made in reliance upon the market stabilization exemption in Rule 7.7(4)(a), subject to the price limits set out in that exemption. (See "Part 5 – Trading Pursuant to ~~Market Maker~~ Marketplace Trading Obligations" for a discussion of the ability of persons with ~~Market Maker~~ Marketplace Trading Obligations to cover short positions arising during the restricted period pursuant to their ~~Market Maker~~ Marketplace Trading Obligations.)

Text of Provisions Following Adoption of the Proposed Amendments	Text of Current Provisions Marked to Reflect Adoption of the Proposed Amendments
Policy 7.7- Trading During Certain Securities Transactions **Part 5 – Trading Pursuant to Marketplace Trading Obligations** Under Rule 7.7(7)(b), a dealer-restricted person with Marketplace Trading Obligations for a restricted security may, for their trading account in connection with such Marketplace Trading Obligations, purchase a restricted security pursuant to their Marketplace Trading Obligations. Not every purchase of a restricted security by a person with Marketplace Trading Obligations will be considered to undertaken pursuant to their Marketplace Trading Obligations. For example, if a market making system of an Exchange or QTRS permits a market maker to voluntarily participate in trades that participation may only result in purchases that are: • made at prices which are permitted by Rule 7.7(4)(a); or • to cover a short position resulting from sales made under their Marketplace Trading Obligations. Use of a voluntary participation feature in other circumstances, may result in the market maker not complying with the prohibitions or restrictions on trading under Rule 7.7.	**Policy 7.7 - Trading During Certain Securities Transactions** **Part 5 – Trading Pursuant to ~~Market Maker~~ Marketplace Trading Obligations** Under Rule 7.7(7)(b), a dealer-restricted person with ~~Market Maker~~ Marketplace Trading Obligations for a restricted security may, for their ~~market making~~ trading account in connection with such Marketplace Trading Obligations, purchase a restricted security pursuant to their ~~Market Making~~ Marketplace Trading Obligations. Not every purchase of a restricted security by a person with Marketplace Trading Obligations ~~Market Maker~~ will be considered to undertaken pursuant to their ~~Market Making~~ Marketplace Trading Obligations. For example, if a market making system of ~~a marketplace~~ an Exchange or QTRS permits a ~~M~~market ~~M~~maker to voluntarily participate in trades that participation may only result in purchases that are: • made at prices which are permitted by Rule 7.7(4)(a); or • to cover a short position resulting from sales made under their ~~Market Maker~~ Marketplace Trading Obligations. Use of a voluntary participation feature in other circumstances, may result in the ~~M~~market ~~M~~maker not complying with the prohibitions or restrictions on trading under Rule 7.7. ~~"Market Maker Obligations" are defined as the obligations imposed by the rules of an Exchange or a QTRS on a member or user or a person employed by a member or user to guarantee:~~ ~~• a two-sided market for a particular security on a continuous or reasonably continuous basis; and~~ ~~• the execution of orders for the purchase or sale of a~~ ~~particular security which are less than a minimum number of units of the security as designated by the marketplace.~~

13.3 Clearing Agencies

13.3.1 Material Amendments to CDS Procedures – Issuance of Money Market Securities – Notice and Request for Comments

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS PROCEDURES

ISSUANCE OF MONEY MARKET SECURITIES

NOTICE AND REQUEST FOR COMMENTS

A. DESCRIPTION OF THE PROPOSED CDS AMENDMENTS

During 2009, CDS Clearing and Depository Services Inc. (CDS®) reviewed the processes for issuing, transferring and maintaining custody of money market securities in CDSX®, and the roles and responsibilities of the participants acting as issuer agents for money market securities. CDS determined that the system processes required updating, that additional controls and standards should be imposed on its internal processes and on participant issuer agents, and that new requirements should be imposed to ensure compliance with these controls and standards.

On January 20, 2010, the CDS Board of Directors approved amendments to the CDS Rules (the Money Market Rules) relating to the process for issuing, transferring and maintaining custody of money market securities in CDSX; the Money Market Rules were published by CDS on its website for participant review and comment, and were published for public comment. On March 5, 2010, CDS published on its website the amendments to its Procedures (the Money Market Procedures) related to the changes in the money market security processing. On March 24, 2010, CDS published a bulletin to participants informing them that the Money Market Rules and the Money Market Procedures would come into effect on April 5. On April 5, 2010, the system changes were implemented and the Money Market Rules and the Money Market Procedures came into effect. This Notice is being published to provide participants and the public an opportunity to review and to comment on the Money Market Procedures.

B. NATURE AND PURPOSE OF THE PROPOSED AMENDMENTS

Money market financing is a very important segment of the Canadian financial system: both corporate and government issuers utilize the market for their short term borrowing needs; investors and financial institutions utilize the securities as direct investments and as collateral both within CDSX and for a range of major transactions in the payment system and financings. The infrastructure supporting the money market must be as risk-proofed and stable as possible. The changes to the CDSX system functionality, and the Money Market Procedures implementing these changes, are directed to these objectives. The primary focus of the Money Market Procedures is the definition of participant roles and responsibilities with respect to eligible securities, and the imposition of standards for adequate internal controls and segregation of duties in the back-office operations of participants who undertake these roles.

The Money Market Rules define the roles and responsibilities for an approved money market participant. The Money Market Procedures outline the functions and activities a money market participant may perform including any system edits that apply based on the role they are assuming. The Money Market Procedures explain how a money market participant performs the required activities to take a money market security from issue set-up to maturity. Definitions, roles, responsibilities, and terminology were amended throughout the Money Market Procedures to conform with the Money Market Rules.

The Money Market Rules set a single uniform qualification for all participants acting as issuer agents of CDSX eligible securities. Each participant wishing to act as an issuer agent will be required to submit an application to CDS, including documents demonstrating that it meets these qualifications. Upon approval, CDS will provide the participant with access to the money market issuing functionality. A new money market eligibility indicator will also added at the CDS participant profile level in CDSX. This application will track and maintain a record of the CDS participants (current and future) that acting in the capacity of ISIN activator, security validator and custodian for money market issuance and processing. CDS will use the application information to perform periodic reviews of participants who act in these roles to ensure they continue to meet the requirements and qualifications outlined in the Rules.

Under the Money Market Procedures, new minimum internal control standards on money market securities have been established and two new annual certifications (for money market issuing agent participants and for custodians) have been created. These are reflected in the following forms (the Money Market Forms), which are incorporated into and form part of the Money Market Procedures:

- Minimum Internal Control Standards on Money Market Securities Issuance
- Annual Money Market Participant Certification
- Annual Custodian Certification (including the attached Guidelines for Custodian Compliance)

Minimum Internal Controls Standard on Money Market Securities: CDS expects each participant acting as issuing agent for money market securities in CDSX to maintain minimum standards of internal controls on money market issuance and deposit processes and to perform periodic reviews to ensure its management can satisfy itself of the continuing adequacy of its internal controls.

Annual Money Market Participant Certification: On an annual basis, CDS will require the money market participant to certify it has and continues to meet these minimum internal controls. The participant must certify to CDS it has met all the requirements documented in the certification; the certification must be signed by the participant's officers responsible for internal audit, compliance and operations management. A participant who is unable to certify that all requirements are met must identify each deficiency, explain the reasons for the deficiency and provide an action plan to correct the deficiency.

Annual custodian certification: CDS appoints an institution to act as its custodian of physical securities. Accordingly, CDS requires the custodian to apply, at minimum, the level of duty of care set out in the Rules. The custodian must provide to CDS its certification of compliance with the principles of duty of care. This annual certification must be submitted to CDS at the same time that the custodian submits its annual securities reconciliation statement to CDS. Included with this certification form are the guidelines which set out the custodian's duty of care in the safekeeping of CDS's physical certificates, and CDS's requirements for the annual reconciliation of the physical certificates held by the custodian.

C. IMPACT OF THE PROPOSED CDS PROCEDURES AMENDMENTS

The Money Market Procedures relating to the role of participants as issuer agents for money market securities affect only the small group of 14 participants who currently act as issuer agents, all of whom have been consulted during the development of the new process and standards for the issuance of money market securities through CDSX. The Money Market Procedures are not expected to have any impact on other financial institutions or on the securities and financial markets in general.

C.1 Competition

The Money Market Procedures are expected to have no impact on competition.

C.2 Risks and Compliance Costs

The new processes, standards and monitoring for the issuance of money market securities enhance CDSX risk control mechanisms. CDS has incurred costs in implementing system changes, and will incur costs in ongoing monitoring and review. The system changes also reduce some CDS costs by automating processes that would previously have required manual intervention. Participants acting as issuer agents may incur additional costs to the extent the new standards and reporting requirements require changes to back office staffing, systems and operations. CDS has discussed the new standards with each current issuer agent participant, and has not received any negative response on the cost or effort required.

C.3 Comparison to International Standards

In designing the internal controls on its own operational processes, CDS has adopted the principles set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The guidelines for participants are also based on the COSO standard; CDS recognizes that each of the issuer/agent participants, being a regulated financial institution, also has specific industry standards for its own internal controls.

D. DESCRIPTION OF THE DRAFTING PROCESS

D.1 Development Context

Money market securities are relatively high value/low risk securities which are an important segment of the Canadian financial market and also play a key role in the risk control structures of CDSX. The processes for issuing money market securities through CDSX must meet the highest standards for reliability and risk containment. These securities, in addition to being traded and pledged between participants, are pledged as collateral for collateral pools and are given relatively high aggregate collateral value (ACV) to collateralize participants' settlement activity. In order to safeguard the integrity of the CDSX system, there must be effective controls in place to ensure that the participant issuer agents properly execute their roles. The system enhancements supported by the Money Market Procedures will provide added assurance that the money market securities are being deposited and processed properly so that they can continue to be traded and to be used as collateral.

D.2 Drafting Process

Amendments to CDS's Procedures are reviewed and approved by CDS's Strategic Development Review Committee (SDRC). The SDRC prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS Participant community and it meets on a monthly basis. The Money Market Procedures were reviewed and approved by the SDRC on March 4, 2010.

Each amendment to the CDS Participant Rules is reviewed by CDS's Legal Drafting Group (LDG). The LDG is a committee that includes members of Participants' legal and business groups. The LDG's mandate is to advise CDS management and its Board of Directors on rule amendments and other legal matters relating to centralized securities depository and clearing services in order to ensure that they meet the needs of CDS, its participants and the securities industry generally. The LDG reviewed the

new money market process which is implemented by the Money Market Procedures on December 16, 2009, and reviewed the Money Market Rules on January 8, 2010.

The Money Market Procedures affect only the 14 participants acting as issuer agents for money market securities. The affected participants have had considerable opportunity to comment on these documents in the course of their development by CDS, including individual meetings between the CDS Customer Service department and each participant issuer agent at which the documents were discussed in detail. The participant issuer agents are aware of the new standards and processes, and have made the operational adjustments necessary to comply with them.

D.3 Issues Considered
CDS's primary concern has been to enhance the reliability of the processes for issuing, transferring and maintaining custody of money market securities in CDSX. In developing its response to perceived deficiencies in the current system, CDS has also been taken into consideration the need for market efficiency, and the importance of not increasing costs and administrative burdens on participants that could lessen the competitiveness of this important segment of the Canadian financial market.

D.4 Consultation
CDS consulted with each of the participants that currently acts as an issuer agent for money market securities, reviewing with them the new process for the issuance of securities through CDSX, the proposed new standards for participant operations, the internal control requirements and the new reporting and monitoring processes. The Money Market Procedures implement these changes.

D.5 Alternatives Considered
Before deciding on the revised money market issuance process reflected in the Money Market Procedures, CDS considered the alternative of removing the functionality from participant issuer agents and instead processing all new money market issues in-house. This alternative was determined to be impractical, very costly, and disruptive to the Canadian financial market. It was decided that the necessary combination of functionality and timeliness to meet the demands of issuers raising funds in the money market could be achieved only if the processes were initiated by participants acting as the agents of the issuers, and did not require manual intervention by CDS. CDS investigated a number of possible solutions for processing, and determined that the process should be as automated as possible, avoiding manual intervention, to enhance efficiency and certainty in the imposition of controls and standards.

D.6 Implementation Plan
CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act*. The Autorité des marchés financiers has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act.* The Ontario Securities Commission, the Autorité des marchés financiers and the Bank of Canada will hereafter be collectively referred to as the Recognizing Regulators.

In accordance with the bulletin previously issued to participants, the Money Market Procedures are currently in effect, and will remain in effect until completion of the period for public review and comment and the period for review by the Recognizing Regulators following public notice and comment. CDS will respond to any comments received during that time. If necessary, CDS will propose revisions to the Money Market Procedures in response to such comments.

E. TECHNOLOGICAL SYSTEMS CHANGES

E.1 CDS
CDS has added several new features to its internal processes for the issuance of money market securities. Internal processes, procedures and existing controls have been updated, including:

- a new application process for participant issuer agents
- system confirmation of a participant's qualification to use functionality
- system checks on segregation of duties between different users in participant back office operations
- system generated reports on exception processing
- system checks of various data input by participants
- system generated alerts identifying data outside of standard parameters (such as maturity date and quantity of security)
- new data collection and analysis for the CDSX Risk Management System
- reconciliation between the custodial and issuer register positions.

The enhancements to the CDSX system were successfully implemented on April 5, 2010 and CDS and its participants have operated under the revised process since that date.

E.2 CDS Participants
The new money market issuance process uses established systems and communication links with CDSX; as a result, there will be limited impact on participant systems, and only for those participants who act as issuer agents. Additional data fields have been added to existing CDS/participant interfaces and some additional processing steps have been added to confirm data entered. The requirements for segregation of duties may require some participants to appoint additional employees as users with access to CDSX functionality.

Only the 14 participants acting as issuer agents for money market securities were affected by the implementation of the system changes and the Money Market Procedures. All participant issuer agents have been able to operate successfully with the enhanced CDSX functionality from April 5, 2010 onwards. There are no external development impacts for other CDS participants.

E.3 Other Market Participants
There are no external development impacts to other participants in the Canadian financial markets.

F. COMPARISON TO OTHER CLEARING AGENCIES
The new money market issuance process, and the Money Market Procedures required for that process, are specifically designed for the established practices in the Canadian money market and the legislation governing such securities (including the federal *Depository Bills and Notes Act*, and the provincial *Securities Transfer Acts*). Accordingly, there is no direct comparison with clearing agencies in other jurisdictions. The practices of other clearing agencies are not relevant to the Money Market Procedures, which govern the use of CDSX specific functionality.

G. PUBLIC INTEREST ASSESSMENT
CDS has determined that the proposed amendments are not contrary to the public interest. The money market is a very significant sector of the Canadian financial market, which will benefit from enhanced standards in the issuance of money market securities through CDSX, and the increased monitoring of compliance with those standards.

H. COMMENTS
Comments on the proposed amendments should be in writing and submitted within 30 calendar days following the date of publication of this notice in the Ontario Securities Commission Bulletin to:

Legal Department
CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9
Fax: 416-365-1984
e-mail: attention@cds.ca

Copies should also be provided to the Autorité des marchés financiers and the Ontario Securities Commission by forwarding a copy to each of the following individuals:

M^{e} Anne-Marie Beaudoin
Secrétaire del'Autorité
Autorité des marchés financiers
800, square Victoria, 22^{e} étage
C.P. 246, tour de la Bourse
Montréal, Québec, H4Z 1G3

Télécopieur: (514) 864-6381
Courrier électronique: consultation-en-cours@lautorite.qc.ca

Manager, Market Regulation
Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55,
20 Queen Street West
Toronto, Ontario, M5H 3S8

Fax: 416-595-8940
e-mail: marketregulation@osc.gov.on.ca

CDS will make available to the public, upon request, all comments received during the comment period.

I. PROPOSED CDS PROCEDURE AMENDMENTS

Appendix A contains the Money Market Forms:
- Minimum Internal Control Standards on Money Market Securities Issuance
- Annual Money Market Participant Certification
- Annual Custodian Certification (including the attached Guidelines for Custodian Compliance)

The Money Market Procedures marked for the amendments may be accessed at the CDS website at:

http://www.cds.ca/cdsclearinghome.nsf/Pages/-EN-blacklined?Open

APPENDIX A
PROPOSED CDS MONEY MARKET FORMS

All of the Money Market Forms are additions to the CDS Procedures, and therefore the documents are not marked to show changes.

Minimum Internal Control Standards on Money Market Securities Issuance

PURPOSE
This document sets out the minimum standards of internal controls that CDS expects to be operating at participant locations for issuance and subsequent handling of money market securities.
Disclaimer: Nothing in these standards should be construed as legal advice.

CDS has adopted the principles of COSO (Committee of Sponsoring Organizations of the Treadway Commission) internal controls framework on its own operational processes. Therefore, the standards contained in this document are based on this framework. However, CDS recognizes that participants may be operating under other internal controls frameworks, which are equally acceptable. CDS does not expect anything contained in this document to contradict the requirements of any other internal controls framework.

Minimum standards of internal controls expected in the Money Market participant organizations

The participant has two separate roles: as the agent of the issuer, it issues and distributes money market securities; as a participant in CDS, it has independent responsibilities to CDS and to other participants in fulfilling the responsibilities of an ISIN activator, security validator and custodian. Each participant who is qualified to issue money market securities eligible in CDSX has been provided with appropriate functionality in CDSX to set up, issue and process money market securities for its own CUIDs. The minimum standards set out in the following sections are in relation to the operational and IT processes associated with this functionality.

CDS expects each participant issuing money market securities in CDSX to maintain minimum standards of internal controls on money market issuance and deposit processes and perform periodic reviews, so that its management can satisfy itself of the continuing adequacy of its internal controls. The categories of internal controls expected to be included as a minimum in this review are:
- Segregation of duties
- Access rights
- Personnel
- Reconciliation
- Exceptions
- Roles and responsibilities, and
- Authorization.

Furthermore, these internal controls are expected to operate at the appropriate oversight levels within the participant organization. These oversight levels are:
- Control evaluation
- Control environment
- Control activities, and
- Monitoring and communication.

The following sections of the document set out CDS's expectations on minimum standards for these internal controls operating under each of these oversight levels.

CDS expects that any breach in respect of these internal controls is identified, investigated and remedied by the participants and that CDS is immediately advised of its details.

Control evaluation
CDS expects participants issuing money market securities in CDSX to conduct formal periodic reviews for identifying control gaps on the process of issuing and depositing money market securities in CDSX, and in the procedures for safekeeping physical certificates. It is expected that these reviews have been designed to identify design or operating control deficiencies and that the findings of these reviews result in escalation to senior management for timely resolution.

Control environment

CDS expects participants issuing money market securities in CDSX to maintain and document control environment principles and policies for money market issuance, deposits and safekeeping. These principles and policies should include at least the following categories of controls:

Segregation of duties

CDS expects that the money market issuance process is conducted under a segregated environment. The first level of segregation of duties is between the key functions of service access administration (SAA) for granting of individual access rights to the relevant functionality in CDSX, and processing (using the functions in CDSX to issue and deposit money market securities). These segregation controls must ensure that the same individual does not hold both service access administration and processing capabilities.

Furthermore, CDS expects that the issuance and deposit functions are further segregated into its component roles of ISIN activator and security validator with these two functions being performed by different individuals. CDS expects individuals performing the roles of ISIN activator and security validator to be independently satisfied as to the authenticity of the security that is being issued, the appropriateness of the security type and of the accuracy of the data being input into CDSX for the security. CDS expects each of these individuals to be operating under the appropriate authority granted to them by the participant organization and that the individuals have the relevant corroborating documents to perform required due diligence at the time of performing their functions in CDSX.

CDS expects the participant to enforce the segregation environment between the SAA, the ISIN activator and the security validator by means of assigning appropriate functionality to each individual's password controlled login ID.

The custodian's responsibilities consist of safekeeping of the physical certificates and maintaining an accurate record of the securities in the custodian's safekeeping and providing complete and timely reports to CDS of the certificates. It is expected that the custodian function is segregated from the SAA and security validator functions.

Personnel

CDS expects that individuals chosen by the participants to perform the functions in CDSX for security administration, ISIN activator, security validator and custodian functions have the appropriate skills, experience and authority to perform these tasks.

Control activities

CDS expects participants issuing money market securities in CDSX to maintain and document specific control activities for money market issuance, deposits and safekeeping. These control activities should address at least the following controls:

Roles and responsibilities

The individuals performing the roles of ISIN activator and security validator for a new money market security are responsible for ensuring that the ISIN is appropriate for that security and that the security is an eligible and valid security.

The issuance of money market securities that are to be deposited into CDSX must be supported by appropriate documentation. The documentation must contain all of the requisite detail to fully capture the issuance and enable the authorizers to validate the authenticity of the issuance and deposits against these documents.

The ISIN activator is specifically responsible for ensuring that the ISIN accurately reflects the attributes of the security as issued. Rule 2.5.4 provides that:

> *By confirming the ISIN for a Security, the ISIN Activator represents and warrants to CDS and to all other Participants (i) that the ISIN accurately reflects the attributes of the Security which is identified by that ISIN; (ii) that the entries describing the Security are accurate; and (iii) if the ISIN identifies a pool of Securities, that such Securities have a common primary obligor and are appropriately pooled in accordance with Rule 6.10.2.*

The security validator is specifically responsible for ensuring a number of attributes of each deposited security. The security validator is also the agent of the issuer of the security, and therefore has access to the necessary resources to determine these matters. Rule 6.2.9 provides that:

> *By confirming the deposit of a Security, the Security Validator represents and warrants to CDS and to all other Participants:*
> *(a) that the entries describing the Security are accurate;*
> *(b) that such Security has been duly authorized and issued by the Issuer;*
> *(c) if the Security is in registered form, that the Issuer's register with respect to that issue of Securities records CDS or its Nominee as the registered holder of the total quantity of deposited Securities;*
> *(d) if the Security is in bearer form, that the Issuer's register corresponds to the total quantity of deposited Securities;*

(e) that each certificate or other instrument evidencing such Security has been duly executed and issued by the Issuer;
(f) that each certificate or other instrument evidencing such Security is genuine and in proper form;
(g) that there is competent legislation providing that transactions in such Security may be effected by entries made on the records of CDS; and
(h) that the Issuer's obligation to pay entitlements owing in respect of the Security will not be discharged by payment to the Entitlements Processor or to the Issuer's paying agent.

It is noted that competent legislation validating clearing agency transactions in securities includes the federal *Depository Bills and Notes Act* and the Ontario *Securities Transfer Act, 2006*.

Money market securities in CDSX are classified into the following categories:

Securities usually issued under the federal *Depository Bills and Notes Act*:
- Banker's Acceptance (BA)
- Bearer Deposit Note (BDN)
- Certificate of Deposit (CD)
- Commercial Paper (CP)
- Extendible Commercial Paper (ECP)
- Guaranteed Investment Certificate (GIC)

Securities which may be issued under the federal *Depository Bills and Notes Act*, or in another format:
- Canada Treasury Bill (CTB)
- Municipal Note (MN)
- Municipal Treasury Bill (MTB)
- Provincial Note (PN)
- Provincial Treasury Bill (PTB)
- U.S. Treasury Bill (UTB)

Attached as Appendix A are guidelines on suggested formats for corporate money market securities.

Authorization
CDS expects that participants issuing money market securities in CDSX have selected specific individuals, taking into account their skill sets, qualifications and experience, have formally authorized these individuals to their functions of SAA, ISIN activator, security validator and custodian and that this authorization process is a part of the standard practice in the participant organization. CDS expects the evidence of these authorizations to be auditable.

CDS expects that the individuals who are authorized to perform the ISIN activator functions and the security validator functions possess a detailed understanding of the money market products so that they can ensure that only the authorized money market products are set up and deposited in CDSX.

CDS also expects that the individuals performing the ISIN activator and the security validator functions have available to them the appropriate standard documents containing the details of the issues and that these documents contain the requisite authorization from front or middle office staff and counterparties, which confirm the authenticity of the issue and its details. CDS accepts that some of these documents and validations may be in electronic format. CDS expects each authorization in the process (the participant organization's front or middle office and the counterparties' as well as other authorizations in the process) and the documents associated with these, in particular the document that substantiates the issue and the data associated with it that is used for input into CDSX, to contain specific details to identify the individual authorizer. The security validator is expected to validate the content and format of the physical certificate prior to confirmation of the deposit in CDSX. CDS expects the evidence of these authorizations to be auditable.

Reconciliation
For money market securities, the participant is acting in two separate roles: as the agent of the issuer of the securities, it maintains the issuer's register (the registrar); as the agent of CDS, it holds in safekeeping the certificates evidencing the issued securities (the custodian).

CDS expects that daily reconciliation is performed between the registrar's systems and the physical certificates deposited in the custodian's safekeeping to ensure that there is no discrepancy between the registrar's books and what is physically held in the custodian's safekeeping. CDS expects any discrepancy to be investigated, resolved or internally escalated. Any discrepancies which remain unresolved overnight must be reported to CDS. The purpose of this reconciliation is to ensure that money market issues created in CDSX are fully supported by the security certificate of the same value held in the custodian's safekeeping and hence support the position on the registrar's systems as reported to CDS by the security validator. This reconciliation is

expected to be formally reviewed and signed off by appropriate representatives of the registrar (the security validator) and the custodian operations of the physical vault.

In addition, also on a daily basis, CDS expects the registrar to reconcile its records to CDS and investigate and resolve any discrepancies in a timely manner and escalate these internally if they remain unresolved overnight.

On an annual basis, CDS requires the custodian to formally reconcile the physical certificates held by it in safekeeping to the registrar's systems in accordance with guidelines set out by CDS.

Monitoring and communication

CDS expects the participants issuing money market securities in CDSX to design and implement periodic monitoring of the money market issuance, processing and safekeeping activities using system reports or other appropriate means in order to identify exceptions in the operations of the key controls and escalate these exceptions to the appropriate level of management. Where breaches are found in the controls, CDS expects the participants issuing money market securities in CDSX to immediately take remedial steps and advise CDS. CDS expects all securities created by the participants issuing money market securities in CDSX in the current monitoring period in which the exception occurred, to be re-examined, to ensure that the securities created in this period are valid, accurately setup and supported by appropriate documentation. CDS expects these exceptions to cover at least the following key controls:

Segregation of duties

Examination of the login IDs of money market functionality users to ensure conformity with standards of segregation of duties.

Personnel, roles and responsibilities and authorization

Examination of money market functionality assigned to users to ensure that the staff have the appropriate qualification and experience to carry out their tasks, and that these individuals have been formally authorized by management to these tasks and to the user IDs in CDSX.

Examination of documentation to ensure that money market issuance and deposits created are supported by appropriate documentation and transactional authorizations in compliance with internally defined standards.

Reconciliation

Examination of the reconciliations performed to ensure that the reconciliations were appropriately reviewed and signed off, appropriately actioned and escalated.

Exceptions

Review of extraction of exceptions data, based on defined criteria; for example, maturities in excess of 13 months, exceptional high values of securities or any other potential triggers that could identify erroneous or fraudulent security deposits.

Appendix A
Guidelines for Format of Security Certificates
For Corporate Money Market Securities

These guidelines are general advice, based on a review of sample certificates evidencing corporate money market securities in CDSX. For each security, the participant as security validator must ensure that the certificates evidencing the security conform to all applicable legal requirements, including the issuer's charter, the documentation regarding the issuance of the security and any legislative or regulatory requirements.

Disclaimer: Nothing in these standards should be construed as legal advice. Participants should consult their own counsel to ensure that security certificates conform to the terms of each issue, and to the requirements for deposit into CDSX.

general

CDS expects that each money market security will meet the requirements set out below. Potential errors and inconsistencies are listed as a guide to participants to ensure such mistakes are not made.

- certificated
- registered to CDS nominee
    - certificate reads "pay to CDS & Co." or "pay to or to the order of CDS & Co."
    - certificate cannot read "pay to bearer," with "CDS & Co." added
- dated
    - value date, maturity date or payment date is required
    - issue date is best practice
- fully signed
    - certificate must be signed by issuer

    - if security is guaranteed by another party, guarantor must sign
    - if security is a bankers acceptance, both customer and bank must sign
    - additional signature is required if certificate states "this note shall become valid only when countersigned/ authenticated/ manually certified" or words to that effect
    - participants should not use old format certificates with outdated mechanical or pre-printed signatures
- ISIN
    - inserting the ISIN on the certificate is a "best practice," which will assist when reviewing custodial holdings
- clear complete text
    - if pre-printed text is amended, then the inapplicable text must be fully and completely crossed out (examples: a single form for either discount or interest bearing notes; English and French text must correspond)
    - insert information in all blanks (examples: "[blank] hereby promises to pay"; "in lawful money of [blank]," with interest thereon at [blank] %)
    - do not simply over-stamp the information on some other part of the certificate
- additional text
    - certificates (including DBNA certificates) may contain additional material, appropriate to a particular security
    - example: design elements, corporate logos, or text such as

"on presentation and surrender of this note at [address]"
"without grace"
"this instrument does not constitute a deposit that is insured under the Canada Deposit Insurance Act"
"this note shall become valid only when manually countersigned for and on behalf of [maker]"
"this note shall become valid only when manually authenticated"
"this note shall be interpreted by and governed exclusively in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein"
"this note has not and will not be registered under the United States *Securities Act of 1933*"

Depository Bills and Notes Act
Money market securities issued under the federal *Depository Bills and Notes Act* must be in a format that meets the requirements of that legislation in addition to the points noted above:

- legend
    - every certificate must include the words "This is a depository bill subject to the *Depository Bills and Notes Act"* or "This is a depository note subject to the *Depository Bills and Notes Act*."
    - in French, the required legend is "Lettre de dépôt assujettie à la *Loi sur les lettres et billets de dépôt*" or "Billet de dépôt assujettie à la *Loi sur les lettres et billets de dépôt*."
    - this legend must appear "within the text." Best practice is that this legend be placed after the promise to pay and above the signatures
- sum certain
    - the principal amount payable must be set out
    - if interest is payable, the exact amount of interest need not be noted, simply the calculation
- fixed date
    - indicate either the exact date of the payment, or the means of determining that date (for example, showing the issue date and providing for payment "X days after issue").
- legend
    - the obligation must be unconditional
    - a statement that the payment is limited to payment from the assets of a partnership, unincorporated association, trust or estate is not a condition
- no restrictions
    - the certificate must not include words that prohibit negotiation, transfer or assignment of the security or of an interest in it

Sample certificates for a simple depository note and depository bill are attached.

SAMPLE DEPOSITORY NOTE

{ISIN _____}
{Note No. _____}
{Maturity Date _____}
{Issue Date _____}
{NAME OF SERIES OF NOTE}
{example: Deposit Note}

[MAKER] {for value received / in consideration of a deposit received}
promises to pay to {or to the order of} CDS & Co.
on __[payment date]___ {or "on the Maturity Date"}
the sum of $ _____ dollars
in lawful money of Canada / the United States of America
{together with interest thereon …}

This is a depository note subject to the Depository Bills and Notes Act.

[MAKER]*
By: _____
{Authorized Signature}
By: _____
{Authorized Signature}

* *the maker is the issuer*
Note: use of { } indicates commonly used text which is optional.

SAMPLE DEPOSITORY BILL

{ISIN _____}
{No. _____}
{Due Date _____}
{Issue Date _____}

To [ACCEPTOR]
On __[payment date]___ {for value received}
pay to {or to the order of} CDS & CO.
the sum of $ _____ dollars
in lawful money of Canada / the United States of America

This is a depository bill subject to the Depository Bills and Notes Act

[DRAWER]*

By: _____
{Authorized Signature}

By: _____
{Authorized Signature}

ACCEPTED
{date _____}

[ACCEPTOR] **
By: _____
{Authorized Signature}
By: _____
{Authorized Signature}

* *the drawer is the issuing participant's customer*
** *the acceptor is the issuer/ participant*
Note: use of { } indicates commonly used text which is optional.

Annual Money Market Participant Certification

The confirmation letter to be provided by each participant must be in a form acceptable to CDS, and substantially in the form set out below.

Dear _____

CDS expects each participant issuing money market instruments in CDSX to maintain minimum standards of internal controls on money market issuance and deposit processes and perform periodic reviews, so that its management can satisfy itself of the continuing adequacy of its internal controls. CDS has issued a document entitled Minimum Internal Control Standards on Money Market Securities Issuance *(Standards*) which sets out CDS's expectations on minimum standards for these internal controls at the participant organizations. The Minimum Internal Control Standards on Money Market Securities Issuance can be found on www.cds.ca.

As a CDS participant with access to money market functionality, you are asked to provide certification in respect of the money market processes and controls established by you. You should place a check mark beside each of the items listed below to indicate certification. This certification covers the one calendar year from _____ (dd/mm/yyyy) to _____ (dd/mm/yyyy). The signatories at the end of the list of certification items should be the executives (or equivalent) responsible for the areas shown in the signatory section.

If you are unable to certify any of the items below, provide additional information as to the reasons for this and your proposed action plans to address the issue(s).

The participant certifies as follows:

1. Participant's eligibility
1.1. The participant, while acting in its capacity as issuer or agent for issuer(s) of money market securities which are set up in CDSX, represents and warrants to CDS and to all other participants that its actions are within its capacity and within the scope of the authorization received from the issuer(s).
1.2. The participant, while acting in its capacity as ISIN activator, security validator and custodian, meets the qualification standards set out in the CDS Participant Rules.
2. High-level control evaluation
2.1. The participant has performed at least an annual review that is designed to identify control gaps in relation to its roles in money market processes and is not aware of any adverse unresolved control gaps in its money market processes.
2.2. The participant has escalated any issues it has found as a result of the high-level control evaluation to its management for review and resolution in accordance with its operational policies and procedures.
3. Control environment
3.1. The participant has established control environment principles and policies for its various roles associated with its money market processes and these are consistent with the *Standards*. ** Additional evidence – the participant may be requested to provide CDS with a copy of the principles and policies covering its money market processes.
4. Control activities
Roles and responsibilities
4.1. The participant has documented specific controls applicable to its money market processes and these address at least the following areas as set out in the *Standards*: Roles and Responsibilities, Authorization and Reconciliations.
4.2. Individuals within the participant organization who perform the role of ISIN activator for a money market security ensure that the particular ISIN applies to that security, that the particular ISIN created in CDSX reflects the attributes of the underlying security and that entries in CDSX describing that security are accurate and complete.
4.3. Individuals within the participant organization who perform the role of security validator ensure that the entries describing the security are accurate, that each certificate or other instrument evidencing such security have been duly authorized, executed and issued by the issuer for the security, and that each certificate or other instrument evidencing such security is genuine and in proper legal form.
Authorization
4.4. The participant has appointed specific individuals to perform different roles in relation to a money market security, taking into account their skill sets, qualifications and experience to perform the respective role for the

money market processes and controls.

4.5. The participant has formally authorized individuals to execute their functions as service access administrator (SAA), ISIN activator, security validator and custodian.

4.6. The participant has assigned individuals to the tasks in 4.5 as part of its standard corporate practice.

Reconciliations

4.7. The participant reconciles its registrar records daily to the physical securities deposited in the custodian's vault and investigates, escalates and resolves discrepancies in a timely manner.

4.8. The participant reconciles its registrar records to CDS on a daily basis and investigates and resolves any discrepancies in a timely manner. The participant escalates these internally if they remain unresolved overnight.

** Additional evidence –

a. The participant may be requested to provide CDS with samples supporting the controls applicable to Roles and Responsibilities.

b. The participant may be requested to periodically reconcile the nominal/units positions of the securities held in its vaults with CDS records.

5. Monitoring and communication

5.1. The participant has designed and implemented a process for periodic monitoring of money market processes in order to identify exceptions in the operation of key controls. The participant also has a process for escalating the exceptions to the appropriate level of management for resolution and for documenting the exceptions internally and to CDS, and this monitoring process addresses at least the following areas (as set out in the *Standards*): Personnel, Roles and Responsibilities, Authorization, Reconciliations and Exceptions.

Segregation of Duties

5.2. The participant periodically reviews login IDs of individuals in CDSX with respect to their roles of SAA, ISIN activator, security validator and custodian, and ensures that these conform to the *Standards*.

Personnel, Roles and Responsibilities, and Authorization

5.3. The participant periodically reviews the qualification and experience of staff who carry out money market processes. Such reviews shall include verification that these individuals have been formally authorized by management to undertake these tasks and to confirm the user IDs in CDSX.

5.4. The participant periodically reviews money market issues and deposits in CDSX to verify that these are supported by appropriate documentation and transactional authorizations in compliance with its internally defined standards.

Reconciliations

5.5. The participant periodically reviews the performance of the money market reconciliations to verify that the daily/periodic reconciliations performed in the control activities were appropriately reviewed, signed off, actioned and escalated.

Exceptions

5.6. The participant periodically extracts and reviews exception data based on internally-established criteria that could identify erroneous or fraudulent deposits of money market securities.

Signatory Name: _____ Signatory Title: _____
Compliance Office

Signature: _____ Date: ___

Signatory Name: _____ Signatory Title: _____
Internal Audit

Signature: _____ Date: ___

Signatory Name: _____ Signatory Title: _____
Operations Control

Signature: _____ Date: ___

Signatory Name: _____ Signatory Title: _____
Authorized Signing Officer

Signature: _____ Date: _____

Annual Custodian Certification

The confirmation letter to be provided by each participant must be in a form acceptable to CDS, and substantially in the form set out below.

Dear _____

CDS has appointed (name of institution) to act as its custodian of physical securities. Accordingly, CDS requires the custodian to apply, at minimum, the level of duty of care set out in the CDS Participant Rules. Included in this form is the Guidelines for Custodian Compliance which sets out the custodian's obligations of duty of care of CDS's physical certificates and CDS's requirements for the annual reconciliation of the physical certificates.

In your capacity of CDS's custodian of physical securities, you are required to certify compliance with:
1. The principles of duty of care as described below, and
2. The standards of the annual reconciliation between the physical securities held in your safekeeping and the registrar's records.

You should place a check mark beside each of the items listed below to indicate certification. This certification covers the one calendar year from _____ (dd/mm/yyyy) to _____ (dd/mm/yyyy). The signatories at the end of the list of certification items should be the executives (or equivalent) responsible for the areas shown in the signatory section.

If you are unable to certify any of the items below, provide additional information as to the reasons for this and your proposed action plans to address the issue(s).

The custodian certifies as follows:

Duty of care

The custodian applies, at all times, the same standard of care when dealing with CDS's securities that the custodian applies to its own securities. CDS's securities are provided the same environment and security that the custodian maintains for its own securities. Furthermore, CDS's security certificates are kept in an environment and to a level of security that conform to such industry, national and international standards to be expected of a professional provider of such service.

The custodian has documented minimum standards of format and content for security certificates and these standards conform to industry, national and international standards as well as to applicable legislation. Furthermore, these minimum standards are consistent with the CDS Participant Rules and procedures applicable to the custodian from time to time.

The custodian has implemented controls to ensure that certificates presented to the custodian for safekeeping are checked by its staff before acceptance, to ensure conformity to these minimum standards. The certificates which do not conform to these standards are reported to the security validator and to CDS immediately. Prior to accepting a certificate for safekeeping, the custodian's due diligence checks include at a minimum:
- Certificate format – ensuring that the certificate is original, signed and registered to CDS's nominee name, CDS & Co.
- Certificate content – ensuring that the certificate ISIN, issuer legal name and quantity match the deposit instruction from the security validator.

Annual reconciliation process

The custodian certifies that the annual reconciliation between the physical securities held in the custodian's safekeeping and the registrar's records as at _____ (dd/mm/yyyy) was performed and recorded in accordance with the reconciliation standards below:

The custodian's compliance or audit department reviewed the reconciliation procedure (including the counting, recording process and internal escalation process) and in their opinion the procedure is appropriate for this purpose. A blind count (or other suitable process) was used to ensure that both "overs" and "unders" were accounted for and the counting procedure also included the due diligence check of the security certificate's format described under the duty of care section above.

The reconciliation is performed at the same time each year.

The reconciliation statement was reviewed and signed off by the custodian's compliance or audit department and by the signing officer. Followup reconciliation statements will be sent to CDS each week until all reconciling

securities are fully explained or exceptions cleared.
The custodian's compliance or audit staff checked and evidenced that the reconciliation statement agrees to the supporting documents (e.g., count sheets and the registrar's records) and that the reconciliation statement identifies all out of balance ISINs and details all actions taken and proposed.
The physical count and its recording were performed under the oversight of the custodian's compliance or audit departments.

Signatory Name: _____ Signatory Title: _____
Compliance Office

Signature: _____ Date: _

Signatory Name: _____ Signatory Title: _____
Internal Audit

Signature: _____ Date: _

Signatory Name: _____ Signatory Title: _____
Operations Control

Signature: _____ Date: _

Signatory Name: _____ Signatory Title: _____
Authorized Signing Officer

Signature: _____ Date: _____

Guidelines for Custodian Compliance

1. Background

CDS appoints an institution to act as its custodian of physical securities. Accordingly, CDS requires the custodian to apply, at minimum, the level of duty of care set out in the CDS Participant Rules. The Duty of Care (Rule 6.4.4 (e)) and Liability of Domestic Custodian (Rule 6.4.4 (f)) are included in the appendix to this document.

2. Custodian's certification of compliance with principles of duty of care

The custodian must provide to CDS its certification of compliance with the principles of duty of care. This certification must be submitted at the same time that the custodian submits its annual securities reconciliation statement to CDS, as described in section 3.

The key principles of a custodian's duty of care include, but are not limited to, the following:

- A custodian must apply the same standard of care when dealing with CDS's securities that a custodian applies to its own securities. Therefore, CDS's securities must be provided the same environment and security that the custodian maintains for its own securities. Furthermore, CDS's security certificates must be kept in an environment and to a level of security that conform to such industry, national and international standards to be expected of a professional provider of such service.
- A custodian must ensure that it has defined minimum standards of format and content for security certificates and that these standards conform to industry, national and international standards as well as to applicable legislation, and that these minimum standards are consistent with the CDS Participant Rules and procedures applicable to the custodian from time to time.
- A custodian must implement controls to ensure that certificates presented to the custodian for safekeeping are checked by its staff before acceptance to ensure conformity to these minimum standards. The certificates that do not conform to these standards are reported to the security validator and to CDS immediately. Prior to accepting a certificate for safekeeping, the custodian's due diligence checks must include at a minimum:
    - Certificate format – ensuring that the certificate is original, signed and registered to CDS's nominee name, CDS & Co.
    - Certificate content – ensuring that the certificate ISIN, issuer legal name and quantity match the deposit instruction from the security validator.

  From time to time, CDS may additionally require the custodian to demonstrate the proper function of its custodial duties in compliance with the CDS Participant Rules.

3. Custodian's reporting of reconciliation of physical securities

The custodian is required to perform an annual reconciliation between the physical securities held in the custodian's safekeeping and the security validator's register (*register*) in accordance with the reconciliation standards (section 3.1). The 'as at' date of reconciliation is mutually agreed between the custodian and CDS. On completion of this annual reconciliation, the custodian must provide CDS with the following:

1. Certification of the custodian's compliance with the reconciliation standards (section 3.1) and
2. The reconciliation statement (section 3.2).

3.1 Standards required for the annual reconciliation process

- The custodian's compliance or audit department reviews the reconciliation procedure (including the counting, recording process and internal escalation process) and provides a statement to CDS that in their opinion the procedure is appropriate for this purpose. A blind count is highly recommended to ensure that both "overs" and "unders" are accounted for. The count procedure should also include a due diligence check of the security certificate's format described in the principles (section 2).
- The reconciliation is performed annually at the same time each year.
- The reconciliation statement is reviewed and is signed off by the custodian's compliance or audit department and by the signing officer. Followup reconciliation statements are sent to CDS each week until all reconciling securities are fully explained or exceptions cleared.
- The custodian's compliance or audit staff checks and evidences that the reconciliation statement agrees to the supporting documents (e.g., count sheets and the *register*) and that the reconciliation statement identifies all out-of-balance ISINs and details all actions taken and proposed.
- The physical count and its recording are performed under the oversight of the custodian's compliance or audit department.

3.2. Minimum contents required in the reconciliation statement
CDS does not prescribe a specific format for the reconciliation statement. However, it expects the following minimum content to be included in the reconciliation statement, as illustrated in the sample format below:

Date of reconciliation: dd/mm/yyyy

1. Balance (quantity) according to count sheets: XX
2. Balance (quantity) according to *register*: YY
3. Difference (1) – (2): ZZ
4. Detailed breakdown of (3):
4.1 List of all ISINs that make up the difference with reasons and actions taken/proposed
5. Signatures of the signing officer and custodian's compliance or audit representative

4. CDS's inspection of sample of securities held by the custodian
This section sets out CDS's requirements in respect of CDS's annual due diligence review of security certificates held by the custodian. This exercise may be carried out at the same time as sections 2 and 3 or at a separate mutually agreed date between CDS and the custodian.

Annually, CDS will provide the custodian with a list of ISINs, for which the custodian will furnish CDS with a copy of each security certificate. The sample selection made by CDS may vary each year and is based on its internal sample selection criteria.

CDS will inspect the copies of the security certificates received to ensure that the certificates conform to the duty of care standards applicable to the format and content of security certificates described in the principles (section 2).

If, upon the initial inspection of securities, CDS determines that the quality of certificate(s) it has inspected is unsatisfactory, it may require the custodian to provide a further sample or may determine that another course of action is needed, including performing a full review or audit of the custodian's custody processes and controls function.

4.1. Example of sample selection instruction
For the following listed ISINs, provide photocopies of the security certificates held in your safekeeping on behalf of CDS:

ISIN
Xxxxxxxxx
Yyyyyyyyy
Zzzzzzzzzzz

Appendix

Participant Rules 6.4.4

(e) Duty of Care
In performing its obligations to CDS as Domestic Custodian, the Domestic Custodian shall exercise the same degree of care and skill as it applies in the handling of its own property of a similar kind and value. If the Domestic Custodian insures its own like property, the Domestic Custodian shall maintain policies of insurance against the loss, theft, disappearance, damage, destruction or misappropriation of any certificate or instrument evidencing a Security in the possession or control of the Domestic Custodian, in the policy amounts that it maintains with respect to its own like property.

(f) Liability of Domestic Custodian
The Domestic Custodian shall be liable to CDS for and shall indemnify and save and hold CDS harmless from and against any loss, damage, claim, suit or expense, including the fees and expenses of any legal counsel retained by CDS, arising from or occasioned by (i) the loss of any certificates or other instruments evidencing Securities held by the Domestic Custodian on behalf of CDS; or (ii) the negligent or wrongful acts of the itself or its directors, officers or employees in the performance of its duties to CDS under this Rule 6.4.4. The appointment by the Domestic Custodian of an agent or subcustodian shall not limit the liability of the Domestic Custodian to CDS, and the Domestic Custodian shall be liable to CDS for any act or failure to act by its agent or subcustodian as if it were the act or failure to act of the Domestic Custodian.

Chapter 25

Other Information

25.1 Consents

25.1.1 Atikwa Resources Inc. – s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Business Corporations Act (Alberta).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, O. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00
(the "Regulation") MADE UNDER THE
BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990 c. B.16, AS AMENDED (the "OBCA")

AND

IN THE MATTER OF
ATIKWA RESOURCES INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application (the "**Application**") of Atikwa Resources Inc. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") requesting a consent from the Commission for the Applicant to continue in another jurisdiction (the "**Continuance**"), pursuant to subsection 4(b) of the Regulation;

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

AND UPON the Applicant representing to the Commission that:

1. The Applicant was amalgamated under the *Business Corporations Act* (Ontario) by certificate of amalgamation issued on November 18, 2009, under the name Atikwa Resources Inc.

2. The Applicant's registered office address is Suite 4200, 66 Wellington Street West, Toronto, Ontario M5K 1N6. The Applicant's head office address is 3400, 350 – 7th Avenue SW, Calgary, Alberta, T2P 3N9. Following completion of the proposed Continuance (as defined in paragraph 11 below), the registered and records office of the Applicant will be located at Suite 3400, 350 – 7th Avenue SW, Calgary, Alberta, T2P 3N9.

3. The Applicant proposes to make an application to the Director under the OBCA pursuant to Section 181 of the OBCA (the "**Application for Continuance**") for authorization to continue as a corporation under the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9 (the "**ABCA**").

4. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation, the Application for Continuance must be accompanied by a consent from the Commission.

5. The Applicant is an offering corporation under the OBCA.

6. All of the Applicant's issued and outstanding Common Shares (the "**Common Shares**") are listed for trading on the TSX Venture Exchange (the "**TSX**") under the symbol "ATK").

7. Following the Continuance, the registered office of the Applicant will be located in Calgary, Alberta.

8. The Applicant is a reporting issuer within the meaning of the *Securities Act* (Ontario), R.S.O. 1990, c. S.5, as amended (the "**OSA**"), within the meaning of the *Securities Act* (Alberta), R.S.A 2000, c. S-4 (the "**ASA**"), within the meaning of the *Securities Act* (British Columbia), R.S.BC 1996. c.418 (the "**BCSA**") and within the meaning of the *Securities Act* (Quebec), R.S.Q. chapter V-1.1 (the "**QSA**"). The Applicant intends to remain a reporting issuer under the OSA, ASA, BCSA and the QSA following the Continuance.

9. The Applicant is not in default of any of the provisions of the OSA or the regulations or rules made thereunder, and is not in default under the ASA, the BCSA or the QSA.

10. The Applicant is not a party to any proceeding or, to the best of its knowledge, information and belief, pending proceeding under the OSA, the ASA, the BCSA, the QSA, or the OBCA.

11. The Continuance of the Applicant was approved by the Applicant's shareholders (the "**Shareholder**s") by way of special resolution at an annual and special meeting of shareholders (the "**Meeting**") held on October 22, 2009. The special

resolution authorizing the Continuance was approved by 100% of the votes cast by Shareholders at the Meeting. Accordingly, the Application for Continuance is to be made, articles of continuance are to be filed under the ABCA and the proposed continuance is to become effective.

12. The management information circular of the Applicant describing the Continuance, dated September 24, 2009, (the "**Information Circular**"), provided to the Shareholders in connection with the Meeting, advised them of their dissent rights in connection with the Continuance pursuant to section 185 of the OBCA.

13. The Continuance under the ABCA has been proposed for the Applicant as it will allow the Applicant to eliminate the inconvenience and cost of having a registered office in a different jurisdiction from the Applicant's head office and will help the Applicant become more administratively efficient. The Applicant believes that the continuation will not materially adversely affect the rights of the Applicant's shareholders or the conduct of the business and affairs of the Applicant.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the ABCA.

DATED at Toronto on this 16th day of April, 2010

"Margot C. Howard"
Commissioner
Ontario Securities Commission

"James Carnwath"
Commissioner
Ontario Securities Commission

25.2 Approvals

25.2.1 Man Investments Canada Corp. – s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be 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).

April 16, 2010

McMillan LLP
Brookfield Place
181 Bay Street
Suite 4400
Toronto, ON M5J 2T3

Attention: Jason A. Chertin

Dear Sirs/Mesdames:

Re: Man Investments Canada Corp. (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. 2010/0203

Further to your application dated March 18, 2010 (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 Man Canada Alternative Strategies Fund (the "New Fund"), AHL Diversified (Canada) Fund, Man Canada Investment Strategies Fund and Man Glenwood Focus (MC) Fund (the "Existing Funds") and such other funds as the Applicant may establish and manage from time to time (the "Future Funds") 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 the New Fund, the Existing Funds and the Future Funds, the securities of which will be offered pursuant to a prospectus exemption.

Yours truly,

"Margot C. Howard"

"James D. Carnwath"

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